TEXAS TAXPAYERS
TTARA
AND RESEARCH ASSOCIATION

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Hurricane Harvey—The Fiscal Toolbox

In early August 2017, a tropical wave formed off the African coast, heading westward. On August 17, it evolved into a named tropical storm, Harvey, but quickly dissipated. Its remnants continued the trek, passing the Yucatan and moving into the Gulf of Mexico. Over the warm Gulf waters the storm quickly upgraded—from a tropical depression on August 23 to a Category 4 hurricane making landfall near Rockport on August 25. For days it poured bucket after bucket of rain. More than 40 inches of rain fell over a 3,600 square mile swath across Southeast Texas; almost 30,000 square miles saw more than 20 inches of rain. An estimated 70% of Harris County—with its 4.5 million residents—was covered by at least 1.5 feet of floodwater. The result has been the most costly weather disaster in US history—an estimated $190 billion economic loss, almost all of which is within Texas. While that amounts to roughly 1% of annual US economic output, it represents almost 12% of Texas' economic output.

The storm and its ensuing floods obviously have had huge impacts on the state and hundreds of local communities. The state had only recently finalized its budget for the 2018-19 Biennium. Cities, counties and school districts had either just finished or were in the process of finishing their budgets and tax rates for the upcoming fiscal year—budgets that may now be in complete turmoil. Texas has a number of provisions in law dealing with disaster response, and several of those deal with state and local taxes. Damaged properties may be reappraised for tax purposes—but only if the taxing jurisdictions request it. Cities, counties, and special districts are still subject to certain tax limits, but schools in disaster areas may adopt a one-time tax hike—whether impacted by the floods or not. In general, state taxes are still due and there is no forgiveness of liability; however, the Governor and Comptroller may extend certain tax deadlines.

In this research brief, TTARA provides an overview of the tools available to the state and local communities, the types of decisions they may make, and the potential impact of those decisions on taxpayers. The fiscal tools available to the state and local governments are reviewed, with specific focus on:

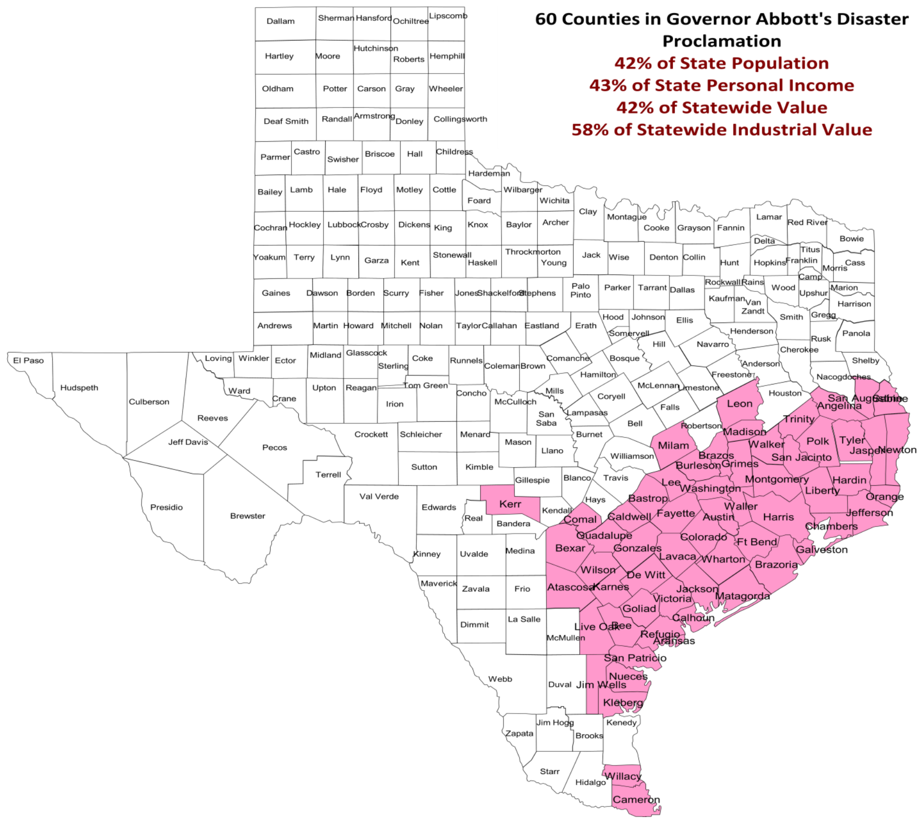
- the state's response,
- the property tax,
- school finance, and
- state taxes.

