

2009 HOUSE APPROPRIATIONS

HB 1503

2009 HOUSE STANDING COMMITTEE MINUTES

HB 1503

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: January 28, 2009

Recorder Job Number: 7358

Committee Clerk Signature

Holly N. Anderson

Minutes:

Chm. Svedjan called the Committee back to order and opened the hearing on HB 1503.

Rep. Berg, District 45 approached the podium and distributed handouts (Attachments A and B). \$45 million has been spent on disasters. Currently in our statute we say that if there is a Presidential Disaster Declaration – a public cost of over \$1 million – the federal government will pay 75 percent. Our historical policy in ND is that the locals would pick up 15 percent and the state of ND would pick up 10 percent. This bill will not change those percentages. This month we are paying the last installment for the loan on the 1997 flood in Grand Forks. Our statute allows the Bank of North Dakota (BND) to loan the money on a deficiency appropriation any time a Presidential Disaster is declared.

This bill would set up a fund and put money in for the state's 10 percent match. We are currently paying interest as well as the principal. We're paying it out of the General Fund every biennium that we can afford to do it. Those dollars compete with dollars for education, human services and other areas within state government. We are not setting up a fund that is separate from what our current obligation is. If we don't set up a fund and we continue to have disasters, we'll still be making these payments out of the General Fund.

This bill is a one-time investment that would prevent having to fund money out of the one-time appropriations. The bill takes the money out of the Permanent Oil Tax Trust Fund which

means it has no fiscal impact on our General Fund for 09-11. It's a one-time expenditure. Our 10 percent is \$44 million. We've spent over \$400 million on disasters over the past ten years. We have floods. We have fires. My concern is that there are many emergency bills floating around that are expanding the definition of emergency and what money would be available for. This is only for Presidential declared disasters and it's only for the ten percent match that the state would do.

Chm. Svedjan: I understand how you got to the \$44 million. That's for five biennia. Should we be looking at an amount that would estimate what we might have in a biennium? (4:32)

Rep. Berg: If interest would build on this fund, in interest we've spent \$4.4 million per year. If that continued to be the case, half of the money could come from interest and half could come from the fund. There's no magic to the \$44 million. The question is whether or not we think it's the right thing to do. Whatever amount we deem appropriate would be the way to do it.

Rep. Onstad: Is it also kind of forward thinking of snowfall and possible flooding in the Red River Valley area that these dollars would be replaced in case of a Presidential Declaration which is a real possibility? (5:40)

Rep. Berg: What haven't we had here in ND? These are things that by statute we have taken an obligation for. Whether we borrow it and pay it from the General Fund later or set it up in a fund it's our same obligation. We're not increasing our state's obligation.

Rep. Wald: Could Political Subdivision access this money? It would be strictly state agencies? (6:33)

Rep. Berg: That's my intention. It's for the 10 percent share of the state's obligation when a Presidential emergency is declared. Historically locals have always picked up that 15 percent.

Rep. Wald: The National Guard helped in the past during heavy snow which benefits individuals. Do you see a conflict? It would go to the National Guard because they have the equipment to do it.

Rep. Berg: I guess the question is whether the National Guard got money or not. This is for public disaster. It's assumed that the private owners have insurance and that would be taken care of.

Chm. Svedjan: the intent of this bill is that it's totally contingent upon a Presidential Emergency Declaration. So any disaster that doesn't meet it, it could not be used for that purpose. (8:02)

Rep. Berg: I've had a lot of disasters in my life that wouldn't qualify.

Rep. Skarphol: What would the Federal Government's view of it would be that we have our own disaster fund? Would that in some way jeopardize the potential for the federal government to give us the revenue? (8:26)

Rep. Berg: I think just the opposite. I think when they are looking at these disasters, if they intend on funding the disaster, they'll know that it will get done.

Rep. Skarphol: How often has the Federal Government not given a state money because there was not a match?

Rep. Berg: I can't speak for any other state but in North Dakota it would never happen. In ND when we are not in session, the money is borrowed from the Bank of North Dakota. When we come back into session we try and figure out how much of that we can pay this biennium, how much we carry over, etc.

