

**TESTIMONY OF
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BEFORE THE 68th LEGISLATIVE SESSION
HOUSE GOVERNMENT AND VETERANS AFFAIRS COMMITTEE
JANUARY 12, 2023
IN SUPPORT OF HOUSE BILL 1070**

Chairman Schauer, members of the House Government and Veterans Affairs Committee, my name is Darin Hanson and I'm the Homeland Security Division Director at the Department of Emergency Services (DES) for the State of North Dakota. I am here today to testify in support of House Bill 1070.

As you know, one of NDDDES's roles is to assist local jurisdictions in disaster and emergency response activities. Our agency also administers federal disaster recovery and mitigation programs, which are critical approaches for pursuing our vision for "a safe, secure and resilient North Dakota." The FEMA mitigation programs we administer, include the Hazard Mitigation Grant Program (HMGP), Building Resilient Infrastructure and Communities (BRIC) Program, and the Flood Mitigation Grant Program (FMA). The federal cost share generally is 75 percent while the remaining 25 percent is a state and/or local responsibility.

These programs provide funding for projects that will reduce or permanently eliminate future risk to lives and property caused by natural hazards (floods, storms, tornadoes, etc.). Mitigation projects that have been funded by these programs include home acquisitions from floodways and floodplains, infrastructure protective measures (roads and bridges), storm water management upgrades (culverts, diversions, flap gates, floodgates, detention basins, and other local flood control measures), critical facility generators, and hazard mitigation planning.

When we think of large disasters in our lifetimes, we might think back to the catastrophic floods of 2011 and perceive those events to be well in our rearview mirror. The facts are, however, that we have had another 13 federally declared disaster declarations since then. Further, we know, just from observing our own backyard here in North Dakota, that disasters are increasing in frequency and complexity.

According to PEW Charitable Trusts, there is an average of \$6.54 saved for every \$1 spent on mitigation activities in North Dakota. Using that formula, it is estimated NDDDES hazard mitigation projects have prevented more than \$1.8B in disaster damages since 1997. Knowing this, we believe codifying the Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act into North Dakota Century Code, will increase the availability of mitigation funds to our local, state and tribal partners to protect lives and property from future disasters.

Through the STORM Act, the Federal Emergency Management Agency (FEMA) provides a 90% cost share to interested states to help develop a State Revolving Loan Fund (SRF). Communities can then use the loan fund to carry out new mitigation projects that will help prevent damages from future disaster events that would otherwise impact their jurisdiction. Eligible loan applicants can receive a 1% interest rate loan so they can complete their mitigation projects and pay the loan back over a 20-year period, or up to 30 years for projects benefiting

low-income communities. The initial application process will prioritize applications for projects that increase resilience of natural and built infrastructure.

This bill would codify the STORM Act SRF and approve North Dakota to provide the required 10% match which must be deposited into an interest-bearing account before 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 NDDES is expecting that the total amount we would request from FEMA to begin the STORM Act SRF would be \$10,000,000. That amount would require a \$1,000,000 state contribution to establish the fund. Additionally, since the SRF is a loan fund that can continue to be used in the future for additional mitigation projects, the ND Department of Emergency Services has received recommendations to amend the proposed bill so it can have a continuing appropriation which will ensure the state can continue to use these funds in the future. The proposed amendment to the current bill would add the following sentence to Section 1, line 17: "All monies placed in the fund under this section are appropriated to the department on a continuing basis."

There is currently no authority for this program under North Dakota Century Code (NDCC), however, the STORM Act was created to mirror the Environmental Protection Agency (EPA) Clean Water and Drinking Water SRF Programs, which are currently being utilized by the N.D. Department of Environmental Quality (NDDEQ) and N.D. Public Finance Authority (NDPFA) to fund wastewater and potable water projects, respectively. The SRF created through the STORM Act will function in the same regards as the Clean Water and Drinking Water SRFs, which are both currently codified in NDCC. The Clean Water SRF section is NDCC 61-28.2, and the Drinking Water SRF sections are NDCC 61-28.1-11 and 61-28.1-12.

Ideally, these low-interest loans will be paid off with savings from mitigation efforts, as costly disaster response projects will be less imperative due to the pre-emptive resilience efforts. STORM grants differ from traditional FEMA grants in that they allow local governments to invest in mitigation infrastructure and can reach communities much faster than previous loan programs.

Mr. Chairman, this completes our testimony. I'd like to reemphasize that investments in mitigation helps lower the risk to human life and safety, prevent damages to public and private property, lower the cost of insurance claims and lower the overall cost of disasters to all levels of government. Codifying the STORM Act SRF in North Dakota, ultimately, will bolster our ability to contend with future disasters and emergencies.