The State's Response

Governor Abbott, using the authority granted his office in Chapter 418 of the Texas Government Code, declared 60 counties as disaster areas from Hurricane Harvey, as illustrated by the map on the following page (Figure 1). These counties comprise 42% of the state's population, 43% of the state's personal income, 42% of the market value of all property in the state, and 58% of the state's industrial property value—with the bulk of all of those numbers in Harris County, or Houston.

The Governor, by executive order or proclamation, may declare a state of disaster if one has occurred or is about to occur as a way of mobilizing the state's emergency response. Doing so allows the Governor to suspend certain regulations—either statewide or only in the disaster areas. A disaster declaration also allows state agencies and local governments to take or request certain actions, although agencies may take other actions without a formal declaration.

Figure 1
Hurricane Harvey Disaster Zone—60 Counties



It will be a while before the actual mitigation costs of the disaster are known, as well as the allocation of those costs between the federal, state and local governments. The Governor has an appropriation of $110 million for disaster response, and a few million dollars of other disaster-related appropriations are spread across a handful of agencies, but these amounts will be far below the eventual costs of Harvey. The House Appropriations Committee has scheduled a hearing on October 2 to begin addressing issues pertaining to the disaster.

State agencies involved in the disaster effort will not be stalled for lack of funds, nor will an immediate special session of the Legislature be necessary. Many agencies have the ability to redirect money within their budgets toward disaster response. Others will simply “spend forward” funds in their budgets, expecting these diverted dollars to be replenished by a later supplemental appropriation.

The state can also move money from one agency to another through “budget execution authority,”[1] under which the Governor and the Legislative Budget Board may jointly agree to redirect money from an *existing* appropriation. This authority cannot, however, be used to access dormant or unappropriated moneys.

Ironically, an item of great attention after such a major flood has been the state’s so-called “Rainy Day Fund.” The projected $11 billion in the fund has been eyed as a potential tool for disaster mitigation. Formally named the Economic Stabilization Fund, money may be withdrawn from the fund only if the Legislature votes and provides a specific appropriation. The Governor has no lone authority to access the fund in times of disaster—it requires a specific appropriation from the Legislature.

In spite of its nickname, the fund was originally designed as a tool for smoothing out volatile state revenues. It requires a 3/5 supermajority vote to appropriate money from the fund during times of declining state revenues. Any other use, including disaster mitigation, requires a higher, 2/3 supermajority.

[1] Authorized by Article XVI, Section 69 of the Texas Constitution and provided for by Chapter 317 of the Texas Government Code.

Property Tax

With perhaps hundreds of thousands of homes and business properties damaged, the direct taxes on those properties are a major consideration. The tax bill is the product of a property's taxable value and the tax rate adopted by each taxing entity in which the property is located. Both appraisals and local tax rates may be impacted by the storm.

The Reappraisal Process

In Texas taxable property is appraised at its market value as of January 1, which must be determined by the application of generally accepted appraisal methods and techniques. (For more information about the mechanics of the property tax in Texas, see TTARA's Research Report *"The Property Tax in Texas."*)

While properties may qualify for exemptions at different times during the year, as authorized in the Tax Code, the January 1 appraisal date applies for all purposes—property valuation, imposition of tax liens, and tax assessment and collection. Only one exception exists—reappraisal of property damaged in a disaster area.

Section 23.02 of the Tax Code provides a mechanism for local governments to address property valuation in areas declared "disaster areas" by the Governor. This provision allows taxing units to authorize the reappraisal of property damaged in a disaster at its market value immediately after the disaster—but the decision to do so is entirely up to each individual jurisdiction.

