



To the Administrator Addressed

Commissioner Mike Morath

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DATE:	September 2, 2021
SUBJECT:	Final Maximum Compressed Tax Rates (MCR) 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 final maximum compressed tax rates (MCR) for school districts' maintenance and operations (M&O) tax rates required under House Bill 3, 86th Legislature, for the 2021 tax year (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 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, 2021, and closed on August 1, 2021. For more information on tax rate compression, please read the following To the Administrator Addressed (TAA) Correspondence:

- [TAA Correspondence dated June 3, 2021](#)
- [TAA Correspondence dated August 5, 2021](#)

MCR Status and Final Determinations

Once the district has submitted the data to the Texas Education Agency (TEA) and received approval of the submission through the FSP system (i.e., the district's LPVS status is "Approved") districts may adopt their tax year 2021 tax rates in accordance with Section 26.08 of the Texas Tax Code. Pursuant to Section 48.2551 of the Texas Education Code, districts that did not submit their LPVS received for their MCR the lesser of the state compression rate of 0.9134 or their prior year MCR.

If TEA received an appeal of a school district's preliminary MCR, a final determination was issued to the district before August 31, 2021. The final MCR value for each district is available on the [State Funding webpage](#). The final MCR list includes the results of any appeals, and it supersedes the previous list of preliminary MCRs that was posted on August 4, 2021. The summary of finances (SOF) reports will be updated by February 2022 when 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.

Regards,

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