

<b>DATE:</b>	<b>June 3, 2021</b>
<b>SUBJECT:</b>	<b>Tax Rate Compression and Adoption of Tax Rate for Tax Year 2021</b>
<b>CATEGORY:</b>	<b>Funding Implications; Adoption of Tax Rate for Tax Year 2021 (2021-2022 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 House Bill (HB) 3 for tax year 2021 (2021-2022 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 will conduct 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) will open on July 18, 2021, for data submission and will close at midnight, on August 1, 2021.

Districts are required to submit the following in the LPVS:

1. The Chief Appraiser's July 25 certified taxable property values from the certified appraisal roll under Tax Code, §26.01(a) or (a-1), for tax year 2020;
2. The Chief Appraiser's July 25 certified taxable property values from the certified appraisal roll under Tax Code, §26.01(a) or (a-1), for tax year 2021;
3. The amount of value estimated to be lost due to the Local Option Homestead Exemption (LOHE), if applicable.

### Tax Rate and MCR Template Tool

The [TEA State Funding Webpage](#) has posted a new *Tax Rate and MCR Template* under the *District & Charter Planning Tools* subheading, which can help districts understand the calculations behind the tax year 2021 maximum tier one tax rates. **Districts are still required to complete the LPVS to calculate their MCR. Once the MCR is approved by TEA, districts may adopt their 2021 tax rates in accordance with Tax Code, §26.08.** A district's MCR will not be adjusted after approval by the TEA unless an appeal is granted. Please note that the purpose of this template is limited to assistance only and does not anticipate any tax rate increase that the district may be considering. Legal responsibility to adopt a tax rate in accordance with the law remains with the district, which should consult with its own legal counsel.

### 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. Pursuant to Section 48.2552(c) of the Texas Education Code, districts that do not submit the LPVS will receive a MCR representing the state compression rate of 0.9134. District appeals must be received by August 11, 2021, in compliance with 19 [Texas Administrative Code \(TAC\), §61.1000](#), 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, 2021. The summary of finances (SOF) reports will be updated by February 2022

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 2021, 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