

BILL ANALYSIS

Senate Research Center
89R3372 MEW-D

H.B. 1939
By: Meyer et al. (Parker)
Education K-16
5/25/2025
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Prior to the passage of H.B. 3 in 2019, the state gave school districts a credit on recapture payments if the district paid early in the fiscal year. This credit served as an incentive for districts to make their payment early, which kept more dollars in local school districts while also bringing revenue into the state treasury earlier in the year. Without the credit, school districts will tend to make their recapture payments later in the fiscal year.

Since H.B. 3 was enacted in 2019 and the credit went away, recapture has risen to record levels and school districts are looking for some type of relief. Typically, reducing recapture can be expensive for the state because it requires an increase in overall state funding for education or a reduction in school property taxes. The early-payment credit is a way to provide some recapture relief by keeping more local dollars in local schools without a significant cost to the state. Texas Schools Coalition, Issues in Focus: Early Payment Credits for School Districts Paying Recapture. Allowing schools to pay early saves them four percent of their recapture and is an incentive for the state to gather funds early.

H.B. 1939 would amend Subchapter D, Chapter 49, Education Code, by adding Section 49.1541 to provide 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. The proposed amendment would entitle a school district to receive a credit against the total amount required under Section 49.153. The credit would be equal to four percent of any amount required to be paid by the district if the district pays the amount no later than February 15 of the school year for which the agreement is in effect.

H.B. 1939 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 four percent if the district elects to pay for credit purchased in the manner provided by Section 49.154(a)(2) (relating to payment by a school district for credit purchased in one payment for the total amount required to be paid by the district not later than August 15 of the school year) and 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, 2025.