

<b>DATE:</b>	<b>August 5, 2025</b>
<b>SUBJECT:</b>	<b>Preliminary Maximum Compressed Tax Rates (MCR) and Adoption of Tax Rate for Tax Year 2025</b>
<b>CATEGORY:</b>	<b>Funding Implications; Adoption of Tax Rate for Tax Year 2025 (2025-2026 School Year)</b>
<b>NEXT STEPS:</b>	<b>Share with business and finance staff</b>

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 tax year (TY) 2025 or school year (SY) 2025-2026. 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, 2025, and closed on August 1, 2025. For more information on tax rate compression, please read the [To The Administrator Addressed Correspondence dated June 12, 2025](#).

### MCR Status and Appeals

Now that districts have submitted the SY 2025-2026 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 SY 2025-2026 LPVS will receive as their MCR the lesser of the state maximum compression rate of \$0.6322 or their prior-year MCR.

**The preliminary SY 2025-2026 (TY 2025) 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, 2025, deadline for the district to be eligible for an appeal. District appeals must be received by August 15, 2025, 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](mailto: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, 2025. The SY 2025-2026 Summary of Finances (SOF) reports will be updated to incorporate final TY 2025 MCRs by February 2026, 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. Pursuant to Texas Tax Code, §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; and
- the current debt rate.

The basis for determining whether voter approval elections are required will begin with the district's tax year 2025 MCR plus the number of enrichment pennies authorized and levied in TY 2024, less any pennies adopted under disaster provisions. See Texas Tax Code, §§26.042(e), (f) and (g) for more information.

## **Questions**

If you have any questions related to the SY 2025-2026 LPVS and calculation of maximum compressed tax rates for TY 2025, please email [taxprograms@tea.texas.gov](mailto:taxprograms@tea.texas.gov).