

## **BILL ANALYSIS**

C.S.H.B. 2696  
By: Morrison  
Homeland Security & Public Safety  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The disaster recovery loan program was established by the 86th Texas Legislature to help provide short-term disaster relief loans to qualifying political subdivisions. However, at the onset of the COVID-19 pandemic, it became evident that the program would not be a viable source of relief as infrastructure damage is a current prerequisite to receiving a loan under the program. Additional overly burdensome eligibility requirements have also been identified as a barrier to political subdivisions that need assistance. C.S.H.B. 2696 seeks to remove current, unintentional barriers to eligibility for a loan under the program and to expand the types of qualifying estimated disaster recovery and response costs for which loans may be made under the program.

### **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 this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 2696 amends the Government Code to make the following changes with respect to the application process for the disaster recovery loan program administered by the Texas Division of Emergency Management (TDEM):

- removes the requirement for a political subdivision to have submitted an application for a loan from FEMA's community disaster loan program before applying to TDEM for the loan; and
- removes the 15-day deadline for a political subdivision applying for a loan to submit to TDEM its most recently adopted operating budget following the date of adoption.

The bill expands the types of qualifying estimated disaster recovery and response costs that make a political subdivision eligible for a loan under the program. Rather than determining eligibility based on the estimated cost to rebuild the political subdivision's damaged infrastructure, TDEM instead must determine eligibility based on the political subdivision's estimated cost to appropriately respond to the disaster. The bill replaces the requirement for TDEM to consult with FEMA in determining that cost with an authorization to do so.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

## **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 2696 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute removes the following, which were retained in the original:

- the requirement for a political subdivision to have submitted an application for a loan from FEMA's community disaster loan program before applying to TDEM for a disaster recovery loan; and
- the 15-day deadline for a political subdivision applying for a loan to submit to TDEM its most recently adopted operating budget following the date of adoption.