

By: Virdell

H.B. No. 164

A BILL TO BE ENTITLED

AN ACT

relating to the Texas Flood Recovery, Reimbursement, and Reconstruction Program; authorizing a civil penalty.

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

SECTION 1. Subtitle B, Title 4, Government Code, is amended by adding Chapter 419A to read as follows:

CHAPTER 419A. TEXAS FLOOD RECOVERY, REIMBURSEMENT, AND RECONSTRUCTION PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 419A.001. DEFINITIONS. In this chapter:

(1) "Division" means the Texas Division of Emergency Management.

(2) "Program" means the Texas Flood Recovery, Reimbursement, and Reconstruction Program established under Subchapter B.

(3) "Special flood hazard area" means land in a floodplain subject to at least a one percent annual chance of flooding as designated by the director of the Federal Emergency Management Agency.

Sec. 419A.002. PROGRAM REVIEW AND EXPIRATION. (a) The Texas Flood Recovery, Reimbursement, and Reconstruction Program is subject to review by the Legislative Budget Board each odd-numbered year. The Legislative Budget Board shall submit findings and recommendations for the program to the Senate Finance Committee and

1 the House Appropriations Committee, or their successors.

2 (b) Unless continued in existence by the legislature, the
3 program and this chapter expire September 1, 2035.

4 SUBCHAPTER B. PROGRAM ESTABLISHMENT AND ADMINISTRATION

5 Sec. 419A.051. PROGRAM ESTABLISHMENT. The division shall
6 establish the Texas Flood Recovery, Reimbursement, and
7 Reconstruction Program to provide targeted and fiscally
8 responsible relief to persons impacted by the July 2025 Hill
9 Country floods through:

10 (1) reimbursement of real and personal property
11 losses; and

12 (2) incentives for repair and reconstruction of real
13 property above flood levels or in locations not prone to flooding to
14 reduce future risk of loss and taxpayer burden.

15 Sec. 419A.052. PROGRAM ADMINISTRATION. The division shall
16 administer the program in coordination with the General Land Office
17 and the Federal Emergency Management Agency.

18 Sec. 419A.053. DIVISION POWERS AND DUTIES UNDER PROGRAM.

19 (a) The division shall:

20 (1) establish an online application system with
21 auto-population features using Federal Emergency Management Agency
22 claim denial information, county property tax appraisal rolls, and
23 floodplain maps;

24 (2) review documentation for and conduct site
25 inspections of property impacted by the July 2025 Hill Country
26 floods;

27 (3) verify a complete or partial denial of a property

insurance claim by an insurer or a flood damage claim by the Federal Emergency Management Agency not later than the 15th business day after the date the division receives an application;

(4) approve or deny completed program applications not later than the 30th calendar day after the date the division receives the application, provided the division does not encounter any extraordinary circumstances preventing compliance with that date;

(5) annually audit at least 15 percent of the program awards;

(6) approve construction plans conforming to resiliency standards described by Section 419A.105 and verify affidavits from applicants certifying compliance with those standards;

(7) require proof of a program applicant's expenditures;

(8) establish a formal appeals process for denied applications;

(9) maintain and quarterly update the dashboard required under Section 419A.054; and

(10) coordinate with county and municipal emergency management offices to assist with application intake, damage verification, and applicant outreach.

(b) The division may issue:

(1) a program award in two installments; and

(2) a second installment of a program award contingent on the award recipient providing verification of compliance with

this chapter and rules adopted under this chapter.

Sec. 419A.054. PROGRAM INFORMATION PUBLISHED ON INTERNET WEBSITE. The division shall develop and publish on the division's publicly available Internet website:

(1) the division's program award priorities developed in accordance with the requirements of this chapter;

(2) an application scoring system for processing and approving applications submitted under this chapter; and

(3) a dashboard listing paid program awards by county, property type, resiliency construction status, average award amount, and any audit results.

Sec. 419A.055. LIST OF QUALIFIED PROFESSIONALS. The division may develop and maintain a list of qualified contractors, engineers, and vendors for expedited review and approval of applications submitted under this chapter.

