

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATURE 2nd CALLED SESSION 2025

August 21, 2025

TO: Honorable Ken King, Chair, House Committee on Disaster Preparedness & Flooding, Select

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB164 by Virdell (Relating to the Texas Flood Recovery, Reimbursement, and Reconstruction Program; authorizing a civil penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB164, As Introduced: a negative impact of (\$11,264,339) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$10,072,920)
2027	(\$1,191,419)
2028	(\$1,191,419)
2029	(\$1,210,919)
2030	(\$1,191,419)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$10,072,920)	7.0
2027	(\$1,191,419)	7.0
2028	(\$1,191,419)	7.0
2029	(\$1,210,919)	7.0
2030	(\$1,191,419)	7.0

Fiscal Analysis

The bill would require the Texas Division of Emergency Management (TDEM) to establish the Texas Flood Recovery, Reimbursement, and Reconstruction Program to provide certain relief to eligible persons impacted by the July 2025 Hill Country floods through the reimbursement of real and personal property losses and incentives for repair and reconstruction of certain real property. The bill would require TDEM to administer the program in coordination with the General Land Office and the Federal Emergency Management Agency. The bill would establish certain duties, powers, and requirements of TDEM related to the program and establish certain award eligibility criteria and limitations. The bill would establish provisions related to fraud prevention and authorize the attorney general to bring an action against a person to recover for the division the award,

interest on the award, and a civil penalty as determined by the attorney general as well as recover reasonable expenses incurred.

The bill would make the Texas Flood Recovery, Reimbursement, and Reconstruction Program subject to review by the Legislative Budget Board (LBB) each odd-numbered year and require the LBB to submit findings and recommendations for the program to the Senate Finance Committee and the House Appropriations Committee, or their successors. The bill would establish that the program and related provisions expire September 1, 2035, unless continued by the legislature.

Methodology

Based on information provided by TDEM, it is assumed the agency would need to hire 7.0 FTEs (1.0 Section Chief, 1.0 Program Specialist V, 3.0 Recovery Coordinators, 2.0 Unit Chiefs) to manage, allocate, and monitor grants provided through the program at an estimated cost of approximately \$1.1 million per fiscal year for salaries and benefits and other related operating expenses. The agency estimates a one-time need of \$8.5 million in fiscal year 2026 related to the development of the program and grant management system. These costs are estimated without regard to the number of grants that may be provided through the grant program.

According to the Comptroller, creating a new civil penalty and allowing the attorney general to recover reasonable expenses could increase revenue; however, the extent of violations and the amount of any assessments are unknown. Accordingly, this analysis assumes any impact on state revenue would not be significant.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 575 Texas Division of Emergency Management, 710 Texas A&M University System Administrative and General Offices

LBB Staff: JMc, CMA, LBO, FV, NV