If requested by a taxing unit, the appraisal district must complete a reappraisal as soon as practicable and include in the appraisal records the date of the disaster, the appraised value of the property after the disaster, and an indication of the taxing units to which the reappraisal applies. Taxing units that request reappraisal are required to pay all costs incurred by the appraisal district.

The reappraisal applies to the value of damaged property on the day of the disaster. Taxes are prorated based on the value of the property on January 1 until the disaster; then taxes are imposed on the value of the reappraised property after the disaster. Two values would appear on the appraisal roll for the property. The dual valuation only applies to property that is damaged—not to other property that might be impacted by market conditions related to the disaster.

Figure 2 illustrates the school tax impact on a property appraised at $200,000 before the disaster. The structure is damaged so severely that only a land value of $30,000 remains. The tax savings are a result of the proration for the portion of the year after the disaster—assuming the district's tax rate remains the same.

Figure 2
Taxpayer Savings Due to Reappraisal of Property in a Disaster Zone: An Example

Taxable value of home before disaster	$200,000
Taxable value of home after disaster	$ 30,000
Number of days in year before disaster	238
Number of days in year disaster and after	127
Percent of days in year before disaster	65%
Percent of days in year disaster and after	35%
Houston ISD tax rate	$1.2067
Taxes on home if there wasn't a disaster	**$ 2,413.40**
Taxes on full value for 238 days	$ 1,568.71
Taxes on reappraised value for 127 days	$ 126.70
Taxes on home with reappraised value	**$ 1,695.41**
Tax savings due to reappraisal	**$ 717.99**

Tax Reappraisals Unlikely

In reality, few taxing units in the disaster area will ask that damaged properties be reappraised.

First, the requesting jurisdiction must pay their appraisal district's cost of doing so and those costs may be substantial. Appraisal districts typically value residential properties using "mass appraisal" methods. Rather than valuing each single property separately, mass appraisal uses computer formulas that consider the basic characteristics of individual properties (e.g. square footage, quality of construction, etc.) to generate a value estimate. Values may be perfected through the appeals process, in which owners may point to specific aspects of their property that may deviate from these norms.

Damaged properties, however, must be appraised individually. For example, a damaged roof may reduce a home's value by a few thousand dollars, but direct flood damage could effectively render the home's value to zero. Identifying the unique damages to each property and its impact on market value is incredibly labor intensive and costly.

Second, the reappraisal process is very time consuming. An appraisal district may not be able to produce a revised estimate of taxable value in time for a jurisdiction to adjust tax bills. Property owners could get refunds but they may come long after they are needed (see Timeline for a Hypothetical Reappraisal).

Third, most taxing units have already adopted their tax rates based on the January 1 tax roll. Those tax rates, once adopted, cannot be adjusted. Consequently, a taxing unit seeking lower re-appraisals is effectively agreeing to collect less tax revenue than what it has budgeted for at a time when it may face extraordinary disaster remediation costs.

Montgomery County Commissioners have adopted a resolution calling for a reappraisal of storm-damaged properties, but at this point they appear to be an exception rather than the norm of taxing jurisdictions impacted by Harvey.

Looking ahead to 2018, property taxes will be based on values that will be estimated as of January 1, 2018. Many properties will most certainly still have substantial storm damage or may have renovations underway. Determination of values will still be a challenging task for appraisal districts and most likely, appraisal review boards.

Timeline for a Hypothetical Reappraisal

If a taxing unit requests a reappraisal, the process does not happen overnight. The identification of damaged properties takes time, as does the development of new values. When the reappraisal is completed (as soon as the appraisal district can do so), property owners must be notified of the new values and given the opportunity to protest the new values or the failure of the appraisal district to identify property as damaged. Appraisal review boards are required to conduct hearings and determine protests before corrected appraisal rolls can be provided to taxing units. Only then may tax bills be recalculated so that refunds can be issued.

The following dates illustrate a hypothetical reappraisal process and demonstrate how long it could take to finalize values so that tax refunds can be issued. In fact, this hypothetical example probably indicates a best-case scenario for completing the process in about 8 ½ months.