Rep. Ekstrom: Having lived with an individual who worked for FEMA, there was a lot of conversation coming down from FEMA in Region 8 in terms of disaster fatigue with the state of ND. There was some conversation at the time, when we were hitting the federal government

so often, of increasing what our match would have to be. It would seem to me that if we had this reserve set aside, they would look long and hard at to what kind of match they are going to ask us to come up with. (9:43)

Rep. Berg: The fatigue is also on the state of ND. The fatigue of finally finishing payment for these loans. I would hope that the match for these Presidential Disasters would be the same in ND as it is in other states.

There was no other testimony on HB 1503.

Chm. Svedjan closed the hearing on HB 1503.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1503

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 02/05/09

Recorder Job Number: 8846

Committee Clerk Signature <i>Lou Engelson</i>

Minutes:

Rep Berg: The amendment was not prepared. Right now if it is a presidential disaster, the feds pay 75%, and then there is a match of 25%. Historically it has been 15% local and 10% state. It's been a 60/40 state/local split. What I wanted to do in this bill is to make sure that it is clear that that is still the split as we move forward so we don't end up with a pot of money that turns into the 25% match for the feds.

2009 HOUSE STANDING COMMITTEE MINUTES

HB 1503

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 11, 2009

Recorder Job Number: 9234

Committee Clerk Signature

Minutes:

Chm. Svedjan turned the Committee's work to HB 1503.

Rep. Berg distributed amendment .0201 (Attachment A).

Rep. Berg: If there's a Presidential Declared Disaster, that means that the damage to the public is over \$1 million. If a disaster is declared then the federal government picks up 75 percent of the cost. Twenty-five percent is picked up by the local (15 percent) and the state (10 percent). We borrow the ten percent from the Bank of North Dakota. The most shocking thing to me is that the overall cost of that has been over \$44 million in the last ten years. Also, in January 2009 we paid the last payment for the Grand Forks flood of 1997. The fundamental problem is that those dollars – the \$44 million – is being made from General Fund spending when we have had the money. This is money that is not spent on other programs. The money will be spent whether it is set aside or not.

Rep. Berg moved amendment .0201. **Rep. Kempenich** seconded the motion.

Rep. Kempenich: Where would this money reside? Would it gain interest somewhere? (2:35)

Rep. Berg: I'm assuming it would be at the Bank of North Dakota.

Rep. Berg: What the amendment does is codify the percentages in the bill. The state's share may not exceed twenty-five percent of the total cost for the individual assistance program and ten percent of the total cost for the public assistance program. Those are the same percentages we have been doing for the last ten years.

Chm. Svedjan: It keeps everything the same.

Rep. Berg: Correct.

Rep. Kerzman: Why wouldn't we use the stabilization fund? I think the idea has merit but I'm wondering why we want to create another fund. (3:36)

Rep. Berg: I'll use the example of what if we have a flood? And what if we have a financial downturn in our economy? The difference between these two is do we want to pay interest on money that we're going to put in by the state and do we want to take ten years or longer to pay for that? Or do we want to set some money aside and when disasters come along, we are going to pay cash for our ten percent? There was a lot of stress over the last ten years over who's paying what and how are they going to pay it. By doing this if you have a disaster, you know what the deal is.

Chm. Svedjan: In partial answer to that question, this is typically not something that the Budget Stabilization Fund would be used for. The way it is right now, the Budget Stabilization Fund would not be accessed for an emergency because they have the borrowing authority from the Bank of North Dakota. I don't see going forward that this would be a legitimate use of the Budget Stabilization Fund either. We could structure it that way I suppose but that is not the way this bill is written. (5:03)

Rep. Berg: We're talking about insurance versus the ongoing budget. It would be like taking money out of our State Insurance Program to fund ongoing . . .

Chm. Svedjan: The \$44 million probably does include the '97 flood. Does that include the interest? I think that's what we're trying to avoid here is the payment of interest on money borrowed to satisfy this myriad of emergencies we've had.

Rep. Berg: That is our payments by the state including interest.

Rep. Kerzman: I see where you're coming from but we have the Common Schools Trust Fund, Oil Resources Trust Fund, Budget Stabilization Fund and it just seems like it's convoluted. (6:57)

Chm. Svedjan: There are lots of funds.

Rep. Wald: This would have no impact on the ending fund balance nor would it have an impact on the General Fund because on Line 10 it says it comes out of the Permanent Oil Tax Trust Fund.(7:17)

Chm. Svedjan: That's correct.

