

## MEMORANDUM

TO: Mayor Craig Brown and Members of Council

CC: City Manager Office, Executive Leadership Team, City Attorney Office

FROM: Sally Bakko, Director of Policy and Governmental Relations

DATE: August 2, 2024

RE: Legislative Report: Austin and Washington Update

---

Please find below an update on legislative activities in Austin and Washington. (*To access links below, control+click on link.*)

### Gulf Coast Protection District (GCPD) Update

The [Gulf Coast Protection District](#) Board of Directors will meet at 10:00 am on Wednesday, July 10, 2024, in the large conference room in their office location at 1150 Gemini Street, Houston. [Access agenda](#) and you may watch and listen to the meeting via the live broadcast. [View Live Stream](#)

### San Jacinto Region 6 Regional Flood Planning Group Update

The Texas Water Development Board will meet to consider final adoption of the 2024 State Flood Plan at **9:30 am on Thursday, August 15<sup>th</sup>**. Watch the meeting via [GoToWebinar](#). See [Board Agenda Item #2](#). The adopted State Flood Plan must be submitted to the Texas Legislature by September 1, 2024. Only flood management evaluations, strategies, and flood mitigation projects listed in the State Flood Plan are eligible for funds from the State Flood Infrastructure Fund. The Draft State Flood Plan rankings of interest to the City of Galveston include:

#### **Flood Mitigation Projects (615 projects ranked)**

- **Ranked #1 – Galveston Bay Surge Protection Coastal Storm Risk Management** (US Army Corps of Engineers Coastal Texas Project Storm Surge Protection System Project – a.k.a. “Ike Dike”).
- **Ranked #91 – 37<sup>th</sup> Street Improvement Project** – storm sewer improvements coupled with implementing a stormwater pump station to address 100-year flood event and improve access to major evacuation routes (estimated cost: \$75 million)
- **Ranked #406 – Freeboard Requirement Enforcement** - Consider adoption and enforcement of freeboard requirement into City's Flood Damage Prevention Ordinance (estimated cost: \$100,000)
- **Ranked #596 – Land Use Mapping** – Develop proposed land use mapping to allow easier consideration of hazards (estimated cost: \$11,000)

#### **Flood Management Evaluations (3,097 evaluations ranked)**

- **Ranked #212 – Master Drainage Study** - City wide drainage and flood risk reduction planning study of Galveston to include Atlas 14 rainfall. (estimated cost: \$1,000,000)
- **Ranked #218 – Coastal Road Elevation** - Elevate coastal roads to better protect the public during evacuation and to protect the roads from flood damage, where technically feasible. (estimated cost: \$1,000,000)
- **Ranked #218 – Shoreline Protection** - Further study and FMP development of a proposed shoreline protection for areas prone to coastal erosion. (estimated cost: \$50,000)

- **Ranked #218 – Dune Restoration** - Study of dune system to determine needs and flood damage reduction potential of restoration. (estimated cost: \$1,000,000)

**Flood Management Strategies (771 strategies ranked)**

- **Ranked #96 – Floodplain Manager Increase** - Increase and maintain number of floodplain managers in the building division through training and certification. (estimated cost: \$10,000)
- **Ranked #104 – SRL and RL Property Mitigation** - Elevation, acquisition or other mitigation of identified Repetitive Loss (RL) and Severe Repetitive Loss (SRL) properties and structures damaged by flooding. (estimated cost: \$80,000)
- **Ranked #111 – NFIP CRS Rating** – maintain membership of the NFIP’s CRS (estimated cost: \$10,000)

**Austin Update**

**Comptroller Distributes \$1.2 Billion in Monthly Sales Tax Revenue to Local Governments**

Comptroller Glenn Hegar announced he will send cities, counties, transit systems and special purpose districts \$1.2 billion in local sales tax allocations for August, 0.3 percent less than in August 2023. These allocations are based on sales made in June by businesses that report tax monthly and on sales made in April, May and June by quarterly filers.