Official action by taxing unit to order a reappraisal	**Oct. 1, 2017**
Reappraisal by appraisal district of damaged property and completion of revised 2017 appraisal roll	**Oct. 15, 2017-Jan. 15, 2018**
Revised 2017 notices of appraised value delivered to property owners	**Jan. 22, 2018**
Notices of protest filed with appraisal review board	**Feb. 23, 2018**
Appraisal review board hearings scheduled and protests determined	**March 10, 2018**
Orders determining protest delivered to property owners	**March 15, 2018**
Corrections to 2017 appraisal roll certified to tax assessors	**March 15, 2018**
Tax assessor certifies revised 2017 tax roll	**April 15, 2018**
Refunds to property owners	**June 15, 2018**

Lower appraisals will not result in overall tax relief for communities. Property tax revenues are limited under the state's truth-in-taxation provisions. Generally, cities, counties, and special districts may adopt property tax rates that raise an additional 8 percent new revenue before voters can petition to limit the increase. This essentially pressures taxing units to reduce nominal tax rates when property values increase by more than 8 percent; however, declining values allow districts to increase nominal tax rates to preserve their revenue levels. Consequently, a portion of the taxes a property owner may save from a lower value may be taken back by a higher tax rate. And owners of properties that are not damaged may see both higher values AND higher tax rates.

Tax Assessment and Collection

Harvey hit Texas at a time after 2017 property values had been finalized after most appraisal districts had certified the January 1 taxable value of jurisdictions' tax rolls. Many jurisdictions—but not all—had adopted their tax rates, but had not yet mailed the actual tax bills. Tax bills must be mailed on or before October 1, or as soon thereafter as practicable.

The Governor, however, may waive or suspend deadlines imposed by law generally, "including a deadline relating to a budget or ad valorem tax, if the waiver or suspension is reasonably necessary to cope with a disaster" [Government Code Section 418.016(e)]. Governor Abbott issued a proclamation on September 14 to suspend the deadline for tax rate adoption for the City of Corpus Christi. The City requested an extension until October 27 to adopt its 2017 budget and tax rate, and the Governor granted the request.

Tax "rollback provisions"—allowing voters to petition for an election to rollback property tax increases greater than 8 percent—are also set in state law and generally cannot

Figure 3
Disasters and the Tax Collection Process

Property Tax Assessment and Collection	Tax Code Section
Adoption of tax rate by taxing unit governing body by Sept. 30 or 60 days after receipt of certified appraisal roll	26.05(a)
Mailing of tax bills by assessor on or before October 1 or as soon thereafter as practicable	31.01(a)
Tax payment due on receipt of bill and delinquent on Feb. 1 of the following calendar year	31.02(a)
Delinquency date postponed if tax bills mailed after January 10 to the first day of next month to provide at least 21 days for payment	31.04(a)
Installment payments of taxes on property in disaster area: owners of residence homesteads, residential property with fewer than five living units, or certain businesses (real and personal property) with specified gross receipts limits as calculated by the Comptroller annually; property located in disaster area and damaged as a result of the disaster	31.032(a) 31.032(h)
Installment payments in four equal installments without penalty or interest if first payment before delinquency date, second before April 1, third before June 1, and fourth before August 1 (if tax bills timely mailed and delinquency date is February 1); also permitted if the first installment is paid and required notice provided before the first day of the first month after the delinquency date	31.032(b) and (b-1)
Tax rolls corrected and refunds authorized, if certified appraisal rolls changed to reflect reappraisals; no refund applications required	26.15(f)
Refunds paid on or before the 60th day after the date the liability for the refund arises—no interest; after 60 days, interest at one percent per month; refund liability starting on assessor certifies change to the tax roll	31.12(a) and (b)
Payment of tax under protest on instrument by which tax is paid or in a document accompanying the payment	31.115
Penalties and Interest on delinquent taxes—6% penalty plus 1% interest per month until taxes paid, plus additional penalty for collection of up to 20%	33.01(a), 33.07, 33.08, and 6.30
Waiver of penalties and interest by governing body of taxing unit under limited situations related to acts or omissions of taxing unit or appraisal district	33.011(a)
Installment payments authorized for delinquent tax payments	33.02

be suspended in the event of a disaster. School districts and school taxes are an exception.

