

2026 Tax Rate Adoption

September 28, 2026

DSISDTX.US/BOARDLIVESTREAM

Tax Rate Adoption Timeline

June 2026
- Board adopted the 2026-2027 budget
- District published a proposed rate of $1.1052

July 2026
- Certified property values received

August 2026
- TEA calculated the District's final Maximum Compressed Rate (MCR)

September 2026
- Board considers adoption of the 2026 tax rate.

The recommended 2026 tax rate is lower than the rate published with the budget in June, so no additional notice or public meeting is required.

Tax Rate Components

One Tax Rate; Two Parts

- **Maintenance & Operations (M&0)**
  - Funds the District's day-to-day operations, including employee salaries, classroom supplies, transportation, utilities and facility maintenance.
- **Interest & Sinking (I&S)**
  - Funds the repayment of voter-approved bonds used for major capital projects, including new schools, facility improvements and other long-term capital needs.
  - I&S funds are restricted for debt repayment and cannot be used for the District's day-to-day operating expenses.



Maintenance & Operations (M&O) General Fund

How the M&O Tax Rate is Built

The M&O tax rate has two components: Tier 1 and Tier 2

- Tier 1 — Maximum Compressed Rate (MCR)
  - The Tier 1 rate is set by the state.
  - The MCR is adjusted based on changes in a district's property values.
  - Property value growth can result in tax rate compression.
  - DSISD's final 2026 MCR is $0.6102.

  Levying a Tier 1 rate below the MCR does not avoid recapture. State law proportionately reduces the district's Basic Allotment and Tier 1 entitlement when the Tier 1 rate is below the MCR.



- Tier 2 — Enrichment
  - Provides additional funding above the Tier 1 entitlement.
  - State law allows up to $0.17 of Tier 2 enrichment tax effort.
  - Some Tier 2 tax effort is available without voter approval; additional tax effort requires voter authorization.
  - DSISD's current Tier 2 rate is $0.1383.

  DSISD voters previously authorized additional Tier 2 tax effort; subsequent legislative changes and tax rate compression reduced the District's Tier 2 rate from $0.1700 to $0.1383.

M&O Rate Snapshot

- Breakdown of Recommended 2026 M&O Rate

Component	Funding Treatment	Rate
Tier 1 – MCR	Subject to Recapture Above Tier 1 Entitlement	$0.6102
Tier 2 – Golden Pennies	Not Subject to Recapture	$0.0800
Tier 2 – Copper Pennies	Subject to Recapture Above Guaranteed Yield	$0.0583
Total M & O Rate		**$0.7485**

Copper pennies are currently guaranteed $49.72 per WADA per penny; locally generated revenue above the guaranteed yield is subject to recapture.

