DATE:	**March 13, 2026**
SUBJECT:	**Update on Property Value Data and Frozen Levy Hold Harmless Methodology**
CATEGORY:	**School Finance**
NEXT STEPS:	**Share with appropriate staff**

Overview

During the 87th Texas Legislature, Second Called Session, lawmakers passed Senate Bill 12, and voters approved a constitutional amendment effective January 1, 2023. Together, these actions were intended to provide additional property tax relief to elderly or disabled homeowners whose school district taxes were already frozen. The legislation reduced their tax bills to extend benefits provided to non-frozen taxpayers through tax rate compression, which became effective with House Bill 3, 86th Texas Legislature, Regular Session, in 2019. As a result, property tax bills for many elderly or disabled residents with frozen taxes were significantly reduced. To mitigate the impact on school district revenues, the new tax relief was paired with a hold-harmless provision.

Section 48.2542, Education Code (TEC), provides hold-harmless protection to districts for reductions in frozen levy revenue resulting from a reduction of the amount of the limitation on tax increases provided by Section 11.26(a-10), Tax Code. This Texas Education Agency (TEA) update explains recent corrections to property value data and revisions to TEA's frozen levy hold-harmless methodology that affect school year (SY) 2025–2026 Summary of Finances (SOF) reports.

Background

TEA identified issues in tax year (TY) 2025 property value data that affected reported funding amounts in SY 2025–2026 SOF reports. The causes have been identified, and corrections are being implemented through amended property tax data recertification and subsequent SOF updates. Detailed correspondence outlining the identified issues and resolutions was communicated to subscribers of the TEA Public School Funding Updates on Friday, March 6, 2026, and is summarized below.

Identified issues

The following issues were identified affecting frozen levy calculations:

1. Vendor-related data discrepancies identified by the Comptroller affecting a significant number of districts statewide.
2. Limitations in the transition to property-level, self-reported (SR) data that excluded certain properties in specific scenarios, understating frozen levy losses for some districts.
3. Inconsistent SR submission methods (aggregated versus property-level) resulting in uneven treatment across districts.

Resolutions

To address these issues, TEA planned to implement the following actions:

1. Corrected vendor data would be incorporated into SOF reports through a forthcoming amended preliminary recertification from the Comptroller, improving statewide accuracy. No district action would be required.

2. Beginning with TY 2025 (SY 2025–2026), TEA would implement a revised methodology that includes all properties contributing to frozen levy losses under either scenario, restoring accurate levy loss calculations.
3. SOF reports would derive SR0706 and SR0716 using related SR values (SR0705, SR0707 and SR0717), improving consistency across districts.

Resolution Update

Since the March 6, 2026 correspondence, **TEA has completed** incorporation of amended preliminary property value data and the revised methodology, as described above, into the SOF reports.

Next Steps

School districts should review updated SOF reports for accuracy, specifically the "Additional State Aid for Adjustment of Limitation on Tax Increases on Homestead of Elderly or Disabled (TEC 48.2542) Detail Report". All SOF data remain preliminary and subject to change until final property value data are incorporated through the settle-up process.

Continued Communication and Support

TEA will continue to provide technical assistance and communicate SOF-related updates through Public School Funding Updates. Districts may subscribe here.

Questions regarding these SOF updates should be directed to sfinance@tea.texas.gov.

Questions related to property value data or SR submissions should follow the Comptroller's standard processes outlined by the Property Tax Assistance Division.