

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 14, 2009**

**TO:** Honorable Mario Gallegos Jr., Chair, Senate Committee on S/C on Flooding & Evacuations

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: SB1994** by Gallegos (Relating to authorizing the provision of state matching funds to municipalities for hurricane preparation and recovery.), **As Introduced**

**Due to the unknown level of participation of eligible applicants, the bill could have an indeterminate fiscal impact to the state.**

The bill would amend the Government Code by adding section 418.075, which would direct the Division of Emergency Management (DEM) to adopt rules to implement a matching funds program to award grants to municipalities. The grants would be awarded from the state's Disaster Contingency Fund (0453) as an incentive for municipalities to create or invest in their own disaster contingency fund. The Comptroller reports that the fund currently has no available balance and no existing funding mechanism that would appropriate funds to the account in the future.

Additionally, the bill sets grant awards equal to 25 percent of the amount a municipality added during the preceding fiscal year to the municipality's disaster contingency fund. The bill does not cap the amount of the award and therefore would only be limited by the municipality's own contribution to their fund. The bill further directs that funds awarded to municipalities under this section can only be used for hurricane preparation and recovery purposes.

According to analysis provided by DEM, the bill could increase staff costs associated with receiving, reviewing, and processing applications for funds; monitoring use of money from the Contingency Fund; and auditing recipients of funds.

According to the Texas Municipal League, Texas currently has 1,211 municipalities, all of which would be eligible to apply for the matching funds program. The negative fiscal impact to the state cannot be determined due to the unknown number of municipalities that currently have a disaster contingency fund, would create a new disaster contingency fund, and the extent to which they would contribute to the fund.

**Local Government Impact**

The positive fiscal impact to a municipality would vary by municipality and would depend on contributions made by the municipality to its own disaster contingency fund and the resultant amount of matching funds the municipality would be eligible to receive through the state grant program.

**Source Agencies:** 301 Office of the Governor, 405 Department of Public Safety

**LBB Staff:** JOB, DB, MH, ER, BTA