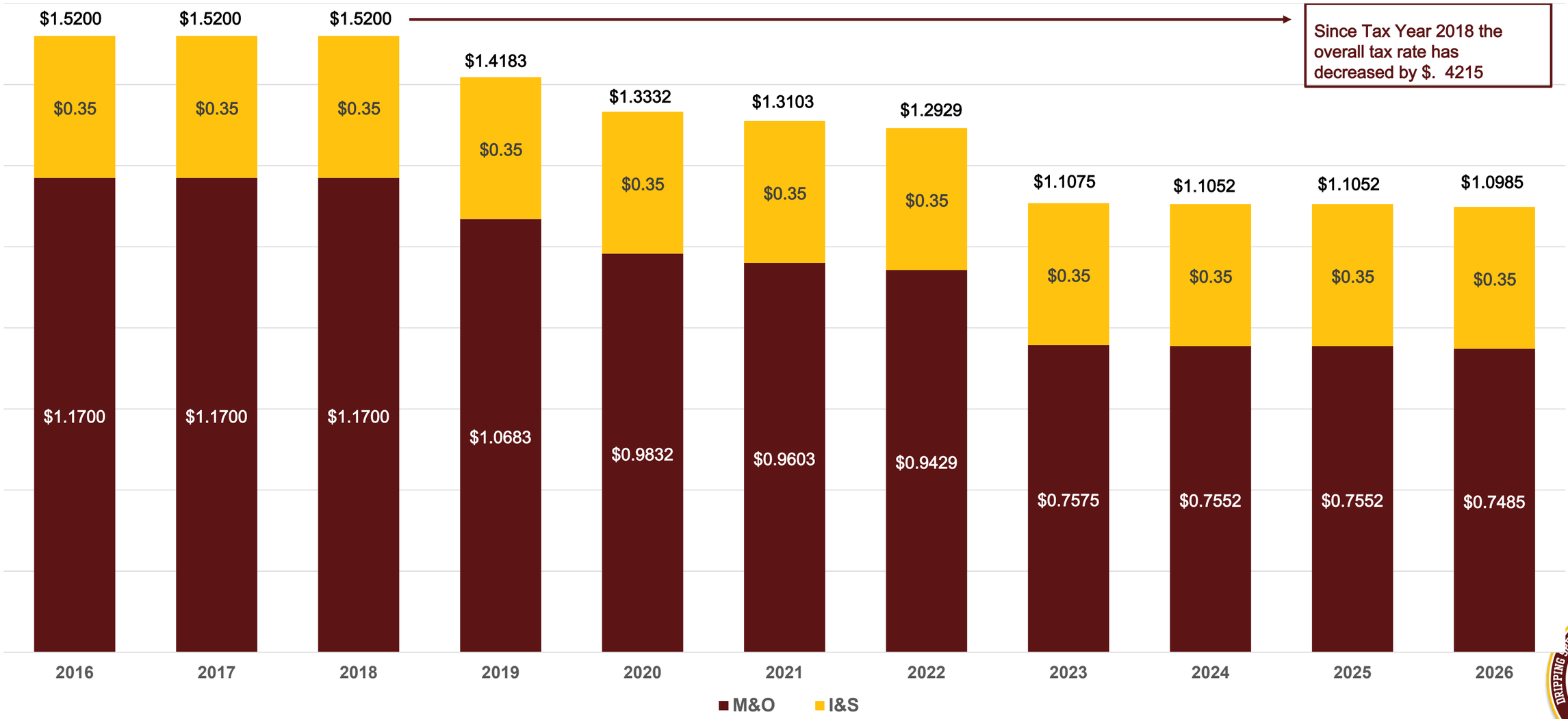


Interest & Sinking Rate(I&S) Debt Service Fund

I&S Rate and Debt Funding Overview

- **Purpose**
  - Funds principal and interest payments on voter-approved bonded debt.
- **2026 Recommended Rate**
  - The recommended I&S tax rate is $0.3500.
- **Debt Service Requirements**
  - The I&S rate is based on the District’s annual debt service requirements, taxable property values, anticipated tax collections and available debt service resources.
- **Restricted Use**
  - I&S tax collections are restricted for debt service and cannot be used for the District's day-to-day operating expenses.
- **Recapture**
  - I&S tax collections are not subject to recapture.

Dripping Springs ISD Tax Rate History



Since Tax Year 2018 the overall tax rate has decreased by $. 4215



Total Tax Rate, Required Language, Impact and Recommendation

Total Tax Rate – June vs. September

Component	June Proposed	September Recommended	Change
Maintenance & Operations (M&O Rate)	$0.7552	$0.7485	($0.0067)
Interest & Sinking (I&S Rate)	$0.3500	$0.3500	$0.0000
Total Tax Rate	**$1.1052**	**$1.0985**	**($0.0067)**

- The recommended 2026 tax rate is $0.0067 lower than the rate published in June.
- The recommended 2026 tax rate is also $0.0067 lower than the District's 2025 adopted tax rate of $1.1052.

Impact on the Average DSISD Homestead

	2025	2026
Average Market Value of Residence	$822,643	$815,161
Average Taxable Value of Residence	$557,223	$562,547
Tax Rate	$1.1052	$1.0985
Estimated DSISD Taxes	$6,158.43	$6,179.58
Change		**$21.14**

- The recommended tax rate is lower than last year; however, changes in taxable property values result in an estimated increase of approximately $21 in annual DSISD taxes on the average homestead.

Recommended 2026 Tax Rate

Component	Rate
Maintenance & Operations (M&O Rate)	$0.7485
Interest & Sinking (I&S Rate)	$0.3500
Total Tax Rate	**$1.0985**

- 2025 Adopted Tax Rate: $1.1052
- 2026 No-New-Revenue Tax Rate: $1.094111
- 2026 Recommended Tax Rate: $1.0985

Board Action: Consider approval of Resolution 2027-06 adopting the 2026 tax rate.



Questions?

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