Home-rule cities may have unique charter provisions relating to taxes and revenues. Property tax revenue growth for the City of Houston may not exceed the lower of 4.5% or the combined rate of population growth and inflation without voter approval, *except in the case of an emergency*. Houston is one of the few cities that has not yet adopted a tax rate for the current year, and Mayor Turner has proposed exceeding the charter limit for one year to raise an additional $50 million for disaster recovery. Other home-rule cities may have similar provisions in their charters.

School districts operate under different rollback provisions, generally requiring voter approval to adopt a tax rate greater than $1.04 per hundred dollars of value. They may adopt a tax rate that exceeds that rate without holding a tax ratification election *"when increased expenditure of money by a school district is necessary to respond to a disaster, including a tornado, hurricane, flood, or other calamity, but not including a drought, that has impacted a school district and the governor has requested federal disaster assistance for the area in which the school district is located, for the year following the year in which the disaster occurs."* The term "year" in this section refers to a tax year, rather than a school year, because it appears in the Tax Code. Any school district to which this provision applies can exercise this option in the 2018 tax year (beginning on January 1, 2018) when adopting a tax rate for the 2018-2019 school year. If the district wishes to maintain the higher rate in the following school year, a tax ratification election must be held.

It is important to note that several counties in the Governor's proclamation due to Hurricane Harvey were also declared disaster areas by the Governor in 2016 due to a separate flooding event. Harris County was declared a disaster area last year as well, so the Houston ISD school board is permitted to adopt a tax rate that exceeds its rollback rate for the 2017 tax year as well as the 2018 tax year under the 2017 proclamation. There is, however, no provision that requires school districts to prove that increased expenditure of funds is necessitated due to a disaster.

Property tax bills are typically due in full by February 1 of the following year, but **Section 31.032 of the Tax Code** permits installment payments of taxes by owners of certain damaged properties located in a disaster area—whether subject to reappraisal or not. Owners of residence homesteads, residential property with fewer than five units, or small businesses (under a specified gross receipt amount as calculated annually by the Comptroller) that are damaged because of the disaster may exercise this installment payment option. Figure 3 on page 5 lists the statutory authority for property tax assessment and collection.

School Finance

Hurricane Harvey made landfall on the Texas coast on August 25, 2017, dispensing its destruction just as many school districts were beginning their school year. By the time the hurricane moved inland and stalled over the Houston-Beaumont area, it was clear that school would not be starting on time for most school districts in the area. The Commissioner of Education quickly issued waivers reducing the number of required school days and assisted school districts in adjusting their calendars. A number of other actions are under consideration by the Commissioner.

Of the 1,234 school districts and charter schools in the state, 363 or 29% of the total are located in the 60 counties included in the Governor's Disaster proclamation. Those 363 districts contain 41% of the state's students, receive 38% of state aid sent to school districts through the school finance formulas, and pay 29% of the amount estimated to be recaptured from property wealthy school districts in the 2017-2018 school year. The Governor's Commission to Rebuild Texas issued an update on September 15, 2017 stating that almost all students had returned to class in their district or a neighboring school. 234 campuses had sustained significant damage, 678 sustained some damage, and 52 campuses remained closed at that time.

The declaration of a disaster zone by the Governor triggers several statutory provisions pertaining to school districts and charter schools to aid them in recovery efforts by preventing a loss of revenue and reimbursing them for costs associated with the disaster. In all cases, the Commissioner is directed to use funds specifically appropriated for that purpose or other funds available to him. The Appropriations Bill authorizes the Commissioner to transfer money from the second year of a biennium to the first year if he deems it necessary for any purpose.

Section 42.0051 of the Education Code directs the Commissioner of Education to adjust the average daily attendance of a school district located in a disaster area to ensure that the district receives the same amount of funding it would have received if the disaster had not occurred. In order to receive this adjustment, the decline in average daily attendance must be reasonably attributable to the impact of the disaster. The adjustment will be made for the two-year period following the date of the Governor's initial proclamation or executive order declaring the state of disaster. The Commissioner will begin adjusting ADA this school year to guarantee that affected school districts do not lose funding. The state budget will be impacted to the extent that students have transferred from an affected district to another school district, in which case both districts will receive funding for that student.

