

BILL ANALYSIS

H.B. 2300
By: Morrison
Appropriations
Committee Report (Unamended)

BACKGROUND AND PURPOSE

It has been noted that during the recovery efforts for Hurricane Harvey, many economically limited areas were devastated not only physically, but financially as well. H.B. 2300 seeks to address this issue by establishing a disaster recovery loan program for certain qualifying political subdivisions.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Division of Emergency Management in SECTION 1 of this bill.

ANALYSIS

H.B. 2300 amends the Government Code to create the disaster recovery loan account as an account in the general revenue fund with the comptroller of public accounts, to be administered by the Texas Division of Emergency Management (TDEM) for the purpose of providing short-term loans to eligible political subdivisions. The bill provides for the account's composition and requires TDEM to establish by rule a loan program to use money from the account to provide those short-term loans. The bill makes a political subdivision that is located wholly or partly in a declared disaster area and that submits certain information eligible to apply to TDEM for such a loan if an assessment of damages due to the declared disaster has been conducted in the political subdivision and TDEM, in consultation with FEMA, determines that the estimated cost to rebuild the damaged infrastructure is greater than 50 percent of the political subdivision's total revenue for the current year as shown in its most recent operating budget submitted to TDEM.

H.B. 2300 sets out the conditions to which a loan made from the account must be subjected and requires the comptroller to credit to the account all principal and interest payments on a loan. The bill provides for a required limited audit conducted by the state auditor for a loan with a term exceeding two years to determine whether the political subdivision has the ability to repay the loan under the loan terms and for the forgiveness of the loan by TDEM on the state auditor's determination that the political subdivision is unable to repay the loan. The bill subjects the state auditor's participation in the audit to approval by the legislative audit committee for inclusion in the state audit plan. The bill requires TDEM to develop and implement a loan application process and sets out the required minimum contents of the loan application. The bill requires TDEM to adopt rules to implement and administer the bill's provisions and requires the rules to include the development of a form on which a political subdivision may electronically submit its budget to TDEM.

H.B. 2300 appropriates \$60 million to the disaster recovery loan account from the general revenue fund for the 2020-2021 state fiscal biennium.

EFFECTIVE DATE

September 1, 2019.