

BILL ANALYSIS

Senate Research Center
88R782 MEW-D

S.B. 2088
By: Creighton
Education
4/3/2023
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas Education Code Section 48.257 governs whether a school district must pay recapture to the state. Currently, school districts considered property wealthy under the school finance system have no current incentive to remit their recapture payment. By allowing property wealthy school districts to purchase attendance credits early, the state will be able to collect recapture payments much earlier than expected, a sum that could reach close to \$5 billion and could reduce the state's own borrowing obligation it undertakes in August in the form of a Tax and Revenue Anticipation Note (TRAN) to help schools begin the year with cash on hand. The bill establishes a prepayment incentive for property wealthy school districts to consider, an incentive that will significantly reduce the state's debt.

As proposed, S.B. 2088 amends current law to provide that if the district elects to pay the total recapture by the district not later than February 15 of the school year for which the agreement is in effect, a reduction under Subsection (a) shall be made after making any reduction to which the district is entitled under Section 49.157 or another provision of this chapter.

As proposed, S.B. 2088 amends current law relating to a credit for prepayment of the amount required to be paid by a school district for the purchase of attendance credit under the public school finance system.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter D, Chapter 49, Education Code, by adding Section 49.1541, as follows:

Sec. 49.1541. CREDIT FOR PREPAYMENT. (a) Provides that the total amount required under Section 49.153 (Cost) for a school district to purchase attendance credit under Subchapter D (Purchase of Attendance Credit) for any school year is reduced by 10 percent if the district:

(1) elects to pay for credit purchased in the manner provided by Section 49.154(a)(2) (relating to the procedure for a single payment by a school district for the purchase of attendance credit); and

(2) pays the total amount required to be paid by the district not later than February 15 of the school year for which the agreement is in effect.

(b) Requires that a reduction under Subsection (a) be made after making any reduction to which the district is entitled under Section 49.157 (Credit for Appraisal Costs) or another provision of Chapter 49 (Options for Local Revenue Levels in Excess of Entitlement).

SECTION 2. Effective date: September 1, 2023.