

BILL ANALYSIS

Senate Research Center

S.B. 2986
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Education K-16
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Despite federal precedent affirming equal access to public facilities by religious organizations, certain public schools and public institutions of higher education have denied facility rentals to religious organizations, citing restrictions related to bond covenants, IRS nonprofit requirements, and Establishment Clause concerns. In one case, a community church sought to rent a campus auditorium for Sunday worship under a one-year agreement at market value. Although school administrators supported the partnership, the governing board denied the request, asserting legal prohibitions due to bond financing and religious use.

Some schools have additionally expressed concern that even after-hours religious use may interfere with the institution's core educational mission—despite the fact that such requests occur outside of instructional hours and do not disrupt academic operations.

These denials raise broader concerns about whether current interpretations of tax-exempt bond covenants or public funding rules overstate legal risks. They also inhibit religious organizations from participating in neutral, publicly available rental processes open to other nonprofit or civic groups—potentially infringing on Free Speech and Free Exercise protections under the First Amendment.

S.B. 2986 is not intended to conflict with federal or state law. Instead, it affirms compliance with IRS regulations, supports constitutional neutrality, and clarifies the lawful ability of schools to engage in fair community use agreements. It aims to protect schools from liability while enabling financially sustainable partnerships that uphold freedom of expression without endorsing religion.

Legislative Intent:

This legislation clarifies that public schools and universities can permit after-hours facility use by religious groups under the same terms as other nonprofits, provided they comply with federal regulations, rentals are outside instructional hours, agreements are short-term/incidental, and the institution maintains operational control, neutrality, and avoids religious endorsement.

Key Provisions:

1. Schools and Colleges Can Allow Religious Use of Facilities. Public school districts, charter schools, and public universities may permit religious organizations to use their facilities for worship, sermons, services, or assemblies, if:

- (1) the use does not interfere with the school's or university's primary educational mission;
- (2) the religious organization pays fair-market rent or reimburses costs (e.g., utilities, security), unless the fees are waived;
- (3) the religious organization is liable for any damages during use.

2. A school or university cannot be penalized by any state agency, political subdivision, or government entity for allowing religious groups to use their facilities after hours.

3. Nothing in the bill requires a school or university to rent to religious groups.

S.B. 2986 amends current law relating to use by a religious organization of public school or institution of higher education facilities.

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 11, Education Code, by adding Section 11.173, as follows:

Sec. 11.173. USE OF SCHOOL FACILITIES BY RELIGIOUS ORGANIZATION. (a) Provides that a school district or open-enrollment charter school is authorized to allow a religious organization to use the district's or school's facilities to host religious worship, services, sermons, or assemblies only if:

(1) the use of the facilities does not interfere with the district's or school's primary educational mission;

(2) the religious organization provides the fair market rental value or reimbursement for utilities, security, and other costs related to the use of the facilities as determined by the board of trustees of the district or the governing body of the school, unless waived by the board or governing body;

(3) the religious organization agrees to be held liable for any damages that occur in the organization's use of the facilities;

(4) the religious organization is subject to the same rental terms for the use of the facilities that a nonreligious organization would be subjected to for that use; and

(5) any additional requirements imposed by other law for the use of the facilities are satisfied.

(b) Provides that a religious organization's use of a school district's or open-enrollment charter school's facilities interferes with the district's or school's primary educational mission for purposes of Subsection (a)(1) if:

(1) the organization engages in an activity described by Subsection (a) during regular school hours;

(2) the organization displays signage, symbols, books, or flyers on the district's or school's property during any period other than the period in which the district or school allows the organization to use the district's or school's facilities; or

(3) the district or school or an employee of the district or school promotes the organization's use of the facilities in any manner, including by distributing information or making an announcement regarding the organization or use or including an activity described by Subsection (a) on an academic calendar.

(c) Prohibits a state agency, political subdivision, school district, or other governmental entity from imposing a penalty or sanction on or denying funding to

a school district or open-enrollment charter school based on the district's or school's decision to allow a religious organization to use the district's or school's facilities in the manner provided by Subsection (a).

(d) Prohibits this section from being construed to require a school district or open-enrollment charter school to allow a religious organization to use the district's or school's facilities for religious purposes if the district or school elects not to do so.

SECTION 2. Amends Subchapter Z, Chapter 51, Education Code, by adding Section 51.984, as follows:

Sec. 51.984. USE OF INSTITUTION FACILITIES BY RELIGIOUS ORGANIZATION.

(a) Defines "institution of higher education."

(b) Provides that an institution of higher education is authorized to allow a religious organization to use the institution's facilities to host religious worship, services, sermons, or assemblies only if:

(1) the use of the facilities does not interfere with the institution's primary educational mission;

(2) the religious organization provides the fair market rental value or reimbursement for utilities, security, and other costs related to the use of the facilities as determined by the institution or the institution's governing board, unless waived by the institution or the institution's governing board;

(3) the religious organization agrees to be held liable for any damages that occur in the organization's use of the facilities;

(4) the religious organization is subject to the same rental terms for the use of the facilities that a nonreligious organization would be subjected to for that use; and

(5) any additional requirements imposed by other law for the use of the facilities are satisfied.

(c) Prohibits a state agency, political subdivision, or other governmental entity from imposing a penalty or sanction on or denying funding to an institution of higher education based on the institution's decision to allow a religious organization to use the institution's facilities in the manner provided by Subsection (b).

(d) Prohibits this section from being construed to require an institution of higher education to allow a religious organization to use the institution's facilities for religious purposes if the institution elects not to do so.

SECTION 3. Provides that the changes in law made by this Act do not affect the terms of a contract entered into before the effective date of this Act, except that if the contract is renewed, modified, or extended on or after the effective date of this Act, the changes in law made by this Act apply to the contract beginning on the date of renewal, modification, or extension.

SECTION 4. Effective date: September 1, 2025.