**LOCAL SALES TAX ALLOCATIONS (Aug. 2024)**

Recipient	Aug. 2024 Allocations	Change from Aug. 2023	Year-to-date Change
Cities	\$770.3M	↓0.2%	↑1.6%
Transit Systems	\$251.3M	↓1.2%	↑1.2%
Counties	\$74.2M	↓1.4%	↑1.1%
Special Purpose Districts	\$115.6M	↑1.4%	↑4.4%
<b>Total</b>	<b>\$1.2B</b>	<b>↓0.3%</b>	<b>↑1.8%</b>

For details on August sales tax allocations to individual cities, counties, transit systems and special purpose districts, visit the Comptroller’s [Monthly Sales Tax Allocation Comparison Summary Reports](#).

**TWIA Board Approves 10 Percent Rate Increase; Legislative Recommendations**

On August 6<sup>th</sup>, the Texas Windstorm Insurance Association (TWIA) Board of Directors approved the 10 percent premium rate increase recommended by the TWIA Actuarial & Underwriting Committee. The following legislators attended the meeting to provide public comment opposing a rate increase: State Senators Mayes Middleton (R-Galveston) and Morgan LaMantia (S Padre Island), State Representatives Terri Leo Wilson, Todd Hunter (R-Corpus Christi), and Cody Vasut (R-Angelton). Twenty-four (24) coastal legislators, including House Speaker Dade Phelan (R-Beaumont), signed a letter to the TWIA Board opposing a rate increase (see attached letter). I provided in-person public comment (talking points attached) and Brian Maxwell submitted written comments (letter attached). Following 2.5 hours of largely opposition public comment, with a 6-3 vote reaching the statutory two-thirds vote requirement, the TWIA Board approved the 10 percent rate increase. The rate filing will be submitted to the Texas Department of Insurance Commissioner by August 15<sup>th</sup>. If approved, the new rate would go into effect for policies issued or renewed starting January 1, 2025.

**Legislative Recommendations Approved.** the TWIA Board approved a draft Biennial Report to the Texas Legislature. The report contains the following legislative recommendations:

- **Multidistrict Litigation** - Eliminate or make optional TIC Section 2210.575(e) requiring actions against the Association be presided over by a judge appointed by the judicial panel on multidistrict litigation.

- **Premiums Used to Pay Losses** - Revise TIC Section 2210.071 prohibiting the use of current year premiums to pay losses occurring in prior years.
- **FORTIFIED Home Construction** - Consider the feasibility and possible public funding of FORTIFIED home construction and other mitigation programs.
- **Premium & Maintenance Tax** - Exempt TWIA from premium and maintenance taxes.
- **Public Security Funding** - Provides options to address concerns with the issuance of public securities in TWIA's funding structure.
  - Replace public securities with a loan from the State's Economic Stabilization Fund
  - Allow early repayment of public securities by identifying a source of State or statewide funding.
  - Allow public securities to be backed by the State.
  - Replace the existing separate public security repayment mechanisms with a single, ordered source of repayment for all bond classes.
  - Reverse the order of public securities and member company assessments within each of the three classes of funding.
- **Reinsurance Funding** - Provides options to reduce the Association's reliance on reinsurance.
  - Adjust the statutory funding in line with changes in TWIA exposures.
  - Authorize a mechanism to maintain the CRTF at a minimum level through a statewide assessment pool or other State source.
  - Require TWIA's premium and maintenance taxes to be deposited directly into the reserve fund.

State law requires that the Biennial Report be submitted to the Texas Legislature, the Insurance Commissioner, and the Sunset Advisory Commission in the year before a legislative session.

### **Recording of TWIA Policyholder Hurricane Beryl Claims Webinar**

TWIA held a second webinar for policyholders affected by Hurricane Beryl, *How a TWIA Claim Works, Part 2*, on Monday, August 5. A recording of the webinar, the presentation, and frequently asked questions is available at [TWIA Policyholder Webinar: August 5, 2024](#). You can also access the webinar information from the TWIA [Recovery Page](#).

