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BILL ANALYSIS

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Senate Bill 330 (Substitute S-3 as reported by the Committee of the Whole)
Sponsor: Senator Tom Casperson
Committee: Appropriations

CONTENT

The bill would amend the Emergency Management Act to require funds to be appropriated to the State's Disaster Contingency Fund to maintain it at a minimum level of \$2.0 million and a maximum of \$4.5 million, rather than the current minimum of \$30,000 and maximum of \$750,000. The bill also provides that any funds remaining at the end of a fiscal year would not lapse to the General Fund, and would be carried forward and be available for expenditure in subsequent fiscal years. The bill would require the State Treasurer to direct the investment of the Fund and credit to it any interest and earning from Fund investments.

In addition, the bill would increase the allowable maximum State Disaster Contingency assistance grant to a county or municipality disbursed from the Fund from the current \$30,000 or 10% of a local unit's operating budget, whichever is less, to \$100,000 or 10% of a local unit's operating budget, whichever is less.

The bill also would rename the "Disaster Contingency Fund" as the "Disaster and Emergency Contingency Fund".

MCL 30.418 & 30.419

FISCAL IMPACT

While the Act requires certain appropriations to be made to an emergency fund for State and local costs of State and Federal disasters, the requirement is not an actual appropriation itself. Historically, the State in general practice has not made appropriations to the Disaster Contingency Fund. Rather, when emergency costs were incurred, whether for direct State department costs in response to an emergency, for assistance grants to local units in the event of a declared State emergency or to provide required State or local matching funds for Federal assistance in the event of a declared Federal disaster, the State has responded to these financial needs primarily through General Fund supplemental appropriations as needed.

A recent exception to this practice occurred in July 2011, when the Legislature appropriated \$750,000 GF/GP to the Disaster Contingency Fund, along with providing for the allocation of \$250,000 for assistance for State departments and local units in response to severe storms in Calhoun County in May 2011. As a result, the Disaster Contingency Fund balance currently stands at approximately \$500,000.

This bill represents part of the Governor's FY 2013-14 budget recommendations, which recommended that \$4.0 million GF/GP be appropriated to the Fund (with another \$4.0

million recommended for FY 2014-15) in the budget for the Department of State Police budget (home to the State's emergency management division) and new boilerplate language in both that budget bill and the budget bill for the Department of Natural Resources, which would allow for expenditures from the Fund of up to \$800,000 from each Department without the requirement of an appropriations supplemental.

Currently in the FY 2013-14 budget process, the General Omnibus budget bill for the Department of State Police (House Bill 4328, Article XVI) contains an appropriation of \$2.0 million GF/GP for the Fund and an allowable expenditure amount of \$800,000. Under the same bill, the Department of Natural Resources (Article XV) has an expenditure allowance of up to \$800,000, also pursuant to the Governor's recommendation.

In addition, the Senate bill would raise the potential maximum amount of a disaster assistance grant disbursed from the Fund to local units from \$30,000 to \$100,000, potentially more than tripling in some cases State support for local government emergency response costs.

Table 1 below, provided by the Department of State Police, shows the number of State Disaster Contingency Fund grants disbursed over the last five years under the Act. While it shows that there have been 10 such grants that reached the \$30,000/10% maximum payout, it is not known how many of those reimbursements under the provisions of Senate Bill 330 (S-3) would have resulted in a payout of between \$30,000 and \$100,000.

Table 1

STATE DISASTER CONTINGENCY FUND GRANTS SECTION 19, PA 390 OF 1976					
Year	Location	Type of Disaster	# Local Grants	# Locals receiving \$30,000	Total Paid
2007	None		0	0	-
2008	None		0	0	-
2009	None		0	0	-
2010	Monroe County	Tornadoes	6	4	\$134,627.00
2011	Calhoun County	Windstorm	5	3	\$123,768.00
2012	Genesee County	Flooding	3	3	\$90,000.00
			14	10	\$348,395.00

Date Completed: 6-13-13

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.