

SUBJECT: State reimbursement for emergency disaster housing for municipalities

COMMITTEE: Defense Affairs and State-Federal Relations — favorable, without amendment

VOTE: 6 ayes — Corte, Noriega, Herrero, Hodge, Merritt, Raymond

0 nays

3 absent — Escobar, Garcia, Moreno

WITNESSES: For — Bruce D Glasscock, City of Plano; Keith Wells, City of Fort Worth. (*Registered, but did not testify:* Randy C. Cain, Texas Fire Chiefs; Darrin Hall, city of Houston; Mark Mendez, Tarrant County Commissioners Court; Tom Utter, City of Corpus Christi)

Against — None

BACKGROUND: Government Code, ch. 418 establishes state authority and responsibilities concerning emergency management and response. Sec. 418.018 authorizes the governor to recommend the evacuation of all or part of the population from a stricken or threatened area if the governor considers the action necessary for the preservation of life or other disaster mitigation, response, or recovery. Sec. 418.020 allows the governor to enter into purchase, lease, or other arrangements with a U.S. agency for temporary housing units to be occupied by disaster victims and may make units available to any political subdivision. The governor also may assist with the provision of temporary housing in an emergency by advancing or lending funds and taking other proactive measures to ensure the availability of temporary housing.

The Federal Emergency Management Agency (FEMA) emergency cost sharing program provides a standard 75 percent reimbursement for expenses related to the management and mitigation of a declared emergency. The cost-share portion can be adjusted upward in extreme situations where state and local hardships necessitate.

DIGEST: HB 3698 would amend Government Code, sec. 418.020 to require the provision of assistance from any resources available to the state to a

political subdivision that provided temporary housing or emergency shelters for people evacuated or moved by the governor's recommendation or order. The political subdivision could receive advances or reimbursement from the state to cover:

- all expenses, including lost revenue, associated with the use of public facilities for temporary housing or emergency shelters; and
- amounts paid for salaries and benefits of permanent, full-time personnel who completed tasks associated with the movement or evacuation of persons into, out of, or through the area.

The bill would make conforming changes to add emergency shelters to statutes regulating temporary housing.

The bill would take effect September 1, 2007.

**SUPPORTERS
SAY:**

HB 3698 would give local governments the assurance of reimbursement for any expenses incurred as a result of providing emergency housing in the event of a disaster. In 2005, Texas was affected by two major hurricanes, Rita and Katrina. The burden of sheltering evacuees from these emergencies had considerable fiscal impacts on local political subdivisions. The city of Fort Worth, for example, spent more than \$12 million to house and assist persons displaced by the hurricanes. More than \$2 million of this expense was associated with staff time and other facility-related costs not subject to reimbursement. Current FEMA practices call for reimbursing local entities for costs associated with the operation of emergency shelters, but FEMA does not reimburse for regular-time salaries or lost revenue for facilities used as emergency shelters.

In the event of a state-ordered evacuation that was not recognized as a federal disaster, local governments may have to assume considerable fiscal burdens without a corresponding guarantee of reimbursement. Likewise, federal cost-sharing programs may account for the majority, but not the entire amount, of emergency-related expenses. Cities may be left to cover the remaining costs attributable to emergency housing and other services.

HB 3698 would provide a simple and important assurance to local governments that provide housing in the course of an emergency. The bill would apply only to the cases in which the governor ordered an evacuation and would not be aimed at assisting local governmental units with local

emergencies but rather with providing housing for emergencies that displaced residents in other areas. Providing a guarantee of state reimbursement would remove potential obstacles to the provision of services to evacuees in municipalities that dedicate resources.

**OPPONENTS
SAY:**

While HB 3698 would introduce an important principle of statewide compensation for housing provided as part of local responses to emergencies, it would not establish any means of providing the required funding. Emergencies present complex situations that require coordination among many agencies and different levels of government. HB 3698 would not provide the clarity needed for the fiscal management of emergency situations. The bill includes vague language suggesting that political subdivisions would be “assisted by any resource available to the state,” while not specifying what funding mechanism should be responsible for reimbursement. The state assumes a number of expenses associated with emergencies, and placing unfunded mandates on its disaster response funds could compromise other important functions associated with disaster planning and response.

**OTHER
OPPONENTS
SAY:**

Legislation regarding state emergency responses should address the funding relationship between local governments and state agencies. A number of bills before the 80th Legislature propose modifications to state emergency funding and response, including HB 2694 by Hamilton, which would permit state agencies, local governments, or other eligible entities to request funding from the disaster contingency fund (DCF) to pay for various expenses incurred as part of emergency planning and response. HB 3698 would be more effective if it relied on a specific source of funding, such as the DCF, to accomplish its worthy objectives.

NOTES:

The companion bill, SB 1228 by Gallegos, has been referred to the Senate Intergovernmental Relations Subcommittee on Flooding and Evacuations.

HB 2694 by Hamilton was reported favorably, without amendment, by the House Committee on Defense Affairs and State-Federal Relations on April 17.