



STAFF REPORT
City of Dripping Springs
PO Box 384
511 Mercer Street
Dripping Springs, TX 78620

Submitted By: Shawn Cox, Interim Deputy City Administrator

Council Meeting Date: Tuesday, September 5, 2023

Agenda Item Wording: **Public Hearing regarding the Proposed 2023 Ad Valorem Tax and Levy of Two Thousand Ninety-Eight Ten-Thousands Cents (\$0.2098) per one hundred (\$100.00) of assessed valuation of all taxable property within the Corporate City Limits.**

Agenda Item Requestor:

Summary/Background:

At the August 15, 2023 meeting Council took action to set the proposed property tax rate for 2023 at \$0.2098 per \$100 valuation. This proposed rate is comprised of a Maintenance and Operation (M&O) rate and a debt, or Interest and Sinking (I&S) rate, which is made up as follows:

M&O	\$0.1718
I&S	<u>\$0.0380</u>
Total	\$0.2098

The proposed M&O Rate is equivalent to the “Voter-Approval Tax Rate” as calculated by the Tax Assessor Collector. The I&S Rate has been calculated to provide funding for the proposed debt issuance which will provide for property acquisition for the Public Works Department and road improvements.

The City of Dripping Springs has one of the lowest tax rates among similarly sized Central Texas cities, and that will remain the case under the new proposed tax rate. The property acquisition will provide more space to maintain our level of service as the community grows and, in some cases like public works, strengthen our capabilities so we can serve the residents living here today even better.

Notice of the September 6th Public Hearing on the tax rate was posted in the August 24th edition of the Dripping Springs Century News.

The FY 2024 Budget, which has been presented to Council and will be considered at the September 19, 2023 Regular Meeting, reflects the adoption of the proposed tax rate.

Commission
Recommendations:

**Recommended
Council Actions:**

The Interim Deputy City Administrator is seeking feedback on the proposed rate. Council Has the option to adopt the proposed rate as presented or consider a lower rate. If Council would like to consider a lower the rate, it is recommended that the proposed I&S rate be lowered and that the M&O rate remain at the proposed \$0.1718 per \$100 valuation.

Attachments:

- Notice of Public Hearing on Tax Rate Increase
- FY 2024 Proposed Tax Rate Comparison

Next Steps/Schedule:

Consideration and possible adoption of the proposed tax rate at the September 19, 2023 Regular Council Meeting.