

**BILL ANALYSIS**

C.S.H.B. 195  
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Ways & Means  
Committee Report (Substituted)

**BACKGROUND AND PURPOSE**

Texas relies heavily on property taxes to fund public services, including education. A 2023 study conducted by the Tax Foundation ranked Texas as having the sixth highest effective property tax rate compared to other states in the country. One element of the state's property tax system is the recapture of funds from property-rich school districts, and in state fiscal year 2024, the total statewide revenue from recapture equaled \$2.71 billion, according to data reported by the Texas Education Agency. This recapture program impacts districts across the state. For example, KVUE reporting indicates that Austin Independent School District started the 2024-2025 school year with a deficit of \$119 million, but the district paid the state \$900 million in recapture the previous school year.

C.S.H.B. 195 aims to enhance transparency in property taxation and help taxpayers understand how their tax dollars are spent by requiring an appraisal district's property tax database to include certain percentages relating to the amount of school district taxes allocated to local funding and the amount allocated to recapture payments to the state.

**CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

**RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

**ANALYSIS**

C.S.H.B. 195 amends the Tax Code to require certain additional information to be included in the property tax database maintained by the chief appraiser of each appraisal district with respect to property that is located in one or more public school districts that have a local revenue level in excess of entitlement and that, for the school year beginning in the current tax year, have taken measures to reduce the district's local revenue level. The bill requires that database to include, with respect to each such property that is listed on the appraisal roll for the appraisal district, the following information, if applicable, for each school district in which the property is located:

- the estimated percentage of the maintenance and operations (M&O) taxes imposed by the district for the current tax year that the district is required to pay under the agreement for the school year beginning in the current tax year to purchase average daily attendance credits;
- the estimated percentage of those taxes the district is not required to pay under such agreement; and

- the following statement: "For the current tax year, (name of district) is estimated to pay (estimated percentage of M&O taxes the applicable district is required to pay) of local property tax collections to the state as recaptured local taxes and (estimated percentage of M&O taxes the district is not required to pay) is estimated to remain in (name of district) for the maintenance and operations of the district."

### **EFFECTIVE DATE**

January 1, 2026.

### **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 195 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a provision absent from the introduced requiring the property tax database maintained by each chief appraiser to include, with respect to property listed on the appraisal roll that is located in one or more school districts that have a local revenue level in excess of entitlement and have taken measures to reduce that level, the estimated percentage of M&O taxes that each applicable district is required to pay under an agreement for the purchase of average daily attendance credits, the percentage it is not required to pay under such agreement, and a specified statement relating to those percentages. The substitute omits provisions from the introduced that did the following:

- required a tax bill or a separate statement accompanying the tax bill for such a school district to separately state these percentages; and
- required the county-assessor collector to post these percentages on the county's website for each such school district that has territory located in the county.

The introduced version's requirements did not specify that the applicable percentages are estimated percentages as the substitute does.

The substitute omits provisions from the introduced that required, with respect to any other district, the tax bill or separate statement to separately state and the county assessor-collector to post online the following percentages:

- the percentage of the district's M&O revenue for the school year beginning in the current tax year that is derived from M&O taxes imposed by the district for the current tax year;
- the percentage of the district's M&O revenue for the school year beginning in the preceding tax year that was derived from M&O taxes imposed by the district for the preceding tax year;
- the percentage of the district's M&O revenue for the school year beginning in the current tax year that is derived from state funds distributed to the district; and
- the percentage of the district's M&O revenue for the school year beginning in the preceding tax year that was derived from state funds distributed to the district.

The substitute also omits provisions from the introduced that required the tax bills or separate statements for either type of district to state the Internet location and URL address of the web page on the county's website where the applicable percentages for the district may be viewed.