To support student outcomes, the Texas public education system is funded through local property tax collections, state funding, and federal dollars. This correspondence is to inform you about preliminary maximum compressed tax rates (MCR) for school districts’ maintenance and operations (M&O) tax rates required under Texas Education Code (TEC) §§ 48.2551 and 48.2552, and 19 Texas Administrative Code (TAC) §61.1000, for the 2024 tax year (2024-2025 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 (MCR), 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, 2024, and closed on August 1, 2024. For more information on tax rate compression, please read the To The Administrator Addressed Correspondence dated April 25, 2024.

MCR Status and Appeals
Now that districts have submitted the LPVS to TEA and received approval of the submission through the FSP system (the district’s LPVS status shows as “Approved”), no additional action is required unless the district chooses to appeal the calculated rate. Pursuant to TEC, §48.2551, districts that did not submit their LPVS will receive as their MCR the lesser of the state maximum compression rate of $0.6855 or their prior-year MCR.

The preliminary TY 2024 MCR values for each district are available on the TEA State Funding webpage under the District & Charter Planning Tools subheading.

The LPVS must have been submitted by the August 1, 2024, deadline and approved by TEA for the district to be eligible for an appeal. District appeals must be received by August 11, 2024, in compliance with 19 TAC, §61.1000, and should be submitted electronically to the attention of Amy Copeland, Chief School Finance Officer/Associate Commissioner of School Finance, on district letterhead, signed by the superintendent, to taxprograms@tea.texas.gov.

Final Determinations
If the TEA receives an appeal of a preliminary MCR, a final determination will be issued to the school district no later than August 31, 2024. The 2045–2025 summary of finances (SOF) reports will be
updated to incorporate final TY 2024 MCRs by February 2025, when the TEA receives preliminary state-certified property values from the Comptroller’s Property Tax Assistance Division.

**Tax Rate Adoption**

Districts must use the preliminary MCR (or wait for their final MCR, if appealed) published on TEA’s website to calculate the M&O portion of their voter-approval tax rates (VATRs). Pursuant to Texas Tax Code, Chapter 26, §26.08(n), the maximum rate districts can adopt without seeking voter approval in a voter-approval tax rate election is the district’s maximum Tier One compressed rate (MCR) plus the greater of:

- five golden pennies; or
- the number of Tier Two voter-authorized enrichment pennies levied in the prior year (subject to compression of the copper pennies only in a year when the state increases the guaranteed yield on those copper pennies via an increase in the basic allotment); and
- the current debt rate.

The basis for determining whether voter approval elections are required will begin with the district’s tax year (TY) 2024 MCR plus the number of enrichment pennies authorized and levied in TY 2023, less any pennies adopted under disaster provisions. See Texas Tax Code, §§26.042(e), (f) and (g).

**Questions**

If you have any questions related to the LPVS and calculation of maximum compressed tax rates for TY 2024, please email taxprograms@tea.texas.gov.