

Legislative Analysis



DISASTER AND EMERGENCY CONTINGENCY FUND: PAYMENTS TO LOCAL UNITS OF GOVERNMENT

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Senate Bill 258 as Passed by the Senate
Sponsor: Sen. Dave Hildenbrand
House Committee: Appropriations
Senate Committee: Appropriations
Complete to 06-20-17

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 258 amends section 19 of the Emergency Management Act, 1976 PA 390. Currently, disaster assistance grants from the Disaster and Emergency Contingency Fund, paid to local units of government to mitigate the extraordinary costs imposed by disasters or emergencies, cannot exceed \$100,000 or 10% of the local unit of government's operating budget for the previous fiscal year, whichever is less. This bill would increase the \$100,000 statutory cap¹ on disaster assistance grants to \$500,000.

BACKGROUND INFORMATION:

Pursuant to the Emergency Management Act, 1976 PA 390, local units of government may apply for disaster assistance grants from the Disaster and Emergency Contingency Fund if they are in an area affected by a declared state disaster or emergency and demands on the local unit of government's available resources are "unreasonably great" due to a disaster or emergency.

Funds in the Disaster and Emergency Contingency Fund can be appropriated via administrative transfer in order to quickly respond to a declared state disaster or emergency. Provisions² in Part 2, Article XVI of 2016 PA 268 require the State Budget Director to approve expenditures from the Disaster and Emergency Contingency Fund and require the Department of State Police and the State Budget Office to notify the Senate and House Standing Committees on Appropriations and the Senate and House Fiscal Agencies of the approval of any expenditures.

Prior to 2011, the Disaster and Emergency Contingency Fund (then known as the Disaster Contingency Fund) was not extensively utilized, as GF/GP appropriations were instead made on a case-by-case basis by the Legislature. 2016 PA 220 increased the statutory cap on the Disaster and Emergency Contingency Fund balance from \$4.5 million³ to \$10.0 million. Table I details the appropriations to, and expenditures from, the Disaster and Emergency Contingency Fund since 2011.

¹ Other limitations on disaster assistance grants would remain in place.

² Boilerplate section 703 of the FY 2016-17 Department of State Police budget.

³ The previous \$4.5 million cap on the Disaster and Emergency Contingency Fund was established by 2013 PA 109.

Table I Disaster and Emergency Contingency Fund Appropriations and Expenditures		
FY 2010-11	2011 PA 83 Calhoun County Storms	\$750,000 (\$250,400)
FY 2013-14	2013 PA 59 Upper Peninsula Deep Freeze NW Lower Peninsula Floods	\$2,000,000 (\$1,767,700) (\$787,200)
FY 2015-16	2015 PA 6 Detroit Region Floods NW Lower Peninsula Storms Legislative Transfer 2015-6	\$3,000,000 (\$51,500) (\$33,900) \$1,000,000
FY 2016-17	2016 PA 268 Detroit Region Floods NW Lower Peninsula Storms Flint Water Emergency Gogebic County Storms	\$10,000,000 (\$108,000) (\$79,000) (\$9,718,300) (\$208,100)
Remaining Balance through April 30, 2017:		\$2,063,900
<i>Notes: Expenditure authorization for FY 2014 emergencies from 2014 PA 356 are incorporated into expenditures detailed above; appropriations and expenditures totals do not include interest earnings or administrative assessments. Sources: House Fiscal Agency Records and the Department of State Police.</i>		

FISCAL IMPACT:

Dependent upon appropriations to the Disaster and Emergency Contingency Fund by the Legislature, this bill would have a positive fiscal impact on some counties or municipalities responding to a declared state disaster or emergency.

Currently, the Emergency Management Act, 1976 PA 390, allows for the payment of assistance grants⁴ from the Disaster and Emergency Contingency Fund to counties or municipalities in order to assist with the costs of mitigating the effects of a disaster or emergency. These assistance grants can be up to \$100,000 or 10% of the local unit of government's operating budget for the preceding fiscal year. Senate Bill 258 would increase the cap on these assistance grants to 10% of the local unit of government's operating budget for the preceding fiscal year or \$500,000, whichever is less.

Data provided by the Department of State Police indicate that had the disaster assistance grant cap increase proposed in Senate Bill 258 been in place in FY 2013-14, sixteen local units of government affected by the spring floods and the Upper Peninsula deep freeze would have received disaster assistance beyond what is currently allowed pursuant to 1976 PA 390. Table II details these differences.

⁴ There are various requirements that must be met before assistance grants can be issued. See section 19 of 1976 PA 390, MCL 30.419, for additional details.

**Table II:
Potential Disaster Assistance Grant Amount – FY 2013-14**

	<u>Population</u>	<u>10% Budget</u>	<u>Eligible Costs</u>	<u>1976 PA 390</u>	<u>SB 258</u>	<u>Difference</u>
Mt. Pleasant	26,016	\$1,425,520	\$504,568	\$100,000	\$500,000	\$400,000
Isabella County	70,331	\$1,747,914	\$1,177,876	\$100,000	\$500,000	\$400,000
Newaygo County	48,460	\$6,743,909	\$200,151	\$100,000	\$200,151	\$100,151
Osceola County	23,528	\$2,050,345	\$336,362	\$100,000	\$336,362	\$236,362
Roscommon County	24,449	\$837,081	\$165,022	\$100,000	\$165,022	\$65,022
Wexford County	32,735	\$723,329	\$199,623	\$100,000	\$199,623	\$99,623
Disaster Subtotal	--	--	\$2,583,602	\$600,000	\$1,901,158	\$1,301,158
Charlevoix	2,513	\$348,076	\$117,642	\$100,000	\$117,642	\$17,642
Escanaba	12,616	\$2,778,062	\$102,537	\$100,000	\$102,537	\$2,537
Gladstone	4,973	\$463,844	\$105,418	\$100,000	\$105,418	\$5,418
Ironwood	5,387	\$1,332,393	\$101,444	\$100,000	\$101,444	\$1,444
Ishpeming	6,470	\$336,793	\$222,371	\$100,000	\$222,371	\$122,371
Marquette	21,355	\$1,803,454	\$229,231	\$100,000	\$229,231	\$129,231
Negaunee	4,568	\$994,775	\$167,511	\$100,000	\$167,511	\$67,511
St. Ignace	2,452	\$608,628	\$136,353	\$100,000	\$136,353	\$36,353
Marquette Township	3,905	\$362,408	\$113,529	\$100,000	\$113,529	\$13,529
Chippewa County	38,520	\$2,641,382	\$504,050	\$100,000	\$500,000	\$400,000
Disaster Subtotal	--	--	\$1,800,086	\$1,000,000	\$1,796,036	\$796,036

Source: Department of State Police.

Fiscal Analyst: Kent Dell

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.