

BILL ANALYSIS

C.S.H.B. 6
By: Eiland
Appropriations
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Texas suffered several natural disasters over the past biennium, including Hurricanes Dolly, Gustav, and Ike, which ravaged the Texas coastline in 2008, and various wildfires and floods. The estimated total cost to state agencies and institutions of higher education from these disasters is nearly \$1.75 billion. This amount does not include costs to local governmental entities and personal and commercial property.

Hurricane Dolly made landfall in Texas as a Category 1 storm on South Padre Island in July of 2008. President George W. Bush declared 15 counties in Texas a federal disaster area in Dolly's wake. The storm caused hundreds of thousands of Texas utility customers to lose power and left tremendous destruction in its path in deep South Texas and the Rio Grande Valley. The total cost for Dolly is estimated at \$71.4 million.

Hurricane Gustav made landfall September 1, 2008, with a direct hit on the Louisiana coast. This storm impacted East Texas, with Hardin, Orange, and Tyler Counties issuing mandatory evacuations. The largest expense from Hurricane Gustav was the mandatory evacuation and sheltering efforts. The total cost of this storm is estimated at \$62.9 million.

Hurricane Ike hit the upper Texas Gulf Coast on September 13, 2008. The hurricane covered a large portion of the Gulf of Mexico with a storm surge of 20 feet and a wind field covering some 450 miles. The path of destruction spanned an area more than 900 miles wide and covered 29 counties. Galveston County took the brunt of the storm with the city of Galveston suffering extensive damage and Bolivar Peninsula being virtually decimated. Millions of Texans were left without power, thousands for as much as four weeks. Thousands of homes and businesses were severely damaged or completely destroyed. Debris fields cover much of Chambers County's wetland as a result of the destruction of Bolivar. The University of Texas Medical Branch at Galveston suffered significant damage, creating a domino effect that resulted in the laying off of over 3,000 employees and the closing of its Level 1 trauma center, which continues to impact the provision of medical services throughout the region. Many state agencies were involved in either the pre-storm preparations or the rescue and recovery. The cost of Ike is estimated to be approximately \$1.7 billion, the costliest storm to Texas to date.

C.S.H.B. 6 is the appropriations bill for damages and disruption costs to state agencies and institutions of higher education for losses incurred as a result of the natural disasters Texas suffered over the past biennium. The bill also provides for an appropriation for disaster relief in general. The bill appropriates funds to Texas' state agencies and institutions of higher education from the economic stabilization fund. The Texas Constitution provides that the legislature may, by a two-thirds vote of the members present in each house, appropriate amounts from the economic stabilization fund at any time and for any purpose. This appropriation is intended to be a one-time appropriation for the sole purpose of addressing losses sustained from the natural disasters of 2007 and 2008; it is not for an ongoing program or expense. These funds are essential to the recovery of the Texas coast. The entities need them either to draw down vital federal funds from FEMA or to begin the rebuilding process while they await federal funding. The losses covered by C.S.H.B. 6 are expenses that are not covered by insurance and are not

reimbursable by FEMA.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 6 appropriates certain amounts out of the economic stabilization fund to 41 agencies and institutions of higher education for the two-year period beginning on the effective date of the bill for the purpose of paying for, or reimbursing payments made for, costs incurred by the agencies or institutions associated with damages or disruptions caused by natural disasters that occurred before the effective date of the bill during the state fiscal biennium that began September 1, 2007.

C.S.H.B. 6 appropriates the amount of \$9,384,231 out of the economic stabilization fund to the Texas Forest Service for the two-year specified time period to pay certain costs incurred by the Texas Forest Service due to wildfires that occurred before the effective date of the bill during the state fiscal biennium that began September 1, 2007.

C.S.H.B. 6 appropriates \$69,339 to the Texas Forest Service and \$2,106,560 to the Texas Engineering Extension Service out of the economic stabilization fund for the two-year specified time period to pay certain costs incurred by the agencies or institutions due to flooding that occurred before the effective date of the bill during the state fiscal biennium that began September 1, 2007.

C.S.H.B. 6 appropriates the amount of \$250 million out of the economic stabilization fund as disaster funding for the two-year specified time period to provide disaster relief. The bill authorizes such amount to be expended only serially as required to respond to past or future declared disasters. The bill requires the Legislative Budget Board and the governor to determine appropriate allocation of that amount. The bill requires the amount of \$100 million, out of the \$250 million appropriated, to be provided to localities that are suffering financial hardship as a result of declared disasters, including wildfires, flooding, and other natural disasters, to provide local matching funds for FEMA qualifying projects or to prevent default on outstanding bonds or meet other financial requirements.

C.S.H.B. 6 requires a state agency or institution of higher education, if any such agency or institution receives reimbursement from the federal government for an expenditure paid for or reimbursed with money appropriated by this bill for disaster relief, to reimburse the disaster funds strategy for appropriations to trustee programs within the office of the governor for the amount paid for both by the appropriation for disaster relief and the federal reimbursement. The bill requires a state agency or institution of higher education, if any such agency or institution receives reimbursement from the federal government for an expenditure paid for or reimbursed under the bill, except as provided above, to reimburse the state for the amount paid for both by the bill's appropriation and the federal reimbursement, and appropriates that amount to the economic stabilization fund in accordance with the fund's provisions.

