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Tax Rate Adoption

Maintenance Taxes

The board may levy, assess, and collect annual ad valorem taxes for the maintenance of the district's schools. Taxes may not be levied unless authorized by a majority of the qualified voters of the district, voting at an election called for that purpose. *Education Code 45.002, .003(a)*

*Restriction on
Maintenance Tax
Levy*

A district may not increase the rate of the district's maintenance taxes to create a surplus in maintenance tax revenue for the purpose of paying the district's debt service. *Education Code 45.0021(a)* [See Taxpayer Injunction, below]

*Maintenance Tax
Rate
Components*

A district's tier one maintenance and operations tax rate is the number of cents levied by the district for maintenance and operations that does not exceed the maximum compressed rate, as determined under Education Code 48.2551.

Tier One

*Maximum
Compressed
Rate*

"MCR" is the district's maximum compressed rate, which is the tax rate for the current tax year per \$100 of valuation of taxable property at which the district must levy a maintenance and operations tax to receive the full amount of the tier one allotment to which the district is entitled under Education Code Chapter 48. The Texas Education Agency (TEA) shall calculate and make available school districts' maximum compressed rates.

Education Code 48.2551

School districts' maximum compressed maintenance and operations tax rates shall be calculated using locally certified property values and adjusted to estimate for exclusions under Government Code 403.302(d).

TEA will open a data collection from 12:01 a.m. on July 18 through 11:59 p.m. on August 1 for districts. Districts must submit the data specified in 19 Administrative Code 61.1000(c). TEA will use any available data to calculate MCR absent data collection submissions from a school district.

19 TAC 61.1000(b), (c), (h)

TEA will calculate and make available preliminary maximum compressed tier one tax rates to each district on or before August 5. If TEA receives an appeal of a preliminary MCR, TEA will issue a final determination to the district no later than August 31. If TEA does not receive an appeal of a preliminary MCR, the preliminary MCR automatically becomes a final MCR ten calendar days following TEA's approval of the district's preliminary MCR. *19 TAC 61.1000(d)-(f)*

A district may appeal its preliminary MCR through the following process:

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1. The TEA division responsible for MCRs must receive a written appeal no later than ten calendar days after TEA's approval of the district's preliminary MCR. The appeal must include adequate evidence and additional information that supports the position of the district. Appeals received 11 calendar days or more after TEA approves a district's preliminary MCR will not be considered.
2. TEA will only consider appeals that would result in a change of the preliminary MCR.

19 TAC 61.1000(g)

Tier Two

A district's enrichment tax rate consists of:

1. Any cents of additional maintenance and operations tax effort, not to exceed eight cents over the maximum tier one tax rate; and
2. Any cents of additional maintenance and operations tax effort that exceeds the sum of the maximum tier one tax rate and the maximum number of cents permitted under item 1 above.

Education Code 45.0032(a), (b)

Districts Subject
to Disaster
Exception

For a district to which the Disaster Exception to Election Requirement described below applies, the amount by which the district's maintenance tax rate exceeds the district's voter-approval tax rate, excluding the district's current debt rate under Tax Code 26.08(n)(1)(C) for the preceding year is not considered in determining a district's tier one maintenance and operations tax rate or the district's enrichment tax rate for the current tax year. *Education Code 45.0032(d)*

*Maximum Tax
Rate*

For any year, the maintenance tax rate per \$100 of taxable value adopted by the district may not exceed the rate equal to the sum of \$0.17 and the district's maximum compressed rate, as determined under Education Code 48.2551.

A rate that exceeds the maximum rate for the year in which the tax is to be imposed is void. A district with a tax rate that is void under this provision may, subject to requirements imposed by other law, adopt a rate for that year that does not exceed the specified maximum rate for that year.

Education Code 45.003(d), (e)

Districts with
2005 Tax Rate
over \$1.50

Notwithstanding any other law, a district that levied a maintenance tax for the 2005 tax year at a rate greater than \$1.50 per \$100 of taxable value in the district as permitted by special law [Art. 2784g Tex. Rev. Civ. Stat.] may not levy a maintenance tax at a rate that

exceeds the rate per \$100 of taxable value that is equal to the sum of \$0.17 and the product of 66.67 percent multiplied by the rate of the maintenance tax levied by the district for the 2005 tax year, minus any amount by which \$1.00 exceeds the product of the state compression percentage, as determined under Education Code 48.255, multiplied by \$1.00. *Education Code 45.003(f)*

