

FISCAL NOTE
HOUSE BILL NO. 1070
LC# 23.8104.02000
01/16/2023

1 - 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.

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$10,000,000		\$10,000,000
Appropriations				\$1,000,000		\$1,000,000

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 Biennium
Counties			
Cities			
School Districts			
Townships			

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

HB 1070 establishes and allows for the administration of a hazard mitigation revolving loan fund. Communities will use the loan funding to carry out new projects to mitigate against any potential future event deemed as catastrophic.

4 - Fiscal Impact Sections Detail

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.

Section 1 of HB 1070 allows for the creation of a hazard mitigation revolving loan fund. This fund would be administered by the department of emergency services in accordance with the Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act. The STORM Act requires the state to provide a 10% match that must be deposited into an interest-bearing account before the federal emergency management agency (FEMA) will provide their 90% cost share each time funding is requested. The state's 10% contribution will always be based on the value

of projects submitted by interested applicants each calendar year so the amount will fluctuate, but NDDDES is expecting that the total amount we would request from FEMA to begin the STORM Act State Revolving Fund (SRF) would be \$10,000,000 which equates to a \$1,000,000 state contribution to establish the fund. Additional state contributions in future years will be needed in order to request additional FEMA funding so the STORM Act SRF can grow.

An assumption was made where we would receive FEMA approval for \$10,000,000 of mitigation projects for the 2023-25 biennium. We based our assumptions on the highest reasonable scenario we could identify.

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

Federal FEMA funding will provide 90% cost share for approved projects. The FEMA funding would be received upon project approval, and the funds would then go to pay Bank of North Dakota/Public Finance Authority for loan issuance. The funds would be deposited into a hazard mitigation revolving loan fund which could act as a non-appropriated fund.

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

The expenditure amount includes the 10% state share (\$1,000,000) as well as the 90% federal funds (\$9,000,000) of the projected funding. The executive recommendation includes \$1,000,000 in the Operating budget line of one-time appropriation from the Disaster Relief Fund for the required 10% state match. The state match must be deposited into an interest-bearing account. We would like the 90% federal funds to be deposited into a non-appropriated hazard mitigation revolving loan fund.

No FTE positions are affected.

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please 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.

An appropriation of \$1,000,000 was included as one-time funding from the Disaster Relief Fund in the agency's Operating budget line as part of the executive recommendation. No additional appropriation would be necessary for the \$9,000,000 of federal funds received if the funds were deposited into a non-appropriated hazard mitigation revolving loan fund.

Contact Information

Name: Jennifer Scheet

Agency:

Telephone: 7013332079

Date Prepared: 01/06/2023