

- SUBJECT:** Creating disaster response loan fund; appropriating \$1 billion from ESF
- COMMITTEE:** Appropriations — committee substitute recommended
- VOTE:** 23 ayes — Zerwas, Longoria, C. Bell, G. Bonnen, Buckley, Capriglione, Cortez, Hefner, Howard, Miller, Minjarez, Muñoz, Rose, Schaefer, Sheffield, Sherman, Smith, Stucky, Toth, VanDeaver, Walle, Wilson, Wu
- 0 nays
- 4 absent — S. Davis, M. González, Jarvis Johnson, J. Turner
- WITNESSES:** For — Donna Warndof, Harris County Commissioners Court, Harris County Flood Control District; Bill Kelly, City of Houston Mayor’s Office; (*Registered, but did not testify*: Jamaal Smith, City of Houston Mayor’s Office; Jim Short, Fort Bend County, Texas; Lindsay Munoz, Greater Houston Partnership; Monty Wynn, Texas Municipal League)
- Against — None
- On — Nim Kidd, Texas Division of Emergency Management, Texas Emergency Management Council
- BACKGROUND:** Some have noted that after a disaster, local governments waiting for federal disaster funds may be prevented from starting relief or recovery projects because of a lack of funds.
- DIGEST:** CSHB 1917 would create a disaster response loan fund to be used by the state to make short-term loans to political subdivisions affected by a disaster. The fund would consist of appropriations, credits, and transfers to the fund by the Legislature; loan repayments; grants; and interest earned on the fund's deposits and investments. The fund would be outside the state treasury and administered by the comptroller.
- The bill would appropriate \$1 billion from the Economic Stabilization Fund to the comptroller for the fund.

The appropriation of funds would take effect only if the bill was approved by a vote of two-thirds of the members present in each house of the Legislature, as provided by Art. 3, sec. 49-g(m) of the Texas Constitution.

Loan program. The comptroller would be required to establish the loan program to provide short-term loans for disaster relief or recovery projects to political subdivisions that were wholly or partly in an area declared a disaster area by the governor and that were eligible for financial assistance from the Federal Emergency Management Agency in response to the disaster. The comptroller could not award a loan if it would affect the political subdivision's receipt of eligible federal disaster funds.

Loans would have to be made at or below market interest rates for terms of no more than two years, and loan proceeds would have to be spent solely for disaster relief and recovery.

Until August 31, 2020, the comptroller would have to suspend awarding loans from the fund during any period that the balance was less than 75 percent of the fund balance on September 1, 2019.

The comptroller would have to credit to the fund all principal and interest payments on the loans.

Application. The comptroller and the Texas Division of Emergency Management would have to develop the loan application process. The application would have to include:

- a description of the project;
- an estimate of the project's cost;
- information on the amount of federal funds that the applicant would receive for the project; and
- evidence that the loan applicant had staff, policies, and procedures in place for the project.

The comptroller could charge applicants a fee to cover the costs of

processing the application.

Report. By December 31 of each even-numbered year, the comptroller would have to report to the governor, lieutenant governor, and members of the Legislature that included:

- the total amount of loans made during the preceding two years;
- a summary of the projects for which the loans were made; and
- the total balance of the fund on the date the report was submitted.

The bill would take effect September 1, 2019.

NOTES:

According to the Legislative Budget Board, the bill would appropriate \$1 billion from the Economic Stabilization Fund in fiscal 2020.