SUBCHAPTER C. AWARD FOR FLOOD DAMAGE AFFECTING REAL PROPERTY

Sec. 419A.101. ELIGIBILITY FOR AWARD. (a) A person is eligible for a program award for a loss of or damage to real property under this subchapter only if:

(1) the person is a resident of or a legal entity domiciled in this state;

(2) the person owns real property that sustained flood damage during the July 2025 Hill Country floods;

(3) the person maintained residential or commercial insurance coverage, other than flood insurance coverage, for the real property at the time the property sustained the flood damage;

(4) an insurer or the Federal Emergency Management

1 Agency wholly or partly denied the person's property insurance
2 claim or flood damage claim; and

3 (5) the person submits an application for an award
4 under this subchapter.

5 (b) An application for an award under this subchapter must
6 include:

7 (1) except as otherwise provided by this section,
8 documentation the person was not required, including by a lender
9 for property subject to a mortgage, to maintain flood insurance
10 coverage for the property;

11 (2) documentation of a complete or partial denial of
12 the person's property insurance claim by an insurer or flood damage
13 claim by the Federal Emergency Management Agency; and

14 (3) receipts or cost estimates for repair or
15 reconstruction of the person's real property, which may include
16 architectural designs, geotechnical analyses, cost modeling, and
17 permit costs.

18 (c) An applicant who is otherwise eligible for an award
19 under this subchapter may not be considered ineligible based on:

20 (1) a requirement for the person to obtain flood
21 insurance as a result of a change in the floodplain map that
22 occurred after July 1, 2023; and

23 (2) the lack of formal notice to the person from the
24 Federal Emergency Management Agency or a mortgage lender of the
25 requirement to obtain flood insurance as a result of the change in
26 the floodplain map.

27 (d) If a person's real property is not subject to a mortgage

1 and the person did not receive notice of the real property's
2 floodplain designation from the Federal Emergency Management
3 Agency, the person is presumed to have been unaware of the
4 floodplain designation and is eligible for an award under this
5 subchapter.

6 Sec. 419A.102. APPLICATION DEADLINE; EXTENSION. (a)
7 Except as provided by this section, a person eligible for an award
8 under this subchapter must submit an application not later than May
9 1, 2026.

10 (b) The division may extend the application deadline
11 described by Subsection (a) for categories of applicants if the
12 division determines the extension is necessary because of:

13 (1) delays by insurers in assessing property insurance
14 claims or by the Federal Emergency Management Agency in assessing
15 flood damage claims;

16 (2) natural barriers to a person's access to the real
17 property; or

18 (3) other extenuating circumstances preventing
19 otherwise eligible persons from submitting an application on or
20 before that date.

21 (c) If the division extends an application deadline under
22 this section, the division shall post on its publicly available
23 Internet website:

24 (1) the categories of eligible persons for whom the
25 deadline is extended;

26 (2) the reason for the extension; and

27 (3) the date of the extended deadline.

1 Sec. 419A.103. AWARD PRIORITIES. (a) The division shall
2 prioritize awards under this subchapter to eligible applicants as
3 follows:

4 (1) first priority to applicants whose flood damage
5 claim for the applicant's primary place of residence or small
6 business was denied by an insurer or the Federal Emergency
7 Management Agency;

8 (2) second priority to applicants whose flood damage
9 claim for the applicant's nonprimary residence or other
10 family-owned property was denied by an insurer or the Federal
11 Emergency Management Agency; and

12 (3) third priority to applicants whose paid flood
13 damage claim equaled an amount less than 50 percent of the
14 applicant's total claimed losses.

15 (b) For each priority category described by Subsection (a),
16 the division shall further prioritize awards for applicants, as
17 applicable, by:

18 (1) household or business income;

19 (2) property value according to the applicable county
20 property tax appraisal roll;

21 (3) applicant age;

22 (4) the number of applicant dependents; and

23 (5) the applicant's disability status.