For a district described above, any cents of maintenance and operations tax effort that exceeds the maximum rate described at Maximum Tax Rate are not included in the district's tier one maintenance and operations tax rate or the district's enrichment tax rate and the district is not entitled to the guaranteed yield amount of state funds under Education Code 48.202 for those cents of tax effort. *Education Code 45.0032(c)*

Assessor and
Collector

The board may employ a person to assess or collect the district's taxes and may compensate the person as the board considers appropriate. This provision does not prohibit a district from providing for the assessment or collection of the district's taxes under a method authorized by Tax Code Chapter 6, Subchapter B. *Education Code 45.231*

A district that used a method of selection for the 1994 tax year that was authorized by former Education Code Chapter 23, Subchapter F, may continue to use that method until the district uses another method authorized above. *Education Code 45.232*

The assessor and collector shall assess, collect, or assess and collect taxes, as applicable. *Tax Code 6.23(b)*

Collector's Bond

A district that has its own collector shall require the collector to give bond conditioned on the faithful performance of duties. The bond must be made payable to and be approved by the board in an amount determined by the board. The board may require a new bond at any time, and failure to give new bond within a reasonable time after demand is a ground for removal from office. The board may prescribe additional requirements for the bond.

A district whose taxes are collected by a person other than the district's own collector may require that person to give bond conditioned on the faithful performance of duties. The bond must be payable to, approved by, and paid for by the board in an amount determined by the board. The board may prescribe additional requirements for the bond.

A district shall pay the premium for a required bond from its general fund or as provided by intergovernmental contract.

Tax Code 6.29

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Certified Estimate of Values By April 30, the chief appraiser shall prepare and certify to the district's assessor an estimate of the taxable value of district property.
Tax Code 26.01(e)

Appraisal Roll By July 25, the chief appraiser shall prepare and certify to the assessor for the district that part of the appraisal roll that lists the property taxable by the district. The part certified to the assessor is the appraisal roll for the district.

If by July 20 the appraisal review board has not approved the appraisal records as required under Tax Code 41.12, the chief appraiser shall not later than July 25 prepare and certify to the assessor for a school district an estimate of the taxable value of property in the school district.

Tax Code 26.01(a)-(a-1)

By August 1 or as soon thereafter as practicable, the district's assessor shall submit to the board the district's appraisal roll, showing the total appraised, assessed, and taxable values of all property and the total taxable value of new property.

By August 1 or as soon thereafter as practicable, a district's collector shall certify to the board the anticipated collection rate for the current year. If the collector certified an anticipated collection rate in the preceding year and the actual collection rate in that year exceeded the anticipated rate, the collector shall also certify the amount of debt taxes collected in excess of the anticipated amount in the preceding year.

Tax Code 26.04(b)

Designated Employee/Officer to Calculate Rates After the district's assessor submits the appraisal roll to the board, an officer or employee designated by the board shall calculate the no-new-revenue tax rate and the voter-approval tax rate for the district. *Tax Code 26.04(c)*

Truth-in-Taxation Requirements

Note: The *Truth in Taxation* website maintained by the Texas comptroller of public accounts offers [detailed guidance on setting local property tax rates for school districts](#).¹

Traditional Method

When the budget has been prepared under Education Code 44.002, the board president shall call a meeting of the board for the purpose of adopting a budget for the succeeding tax year. The budget must be adopted before the adoption of the tax rate for the tax year in which the fiscal year covered by the budget begins. *Education Code 44.004(a), (g)* [See CE]

