



## School District Tax Rates and Website Posting Requirements

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The Texas Education Code and the Texas Tax Code require school districts to calculate several tax rates. These tax rates are used and disclosed in different ways in the tax rate adoption process. Some may trigger other obligations, and some or all are posted on websites maintained by the district, the appraisal district, and the county.

### Specific Tax Rates

[Interest and Sinking Fund \(I&S\) Tax Rate](#)

[Maintenance and Operations \(M&O\) Tax Rate](#)

[Maximum Compressed Tax Rate \(MCR\)](#)

[State Compression Percentage](#)

[No-New-Revenue Maintenance and Operations Tax Rate](#)

[No-New-Revenue Tax Rate](#)

[Rate to Maintain Same Level of M&O Revenue and Pay Debt Service](#)

[Voter-Approval Tax Rate \(VATR\)](#)

- **Interest and Sinking Fund (I&S) Tax Rate**

- **Definition:** The I&S tax rate (also known as the debt service tax rate) generates funds to service the district's debt; except in very limited circumstances, a district's maximum I&S rate is \$0.50.<sup>1</sup>
- **Calculation:** A district's I&S tax rate is the rate that, when applied to the district's current certified taxable value and when multiplied by the district's anticipated collection rate, would impose taxes in an amount that, when added to the district's state funds and any excess taxes collected but not used for debt service during the preceding tax year, would provide the amount required to service the district's debt.<sup>2</sup>

For more information on adopting the district's budget and tax rate, see the following TASB Legal Services' resources:

- [School District Budget and Tax Rate Adoption in 2021](#)
- [Timeline for Budget/Tax Rate Adoption and Voter-Approval Tax Rate Elections](#)
- [School District Voter-Approval Tax Rate Elections in 2021](#)

<sup>1</sup> Tex. Educ. Code § 45.0031.

<sup>2</sup> Tex. Educ. Code § 44.004(c)(5)(A)(ii)(b).

- **Purpose:** The I&S/debt service rate is disclosed in several places on the district’s published Notice of Public Meeting to Discuss Budget and Proposed Tax Rate.<sup>3</sup>
- **Maintenance and Operations (M&O) Tax Rate**
  - **Definition:** The M&O tax rate generates local revenue for maintenance and operations expenditures.<sup>4</sup>
  - **Calculation:** A district’s M&O tax rate consists of its tier one tax rate and its enrichment tax rate and may not exceed the sum of the district’s MCR and \$0.17.<sup>5</sup>
    - **Tier One Tax Rate:** A district’s tier one tax rate is the number of cents levied by the district for M&O that does not exceed the district’s MCR.<sup>6</sup>
    - **Enrichment Tax Rate:** A district’s enrichment tax rate consists of:
      - Any cents of additional M&O tax effort, not to exceed eight cents over the tier one tax rate (“golden pennies”); and
      - Any cents of additional M&O tax effort that exceeds the sum of the tier one tax rate and the golden pennies (“copper pennies”).<sup>7</sup>
  - **Purpose:** The M&O tax rate is disclosed in several places on the district’s published Notice of Public Meeting to Discuss Budget and Proposed Tax Rate.<sup>8</sup>
    - **Required language in the ordinance, resolution, or order and on the district’s website<sup>9</sup>**

If the board’s ordinance, resolution, or order sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund M&O expenditures that exceeds the amount of taxes imposed for that purpose in the preceding year, the district must include:

- In the ordinance, resolution, or order in type larger than the type used in any other portion of the document
  - The following statement: “THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR’S TAX RATE.”; and
  - If the tax rate *exceeds the no-new-revenue M&O rate [see below]*, the following statement: “THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE NO-NEW-

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<sup>3</sup> Tex. Educ. Code § 44.004(c). All districts must use Texas Comptroller’s Form 50-280, Notice of Public Meeting to Discuss Budget and Proposed Tax Rate, available on the [comptroller’s website](#). Forms 50-777 and 50-786 cannot be used under current law.