24 (c) The division shall expedite applications for applicants
25 who are seeking an award of \$35,000 or less and agree to:

26 (1) simplified documentation of the award;

27 (2) public disclosure of the award; and

1 (3) waiver of an audit of the award.

2 Sec. 419A.104. AWARD AMOUNTS; LIMITATIONS. (a) Subject to
3 the limitations of this section, the division may award to eligible
4 applicants:

5 (1) an amount equal to either:

6 (A) 50 percent of the total cost for
7 reconstructing a residential or commercial structure in the same
8 floodplain location without additional flood mitigation measures;
9 or

10 (B) 100 percent of the total cost for
11 reconstructing a residential or commercial structure at a location:

12 (i) other than a location in a designated
13 floodplain; or

14 (ii) above the Federal Emergency Management
15 Agency's base flood elevation, in compliance with resiliency
16 standards described by Section 419A.105; and

17 (2) an amount equal to not more than 15 percent of
18 additional costs for construction or reconstruction of shared
19 flood-resilient infrastructure benefiting three or more
20 residential or commercial structures, as determined by the
21 division.

22 (b) An award amount under Subsection (a) may not exceed:

23 (1) \$250,000 for a single-family primary residential
24 structure;

25 (2) \$500,000 for a commercial structure of a small
26 business employing not more than 50 employees; and

27 (3) \$750,000 for an agricultural structure, essential

infrastructure, or a multifamily residential structure.

(c) Costs eligible for an award under this subchapter include:

(1) structural repairs;

(2) plumbing, HVAC, or electrical system repairs;

(3) major appliance repairs or purchases;

(4) replacement or repair of essential personal property necessary for habitation or business functions in amounts not to exceed:

(A) \$25,000 for a single-family primary residential structure; or

(B) \$50,000 for a commercial structure;

(5) replacement or repair of vehicles essential to residential, agricultural, or commercial operations, including tractors, watercraft, and all-terrain vehicles; and

(6) repair or construction of dams or levees located on private property and serving flooding mitigation, irrigation, or livestock water supply functions.

(d) The division shall determine the reimbursable amount for an item eligible under this section based on the actual cost to repair or replace the item.

(e) The division by rule may:

(1) distinguish the cash value of eligible items from the cost to repair the eligible items, in a manner consistent with Federal Emergency Management Agency standards and industry practices; and

(2) further limit the reimbursement amount for

personal property, such as recreational vehicles, luxury watercraft, or other nonessential personal property, unless the applicant demonstrates the personal property is:

(A) essential for agricultural, business, or public utility operations; and

(B) not eligible for reimbursement from an insurer or the Federal Emergency Management Agency.

Sec. 419A.105. RESILIENCY STANDARDS. To be eligible for an award reimbursing 100 percent of costs under Section 419A.104(a)(1)(B), a person must reconstruct a structure in accordance with the following resiliency standards:

(1) finished flooring must be at least two feet above the Federal Emergency Management Agency's base flood elevation;

(2) the structure must be constructed or repaired using flood-resistant materials, as described in Federal Emergency Management Agency P-348, Protecting Building Utility Systems from Flood Damage (2nd ed. Feb. 2017);

(3) the structure must include flood mitigation measures such as flood venting, reinforced foundations, and elevated utility connections; and

(4) the reconstruction plans must be certified by a licensed engineer.

SUBCHAPTER D. AWARD FOR FLOOD DAMAGE OF PERSONAL PROPERTY IN RENTAL PROPERTY

Sec. 419A.151. ELIGIBILITY FOR AWARD. (a) A person is eligible for an award for the loss of or damage to essential personal property under this subchapter only if:

1 (1) the person is a resident of this state and was a
2 tenant of a rental property that:

3 (A) was located in a county included in the July
4 5, 2025, disaster declaration issued by the governor under Section
5 418.014 in response to the July 2025 Hill Country floods; and

6 (B) sustained flood damage during the July 2025
7 Hill Country floods; and

8 (2) the person submits an application for an award
9 under this subchapter.

