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H.B. No. 2300

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the disaster recovery loan program;
making an appropriation.

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

SECTION 1. Chapter 418, Government Code, is amended by
adding Subchapter C-1 to read as follows:

SUBCHAPTER C-1. DISASTER RECOVERY LOAN PROGRAM

Sec. 418.061. DEFINITIONS. In this subchapter:

(1) "Account" means the disaster recovery loan account
created under Section 418.066.

(2) "Eligible political subdivision" means a county,
municipality, or school district that meets the qualifications
prescribed by Section 418.062.

Sec. 418.062. ELIGIBILITY FOR LOAN. A political
subdivision may apply to the division for a loan under this
subchapter if:

(1) the political subdivision:

(A) is located wholly or partly in an area
declared to be a disaster area by the governor or the president of
the United States; and

(B) before applying to the division for a loan
under this subchapter:

(i) has submitted to the division, within
15 days of the date of its adoption by the governing body of the

1 political subdivision, the political subdivision's operating
2 budget for the most recent fiscal year; and

3 (ii) has submitted an application for a
4 loan from the Federal Emergency Management Agency's community
5 disaster loan program;

6 (2) an assessment of damages due to the disaster for
7 which the declaration was made has been conducted in the political
8 subdivision; and

9 (3) the division, in consultation with the Federal
10 Emergency Management Agency, determines that the estimated cost to
11 rebuild the political subdivision's infrastructure damaged in the
12 disaster is greater than 50 percent of the political subdivision's
13 total revenue for the current year as shown in the most recent
14 operating budget of the political subdivision submitted to the
15 division under this section.

16 Sec. 418.063. DISASTER RECOVERY LOAN PROGRAM. The division
17 by rule shall establish a loan program to use money from the account
18 to provide short-term loans for disaster recovery projects to
19 eligible political subdivisions.

20 Sec. 418.064. LOANS. (a) A loan made from the account must
21 be subject to the following conditions:

22 (1) the loan must be made at or below market interest
23 rates for a term not to exceed 10 years; and

24 (2) the loan proceeds must be expended by the eligible
25 political subdivision solely for disaster recovery projects.

26 (b) The comptroller shall credit to the account all
27 principal and interest payments on a loan from the account.

1 (c) If the term of a loan from the account exceeds two years,
2 the state auditor shall, on the second anniversary of the date on
3 which the eligible political subdivision received the loan, conduct
4 a limited audit of the political subdivision to determine whether
5 the political subdivision has the ability to repay the loan under
6 the terms of the loan. The division may forgive a loan made to an
7 eligible political subdivision if the state auditor determines that
8 the political subdivision is unable to repay the loan. The state
9 auditor's participation under this subsection is subject to
10 approval by the legislative audit committee for inclusion in the
11 audit plan under Section 321.013(c).

12 Sec. 418.065. APPLICATION FOR LOAN. The division shall
13 develop and implement an application process for a loan under this
14 subchapter. At a minimum, the application must include:

15 (1) a description of the disaster recovery project for
16 which the applicant is requesting the loan;

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

18 (3) a statement of the amount of federal money that the
19 applicant will receive for the project, or, if that information is
20 not available on the date the applicant submits the application, an
21 estimate of the amount of that money; and

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

24 Sec. 418.066. CREATION OF ACCOUNT. (a) The disaster
25 recovery loan account is created as an account in the general
26 revenue fund with the comptroller, to be administered by the
27 division.

1 (b) Money in the account may be used only to provide
2 short-term loans to eligible political subdivisions in the manner
3 provided by this subchapter.

4 (c) The account consists of:

5 (1) money appropriated, credited, or transferred to
6 the account by the legislature;

7 (2) money received by the comptroller for the
8 repayment of a loan made from the account;

9 (3) gifts or grants contributed to the account; and

10 (4) interest earned on deposits and investments of the
11 account.

12 Sec. 418.067. RULES. The division shall adopt rules to
13 implement and administer this subchapter. The rules adopted by the
14 division to implement this subchapter must include the development
15 of a form on which a political subdivision may electronically
16 submit its budget to the division.

17 SECTION 2. The amount of \$60 million is appropriated from
18 the general revenue fund to the disaster recovery loan account for
19 the state fiscal biennium ending August 31, 2021, for the purpose of
20 providing short-term loans to political subdivisions affected by a
21 disaster in the manner provided by Subchapter C-1, Chapter 418,
22 Government Code, as added by this Act.

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