

Senate Bill 109 (as introduced 2-26-25)

Sponsor: Senator Sean McCann

Committee: Appropriations

Date Completed: 6-12-25

### **CONTENT**

The bill would amend the Emergency Management Act, which created the Disaster and Emergency Contingency Fund (DECF) within the Department of State Police (MSP), to modify various provisions governing the DECF and to create a new fund, the State Hazard Mitigation Fund (HMF).

#### **Disaster and Emergency Contingency Fund**

The bill would do the following regarding the DECF:

- Increase, from \$10.0 million to \$25.0 million, the maximum allowed balance of the DECF.
- Increase, from \$2.5 million to \$10.0 million, the required minimum balance of the DECF.
- Amend the limits on assistance grants from the DECF for a county or municipality as follows: for a county or municipality with a population under 75,000, \$1.0 million (or 10% of the total preceding fiscal year total annual operating budget, whichever is less, as currently specified), and for a county or municipality with a population of 75,000 or more, \$2.0 million; current law prescribes limits of \$250,000 for a population of less than 25,000, \$500,000 for a population of 25,000 to less than 75,000, and \$1.0 million for a population of 75,000 or more.
- Require the MSP Director to recommend to the Legislature an amendment to the Act for use of DECF funds for an initiative to aid preemptive disaster resiliency programs designed to avoid the worst types of disasters.
- Allow 20% of the DECF funds remaining at the end of each fiscal year to be transferred into the proposed HMF, provided that DECF met the proposed \$10.0 million minimum balance after the transfer.

#### **The State Hazard Mitigation Fund**

The bill would create the State Hazard Mitigation Fund (HMF) in the State Treasury. The State Treasurer would have to direct investment of money in the Fund. The MSP would have to administer the Fund and spend money from the Fund on appropriation only for HMF programs. The unspent and unencumbered funds remaining in the HMF at the end of a fiscal year would not lapse to the General Fund, and would be carried forward and available for expenditure in subsequent fiscal years.

The bill would require that before spending any HMF money, the MSP would have to request evidence that activities completed under the program accounted for future risks and hazard exposure. Funds could be used to rebuild damaged infrastructure.

The bill also would do the following:

- Allow expenditures from the HMF to be used for the MSP's reasonable administrative expenses.
- Require the MSP Director to promulgate administrative rules for the HMF, including rules concerning grant applications and awards, eligible expenditures, and program administration.
- Specify that eligibility for funding would be limited to entities eligible to apply as sub-applicants for the Federal Emergency Management Agency's (FEMA's) hazard mitigation assistance programs, including state agencies, local governments, and Federally recognized tribal governments.
- Require, with the application process, an applicant to show evidence that it has adopted and maintained an adequate FEMA-approved local hazard mitigation plan (an applicant without a FEMA-approved plan could apply for funding to develop or update a plan).
- Limit reimbursements from the HMF to approved hazard mitigation activities that aligned with eligible activities under FEMA programs.
- Require the Michigan Citizen-Community Emergency Response Coordination Council to be consulted regarding HMF-related funding decisions.

MCL 30.418 & 30.419

### **FISCAL IMPACT**

The bill could give the DECF greater fiscal flexibility in meeting its objective to provide State assistance to counties and municipalities for disaster or emergency assistance related to public damage when the Governor declares a state of disaster or a state of emergency. The DECF also is used to provide matching funds required when Federal support becomes available if the President declares a major disaster.

The proposed HMF also could support local governments by helping to fund mitigation projects, which could result in fewer or less damaging disasters and emergencies in the future.

Despite the fund level requirements proposed for both the DECF and the HMF, those levels—and any amounts in those funds—wholly depend upon legislative appropriations (aside from potential FEMA reimbursements). The demand for these matching funds has increased in recent years and, if not for a fiscal year (FY) 2023-24 supplemental appropriation of \$10.0 million General Fund/General Purpose (GF/GP) to the DECF under Public Act 121 of 2024, the DECF balance would have been insufficient to meet disaster contribution requirements for FY 2023-24. Within that same Act, \$10.0 million GF/GP was appropriated to the DECF for FY 2024-25. The Department reports that the current DECF balance is \$13.4 million and that current commitments from that Fund total \$17.0 million. No appropriations have yet been made to an HMF.

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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.