10 (b) An application for an award under this subchapter must
11 include:

12 (1) itemized documentation of the flood damage to the
13 personal property, including receipts, photographs, affidavits, or
14 third-party verification of the losses; and

15 (2) either:

16 (A) for personal property insured at the time the
17 property was damaged, documentation of:

18 (i) the denial of the person's property
19 insurance claim by an insurer or flood damage claim by the Federal
20 Emergency Management Agency; or

21 (ii) payment of the person's property
22 insurance claim by an insurer or flood damage claim by the Federal
23 Emergency Management Agency in an amount equal to less than 50
24 percent of the documented losses; or

25 (B) for personal property not insured for flood
26 damage losses, the applicant's attestation the person had not
27 received written notice of the rental property's location in a

1 special flood hazard area during the applicant's tenancy.

2 Sec. 419A.152. APPLICATION DEADLINE; EXTENSION. (a)
3 Except as provided by this section, a person eligible for an award
4 under this subchapter must submit an application not later than May
5 1, 2026.

6 (b) The division may extend the application deadline
7 described by Subsection (a) for categories of applicants if the
8 division determines the extension is necessary because of:

9 (1) delays by insurers in assessing property insurance
10 claims or by the Federal Emergency Management Agency in assessing
11 flood damage claims;

12 (2) natural barriers to a person's access to or a
13 person's displacement from the rental property; or

14 (3) other extenuating circumstances preventing
15 otherwise eligible persons from submitting an application on or
16 before that date.

17 (c) If the division extends an application deadline under
18 this section, the division shall post on its publicly available
19 Internet website:

20 (1) the categories of eligible persons for whom the
21 deadline is extended;

22 (2) the reason for the extension; and

23 (3) the date of the extended deadline.

24 Sec. 419A.153. AWARD LIMITATIONS. (a) An award for
25 personal property losses under this subchapter is limited to
26 amounts for essential personal property, including furniture,
27 clothing, appliances, medical devices, educational tools, and

1 work-related equipment necessary for employment.

2 (b) An award for personal property losses under this
3 subchapter may not exceed \$25,000 per household unless:

4 (1) the applicant demonstrates the property is:

5 (A) essential for agricultural, business, or
6 public utility operations; and

7 (B) not eligible for reimbursement from an
8 insurer or the Federal Emergency Management Agency; and

9 (2) the total award amount does not exceed \$50,000.

10 (c) Luxury goods, recreational equipment, or personal
11 property included in a flood damage claim reimbursed by or eligible
12 for reimbursement from an insurer, the Federal Emergency Management
13 Agency, or the National Flood Insurance Program are ineligible for
14 an award under this subchapter.

15 SUBCHAPTER E. FUNDING AND FRAUD PREVENTION

16 Sec. 419A.201. FUNDING. The division may administer the
17 program and fund awards provided under the program using:

18 (1) legislative appropriations to the division for
19 program purposes; and

20 (2) gifts, grants, and donations for program purposes.

21 Sec. 419A.202. LIMITATIONS ON RECOVERY. The division may
22 not issue an award under this chapter for an amount paid in a flood
23 damage claim by an insurer, the Federal Emergency Management
24 Agency, the National Flood Insurance Program, or another private or
25 public assistance program.

26 Sec. 419A.203. FRAUD PREVENTION; CIVIL PENALTY. (a) The
27 division shall report a suspected instance of fraud in an award

1 under this chapter to the attorney general.

2 **(b) On the attorney general's determination that a person**
3 **has committed fraud in applying for or accepting an award under this**
4 **chapter, the attorney general may bring an action against the**
5 **person to recover for the division the award, interest on the award,**
6 **and a civil penalty as determined by the attorney general.**

7 **(c) The attorney general may recover reasonable expenses**
8 **incurred in bringing an action under this section, including court**
9 **costs, reasonable attorney's fees, investigative costs, witness**
10 **fees, and deposition costs.**

11 SECTION 2. This Act takes effect on the 91st day after the
12 last day of the legislative session.