### **PRB Proposed Rules: Minimum Education Training; Investment Expense Reporting**

The Texas Pension Review Board published [proposed rules](#) in the Texas Register to establish minimum educational requirements for trustees and administrators their first year of service and continuing education requirements for each calendar year thereafter. **Comment may be submitted to the PRB by September 9, 2024.** [Proposed amendments](#) to public retirement investment expense reporting requirements are intended to clarify requirements included in SB 322, passed in 2019.

### **House Speaker Appoints Representatives to Sunset Commission**

Texas House of Representatives Speaker Dade Phelan (R-Beaumont) [announced](#) the appointment of three representatives to the Texas Sunset Advisory Commission. The Sunset Commission is a state agency led by a group of state representatives and senators. The sunset process is a periodic review of state agencies to ensure that they are performing efficiently and to determine whether they should be changed or eliminated. Sunset staff "performs extensive research and analysis to evaluate the need for, performance of, and improvements to the agency under review." The following representatives were appointed:

- Chair: Representative Keith Bell (R – Forney)
- Representative Lacey Hull (R – Houston)
- Representative Stan Kitzman (R – Pattison)

The full membership can be found [here](#).

### **House Committee on Homeland Security Hearing – August 15**

The House Committee on Homeland Security & Public Safety will meet at **10:00 am on Thursday, August 15<sup>th</sup>**, to hear invited testimony on the following subjects:

- **Use of Less-Lethal Devices in Law Enforcement:** Study the use of less-lethal devices in law enforcement encounters, including recent incidents, and their potential to reduce the risk of death or injury to officers and suspects. Consider methods to increase the use of less-lethal devices for the safety and benefit of all parties.
- **Communications Interoperability:** Study the communications challenges of first responders and emergency personnel. Make recommendations, considering the need for a cross-agency communications upgrade or statewide interoperability plan, to increase reliable, available, and modern communications for public safety and emergency response purposes in communities across the state.

### **House Committee on State Affairs Hearing – TWIA Funding – August 16**

The House Committee on State Affairs will meet at **9:00 am on Thursday, August 16<sup>th</sup>**, to hear invited testimony on the following subject. Brian Maxwell is invited to testify with me as backup.

- **Review TWIA Funding:** Review current state policy as it relates to the operation and funding of the Texas Windstorm Insurance Association (TWIA), including state agency capacity to effectively oversee TWIA. Evaluate the ability of state agencies and instrumentalities to secure the seacoast region's ability to produce energy and advance science and technology, including the role of reinsurance in maintaining economic security and ways to reduce reinsurance purchases on energy production and scientific and technological advances, while maintaining adequate coverage for policyholders.

## **Washington Update**

The US House of Representatives and US Senate are in recess through September 8, 2024.

### **White House Staff Offers Virtual Meeting on Cybersecurity – August 14**

The White House Office of Intergovernmental Affairs will conduct a virtual Cybersecurity Convening on **August 14 at 1:00 p.m. CT**. Local elected officials and staff responsible for cybersecurity for information technology systems and critical infrastructure are encouraged to attend. To register, click [here](#). The meeting will consist of two 30-minute sessions:

1. 1:00 p.m. to 1:30 p.m. CT: Panel between National Cyber Director, Harry Coker, and Deputy National Security Advisor for Cyber and Emerging Technology, Anne Neuberger, moderated by Senior Advisor and Assistant to the President and Director of the Office of Intergovernmental Affairs, Tom Perez, on building cyber resilience. Q&A opportunity to follow.
2. 1:30 p.m. to 2:00 p.m. CT: Elected official Q&A with Deputy Executive Assistant Director of Cybersecurity and Infrastructure (CISA), Matt Harman, and Assistant Director of the Federal Bureau of Investigations (FBI) Cyber Division, Bryan Vorndran. Mayor Randall Woodfin (Birmingham, AL) and Commissioner Adrian Garcia (Harris County, TX) will share experience. Q&A opportunity to follow.

## **Reports of Interest**

[State and Local Workforce: 2024 Survey Findings](#)

MissionSquare Research Institute, July 2024

[Critical Infrastructure Protection: EPA Urgently Needs a Strategy to Address Cybersecurity Risks to Water and Wastewater Systems](#)

US Government Accountability Office, August 1