



To the Administrator Addressed

Commissioner Mike Morath

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DATE:	August 31, 2023
SUBJECT:	Final Maximum Compressed Tax Rates (MCR) and Adoption of Tax Rate for Tax Year 2023
CATEGORY:	Funding Implications; Adoption of Tax Rate for Tax Year 2023 (2023-2024 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 Texas Education Code (TEC) §§ 48.2551 and 48.2552, [Senate Bill \(SB\) 2](#) (88th Second Called Session, 2023), and [19 Texas Administrative Code \(TAC\) §61.1000](#), for the 2023 tax year (2023-2024 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, 2023, and closed on August 1, 2023. For more information on tax rate compression, please read the following To The Administrator Addressed (TAA) correspondence:

- [TAA Correspondence dated June 22, 2023](#)
- [TAA Correspondence dated August 3, 2023](#)

MCR Status and Final Determinations

As described in the TAA letter dated August 3, 2023, districts' MCRs were first determined by the LPVS calculations and second by TEA's application of additional tax rate reduction calculations required by SB 2 (88-2). If the TEA received an appeal of a school district's preliminary MCR, a final determination was issued to the district before August 31, 2023. **The final MCR values for each district are available on the [State Funding webpage](#) under the District & Charter Planning Tools heading.** The final MCR list includes the results of any appeals and supersedes the previous list of preliminary MCRs that was posted on August 3, 2023.

Districts may adopt their tax year 2023 tax rates in accordance with Section 26.08 of the Texas Tax Code. Pursuant to TEC, Section 48.2551, districts that did not submit their LPVS received for their MCR the lesser of the state compression rate of \$0.6880 or their prior year MCR. The summary of finances (SOF) reports will be updated in two steps as follows:

1. in September 2023, when TEA will incorporate the final MCRs and estimates (based on information submitted in the LPVS and actual information from the prior year) of tax rates, district property values at the \$100,000 homestead exemption, and tax collections; and
2. in February 2024, when TEA receives preliminary state certified property values and total adopted tax rates for tax year 2023 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 2023, please contact taxprograms@tea.texas.gov.