<sup>4</sup> Tex. Educ. Code § 45.002.

<sup>5</sup> Tex. Educ. Code §§ 45.003(d), .0032.

<sup>6</sup> Tex. Educ. Code § 45.0032(a).

<sup>7</sup> Tex. Educ. Code § 45.0032(b).

<sup>8</sup> Tex. Educ. Code § 44.004(c).

<sup>9</sup> Tex. Tax Code § 26.05(b).

REVENUE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount).”; and

- On the home page of the district’s website
  - the following statement: “(Insert name of district) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR’S TAX RATE”; and
  - if the tax rate *exceeds the no-new-revenue M&O 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).”

- **Maximum Compressed Tax Rate (MCR)**

- **Definition:** A district’s MCR is the tax rate at which the district must levy an M&O tax to receive the full amount of its tier one allotment.<sup>10</sup>
- **Calculation:** TEA calculates each district’s MCR no later than August 5 based on district property values submitted by the district after receipt of its certified appraisal roll or certified estimate of values in July.<sup>11</sup>

A district’s MCR is the lesser of the following:

- the district’s prior year MCR;
  - the state compression percentage multiplied by \$1.00; or
  - the rate determined by a statutory formula if the district’s taxable property value for the current year exceeds the district’s prior year value by at least 2.5 percent.<sup>12</sup>
- **Purpose:** A district’s MCR is used to determine its M&O tax rate; it represents a district’s maximum tier one tax rate.<sup>13</sup>

- **State Compression Percentage**

- **Definition:** The state compression percentage is the percentage of the rate of \$1.00 per \$100 of taxable property value that is used to determine a school district’s MCR because it represents the maximum MCR for all districts.
- **Calculation:** The state compression percentage is the lower of the following:
  - 93 percent, or a lower percentage set by appropriation for a school year;

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<sup>10</sup> Tex. Educ. Code § 48.2551(a)(3).

<sup>11</sup> 19 Tex. Admin. Code § 61.1000.

<sup>12</sup> Tex. Educ. Code § 48.2551(b).

<sup>13</sup> Tex. Educ. Code § 48.051(a).

- the state compression percentage for the preceding school year;
- the percentage determined by the following formula:  
Prior year state compression percentage X 1.025/(1 + ECPV)  
ECPV is the comptroller’s estimated percentage change in total taxable property value for the applicable tax year.
- **Purpose:** The state compression percentage sets the maximum MCR for any district.<sup>14</sup>
- **No-New-Revenue Maintenance and Operations Tax Rate**
  - **Definition:** The Texas Tax Code defines the no-new-revenue M&O rate as the rate calculated by the following formula:  
No-New-Revenue M&O Rate = (Last Year’s Levy - Last Year’s Debt Levy - Last Year’s Junior College Levy) / (Current Total Value - New Property Value)<sup>15</sup>
  - **Calculation:** Prior to changes made by House Bill 3 in 2019, the no-new-revenue M&O tax rate was the same as the rate to maintain [see below]. Under current law, the definition above is the only statutory definition for the no-new-revenue M&O rate. The comptroller does not provide a calculation form for this rate.<sup>16</sup>
  - **Purpose:** The no-new-revenue M&O tax rate establishes a threshold that may trigger other obligations for the board in adopting the district’s tax rate.<sup>17</sup> [See discussion above at M&O Tax Rate for additional requirements.]
    - **Supermajority vote required:** The vote on the ordinance, resolution, or order setting a tax rate *that exceeds the sum of the no-new-revenue M&O tax rate of the district and the district’s current debt rate* must be a record vote, and *at least 60 percent* of the members of the board (5 members of a 7-member board) must vote in favor of the ordinance, resolution, or order.
- **No-New-Revenue Tax Rate**
  - **Definition:** A district’s no-new-revenue tax rate is determined by this formula:  
No-New-Revenue Tax Rate = (Last Year’s Levy - Lost Property Levy) / (Current Total Value - New Property Value)<sup>18</sup>

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<sup>14</sup> Tex. Educ. Code § 48.255(a).

