

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 14, 2021

TO: Honorable Greg Bonnen, Chair, House Committee on Appropriations

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2812 by Murphy (Relating to the creation of the disaster response loan fund and the permissible uses of that fund; making an appropriation.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Section 403 of the Government Code to add Subchapter R relating to the creation of the Disaster Response Loan Fund (DRLF) and the allowable uses of that fund.

The DRLF would be created as a fund outside the state treasury administered by the Comptroller. Money in the fund could be used only to provide short-term loans to political subdivisions affected by a disaster. The fund would consist of appropriations, loan repayments, gifts and grants, and interest earned on deposits and investments.

The bill would allow the Comptroller to collect a loan application fee and would require the Comptroller to biennially report the amount of loans made and the balance of the DLFR. The bill would require the Comptroller, on the effective date of the bill, to transfer \$500 million of the unencumbered balance of the General Revenue Fund to the credit of the DRLF.

According to the Comptroller's office, the 2022-23 Biennial Revenue Estimate projects the General Revenue Fund will have a negative balance on September 1, 2021. Therefore, no transfer from the General Revenue Fund to the DRLF is expected. In addition, if there is a positive unencumbered balance on September 1, 2021, 50 percent of that balance would be constitutionally required to be credited to the Economic Stabilization Fund. The Comptroller also indicates that the amounts and timing of any application fee revenue are unknown.

It is assumed that the administrative costs associated with the bill could be absorbed by the Comptroller's office within existing resources.

The 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 within or outside the treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current legislature.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, LCO, MBO, SD