



Austin Landline Report September 2017

Needless to say, Hurricane Harvey is foremost on everyone's mind in Austin. Just as folks were starting to relax and catch up from the Legislature's special session, this new shock to the system arrived, causing new anxiety and speculation on what is in store from both the state and federal government that could aid or hinder the recovery. A number of cross-currents are in play that could go either way.

There was already a lot of talk about whether or not there would be another special session to address unresolved issues in the first special session. Now, there is even more speculation about another special session that would authorize an appropriation from the state's Economic Stabilization or "Rainy Day" Fund. Despite its nickname, the fund is not literally intended to be used for rainy days, but rather to supplement the state's budget during economic downturns. The hurricane, however, may have that trickle-down effect, with reduced property values and sales tax revenue. While the money could be of some help, estimates of recovery costs range as high as \$200 billion, or about 10 percent of the state's economy. The Rainy Day Fund would be a figurative drop in the bucket, with the entire fund balance totaling in the \$10 billion range.

Further complicating the recovery outlook is all the turmoil over immigration policy at both the state and national levels at a time when Texas was already experiencing a labor shortage in the construction industry. SB 4, the state sanctuary cities bill that was limited by a recent federal court injunction and the recent announcement by the Trump Administration on the Deferred Action for Child Arrivals (DACA) program bring into question the future availability of non-citizen construction workers, who were a major factor in the Katrina recovery.