<sup>15</sup> Tex. Tax Code § 26.012(18). “Current total value,” “last year’s debt levy,” “last year’s junior college levy,” “last year’s levy,” and “new property value” are defined in Texas Tax Code section 26.012(6), (11), (12), (13), and (17) respectively.

<sup>16</sup> Some advisors recommend using a district’s rate to maintain as its no-new-revenue M&O tax rate. A district wanting to do this should consult its attorney or property tax advisor.

<sup>17</sup> Tex. Tax Code § 26.05(b).

<sup>18</sup> Tex. Tax Code § 26.04(c)(1). “Current total value,” “last year’s levy,” “lost property levy,” and “new property value” are defined in Texas Tax Code section 26.012(6), (13), (15), and (17) respectively.

- **Calculation:** The comptroller prescribes tax rate calculation forms to be used by the officer or employee designated by the board to calculate the no-new-revenue tax rate and the voter-approval tax rate.<sup>19</sup> The Texas Tax Code imposes additional requirements on these forms.
  - **Submission to County Assessor-Collector:** As soon as practicable after the designated officer or employee calculates the no-new-revenue tax rate and the voter-approval tax rate of the district, the designated officer or employee must submit the tax rate calculation forms to the county assessor-collector for each county in which the district is located.<sup>20</sup>
  - **Budget Appendix:** The board must include the tax rate calculation forms as an appendix to the district's budget.<sup>21</sup>
- **Purpose:** The no-new-revenue tax rate establishes a threshold that may trigger other obligations for the board in adopting the district's tax rate.
  - **Required motion to adopt tax rate:** 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."<sup>22</sup>
- **Rate to Maintain Same Level of M&O Revenue and Pay Debt Service**
  - **Definition:** In the case of M&O, the rate to maintain is the tax rate that, when applied to the district's current taxable value, would impose taxes in an amount that, when added to the district's state funds, would provide the same amount of M&O taxes and state funds per student for the applicable school year that was available to the district in the preceding school year. For I&S, the rate to pay debt service is the district's current debt rate.<sup>23</sup>
  - **Calculation:** According to the Texas Tax Code, the comptroller is required to prescribe calculation forms to be used by the district's designated officer or employee to submit the rate to maintain the same amount of state and local revenue per weighted student that the district received in the school year beginning in the preceding tax year.<sup>24</sup> Districts may also use Region 13 ESC's [template to estimate state aid](#).

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<sup>19</sup> Tex. Tax Code § 26.04(c)(1). The Tax Rate Calculation Worksheets are available on the comptroller's Truth-in-Taxation, [Tax Rate Calculation](#) page.

<sup>20</sup> Tex. Tax Code § 26.04(d-1), (d-3).

<sup>21</sup> Tex. Tax Code § 26.04(e-5).

<sup>22</sup> Tex. Tax. Code § 26.05(b).

<sup>23</sup> Tex. Educ. Code § 44.004(c)(5)(A)(ii).

<sup>24</sup> Tex. Tax Code § 5.07(f)(2)(B).

- **Purpose:** A district's rate to maintain same level of M&O revenue and pay debt service is disclosed on its published Notice of Public Meeting to Discuss Budget and Proposed Tax Rate.<sup>25</sup>

- **Voter-Approval Tax Rate (VATR)**

- **Definition:** A school district's VATR is the maximum tax rate the board may adopt without requiring voter approval in a voter-approval tax rate election (VATRE).<sup>26</sup>
- **Calculation:** A district's VATR is the sum of its current debt rate, MCR, and the greater of
  - The district's enrichment tax rate for the preceding tax year; or
  - \$0.05.<sup>27</sup>

The comptroller prescribes tax rate calculation forms to be used by the officer or employee designated by the board to calculate the rate.<sup>28</sup> See No-New-Revenue Tax Rate above for more requirements related to the calculation forms.

