



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

Submitted By: Shawn Cox, Deputy City Administrator

Council Meeting Date: Tuesday, August 4, 2026

Agenda Item Wording: Discuss and consider approval of the Proposed Ad Valorem Tax Rate for 2026. Deputy City Administrator, Shawn Cox

Agenda Item Requestor:

Summary/Background:

The City's current Ad Valorem Tax Rate is set at \$.2267 per one-hundred dollars (\$100.00) valuation. The Current rate is the sum of the City's Maintenance and Operations (M&O) and Interest and Sinking (I&S/Debt) rates:

Rate	Adopted
M&O	\$0.1850
I&S/Debt	\$0.0418
Total	\$0.2267

For consideration is the approval of the proposed tax rate for 2026. At the time of posting, the City has not received its 2026 Tax Rate Calculation Worksheet, which will calculate the "No-revenue", Voter-approval" and "De minimis" tax rates. Historically, the City has adopted the "Voter-approval tax rate." The completed calculation worksheet is anticipated to be delivered prior to the Council meeting. Once a proposed rate is approved, the next step will be to post the public hearing notice.

FY 2026 was the first year Council adopted an I&S (Debt) Tax Rate, based on issuances from 2024 and 2025. The impact to the rate for FY 2027 is broken down below. The total I&S Rate calculated for FY 2027 is \$0.04612/\$100 valuation.

Issuance	Fiscal Year	Debt Payment	Rate Impact	Current M&O Rate	Total Rate
2024	FY 2027	\$487,922.00	\$0.02154	\$0.1850	*****
2025	FY 2027	\$556,570.28	\$0.02457	\$0.1850	*****
Total		\$1,044,492.28	\$0.04612	\$0.1850	\$0.23122

We have tentatively scheduled the tax rate public hearing for September 1, 2026. Based on this timeline, a notice of the public hearing will be posted in the paper on August 13, 2026.

**Commission
Recommendations:**

Recommended Council Actions: - The City Treasurer is seeking feedback from Council on setting the 2026 Proposed Tax Rate.

Attachments: - 2026 Certification of Values

Next Steps/Schedule: - Publication of Public Hearing Notice
- Adoption of Tax Rate