

<b>DATE:</b>	<b>August 6, 2020</b>
<b>SUBJECT:</b>	<b>House Bill 3 (HB 3) Implementation: Tax Rate Compression for School Year 2020–2021</b>
<b>CATEGORY:</b>	<b>Funding Implications; Adoption of Tax Rate for 2020 Tax Year (2020-2021 School Year)</b>
<b>NEXT STEPS:</b>	<b>Share with business and finance staff</b>

This letter is to inform you about preliminary maximum compressed tax rates (MCR) for school districts' maintenance and operations (M&O) tax rates required under HB 3 for the 2020 tax year (2020-2021 school year). This notice does not apply to open-enrollment charter schools.

### Background

In order to calculate and make available districts' maximum tier one tax rates, the agency conducted a survey of local taxable property value growth through the Foundation School Program (FSP) system in the Texas Education Agency Login (TEAL). The Local Property Value Survey (LPVS) opened on July 18, 2020 and closed on August 1, 2020. Please read the previous [TAA correspondence](#) for more information.

### MCR Status and Appeals

Once a school district's LPVS status is "Approved," the MCR for the district is considered final unless the district appeals the calculated rate. **Districts that did not submit the LPVS received a MCR representing the state compression rate of 0.9164.** The preliminary MCR values for each district is available on the [state funding webpage](#) under the *District and Charter Planning Tools* heading. District appeals must be received by August 11, 2020, in compliance with [19 TAC, §61.1000](#), and should be submitted electronically to the attention of Leo Lopez on district letterhead, signed by the superintendent, to [taxprograms@tea.texas.gov](mailto:taxprograms@tea.texas.gov).

### Final Determinations

If TEA receives an appeal of a preliminary MCR, a final determination will be issued to the school district no later than August 31, 2020. The summary of finances (SOF) reports will be updated by February 2021 when the TEA receives *preliminary* state certified property values from the comptroller's Property Tax Assistance Division.

### Questions

If you have any questions related to the LPVS and calculation of maximum compressed tax rates for tax year 2020, please contact Amy Ma by email at [taxprograms@tea.texas.gov](mailto:taxprograms@tea.texas.gov).

Regards,

Leo Lopez, RTSBA  
Associate Commissioner for School Finance\Chief School Finance Officer

Attachment