

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 23, 2019

TO: Honorable Dennis Bonnen, Speaker of the House, House of Representatives

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB6 by Morrison (Relating to developing a disaster recovery task force to assist with long-term disaster recovery.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB6, As Passed 2nd House: a negative impact of (\$10,406,830) through the biennium ending August 31, 2021.

The Comptroller of Public Accounts is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the Comptroller may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

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
2020	(\$5,789,350)
2021	(\$4,617,480)
2022	(\$21,535,970)
2023	(\$23,457,690)
2024	(\$23,175,970)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from New General Revenue Dedicated Account for Coastal Erosion Response	Change in Number of State Employees from FY 2019
2020	(\$5,789,350)	\$0		28.2
2021	(\$4,617,480)	\$0	\$0	28.2
2022	(\$3,865,970)	(\$17,670,000)	\$17,670,000	28.2
2023	(\$4,977,690)	(\$18,480,000)	\$18,480,000	28.2
2024	(\$3,865,970)	(\$19,310,000)	\$19,310,000	28.2

Fiscal Analysis

The bill would amend statute to require the Texas Division of Emergency Management (TDEM) to establish a recovery task force that would provide specialized assistance for communities and individuals to address financial issues, available federal assistance programs, and recovery and resiliency planning to speed recovery efforts at the local level.

The bill would amend the Government Code to extend certain statutorily required training to emergency management coordinators in certain counties.

The bill would amend the Government Code to require that certain emergency management programs associated with counties must provide for catastrophic debris management by January 1, 2020.

The bill would amend the Natural Resources and Tax Codes to allocate a share of state hotel occupancy taxes collected in certain coastal counties to a General Revenue-Dedicated coastal erosion response account, beginning with the state fiscal year beginning September 1, 2021. The bill would make the allocated tax revenue subject only to appropriation to the General Land Office for certain coastal management program purposes that benefit a coastal county. The bill would make these provisions expire September 1, 2031.

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.095, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

TDEM previously provided information for an exceptional item for the disaster recovery task force, which is included in the bill. Using this information from TDEM, it was determined that the provision in the bill for the disaster recovery task force would cost \$10,406,830 and require 28.2 Full-time Equivalent positions.

The bill's definition of coastal counties would include Cameron, Willacy, Kenedy, Kleberg, Nueces, Aransas, San Patricio, Calhoun, Matagorda, Brazoria, Galveston, Chambers and Jefferson

counties. The Comptroller of Public Accounts, beginning with the state fiscal year beginning September 1, 2021 and not later than September 30 of each state fiscal year, would allocate annually to those coastal counties an amount equal to two percent of the taxable receipts subject to the state's hotel occupancy tax in those counties to the General Revenue-Dedicated coastal erosion response account. Any revenue derived from hotel occupancy taxes under Chapter 156 of the Tax Code that is placed in a suspense account under Section 151.429(h) (sales tax and use tax rebate for qualified hotel projects) or Section 2303.5055(f) of the Government Code (tax rebates from qualified hotel projects) would be excluded from this computation.

The transfer of state hotel tax revenue, assumed to commence in fiscal year 2022, would be a loss to General Revenue Funds and an equivalent gain to a dedicated account for coastal erosion response. The coastal erosion response account currently is inactive. The estimated amounts were determined by calculating two percent of the state hotel tax revenue collected from the coastal counties in fiscal year 2018, extrapolated through 2024 at the annual growth rates assumed for hotel occupancy tax revenue in the 2020-21 Biennial Revenue Estimate.

It is assumed the remaining provisions of the bill can be absorbed within existing agency resources.

Local Government Impact

With regard to provisions of the bill relating to developing a disaster recovery task force to assist with long-term disaster recovery, the Texas Association of Counties anticipates the bill would provide long-term benefits to counties affected by future disasters, but the extent of the benefit to specific counties cannot be determined at this time.

Relating to provisions of the bill that would require that certain emergency management programs associated with counties must provide for catastrophic debris management, Polk County estimates a cost of \$30,000 to hire a consultant to assist the county with implementation and Harris County does not anticipate a significant fiscal impact to the county.

Source Agencies: 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 405 Department of Public Safety, 710 Texas A&M University System Administrative and General Offices

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