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<i>Published Notice</i>	<p>The board president shall provide for publication of notice of the budget and proposed tax rate meeting in a daily, weekly, or bi-weekly newspaper published in the district. If no daily, weekly, or biweekly newspaper is published in the district, the president shall provide for publication of notice in at least one newspaper of general circulation in the county in which the district's central administrative office is located. The notice shall be published not earlier than the 30th day or later than the tenth day before the date of the hearing.</p>
Form and Contents	<p>The notice of public meeting to discuss and adopt the budget and the proposed tax rate may not be smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and the headline on the notice must be in 18-point or larger type and contain the information set out in Education Code 44.004(c) and (c-1).</p> <p>The notice must include a statement that a district may not increase its maintenance and operations tax rate to create a surplus in maintenance and operations tax revenue for the purpose of paying the district's debt service.</p> <p>A notice is not valid if it does not substantially conform to the language and format prescribed by the comptroller.</p> <p><i>Education Code 44.004(b)–(d)</i></p>
Debt Service Rate Decrease	<p>If the published interest and sinking fund (debt service) rate decreases after the publication of the required notice, the president is not required to publish another notice or call another meeting to discuss and adopt the budget and the proposed lower tax rate. <i>Education Code 44.004(g-1)</i></p>
<i>Districts with July 1 Fiscal Year</i>	<p>Notwithstanding the provisions above, a district with a fiscal year beginning July 1 may use the certified estimate of the taxable value of district property in preparing the required notice if the district does not receive the certified appraisal roll on or before June 7. A district that uses a certified estimate may adopt a budget at the public meeting designated in the published notice prepared using the estimate, but the district may not adopt a tax rate before the district receives the certified appraisal roll for the district.</p> <p>After receipt of the certified appraisal roll, a district must publish a revised notice and hold another public meeting before the district may adopt a tax rate that exceeds:</p> <ol style="list-style-type: none">1. The rate proposed in the notice prepared using the estimate; or

2. The district's voter-approval rate determined under Tax Code 26.08 using the certified appraisal roll.

Education Code 44.004(h), (i)

*Early Adoption
Method*

Notwithstanding the provisions above or at Deadline below, a district may adopt a budget after the district adopts a tax rate for the tax year in which the fiscal year covered by the budget begins if the district elects to adopt a tax rate before receiving the certified appraisal roll for the district. If a district elects to adopt a tax rate before adopting a budget, the district must publish notice and hold a meeting for the purpose of discussing the proposed tax rate as provided above. Following adoption of the tax rate, the district must publish notice and hold another public meeting before the district may adopt a budget. The comptroller shall prescribe the language and format to be used in the notices. The district may use the certified estimate of taxable value in preparing a notice under this provision. *Education Code 44.004(j)*

The board of a district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll for the district if the chief appraiser of the appraisal district in which the district participates has certified to the assessor for the district an estimate of the taxable value of property in the district as specified at Certified Estimate of Values above. If a district adopts a tax rate under this provision, the non-revenue tax rate and the voter-approval tax rate of the district shall be calculated based on the certified estimate of taxable value. *Tax Code 26.05(g)*

Tax Rate Adoption
Requirements
Deadline

The board shall adopt a tax rate for the current tax year and shall notify the assessor of the tax rate adopted. [See Adoption of Tax Roll, below] The board must adopt a tax rate before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the district, except that the board must adopt a tax rate that exceeds the voter-approval tax rate not later than the 71st day before the next uniform election date that occurs in November of that year. [Note that Election Code 3.005(c) requires that an election to be held on a uniform date be ordered not later than the 78th day before election day; see Time for Election, below.]

The tax rate consists of two components, each of which must be approved separately. The components are:

1. The interest and sinking fund (debt service) rate calculated under Education Code 44.004(c)(5)(A)(ii)(b); and

2. The rate that, if applied to the total taxable value, will impose the amount of taxes needed to fund maintenance and operation expenditures of the district for the next year.

Tax Code 26.05(a)

Tax Date for
Certain Districts

A district that before January 1, 1989, has for at least ten years followed a practice of adopting its tax rate at a different date than as provided by Tax Code Chapter 26 and of billing for and collecting its taxes at different dates than as provided by Chapters 31 and 33 may continue to follow that practice. This does not affect the dates provided by the Property Tax Code (Tax Code Title 1) for other purposes, including those relating to the appraisal and taxability of property, the attachment of tax liens and personal liability for taxes, and administrative and judicial review under Chapters 41 and 42.

Tax Code 26.135

Vote

A board may not impose property taxes in any year until it has adopted a tax rate for that year, and the annual tax rate must be set by ordinance, resolution, or order. The vote on the ordinance, resolution, or order setting the tax rate must be separate from the vote adopting the budget. The vote on the ordinance, resolution, or order setting a tax rate that exceeds the sum of the district's no-new-revenue maintenance and operations tax rate and the district's current debt rate must be a record vote, and at least 60 percent of the members of the board must vote in favor of the ordinance, resolution, or order.

Motion

A motion to adopt an ordinance, resolution, or order setting a tax rate that exceeds the no-new-revenue tax rate must be made in the following form: "I move that the property tax rate be increased by the adoption of a tax rate of (specify tax rate), which is effectively a (insert percentage by which the proposed tax rate exceeds the no-new-revenue tax rate) percent increase in the tax rate."

