



LEGISLATIVE BUDGET BOARD

Flood Planning and Infrastructure Funding

PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE

LEGISLATIVE BUDGET BOARD STAFF

FEBRUARY 2021

Senate Bills 7 and 8

The Eighty-sixth Legislature enacted Senate Bill 7 and Senate Bill 8 to address needs identified following the floods and disasters of 2015, 2016, and 2017.

Senate Bill 7, relating to flood planning, mitigation, and infrastructure projects created two new funds administered by the Texas Water Development Board (TWDB), both of which may issue revenue bonds:

- Flood Infrastructure Fund (FIF): to provide grants and loans for drainage, flood mitigation, and flood control projects
- Texas Infrastructure Resiliency Fund (TIRF): a fund created with four sub-accounts, each serving a separate purpose

Senate Bill 8, relating to state and regional flood planning, requires TWDB to create a statewide flood plan by September 1, 2024. The plan will guide state and local flood control policy and will incorporate regional flood plans.

Initial funding to implement both bills was included in **Senate Bill 500**, the supplemental appropriations bill, which was also enacted by the Eighty-sixth Legislature.

FIF and TIRF

	Flood Infrastructure Fund (FIF)	Texas Infrastructure Resiliency Fund (TIRF)
Purpose	To provide loans and grants for flood activities and projects. Once the State Flood Plan is adopted, the account may only be used for projects included in the plan.	To provide loans, grants, and matching funds for flood projects through four separate accounts. Each account has different purposes.
Administering Agency	TWDB	TWDB
Oversight Entity	State Water Implementation Fund for Texas (SWIFT) Advisory Committee	TIRF Advisory Board (SWIFT advisory committee + TDEM Director as non-voting member)
SB 500 Appropriation	\$793 million	\$685 million
Appropriation Authority	Texas Constitution	General Appropriations Act
Authority for Revenue Bonds	Yes	Yes
FTEs	For implementation of SB 7, increase FTEs in fiscal year 2020 by 9.0 and in fiscal year 2021 by 15.0	For implementation of SB 8, increase FTEs in fiscal year 2020 by 22.0 and in fiscal year 2021 by 36.0

Subaccounts of TIRF

Account	Purpose	SB 500 appropriation
Floodplain Management	Used for projects related to flood planning, protection, mitigation or adaptation; for collecting and analyzing flood-related information; for providing flood-related information to the public; and for evaluating the response to and mitigation of flooding affecting residential property. Implementation of SB 8 is funded through this account.	\$47.0 million
Flood Plan Implementation	Used only to provide financing for projects included in the State Flood Plan. Funds may be awarded to several political subdivisions for a single flood project.	-
Hurricane Harvey	Used only to provide funding to the Texas Division of Emergency Management (TDEM) for the purpose of financing projects related to Hurricane Harvey. TDEM may provide grants and loans to eligible political subdivisions for flood projects and may provide grants for federal matching funds for flood projects. The account will expire on September 1, 2031, and any remaining balances will be transferred to the Flood Plan Implementation Account.	\$638.0 million
Federal Matching	Used only to provide matching funds for flood projects receiving federal funding, including projects funded by the U.S. Army Corps of Engineers.	-

TIRF and FIF in House Recommendations

Continued Implementation of Senate Bill 7 and Senate Bill 8

Funding includes **\$110.6 million in All Funds** for the continued implementation of Senate Bills 7 and 8, which includes \$105.5 million from the TIRF and \$5.1 million from the FIF. Total funding includes:

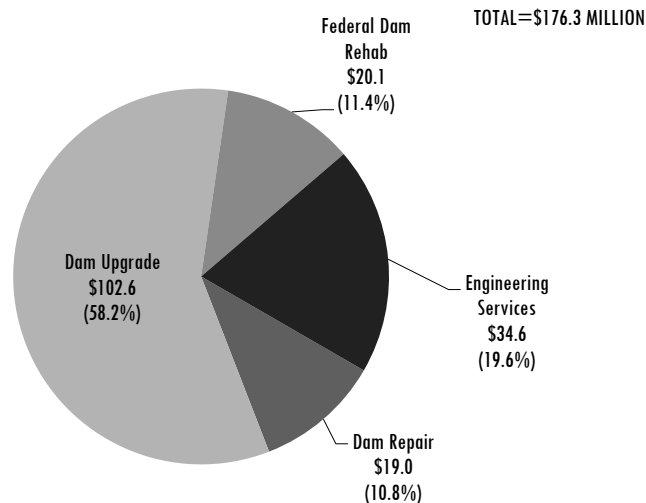
- **\$99.4 million in TIRF** from available balances to continue necessary statewide flood plan work to prepare and adopt a comprehensive statewide flood plan by the end of fiscal year 2024, as required by **Senate Bill 8**. This includes an additional 4.0 FTEs each fiscal year and \$1.0 million for the related Strategic Mapping capital budget project.
- **\$6.1 million in TIRF** to continue 2020-21 funding for flood planning purposes that exist independently of statewide flood plan preparation. Senate Bill 7 moved Floodplain Management Fund No. 330, which is funded with \$3,050,000 in insurance maintenance taxes each year under Insurance Code Sec. 251.004, into a sub-account in the TIRF called the Floodplain Management Account.
- **\$5.1 million in FIF** to fund administrative support, including staffing, travel, training, operational expenses, professional services, and information technology expenses necessary for continued implementation of **Senate Bill 7**, which created the FIF to provide grants and loans for drainage, flood mitigation, and flood control projects. This amount includes an additional 5.0 FTEs each fiscal year. The agency adopted rules in March 2020 related to projects funded with FIF, committed project funding by Winter of 2020, and is expected to execute grant agreements and borrower closings by Spring 2021.

Flood Control Dams

Senate Bill 500 provided \$150.0 million in Economic Stabilization Funds (ESF) for dam infrastructure projects to the Texas State Soil and Water Conservation Board (SWCB). As of January 29, 2021, the agency reports having obligated \$39.2 million of the \$150.0 million ESF appropriation. The remainder will be obligated by spring 2021.

The agency has identified a number of eligible flood control dam and engineering service projects totaling \$176.3 million in order to ensure obligation of the remaining ESF funding in fiscal year 2021. This was done as a contingency measure in the event of unforeseen circumstances and delays with moving projects forward so the remaining funds will not lapse. The eligible list is comprised of projects for dam repairs and dam upgrades that are not eligible for Federal Funds, dam rehabilitations that are eligible for Federal Funds, and engineering services related to all projects. The agency reports that projects will be prioritized based on a risk index, population at risk, critical need for repair, and sponsor readiness to contract for construction.

ELIGIBLE DAM AND ENGINEERING PROJECTS FISCAL YEAR 2021 (MILLIONS)



Flood Control Dams (Continued)

Funding in the House Recommended bill for SWCB includes \$36.9 million in All Funds (\$16.4 million in General Revenue Funds and \$20.6 million in Federal Funds) to address the structural repair, operation, and maintenance of earthen flood control dams. This continues the 2020-21 funding level for General Revenue and Federal Funds.



LEGISLATIVE BUDGET BOARD

Contact the LBB

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