Section 42.2523 of the Education Code directs the Commissioner of Education to adjust the taxable value of property of a school district located in a disaster area as necessary to ensure that the district receives funding based on property values as affected by the disaster. The Commissioner of Education is not authorized to appraise property, nor is he authorized to arbitrarily assign property values to school districts. This provision would ensure that in the case of reappraisal of property damaged in a disaster, the lower reappraised values would be substituted into the funding formulas, increasing the district's state aid to adjust for lower property tax collections. A decision made by the Commissioner under this section is final and may not be appealed.

Section 41.0931 of the Education Code authorizes property wealthy school districts that make recapture payments to the state, to deduct from those payments any disaster remediation costs paid by the district that the district does not anticipate recovering through insurance proceeds, federal disaster relief payments, or another similar source of reimbursement. A school facility financed by bonds is required to be insured by the school district, so the majority of structural damage will be covered by insurance or relief payments. Costs such as additional bus routes, hiring of additional personnel and the purchase of furniture and equipment due to student transfers, could be covered under this provision. To receive a reduction under this section, a district must provide the Commissioner with acceptable documentation of disaster remediation costs paid by the district. A district may use funds made available under this section to replace, rather than repair a facility.

Figure 4
School Districts and Charter Schools in Disaster Area

	# Districts and Charter Schools	# Students (millions)	$ Recaptured (millions)	$ State Aid (millions)
Disaster Area	363	2.09	$581.6	$7,865.5
Statewide	1,234	5.03	$2,023.6	$20,563.3
Percentage in Disaster Area	29%	41%	29%	38%

Section 42.2524 of the Education Code authorizes school districts for two years following the disaster to apply to the Commissioner for reimbursement of disaster remediation costs for which the district does not anticipate reimbursement through insurance proceeds, federal disaster relief payments, or similar sources of reimbursement. A district seeking reimbursement under this section must provide the Commissioner with adequate documentation of the costs for which the district seeks reimbursement. This section does not require the Commissioner to provide any requested reimbursement, but authorizes him to do so if funds are available. If the amount of money available to the Commissioner is not sufficient to fully reimburse each district's disaster remediation costs, he will reduce the amount of assistance provided to each of those districts proportionately. A decision of the Commissioner regarding reimbursement is final and may not be appealed.

State Taxes

Statutory authority is required to forgive the payment of state taxes by disaster victims and/or relief workers, just as it is for any other taxpayer. Currently, little of this type of authority is on the books. Somewhat more leeway is available, however, to ease reporting, deadlines, penalties and other administrative compliance provisions.

The Governor's Actions

Chapter 418, Government Code, titled the Texas Disaster Act of 1975, sets out the general framework for responding to natural disasters, part of which is a delineation of the Governor's powers and duties in that regard. Specific authority for direct tax relief measures is limited. However, the Governor is given broad discretion in Section 418.016(a) to suspend "any regulatory statute prescribing the procedures for conduct of state business or the orders or rules of a state agency" if compliance would "prevent, hinder, or delay necessary action in coping with a disaster." Pursuant to what is directly or indirectly allowed, the Governor has issued three directives impacting state taxes.

Hotel Taxes. Section 418.020(d) permits the issuance of a proclamation to suspend or modify any "law or regulation" the Governor considers essential to provide temporary housing or emergency shelter. Citing that authority, the Governor has suspended the collection of state and local hotel taxes from disaster victims and relief workers for the period August 23 through September 22. Eligible parties will fill out an exemption certificate for the hotel and may file a refund request with the hotel if taxes were collected.

International Fuel Tax Agreement (IFTA). On August 31, a temporary waiver was issued, effective until September 30, of the tax liability and licensing provisions of the IFTA – the cooperative agreement between the states and Canadian provinces that enables trucking companies to register, report and pay taxes on motor fuels used in trucks that operate in more than one jurisdiction. The waiver applies to both the payment of taxes on motor fuel used and the licensing requirements, including trip permits, related to the in-state delivery of relief supplies. Documentation on fuel purchased and miles traveled in Texas must be submitted on the quarterly IFTA report to the Comptroller, but no tax will be due.