*Language and
Internet Posting*

If the ordinance, resolution, or order sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund maintenance and operation expenditures of the district that exceeds the amount of taxes imposed for that purpose in the preceding year the district must:

1. Include in the ordinance, resolution, or order in type larger than the type used in any other portion of the document:
 - a. The following statement: "THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"; and
 - b. If the tax rate exceeds the no-new-revenue maintenance and operations rate, the following statement: "THE TAX

RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount).”; and

2. Include on the home page of any internet website operated by the district:
 - a. The following statement: “(Insert name of unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR’S TAX RATE”; and
 - b. If the tax rate exceeds the no-new-revenue maintenance and operations rate, the following statement: “THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount).”

Tax Code 26.05(b)

Adoption of Tax Roll On receipt of notice of the tax rate for the current tax year, the assessor for a district shall calculate the tax imposed on each property included on the appraisal roll for the district. The assessor shall enter the amount of tax in the appraisal roll and submit it to the board for approval. The appraisal roll with amounts of tax entered as approved by the board constitutes the district’s tax roll.
Tax Code 26.09(a), (e)

Failure to Adopt Tax Rate If the board does not adopt a tax rate before the date required at Deadline above, the tax rate for the district for that tax year is the lower of the no-new-revenue tax rate calculated for that tax year or the tax rate adopted by the district for the preceding tax year. A tax rate established by this provision is treated as an adopted tax rate. Before the fifth day after the establishment of a tax rate by this provision, the board must ratify the applicable tax rate in the manner set out at Tax Rate Adoption Requirements above. *Tax Code 26.05(c)*

Taxpayer Injunction A person who owns taxable property in a district is entitled to an injunction restraining the collection of taxes by the district if the district has not complied with the requirements above at Published

Notice, including Form and Contents, Districts with July 1 Fiscal Year, if applicable, and Tax Rate Adoption Requirements, and the failure to comply was not in good faith. An action to enjoin the collection of taxes must be filed before the date a district delivers substantially all of its tax bills. *Education Code 44.004(e); Tax Code 26.05(e)*

A person who owns taxable property in a district is entitled to an injunction restraining the collection of taxes by the district if the district adopts a maintenance tax in violation of the prohibition described above at Restriction on Maintenance Tax Levy. An action to enjoin the collection of taxes must be filed before the date a district delivers substantially all of its tax bills. *Education Code 45.0021(b)*

Tax Information to
County

A district shall provide to the county assessor-collector for each county in which all or part of district territory is located the district's adopted tax rate, maintenance and operations rate, debt rate, no-new-revenue tax rate, no-new-revenue maintenance and operations rate, and voter-approval tax rate for posting on the county's internet website. The district shall provide the information annually following the adoption of a tax rate by the district for the current tax year. *Tax Code 26.16(a)–(b)*

Appraisal District
Property Tax
Database

The officer or employee designated by the board to calculate the no-new-revenue tax rate and the voter-approval tax rate for the district must electronically incorporate into the database created and maintained by the chief appraiser under Tax Code 26.17 the information required by Tax Code 26.17(e). *Tax Code 26.17(e)*

**Internet Posting of
Tax Rate and Budget
Information**

Each district shall maintain an internet website or have access to a generally accessible internet website that may be used for the purposes of this provision. Each district shall post or cause to be posted on the internet website the information required by Tax Code 26.18 in a format prescribed by the comptroller. *Tax Code 26.18* [See CE for required information]

**Election to Approve
Tax Rate**

If the board adopts a tax rate that exceeds the district's voter-approval tax rate, the registered voters of the district at an election held for that purpose must determine whether to approve the adopted tax rate. *Tax Code 26.08(a), (n)*

[For information on conducting elections, see the BBB series.]

Efficiency Audit

"Efficiency audit" means an investigation of the operations of a district to examine fiscal management, efficiency, and utilization of resources.

The board shall conduct an efficiency audit before seeking voter approval to adopt a tax rate for the maintenance and operations of

the district at an election held for that purpose and may not hold an election without complying with this requirement.

The board may select the auditor that conducts the district's annual audit under Education Code 44.008 and may include the efficiency audit as part of the district's annual audit. [See CFC] A district must pay for the costs associated with an efficiency audit required under this provision. A district shall provide all documents, records, and personnel requested by the auditor as needed to conduct the audit in an efficient manner.

