



To the Administrator Addressed

DATE:	June 3, 2021
SUBJECT:	Tax Rate Compression and Adoption of Tax Rate for Tax Year 2021
CATEGORY:	Funding Implications; Adoption of Tax Rate for Tax Year 2021 (2021-2022 School Year)
NEXT STEPS:	Share with business and finance staff

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 [MCR Template Tool](#) under the [MCR Template Tool](#) 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.

when the TEA receives

state certified property values from the comptroller's Property Tax