

SUBJECT: Requiring local government reimbursement of Disaster Contingency Fund

COMMITTEE: Defense and Veterans' Affairs — committee substitute recommended

VOTE: 7 ayes — Corte, Vaught, Edwards, Farias, Ortiz, Pickett, C. Turner

0 nays

2 absent — Chavez, Maldonado

WITNESSES: For — (*Registered, but did not testify*: Jim Allison, County Judges and Commissioners Association of Texas; Jim Barron, Yoakum County; Shanna Igo, Texas Municipal League; Mark Mendez, Tarrant County; Michael Vasquez, Texas Conference of Urban Counties)

Against — None

BACKGROUND: Government Code, sec. 418 establishes state authority and responsibility concerning emergency management and response. Sec. 418.073 establishes a Disaster Contingency Fund, administered by the Governor's Division of Emergency Management (GDEM), for use in making funds available to state and local agencies for disaster prevention, mitigation, response, and recovery.

DIGEST: HB 4102 would require any state or local government entity or other eligible entity that received funding from the Disaster Contingency Fund to reimburse the fund, once the entity had been reimbursed by the federal government, an insurer, or another source. The GDEM would be responsible for developing the reimbursement procedures.

State and local government entities no longer would be eligible to receive disaster contingency funding for disaster preparation or preventive measures. The bill would allow state government entities that were not agencies to receive disaster contingency funding. It also would remove language stating that costs eligible for reimbursement would have to be "extraordinary" and that post-disaster funding be limited to storm damage repair.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009.

**SUPPORTERS
SAY:**

HB 4102 would require that local governments and other entities reimburse the Disaster Contingency Fund, which would ensure that those entities receiving funding were not paid twice for the same costs, once by the fund and once by the federal government or an insurer. Also, eliminating the requirement that costs be “extraordinary” to qualify for disaster contingency funding would allow local governments to use that money for debris clean-up and other necessary recovery efforts.

Money from the Disaster Contingency Fund would be used more effectively if limited to disaster recovery efforts. In some instances, funds could be requested for hurricane damage prevention but the hurricane in question made landfall in an area of Texas that did not request the funds. The state would be faced with a cost to the contingency fund that would not be reimbursed, making less money available in the fund to help communities hit by the storm.

**OPPONENTS
SAY:**

The bill should allow local governments and other entities to apply for disaster contingency funding for implementing preventative measures. Allowing funds to be used for this purpose could reduce state costs in the long term by mitigating any storm-related damage that may occur.

NOTES:

The substitute differs from the bill as filed by removing disaster preparation as an eligible purpose for receiving disaster contingency funding; retaining the current statute’s provision limiting funding eligibility to a state and locally declared disaster; requiring eligible entities not affiliated with state or local government that receive funding to reimburse the Disaster Contingency Fund; and requiring reimbursement to the fund if the entity received reimbursement from an insurer or another source, rather than just from the federal government.

According to the fiscal note, due to the unpredictability of future disasters, any future cost to the state is unknown at this time.