Rep. Kroeber: What would the priority be? Now it's first \$71 or \$110 million – like is in the Governor's budget – that comes out of the revenues first, then we begin to build up the Permanent Oil Tax Trust Fund. It's not a problem now because we have a lot of money in it, but would that be the next \$44 million that would be set aside before you could use any dollars out of the Permanent Oil Tax Trust Fund? (7:29)

Rep. Berg: All we're doing is taking \$44 million one-time and setting this fund up. If you are concerned about revenue being tied up in all these trust funds and not being accessible to spend it would make a lot more sense from my perspective to take care of this ten percent state obligation so it's not funded out of the General Fund, set this fund up separately. If we had this fund ten years ago, our General Fund would have had \$44 million more in it over the last ten years.

Rep. Glassheim: I'm a little concerned about the lump sum. The \$44 million is over ten years. But we're putting ten years away in advance. Why wouldn't we build this fund – which in general is a good idea – a little bit slower? (9:40)

The motion to adopt amendment .0201 to HB 1503 carried by voice vote and the amendment was adopted. (10:42)

Rep. Glassheim moved to further amend by changing \$44 million to \$20 million. Rep. Ekstrom seconded the motion. (11:07)

Rep. Glassheim: I get nervous about locking up too much. We're doing this in a number of instances and we're locking up as much as we can. Also, what happens if the disasters run out? We are going to replenish it if times are bad. It's going to come from the General Fund and it's going to be all at once. It's more cautious to do some of this rather than the full ten years. It's an arbitrary number but it seems to me a reasonable compromise.

Rep. Berg: If we could further amend so this wouldn't apply to anything in Grand Forks County I think we can probably live with \$20 million (laughter). We have no idea if \$20 million is right or if \$40 million or \$60 million. What we know from the past is that it has costs \$4 million per year for the past ten years. Then \$40 million, that would offset this into the future so these federal disasters would never have an impact on our General Fund spending. We could have a \$30 million expense in the next twelve months when you consider potential flooding. Now's the time to be more aggressive with this. I would resist this motion.

Rep. Kaldor: I looked at the schedule that was handed out and you might liken this to a pre-need funeral account (laughter). The real thing that stands out is the major expenditure

happened to be the flood of '97. I think that was a 500-year flood. I'm not sure we need to go ten years. (14:15)

Rep. Kreidt: If we have a number of major catastrophes and all of a sudden the \$44 million is gone, do we go back to the . . . (15:16)

Rep. Berg: If that happens then we borrow the money from the Bank of North Dakota and that would be a bill for the next legislative assembly.

Rep. Nelson: When money is expended out of this fund is it replenished or does it just draw down? (15:43)

Rep. Berg: No. Hopefully with this amount of money, with the interest earned on it, would offset what is taken out over the years. It's not replenished from any other source.

The motion to further amend from \$44 million to \$20 million failed by a voice vote.

Rep. Hawken: I would a roll call vote.

The motion to further amend from \$44 million to \$20 million failed by a roll call vote of 10 yeas, 15 nays and 0 absent and not voting.

Rep. Berg moved a Do Pass as Amended to HB 1503. Rep. Kreidt seconded the motion. The motion carried by a roll call vote of 24 yeas, 1 nay and 0 absent and not voting. Rep. Berg will carry the bill.

VR
2/12/09

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1503

Page 1, line 7, after the underscored period insert "The state share may not exceed twenty-five percent of the total cost for the individual assistance program and ten percent of the total cost for the public assistance program."

Renumber accordingly

Date: 2/11/09
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1503

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 90831.0201

Action Taken Adopt amendment. 0201

Motion Made By Berg Seconded By Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Voice Vote - Carries

Date: 2/11/09
Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1503

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Further amend \$44m. to \$20m.

Motion Made By

Glassheim

Seconded By

Johnson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempenich		✓			
Rep. Skarphol		✓	Rep. Kroeber	✓	
Rep. Wald		✓	Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein		✓			
Rep. Martinson		✓			
Rep. Delzer		✓	Rep. Glassheim	✓	
Rep. Thoreson		✓	Rep. Kaldor	✓	
Rep. Berg		✓	Rep. Meyer	✓	
Rep. Dosch		✓			
Rep. Pollert		✓	Rep. Ekstrom	✓	
Rep. Bellew		✓	Rep. Kerzman	✓	
Rep. Kreidt		✓	Rep. Metcalf	✓	
Rep. Nelson		✓			
Rep. Wieland		✓			

Total (Yes) 10 No 15

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Vote - ?