- **Purpose:** A district's VATR is disclosed on its published Notice of Public Meeting to Discuss Budget and Proposed Tax Rate with an explanatory statement that it is the highest tax rate the district can adopt before requiring voter approval at a VATRE.<sup>29</sup>

### Website Posting Requirements

- **Tax Rate and Budget Information Posted on District Website:** A district must maintain a website or have access to a generally accessible website for posting the following information on one page:
  1. each board member's name and official contact information;
  2. the district's mailing address, email address, and telephone number;
  3. the district's budget for the preceding two years;
  4. the district's proposed or adopted budget for the current year;
  5. the change in the district's budget amount from the preceding year to the current year, by dollar amount and percentage;
  6. the district's M&O tax rate for the preceding two years;
  7. the district's I&S tax rate for the preceding two years;
  8. the district's proposed M&O tax rate for the current year;

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<sup>25</sup> Tex. Educ. Code § 44.004(c)(5)(A).

<sup>26</sup> Tex. Tax Code § 26.08(a).

<sup>27</sup> Tex. Tax Code § 26.08(n).

<sup>28</sup> Tex. Tax Code § 26.04(c)(1). The Tax Rate Calculation Worksheets are available on the comptroller's Truth-in-Taxation, [Tax Rate Calculation](#) page.

<sup>29</sup> Tex. Educ. Code § 44.004(c)(8).

9. the district's proposed I&S tax rate for the current year; and
  10. the district's most recent financial audit.<sup>30</sup>
- **Rates Included in Appraisal District Database:** The chief appraiser of each appraisal district must create and maintain a property tax database that includes specific information. The officer or employee designated by the board to calculate the district's no-new-revenue tax rate and voter-approval tax rate must electronically incorporate into the database the tax rate calculation forms and the district's rate to maintain and voter-approval tax rate; the proposed tax rate; and the date, time, and location of the public meeting at which the tax rate will be adopted.<sup>31</sup>
  - **Rates Posted on County Websites:** For the most recent five tax years, a district's adopted tax rate, M&O rate, debt rate, no-new-revenue tax rate, no-new-revenue M&O rate, and voter-approval tax rate will be posted by the county assessor-collector on the county website of each county in which the district is located. A district must provide the information to the county assessor-collector annually after adopting the tax rate for the current tax year. The county website must also include a definition for each tax rate, the district's tax rate calculation forms, and the name and official contact information for each board member.<sup>32</sup>

### Taxpayer Injunctive Relief

- **Failure to Comply with Computation, Publication, or Posting Requirements:** A person who owns taxable property in the district is entitled to an injunction *prohibiting the district from adopting a tax rate* if the district's designated officer or employee or the district, as applicable, has not complied with the computation, publication, or posting requirements of Texas Tax Code sections 26.04, 26.16, 26.17, or 26.18 (discussed above). It is a defense that the failure to comply was in good faith.<sup>33</sup>
- **Failure to Comply with Calculation and Adoption Requirements:** A person who owns taxable property in the district is entitled to an injunction *restraining the collection of taxes by the district* if the district has not complied with the requirements of Texas Tax Code sections 26.04 and 26.05 (discussed above). It is a defense that the failure to comply was in good faith.<sup>34</sup>

For additional questions about adopting a budget or tax rate, please contact TEA, the Texas Comptroller, your district's attorney, or TASB Legal Services at 800.580.5345.

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<sup>30</sup> Tex. Tax Code § 26.18.

<sup>31</sup> Tex. Tax Code § 26.17.

<sup>32</sup> Tex. Tax Code § 26.16.

<sup>33</sup> Tex. Tax Code § 26.04(g).

<sup>34</sup> Tex. Tax Code § 26.05(e).

This document is continually updated at [tasb.org/services/legal-services/tasb-school-law-eshource/business/documents/school-district-tax-rates-and-website-posting-requirements.pdf](https://tasb.org/services/legal-services/tasb-school-law-eshource/business/documents/school-district-tax-rates-and-website-posting-requirements.pdf). For more information on school law topics, visit TASB School Law eSource at [schoollawesource.tasb.org](https://schoollawesource.tasb.org).

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