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H.B. No. 1917

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the creation of the disaster response loan fund and the
3 permissible uses of that fund; making an appropriation; authorizing
4 a fee.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Chapter 403, Government Code, is amended by
7 adding Subchapter R to read as follows:

8 SUBCHAPTER R. DISASTER RESPONSE LOAN FUND

9 Sec. 403.501. DEFINITION. In this subchapter, "fund" means
10 the disaster response loan fund.

11 Sec. 403.502. CREATION OF FUND. (a) The disaster response
12 loan fund is created as a fund outside the state treasury with the
13 comptroller, to be administered by the comptroller.

14 (b) Money in the fund may be used only to provide short-term
15 loans to political subdivisions affected by a disaster in the
16 manner provided by this subchapter.

17 (c) The fund consists of:

18 (1) money appropriated, credited, or transferred to
19 the fund by the legislature;

20 (2) money received by the comptroller for the
21 repayment of a loan made from the fund;

22 (3) gifts or grants contributed to the fund; and

23 (4) interest earned on deposits and investments of the
24 fund.

1 Sec. 403.503. USE OF MONEY IN FUND. The comptroller by rule
2 shall establish a loan program to use money from the fund to provide
3 short-term loans for disaster relief or recovery projects to
4 political subdivisions that are located wholly or partly in an area
5 declared by the governor to be a disaster area and that the Federal
6 Emergency Management Agency has determined are eligible to receive
7 financial assistance from the agency in response to the disaster.

8 Sec. 403.504. LOANS FROM FUND. (a) A loan made from the
9 fund must be subject to the following conditions:

10 (1) the loan must be made at an interest rate that is
11 equal to the average of:

12 (A) the most recently published average monthly
13 rate of the investment pool managed by the comptroller known as
14 TexPool; and

15 (B) the most recent prime rate published in the
16 Wall Street Journal;

17 (2) the loan must be made for a term not to exceed two
18 years; and

19 (3) the loan proceeds must be expended solely for
20 disaster relief and recovery.

21 (b) The comptroller shall credit to the fund all principal
22 and interest payments on a loan from the fund.

23 (c) The comptroller shall suspend the award of loans from
24 the fund for the duration of a period during which the balance of
25 the fund is less than an amount equal to 75 percent of the total
26 balance of the fund on September 1, 2019. This subsection expires
27 August 31, 2020.

1 (d) The comptroller may not award a loan under this
2 subchapter if the award would affect the political subdivision's
3 receipt of federal money to which the political subdivision is
4 eligible as a result of the disaster.

5 Sec. 403.505. APPLICATION FOR LOAN. (a) The comptroller
6 and the Texas Division of Emergency Management shall jointly
7 develop and implement an application process for a loan under this
8 subchapter. At a minimum, the application must include:

9 (1) a description of the disaster relief or recovery
10 project for which the applicant is requesting the loan;

11 (2) an estimate of the total cost of the project;

12 (3) a statement of the amount of federal money that the
13 applicant will receive for the project, or, if that information is
14 not available on the date the applicant submits the application, an
15 estimate of the amount of that money; and

16 (4) evidence that the applicant has staff, policies,
17 and procedures in place adequate to complete the project.

18 (b) The comptroller may charge the applicant a fee
19 sufficient to cover the costs of processing the application.

20 Sec. 403.506. REPORT. Not later than December 31 of each
21 even-numbered year, the comptroller shall prepare and submit to the
22 governor, lieutenant governor, and each member of the legislature a
23 report that includes:

24 (1) the total amount of loans made from the fund during
25 the preceding two-year period;

26 (2) a summary of the disaster relief and recovery
27 projects for which the loans were made; and

1 (3) the total balance of the fund as of the date on
2 which the report is submitted.

3 SECTION 2. On September 1, 2019, the comptroller of public
4 accounts shall transfer \$500 million of the unencumbered balance of
5 the general revenue fund on that date to the credit of the disaster
6 response loan fund, as created by this Act.

7 SECTION 3. This Act takes effect September 1, 2019.