C.S.H.B. 6 appropriates an amount not to exceed \$18 million out of the economic stabilization fund to the Texas Education Agency for the two-year specified time period to allow certain school districts to retain recapture payments in order to respond to a disaster, contingent on the enactment of legislation relating to an exception to the wealth per student limitation for school districts that, as a result of natural disasters, are suffering financial hardship and also contingent on a declaration of a state or national emergency.

C.S.H.B. 6 appropriates an amount not to exceed \$1 million out of the economic stabilization fund to the Texas Department of Transportation for the two-year specified time period to repair the damage caused by flooding to Farm-to-Market Road 170 in Brewster and Presidio Counties. The bill establishes that it is the intent of the legislature that this work be completed not later than December 31, 2009.

C.S.H.B. 6 requires the agencies and institutions receiving appropriations made by the bill to allocate the appropriations to the appropriate General Appropriations Act strategies.

C.S.H.B. 6 specifies that the bill takes effect only if it receives a two-thirds vote of the members present in each house as required by constitutional provisions governing the economic stabilization fund.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect on the 91st day after the last day of the legislative session.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 6 differs from the original by adding and removing certain agencies and institutions of higher education that are to receive certain amounts appropriated out of the economic stabilization fund for the two-year period beginning on the effective date of the substitute to pay certain costs incurred by the agencies or institutions due to natural disasters that occurred before the effective date of the substitute during the state fiscal biennium that began September 1, 2007. The substitute differs from the original by increasing and decreasing certain amounts appropriated to certain agencies and institutions under this provision.

C.S.H.B. 6 differs from the original, which appropriated \$8,370,688 out of the economic stabilization fund to the Texas Forest Service to pay for certain costs incurred by the service due to natural disasters that occurred during the specified time period by instead appropriating \$385,091 out of the fund to the service for certain costs due to natural disasters, \$9,384,231 for certain costs due to wildfires, and \$69,339 for certain costs due to flooding.

C.S.H.B. 6 differs from the original, which appropriated \$2,206,776 out of the economic stabilization fund to the Texas Engineering Extension Service to pay for certain costs incurred by the service due to natural disasters that occurred during the specified time period, by instead appropriating \$1,190,794 out of the fund to the service for certain costs incurred due to natural disasters and \$2,106,560 due to flooding.

C.S.H.B. 6 differs from the original by adding an appropriation in the amount of \$250 million out of the economic stabilization fund as disaster funding for the two-year specified time period to provide disaster relief. The substitute authorizes such amount to be expended only serially as required to respond to past or future declared disasters. The substitute requires the Legislative Budget Board and the governor to determine appropriate allocation of that amount. The substitute requires the amount of \$100 million, out of the \$250 million, to be provided to localities that are suffering financial hardship as a result of declared disasters, including wildfires, flooding, and other natural disasters, to provide local matching funds for FEMA qualifying projects or to prevent default on outstanding bonds or meet other financial requirements.

C.S.H.B. 6 differs from the original by adding a provision requiring a state agency or institution of higher education, if any such agency or institution receives reimbursement from the federal government for an expenditure paid for or reimbursed with money appropriated for disaster relief under provisions of the substitute, to reimburse the disaster funds strategy for appropriations to trustee programs within the office of the governor for the amount paid for

both by the appropriation for disaster relief under the substitute's provisions and the federal reimbursement.

C.S.H.B. 6 differs from the original by adding a provision requiring a state agency or institution of higher education, if any such agency or institution receives reimbursement from the federal government for an expenditure paid for or reimbursed under the substitute, except as provided above, to reimburse the state for the amount paid for both by the substitute and the federal reimbursement, and appropriates that amount to the economic stabilization fund in accordance with the fund's provisions.

C.S.H.B. 6 differs from the original by adding an appropriation in an amount not to exceed \$18 million out of the economic stabilization fund to the Texas Education Agency for the two-year specified time period to allow certain school districts to retain recapture payments in order to respond to a disaster, contingent on the enactment of legislation relating to an exception to the wealth per student limitation for school districts that, as a result of natural disasters, are suffering financial hardship and also contingent on a declaration of a state or national emergency.

C.S.H.B. 6 differs from the original by appropriating an amount not to exceed \$1 million out of the economic stabilization fund to the Texas Department of Transportation (TxDOT) for the two-year specified time period to repair the damage caused by flooding to Farm-to-Market Road 170 in Brewster and Presidio Counties, rather than appropriating \$1 million to the "Texas Department of Transportation (FM 170)" for costs incurred by TxDOT associated with damages or disruptions caused by natural disasters, as in the original. The substitute establishes that it is the intent of the legislature that this work be completed not later than December 31, 2009.