

BILL ANALYSIS

H.B. 2812
By: Murphy
Appropriations
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Local governments often must wait for months or even years for federal disaster relief funds to be disbursed after a disaster. In the meantime, project costs increase, infrastructure deteriorates, and recovery efforts languish. The availability of low-cost, short-term financing would help bridge this enforced waiting period and allow recovery efforts to begin sooner without significant risk to the state's resources. H.B. 2812 seeks to remedy this issue by creating a disaster response loan fund of \$500 million to provide short-term loans to local governments in declared disaster areas who have already been determined to be eligible for FEMA assistance.

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 comptroller of public accounts in SECTION 1 of this bill.

ANALYSIS

H.B. 2812 amends the Government Code to create the disaster response loan fund as a fund outside the state treasury with the comptroller of public accounts, to be administered by the comptroller. The bill sets out the composition of the fund and restricts the use of money in the fund to providing short-term loans to political subdivisions affected by a disaster. On September 1, 2021, the comptroller must transfer \$500 million of the unencumbered balance of the general revenue fund to the credit of the disaster response loan fund.

H.B. 2812 requires the comptroller by rule to establish a loan program to use money from the fund to provide short-term loans for disaster relief or recovery projects to political subdivisions that are located wholly or partly in an area declared a disaster area by the governor and that FEMA has determined are eligible to receive FEMA financial assistance in response to the disaster. The bill provides for the method of setting the interest rate on a loan made from the fund and requires the comptroller to credit all principal and interest payments on a loan to the fund. The bill caps the term of a loan at two years and restricts the expenditure of loan proceeds to disaster relief and recovery.

H.B. 2812 prohibits the comptroller from awarding a loan that would affect the political subdivision's receipt of federal money for which the subdivision is eligible as a result of the disaster. The bill adds a temporary provision set to expire August 31, 2022, requiring the comptroller to suspend the award of loans from the fund for the duration of a period during which the fund's balance is less than 75 percent of the fund's total balance on September 1, 2021.

H.B. 2812 sets out provisions relating to the application process for a loan and requires the comptroller and the Texas Division of Emergency Management to develop and implement that process jointly. The bill requires the comptroller, not later than December 31 of each even-numbered year, to prepare and submit a report to the governor, lieutenant governor, and each member of the legislature containing specified information regarding the fund and associated disaster response loans.

EFFECTIVE DATE

September 1, 2021.