

History of Tax Rates

Texas Education Code (TEC) and Texas Property Tax Code (TPTC) References

TEC, §44.004, and TPTC, Chapter 26

History/Relevant Background Information

A school district's property tax rate is made up of a maintenance and operations (M&O) tax rate and, if applicable, an interest and sinking fund (I&S) tax rate. The M&O tax rate provides funds for maintenance and operations, and the I&S tax rate provides funds for payments on the debt that finances a district's facilities. The calculation of state funding for school districts is tied to tax effort, thus tax rates are an essential component of the state's school finance formulas.

Description of Tax Rates

State law places a tax rate cap of \$1.17 per \$100 of valuation on M&O tax rates, with the exception of tax rates for six school districts in Harris County that have the authority to adopt tax rates above this cap. These districts are Aldine, Deer Park, Galena Park, Katy, Pasadena, and Spring Branch Independent School Districts.

To provide property tax relief, the Texas Legislature established a "compressed" tax rate beginning with the 2006–2007 tax year. A district's compressed tax rate (CTR) is its 2005 M&O tax rate multiplied by the state compression percentage, which is currently 66.67 percent. If, for example, a district had a 2005 M&O tax rate of \$1.50, then its CTR would be \$1.00. Districts have the authority to increase M&O tax rates above the CTR, up to the cap of \$1.17.

To tax at a rate higher than \$1.04, a school district's voters must ratify a higher tax rate. The election to ratify a higher tax rate is called a tax ratification election (TRE).

To receive full funding related to revenue at the CTR, a district must adopt a tax rate at least equal to its CTR.

History of Maintenance and Operations (M&O) Tax Rate							
Year of property value assessment	2011	2012	2013	2014	2015	2016	2017
No. of Districts at M&O Statutory Maximum	251	247	288	286	329	371	401
No. of Districts with Rollback Elections or TREs ¹	44	44	42	29	41	51	59
No. of Districts with Successful TREs ¹	32	36	39	24	38	42	55
No. of Districts below \$1.00	49	54	54	54	40	32	19
Average M&O Rate	1.0685	1.0695	1.0735	1.0752	1.0822	1.0881	1.0944
Average I&S Rate	0.1759	0.1777	0.1811	0.1897	0.1991	0.2101	0.2107
Average Total Rate	1.2444	1.2473	1.2546	1.2648	1.2813	1.2982	1.3051

Contact for More Information

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