Date: 2/11/09
Roll Call Vote #: 3

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1503

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do Pass & Amended by 0201

Motion Made By

Bry.

Seconded By

Ruedt

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber	✓	
Rep. Wald	✓		Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson		✓			
Rep. Delzer	✓		Rep. Glassheim	✓	
Rep. Thoreson	✓		Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer	✓	
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom	✓	
Rep. Bellew	✓		Rep. Kerzman	✓	
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 24 No 1

Absent 0

Floor Assignment Bry.

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1503: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (24 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1503 was placed on the Sixth order on the calendar.

Page 1, line 7, after the underscored period insert "The state share may not exceed twenty-five percent of the total cost for the individual assistance program and ten percent of the total cost for the public assistance program."

Renumber accordingly

2009 SENATE APPROPRIATIONS

HB 1503

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1503

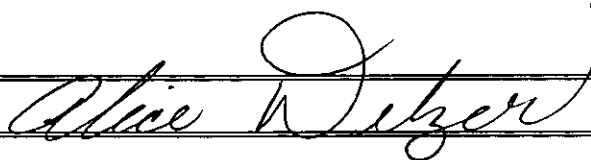
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 03-11-09

Recorder Job Number: 10648

Committee Clerk Signature



Minutes:

Chairman Holmberg called the committee hearing to order at 8:30 am in reference to HB 1503 in regards to state disaster relief fund. Roll call was taken. All committee members were present.

Becky Keller Legislative Audit and Fiscal Review provided written testimony # 1 and spoke about the book on the analysis of the state trust reflecting legislative action through crossover which she handed out to the legislators. Four funds have experienced losses investment losses due to the economy; the bonding fund, the budget stabilization fund, the fire and tornado fund and the veterans (inaudible) fund. Spoke about the state bond fund which is affected when it falls below 2M. In that case premiums must be raised to bring the fund money back up—that has not happened since 1953.

Chairman Holmberg Becky, the subcommittee on the insurance department will be working on that and we will be getting some recommendations on what needs to be done to keep that fund from kicking in the premiums.

Keller The budget stabilization funds market value as of January was 183M, 17M less than the original investment level. The statute is silent as to what is to be done with any potential losses, however OMB anticipates that they will hold the investments until maturity so they will not result in actual losses. The foundation aid stabilization fund's anticipated balance 09-11

begins at 63M and ends at 88M. I think the original estimate was going to be 119M however low oil prices have affected that fund as well. The lands and mineral fund anticipates a transfer of 43.5M due to SB 2013 to general funds. However that has now changed to about 35.5M., we will do this once 2013 is amended to reflect that change. The firm oil tax fund information is on page 20. The new fund we are introducing is the tobacco and control trust fund.

Representative Berg District 45. Explained the bill which solves the long term nagging problem that we have had in the legislature. One of the things we are spending money on is the 1997 flood in GF. Whenever we have a presidential disaster, damage over a million dollars, which this bill is focused on. In a presidential disaster, the feds pay 70% of cost on the conditions that the locals put in 15% and the state puts in 10%. We have allowed the state to borrow the 10% automatically. What has happened is that the BND has fronted that money and we have borrowed to make that match. This leads to us coming back to the legislature every session to discuss it. The Legislative Council (LC) report reflects the last 10 years of what the state of ND has paid which amounts to about 44M dollars. So that means out disasters have cost the state over 440M dollars. The problem is that over the last 10 years we have had to come up with money to cover this 10% and as we are balancing our spending, this is something that we have to also cover. What this bill does is set 44M dollars aside for disasters so that we have money designated to pay it off. If we have to cover a loss in our general fund, the money can be taken out of here as well.

Senator Warner Do you anticipate that this will be a fund that we look at every session as I would assume that it would need replenishing?

Berg This is statute, it is not necessarily something that will go on forever, but I do think that we would come back 2yrs from now and look at it. If you look at the LC sheet, you can see

some of the peaks and valleys when we had expenditures. The important thing is that we set something up so that it doesn't become a burden on our other ongoing general fund expenditures.

V. Chair Bowman The money is coming out of the permanent oil trust fund so what is the difference between appropriating that money during the session and setting it aside with a bill like this? It is still coming out of the permanent oil trust fund. Are you anticipating that the permanent oil trust fund will be broke?

