

FISCAL NOTE
Requested by Legislative Council
01/07/2019

Amendment to: SB 2095

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2017-2019 Biennium | | 2019-2021 Biennium | | 2021-2023 Biennium | |
|-----------------------|--------------------|-------------|--------------------|--------------|--------------------|--------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | \$0 | \$0 | \$0 | \$21,502,263 | \$0 | \$21,502,263 |
| Expenditures | \$0 | \$0 | \$(20,000) | \$21,855,845 | \$(20,000) | \$21,855,845 |
| Appropriations | \$0 | \$0 | \$0 | \$21,855,845 | \$0 | \$21,855,845 |

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| | 2017-2019 Biennium | 2019-2021 Biennium | 2021-2023 Biennium |
|-------------------------|--------------------|--------------------|--------------------|
| Counties | \$0 | \$6,636,938 | \$6,636,938 |
| Cities | \$0 | \$6,636,938 | \$6,636,938 |
| School Districts | \$0 | \$0 | \$0 |
| Townships | \$0 | \$0 | \$0 |

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2095 provides two fiscal impacts. 1st, by changing the process of expending funds, we save general fund administrative costs by efficiencies estimated at \$20,000. 2nd, the allowable grants language change has an estimated fiscal impact on the SDRF by \$353,582 and federal revenue by \$21.5 million.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

By changing the process of expending funds to a reporting requirement rather than approval each quarter we create efficiencies for the agency and provide better service to political subdivisions. There would also be a general fund savings in administrative costs estimated at \$20,000, however, those savings could go up significantly depending on the number of disasters being administered.

The second fiscal impact of this bill is the language change in lines 9 through 14 which allows the agency to utilize the Pre-Disaster Mitigation (PDM) and the Flood Mitigation Assistance (FMA) grant programs through FEMA to their full extent. The fiscal impact would be approximately \$353,582 from the State Disaster Relief Fund (SDRF) for the 25% cost share on the administrative management costs of \$1,060,747. The actual grants, estimated at \$20,441,516, are cost shared by 25% by the political subdivisions receiving the grants.

It is important to note that a study by the National Institute of Building Sciences Multihazard Mitigation Council found that analyzing 23 years of federal mitigation grants, which specifically includes projects funded through the PDM and FMA programs, society will ultimately save \$6 in disaster recovery expenses for every \$1 invested in mitigation projects.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The federal revenue to our agency is estimated at \$21,502,263. This is comprised of \$20,441,516 in grants to counties and cities and \$1,060,747 in state management costs. The \$20,441,516 is split equally between counties

and cities for purposes of this fiscal note. The grant amounts will be awarded based upon approved projects. This total grant amount to the counties and cities is offset above by \$7,167,640 for the local 25% cost share.

The agency has federal authority of \$9,109,413 for these grants in the 2019-21 budget request. There is no SDRF authority in the 2019-21 biennial budget for PDM or FMA. If this bill is passed, SDRF authority of \$353,582 will need to be added as well as \$12,392,850 in federal authority.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

As explained above, \$20,441,516 will be expended in grants to political subdivisions and \$1,060,747 will be for state management costs, mainly salary and some operating costs. Both the grants and state management costs would be paid through line 65 of the NDDES budget, "Disaster Costs".

The staff administering these programs would be our existing emergency specialist FTE's, approximately four. Their normal funding source is FEMA federal funds.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The agency has federal authority of \$9,109,413 for these grants in the 2019-21 budget request. There is no SDRF authority in the 2019-21 biennial budget for PDM or FMA. If this bill is passed, SDRF authority of \$353,582 will need to be added as well as \$12,392,850 in additional federal authority. This authority will need to be added to "Disaster Costs" line 65 of the NDDES budget.

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