Motor Vehicle Registration, Titling and Inspection. In conjunction with the Department of Motor Vehicles, the Governor on August 31 announced a 45-day suspension of any penalties for failure by disaster victims to timely register or transfer title to a vehicle or to obtain a vehicle inspection. Steps will be taken to help ensure that all law enforcement officers are apprised of the suspensions.

The Comptroller's Actions

Recognizing the tax compliance difficulties that disaster-affected businesses will encounter, the Comptroller has taken several administrative actions to ease that burden.

Filing Extensions. Franchise taxpayers with a valid 2017 filing extension to November 15, now have until January 5 of next year to file their report. Sales taxpayers that are not required to report electronically (those that paid less than $50,000 in the prior year) were given an automatic 30 day reporting extension, so that August monthly reports were due September 20 and quarterly reports are due October 20. Those not required to file electronically but elect to do so will receive the automatic extension as well.

Those not receiving an automatic extension, and those that did but still need more time, may request a 30-day extension, which is likely to be favorably considered.

Expedited Motor Fuels Licensing. To make it easier to import and deliver fuel in response to the disaster, expedited licenses are being issued during September to motor fuels distributors, importers and transporters. License applications are being processed within 24 hours. In addition, associated bond requirements have been waived.

Dyed Diesel Fuel. Motor fuels tax will not be imposed or collected on dyed diesel fuel that was sold tax free for off-road use but subsequently used on-highway in the declared disaster area between August 25 through September 15. Additionally, refund claims postmarked before the end of the year can be filed to get reimbursed for taxes paid on clear diesel fuel that wound up being used to power off-road equipment in relief and recovery efforts.

More details about declared natural disasters and emergencies tax help can be found on the Comptroller's website at https://comptroller.texas.gov/taxes/resources/disaster-relief.php.

Disaster-Related Provisions

Sales Taxes. The general rule is that when disaster victims pay for taxable items with their own funds, they must pay sales taxes just like everyone else. There is no exception for purchases associated with disaster recovery efforts. A large portion of disaster repair is paid for by an insurance settlement and amounts typically include consideration for sales taxes that may be due. Except for alcohol or tobacco products, no sales tax is due on purchases made with a FEMA debit card or voucher or one from a charitable organization such as the Red Cross because they are not considered to be the buyer's personal funds. The same is not true for purchases made with funds received from such agencies by means of a money order or direct deposit. Purchases of taxable items donated to a qualifying charitable organization for its use in relief efforts, however, **do** qualify for exemption.

Tax Code Section 151.350 provides an exception to the taxability of labor charges for the repair, restoration, remodeling or modification of non-residential real and tangible personal property. Provided they are separately itemized, such charges are exempted if performed on property damaged by a natural disaster within a declared disaster area. The exemption does not extend to tangible personal property transferred as part of the services provided. To claim the exemption, the service provider must be given an exemption certificate citing the effects of the natural disaster as the reason for the repairs.

To attract more businesses that provide relief and recovery services, Tax Code Section 151.0241 establishes that out-of-state businesses that come here to provide "disaster or emergency-related work during a disaster response period" will not be considered doing business in Texas for sales tax purposes. Thus, such out-of-state businesses will not be required to collect and remit taxes on sales of taxable items nor on purchases of taxable items that are sold or transferred to their customers. However, those who buy taxable items from such businesses will get no tax relief as they are responsible for reporting and paying the equivalent use tax on their purchases.

Assessing the Response

The years ahead will be challenging for many Texans dealing with the personal tragedies Harvey laid before them. Public officials will have a daunting task trying to put the pieces of damaged communities back together again. State law offers some tools, as outlined in this report, but they have never been put to use so intensively.

For Texas lawmakers, much of the interim will be devoted to assessing whether the tools in place are sufficient as they work to balance the desires for tax relief to those suffering the effects of Harvey versus the needs of local jurisdictions for additional revenue to finance recovery efforts. Another issue may be whether adequate oversight exists to ensure that the disaster provisions are used appropriately. Regardless, the reality of Harvey and its aftermath are sure to impact Texans and the Texas policy debate for years to come.

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