Berg Prior to 2005 we did not have that fund. Again, even though we've had those funds, that is one of the issues this legislature needs to decide. What is the purpose of this fund? I believe it should be for one-time expenditures. I think what this really recognizes is that we are going to have disasters but we will have money set aside so that during the interim we can have access to it. We don't have to pay interest on this money. From my perspective, we have a country that is hit by disasters but this fund would help ease the financial burden.

V. Chair Grindberg Are you comfortable with the criteria on how these disasters are declared? We want to make sure that the same amount of money will be available whether or not this bill goes through.

Berg That is a concern of mine. This is traditionally what we have done. You can see that in lines 7 through 10 if there is an individual assistance program, the state will make up 25%. If it is public assistance, it is 10%. There will be many challenges saying that they want us to pick up more costs. I think it is important to say that this is the history and this is how we have done it. Spoke about disasters under 1M being dealt with in a different manner.

Chairman Holmberg One of the items of hot discussion this discussion is putting a capital fee on the permanent oil trust fund (POTF). Some at least contemplate that the first x% of the moneys of the POTF would be put into a more permanent trust fund. Others suggest that there

is a list of things that we pay out of the trust fund first before we take money and put it into the permanent trust fund. How would this measure work into those various proposals that are still percolating around?

Berg My understanding is that regardless of the proposals that I've seen we are assuming that there is going to be between 300-400M in the POTF. So, 44M would not jeopardize any of those other proposals. The POTF had one major purpose, and it kind of stunned me a little bit that no one looked at the history of it. In the 1980s we were in a crisis for about 6 years, but now that the price of oil is up, we are doing business as usual. In my opinion the reason that is happening is because the POTF takes the money we earn in one biennium and spends it in the next biennium. From my perspective, 80% of the value from the POTF is that we collect the money in one biennium and don't spend it until next biennium. I think the most important thing is that we do not get ahead of ourselves in oil revenue.

Senator Warner The emergency commission meets when we are not in session but they still have to borrow the money from the bank, this money is just for when we are in session? Or, does the budget committee have the authority to do something?

Berg None of these things happen very quickly, the commission meets quarterly. I don't think it needs emergency commission approval, I think the bank can loan them the money. My impression is that if we set this up, when the time is needed for the funds, it will automatically come out of there. I can follow up on that.

Senator Warner On line 5 and 6 it says it needs approval.

Berg I will find that out.

Representative Matt Klein District 40. Spoke in support of the 1503. I think this method would stabilize the system and give it some meaning.

Chairman Holmberg closed the hearing on 1503.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1503

Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: April 6, 2009

Recorder Job Number: 11750

Committee Clerk Signature

Rose Loring

Minutes:

Chairman Holmberg takes money out of the oil trust fund and puts it into a state disaster relief fund.

Senator Wardner moved DO NOT PASS on HB 1503.

Senator Robinson seconded.

A Roll Call vote was taken. Yea: 11 Nay: 2 Absent: 1

Senator Wardner will carry the bill.

Date: 4-6-09
Roll Call Vote #:

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1503

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken ☐ Do Pass ☒ Do Not Pass ☐ Amended

Motion Made By Wardner Seconded By Robinson

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach	<input checked="" type="checkbox"/>		Senator Seymour	<input checked="" type="checkbox"/>	
Senator Fischer	<input checked="" type="checkbox"/>		Senator Lindaas		<input checked="" type="checkbox"/>
Senator Wardner	<input checked="" type="checkbox"/>		Senator Robinson	<input checked="" type="checkbox"/>	
Senator Kilzer	<input checked="" type="checkbox"/>		Senator Warner	<input checked="" type="checkbox"/>	
V. Chair Bowman			Senator Krauter	<input checked="" type="checkbox"/>	
Senator Christmann			Senator Mathern	<input checked="" type="checkbox"/>	
V. Chair Grindberg	<input checked="" type="checkbox"/>				
Chairman Holmberg	<input checked="" type="checkbox"/>				

Total Yes 11 No 2

Absent 1

Floor Assignment Wardner

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
April 6, 2009 3:13 p.m.

