

- SUBJECT:** Allowing coastal schools to credit certain insurance costs as recapture
- COMMITTEE:** Public Education — favorable, without amendment
- VOTE:** 11 ayes — Buckley, Allen, Ashby, Bryant, Cunningham, Dutton, Frank, Hinojosa, Hunter, Kerwin, Leach
- 0 nays
- 4 absent — Bernal, Leo Wilson, Schoolcraft, Talarico
- WITNESSES:** For — Michelle Cavazos, Gregory-Portland Independent School District; Sharon McKinney, Port Aransas ISD; Lesley Austin, Rockport-Fulton ISD (*Registered, but did not testify*: Tricia Cave, Association of Texas Professional Educators (ATPE); Ryan Skrobarczyk, City of Corpus Christi; Sally Bakko, City of Galveston; Leland Bickers, Coastal Windstorm Insurance Company; Ryan Brannan, Galveston ISD; Michelle Wittenburg, Good Reason Houston; Regan Ellmer, Independent Insurance Agents of Texas; Joel Romo, Nueces County & City of Port Aransas; Brett Stawar, Port Aransas Tourism Bureau & Chamber of Commerce; Raif Calvert, TASB; Colby Nichols, Texas Association of Community Schools; Casey McCreary, Texas Association of School Administrators; Jennifer Easley, Texas PTA; Missy Bender, Texas School Coalition)
- Against — (*Registered, but did not testify*: Steven Deline)
- On — (*Registered, but did not testify*: Amy Copeland, Texas Education Agency)
- BACKGROUND:** Education Code ch. 49 subch. D allows a school district with a local revenue level in excess of entitlement to execute an agreement with the education commissioner to purchase attendance credit in an amount sufficient to reduce the district’s local revenue level. The subchapter also establishes the cost of the credit and a reduction in this cost related to school district appraisal costs.

Education Code sec. 2210.003 defines certain counties as first tier and second tier coastal counties.

Concerns have been raised that public school districts located in coastal Texas counties face substantial financial challenges due to the high cost of windstorm and hail insurance, particularly for those required to make recapture payments under the public school finance system. Some have suggested allowing coastal school districts to apply the cost of windstorm and hail insurance as a credit against their required recapture payments would reduce this burden.

DIGEST:

HB 3631 would reduce by the amount of money spent by a school district in the preceding school year to pay for the cost of windstorm and hail insurance the total cost required for a school district to purchase attendance credit under Education Code ch. 49 subch. D for any school year. A reduction would have to be made after making any reduction to which the district was entitled for appraisal costs or under another provision relating to options for local revenue levels in excess of entitlement.

The bill would take effect September 1, 2025, and apply only to a school district that was located in a first or second tier coastal county, as defined under Education Code sec. 2210.003.