SUBJECT: Revising eligibility for a loan under the disaster recovery loan program

COMMITTEE: Homeland Security and Public Safety — committee substitute recommended

VOTE: 9 ayes — White, Bowers, Goodwin, Harless, Hefner, E. Morales, Patterson, Schaefer, Tinderholt

0 nays

WITNESSES: For — (*Registered, but did not testify*: Adam Haynes, Conference of Urban Counties; Jim Allison, County Judges and Commissioners Association of Texas; Monty Wynn, Texas Municipal League; Mitch Landry, Texas Municipal Police Association)

Against — None

On — Suzannah Jones, Texas Division of Emergency Management

BACKGROUND: Government Code sec. 418.062 allows a political subdivision to apply to the Texas Division of Emergency Management (TDEM) if the political subdivision is located wholly or partly in an area declared to be a disaster area by the governor or U.S. president. Before applying for a loan, the political subdivision must submit its operating budget to TDEM within 15 days of its adoption and submit an application for a loan from the Federal Emergency Management Agency's (FEMA's) community disaster loan program.

For a political subdivision to apply for a loan, TDEM, in consultation with FEMA, must determine that the estimated cost to rebuild the political subdivision's damaged infrastructure is greater than 50 percent of the political subdivision's total revenue for the current year.

The 86th Legislature established the disaster recovery loan program to help provide short-term disaster relief loans to qualifying political subdivisions. Some noted during the COVID-19 pandemic that the program was not a viable source of relief as infrastructure damage currently is a prerequisite to receiving a loan under the program. Other requirements were also identified as barriers to political subdivisions receiving assistance. Some have suggested removing these barriers and expanding the types of qualifying estimated disaster recovery and response costs for which loans could be made under the program.

DIGEST:

CSHB 2696 would remove the requirement that a political subdivision had to submit an application for a loan from the Federal Emergency Management Agency's (FEMA's) community disaster loan program before applying to the Texas Division of Emergency Management (TDEM) for a disaster recovery loan.

The bill would expand eligibility for the disaster loan recovery program to require a determination that the estimated costs to appropriately respond to the disaster, rather than a determination of costs associated with rebuilding damaged infrastructure, were greater than 50 percent of the political subdivision's total revenue. The bill would allow, rather than require, TDEM to consult with FEMA to determine these costs.

The bill also would remove the requirement that a political subdivision submit its operating budget to TDEM within a certain deadline.

This 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, 2021. The bill would apply only to a loan for which the application was filed on or after the bill's effective date.