



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 258 (as introduced 3-21-17)
Sponsor: Senator Dave Hildenbrand
Committee: Appropriations

Date Completed: 5-9-17

CONTENT

The bill would amend the Emergency Management Act to increase the allowable maximum State Disaster and Emergency Contingency assistance grant to a county or municipality disbursed from the Disaster and Emergency Contingency Fund (DECF) from the current \$100,000 or 10% of a local unit's operating budget, whichever is less, to \$500,000 or 10% of a local unit's operating budget, whichever is less.

MCL 30.419

FISCAL IMPACT

The bill would raise the potential maximum amount of a disaster assistance grant disbursed from the DECF to local units from \$100,000 to \$500,000, potentially quintupling in some cases State support for local government emergency response costs. These funds may be authorized for expenditure under Section 19 of the Act, specifically for reimbursement to a local unit for local disaster response costs in an area for which the Governor has declared a state of disaster or emergency, when Federal assistance is not available. Table 1 below, provided by the Department of State Police, shows the amount of DECF grants disbursed over the last seven years under Section 19. While there have been several grants awarded over that time that reached the \$100,000/10% maximum payout, it is not known exactly how many of those reimbursements would have resulted in a payout of between \$100,000 and \$500,000 under the provisions of Senate Bill 258.

However, a number of payouts made under Section 19 with a cap of \$100,000 have been analyzed and it has been determined that the local units would have been eligible for considerably higher payouts from the Fund if those assistance grants had been under the proposed \$500,000 cap. For example, the assistance provided to the City of Mount Pleasant and Isabella County for a 2014 spring flooding state of emergency would have been increased by \$400,000 for each under the bill's provisions. Other counties that would have been eligible for increased assistance for the 2014 spring flooding under the bill include Osceola (\$236,361), Newaygo (\$100,150), Roscommon (\$65,021), and Wexford (\$99,622). Local units subject to a state of emergency for extremely low temperatures in the same year that would have been eligible for increased assistance under the bill include Chippewa County (\$400,000), the Cities of Marquette (\$129,231), Sault Ste. Marie (\$198,598), Escanaba (\$2,536), Charlevoix (\$17,642), Ishpeming (\$122,370), Ironwood (\$1,444), Gladstone (\$5,418), and Negaunee (\$67,511), and the Townships of Marquette (\$13,529) and Maple Ridge (\$19,697). (In these examples, the amount in parentheses represents the hypothetical increase over the amount the local units actually received.)

Table 1

STATE DISASTER AND EMERGENCY CONTINGENCY FUND GRANT PAYOUTS PER SECTION 19, EMERGENCY MANAGEMENT ACT			
Year	Location	Type of Disaster	Total Paid
2010	Monroe County	Tornadoes	\$134,627
2011	Calhoun County	Windstorm	\$123,768
2012	Genesee County	Flooding	\$90,000
2013	--	--	--
2014	--	--	--
2015	Upper and Lower Peninsula	Freeze/Flooding	\$2,490,575
2016	Flint/Gogebic County/NW MI	Water/Storms	\$497,313
Source: Michigan Department of State Police			

For an assistance grant to be disbursed, a sufficient revenue balance in the DECF, which is funded in the Department of State Police budget and administered by the Department, is required to cover those grant costs. The Fund has a current balance of \$2.0 million and expenses related to the Flint water emergency are expected to exhaust this balance in FY 2016-17. In addition, applications for reimbursement grants currently are being processed for Marquette and Macomb Counties.

The total amounts appropriated to the DECF are as follows:

Table 2

Fiscal Year	Act or Transfer	Appropriation
2010-11	PA 83 of 2011	\$750,000
2013-14	PA 59 of 2013	\$2,000,000
2014-15	PA 6 of 2015	\$3,000,000
2014-15	Transfer 2015-6	\$1,000,000
2015-16	PA 268 of 2016	\$10,000,000

Within the FY 2017-18 budget process, the Governor has recommended a GF/GP appropriation to the Fund of \$10.0 million; the Senate-passed budget bill contains no appropriations for the DECF and the House-passed budget bill contains an appropriation of \$7.0 million. The Act requires the Legislature to appropriate sufficient funds to maintain the Fund at a level not to exceed \$10.0 million and not to be less than \$1.0 million.

Provisions dealing with the expenditure and reporting requirements of the DECF can be found in Article XVI, Sections 703(7), (8), and (9) of Public Act 268 of 2016 (the FY 2016-17 Department of State Police budget bill), as follows:

(7) In addition to the funds appropriated in part 1, there is appropriated from the disaster and emergency contingency fund an amount necessary to cover costs related to any disaster or emergency as defined in the emergency management act, 1976 PA 390, MCL 30.401 to 30.421. Funds shall be expended as provided under sections 18 and 19 of the emergency management act, 1976 PA 390, MCL 30.418 and 30.419, and R 30.51 to R 30.61 of the Michigan administrative code.

(8) Funds in the disaster and emergency contingency fund shall not be expended unless the state budget director approves the expenditure and the department and the state budget office notify the senate and house appropriations committees. No later than December 1, the department shall provide an annual report to the senate and house appropriations committees, the senate and house fiscal agencies, and the state budget office on the use of the disaster and emergency contingency fund during the prior fiscal year.

(9) Upon the declaration of a state of emergency or disaster by the governor pursuant to section 3 of the emergency management act, 1976 PA 390, MCL 30.403, approval of the state budget director, and notification of the subcommittees and house and senate fiscal agencies, the director may expend funds appropriated from any source to any line item within part 1 for the purpose of paying the necessary and reasonable expenses incurred by the department in responding to or mitigating the effects of any emergency or disaster as those terms are defined in section 2 of the emergency management act, 1976 PA 390, MCL 30.402.

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