

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 23, 2017

TO: Honorable Eddie Lucio, Jr., Chair, Senate Committee on Intergovernmental Relations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1673 by Lucio (Relating to natural disaster housing recovery.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1673, Committee Report 1st House, As Amended: a negative impact of (\$471,706) through the biennium ending August 31, 2019.

The bill would only take effect if a specific appropriation for its implementation is provided in the general appropriations act of the 85th Legislature.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	(\$235,853)
2019	(\$235,853)
2020	(\$235,853)
2021	(\$235,853)
2022	(\$235,853)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2017
2018	(\$235,853)	2.2
2019	(\$235,853)	2.2
2020	(\$235,853)	2.2
2021	(\$235,853)	2.2
2022	(\$235,853)	2.2

Fiscal Analysis

The bill would amend the Government Code relating to natural disaster housing recovery. The bill would designate the General Land Office (GLO) as the state agency responsible for receiving and administering federal and state funds appropriated for long-term natural disaster recovery. The bill would require GLO to collaborate with the Texas Department of Emergency Management and the Federal Emergency Management Agency to secure reimbursement for housing needs in areas affected by natural disasters. Additionally, the bill would require GLO to maintain a staff and administrative support to carry out the duties related to long-term natural disaster recovery. The bill would authorize the Governor to designate an agency other than GLO to be responsible for long-term natural disaster recovery.

The bill would require the Hazard Reduction and Recovery Center at Texas A&M University to review and certify local housing recovery plans submitted by units of local government. The bill would establish criteria for approving the local housing recovery plans and would establish duties and responsibilities regarding plans that would be submitted to GLO and the Governor for approval.

The bill would take effect September 1, 2017. The bill would only take effect if a specific appropriation for its implementation is provided in the general appropriations act of the 85th Legislature.

Methodology

GLO currently administers federal funds from the Community Development Block Grants for Disaster Recovery (CDBG-DR). However, these funds are appropriated to states on a disaster by disaster basis and can only be used for affected areas by a specific disaster. Accordingly, this analysis assumes that CDBG-DR funds would not be available to permanently fund and staff the division required by the bill. This analysis assumes that General Revenue funding would be necessary for this purpose.

Based on information provided by GLO, an additional 2.2 FTEs would be needed to establish a new division to handle long-term natural disaster recovery. The following FTEs would be necessary: Program Specialist VI (0.5 FTEs), Program Specialist VII (1.0 FTEs), Manager III (0.5 FTEs), and Director I (0.2 FTEs). Total salary and benefits for the new FTEs would total \$235,853 each fiscal year. GLO assumes the bill would not create new requirements for the agency related to long-term recovery immediately following a disaster.

The Office of the Governor, the Department of Insurance, and the Texas A&M University System Administration have indicated the provisions of the bill could be implemented with existing resources.

Local Government Impact

According to the Texas Municipal League, if a municipality chooses to develop a local housing recovery plan under the provisions of the bill, there could be costs; however, the fiscal impact is not anticipated to be significant.

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 454 Department of Insurance, 305 General Land Office and Veterans' Land Board, 710 Texas A&M University System Administrative and General Offices

LBB Staff: UP, EMu, JGA, MW, PBO, JP