The board must select an auditor to conduct an efficiency audit not later than four months before the date on which the district proposes to hold an election to adopt a maintenance and operations tax rate. An auditor selected by the board must maintain independence from the district and complete the efficiency audit not later than three months after the date the auditor was selected.

Before an election at which a district seeks voter approval to adopt a tax rate, the board must hold an open meeting to discuss the results of the efficiency audit. Not later than 30 days before the date of the election, the results of an efficiency audit must be posted on the district's internet website.

Education Code 11.184

*Legislative
Budget Board
Guidelines*

The Legislative Budget Board (LBB) shall establish guidelines identifying the scope and areas of investigation of an efficiency audit, including identification of resources being used effectively and efficiently and identification of cost savings or reallocations. The auditor selected by the board of a district must follow the guidelines established by the LBB under this provision. *Education Code 11.184(f)*

[Efficiency Audit Guidelines](#)² are found on the LBB website.

*Disaster Exception
To Efficiency
Audit
Requirement*

The board of a district all or part of which is located in an area declared a disaster area by the governor may hold an election to seek voter approval to adopt a maintenance and operations tax rate during the two-year period following the date of the declaration without conducting an efficiency audit otherwise required above. *Education Code 11.184(b-1)*

*To Election
Requirement*

When increased expenditure of money by a district is necessary to respond to a disaster, including a tornado, hurricane, flood, wildfire, or other calamity, but not including a drought, that has impacted a district and the governor has requested federal disaster assistance for the area in which the district is located, an election is not required to approve the tax rate adopted by the board for the year following the year in which the disaster occurs. A tax rate adopted

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under this provision applies only in the year for which the rate is adopted. If a district adopts a tax rate under this provision, the amount by which that rate exceeds the district's voter-approval tax rate for that tax year may not be considered when calculating the district's voter-approval tax rate for the tax year following the year in which the district adopts the rate. *Tax Code 26.08(a-1)*

Time for Election The board shall order that the election be held in the district on the next uniform election date prescribed by Election Code 41.001 that occurs after the date of the election order and that allows sufficient time to comply with the requirements of other law. *Tax Code 26.08(b)*

Uniform Election Date For an election to be held on a uniform election date, the election shall be ordered not later than the 78th day before election day.

An election to ratify a tax rate adopted by a board under the early adoption method described above shall be ordered not later than the 30th day before election day.

Election Code 3.005 [See BBBA]

Notice to County Clerk The board shall deliver notice of the election to the county clerk and voter registrar of each county in which the district is located not later than the 60th day before election day.

Exception A board that orders an election to ratify a tax rate adopted by the board under the early adoption method described above shall deliver notice of the election to the county clerk of each county in which the district is located not later than the 30th day before election day.

Election Code 4.008

Proposition At the election, the ballots shall be prepared to permit voting for or against the proposition: "Ratifying the ad valorem tax rate of _____ (insert adopted tax rate) in (name of school district) for the current year, a rate that will result in an increase of _____ (insert percentage increase in maintenance and operations tax revenue under the adopted tax rate as compared to maintenance and operations tax revenue in the preceding tax year) percent in maintenance and operations tax revenue for the district for the current year as compared to the preceding year, which is an additional \$_____ (insert dollar amount of increase in maintenance and operations tax revenue under the adopted tax rate as compared to maintenance and operations tax revenue in the preceding tax year)". *Tax Code 26.08(b)*

In addition to any other requirement imposed by law for a proposition, including a provision prescribing the proposition language, a

proposition submitted to the voters for approval of the imposition or increase of a tax shall specifically state the amount of or maximum tax rate of the tax or tax increase for which approval is sought.

Election Code 52.072(e)(1)

Each proposition on the ballot must identify the name of the authority ordering the election on the measure. *Election Code 52.095(c)*

Election Outcome

If a majority of the votes cast in an election favor the proposition, the tax rate for the current year is the rate that was adopted by the board. If the proposition is not approved, a board may not adopt a tax rate for the current year that exceeds the district's voter-approval tax rate. *Tax Code 26.08(c)–(d)*

¹ Truth-in-Taxation: Tax Rate Adoption:

<https://comptroller.texas.gov/taxes/property-tax/truth-in-taxation/index.php>

² LBB Efficiency Audit Guidelines: http://www.lbb.state.tx.us/Documents/Publications/Policy_Report/6365_HB3_Efficiency_Audit_Guidelines.pdf