

By: Murphy

H.B. No. 2812

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the disaster response loan fund and the permissible uses of that fund; making an appropriation.

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

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

SUBCHAPTER R. DISASTER RESPONSE LOAN FUND

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

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

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

(c) The fund consists of:

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

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

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

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

Sec. 403.503. USE OF MONEY IN FUND. The comptroller by rule

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

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

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

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

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

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

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

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

22 (c) The comptroller shall suspend the award of loans from
23 the fund for the duration of a period during which the balance of
24 the fund is less than an amount equal to 75 percent of the total
25 balance of the fund on September 1, 2021. This subsection expires
26 August 31, 2022.

27 (d) The comptroller may not award a loan under this

1 subchapter if the award would affect the political subdivision's
2 receipt of federal money to which the political subdivision is
3 eligible as a result of the disaster.

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

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

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

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

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

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

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

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

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

27 (3) the total balance of the fund as of the date on

1 which the report is submitted.

2 SECTION 2. On September 1, 2021, the comptroller of public
3 accounts shall transfer \$500 million of the unencumbered balance of
4 the general revenue fund on that date to the credit of the disaster
5 response loan fund, as created by this Act.

6 SECTION 3. This Act takes effect September 1, 2021.