Module No: SR-58-6307
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1503, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)
recommends **DO NOT PASS** (11 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed HB 1503 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

HB 1503

North Dakota Disaster Relief Fund

- The State of North Dakota has always met its responsibility for natural disasters. In fact, we allow automatic spending and borrowing, when we have a presidential declared disaster.
- Over the last 10 years we have spent over \$44 million for the state's share of natural disasters.
- This session we are paying the final amount for the 1997 flood in Grand Forks.
- By borrowing the money when needed and paying off the loan when we can, we are wasting millions of dollars on interest that could be spent on other general fund priorities.
- In order for a disaster to meet this standard, the damage to the public infrastructure must be in excess of \$1 million. Then, if the president declares it a disaster the federal government will fund 75% of the cost, if matched. Historically, our standard match has been 15% local government and 10% state government. This bill does not change this matching requirement, but simply sets aside the state's share to meet the match when disaster strikes.
- The bill would shift \$44 million from the Permanente Oil Trust Fund to a disaster relief fund. Therefore, this bill would have no affect on the general fund spending or revenue for the 09-11 biennium. It will, however, reduce the obligation for us to meet future state matches with general fund dollars.
- If our 10% match has been \$44 million, that means we have spent over \$400 million in the last 10 years on natural disasters over \$1 million. Our battles with Mother Nature build character, but they get expensive.
- Passage of this Bill is simply common sense; it is like throwing a shovel, cables and Carhartts in the back of your vehicle in the winter.

LEGISLATIVE APPROPRIATIONS RELATING TO NATURAL DISASTERS

The following schedules summarize legislative appropriations and allocations from the state contingencies appropriation relating to natural disasters for the 1999-2001 through 2007-09 bienniums:

1999-2001 Biennium	
University of North Dakota	
Deficiency appropriation - The 2001 Legislative Assembly provided the university a \$3,385,584 general fund deficiency appropriation for 1997 flood-related expenses.	\$3,385,584
North Dakota State University	
Deficiency appropriation - The 2001 Legislative Assembly provided the university a \$1,609,200 general fund deficiency appropriation for 2000 flood expenditures.	1,609,200
Division of Emergency Management	
Deficiency appropriation - The 2001 Legislative Assembly provided the division a \$14 million general fund deficiency appropriation for paying a Bank of North Dakota loan obtained for matching federal disaster relief funding.	14,000,000
Adjutant General	
State contingencies appropriation allocation relating to firefighting	160,000
Total	\$19,154,784

2001-03 Biennium	
Division of Emergency Management	
State contingencies appropriation allocation relating to grass fires	\$149,479
Adjutant General	
State contingencies appropriation allocations relating to firefighting	106,000
Total	\$255,479

2003-05 Biennium	
University of North Dakota	
Legislative appropriation - The 2003 Legislative Assembly provided funding of \$1,193,146 from the water development trust fund for repayment during the 2003-05 biennium of 2001-03 biennium loans used for the state's matching share of federal flood disaster relief funding.	\$1,193,146
Deficiency appropriation - The 2005 Legislative Assembly provided the university a \$371,000 general fund appropriation for 1997 flood disaster expenditures.	371,000
North Dakota State University	
Legislative appropriation - The 2003 Legislative Assembly provided funding of \$262,928 from the water development trust fund for repayment during the 2003-05 biennium of 2001-03 biennium loans used for the state's matching share of federal flood disaster relief funding.	262,928
Deficiency appropriation - The 2005 Legislative Assembly provided the university a \$1,500,000 general fund appropriation for 2000 flood disaster expenditures.	1,500,000
Division of Emergency Management	
Legislative appropriation - The 2003 Legislative Assembly provided funding of \$437,800 from the general fund to pay for interest costs incurred for the 2003-05 biennium relating to the division's Bank of North Dakota line of credit to pay the state's share of federal disaster relief funding.	437,800
Deficiency appropriation - The 2005 Legislative Assembly provided a 2003-05 deficiency appropriation of \$7,623,514 from the general fund to the department for interagency suppression and support costs incurred on state land related to the Magpie Camp, Whitetail, and Deep Creek fires (\$151,369) and repayment of a loan from the Bank of North Dakota for the state's share of disaster costs (\$7,472,145).	7,623,514
State contingencies appropriation allocation relating to firefighting	91,125
Adjutant General	
State contingencies appropriation allocation relating to active duty missions in Sioux and Grand Forks Counties	10,000
Total	\$11,489,513

2005-07 Biennium	
University of North Dakota Deficiency appropriation - The 2007 Legislative Assembly provided a 2005-07 deficiency appropriation of \$2,069,727 from the general fund for the state's share of expenses resulting from the 1997 flood.	\$2,069,727
North Dakota State University Deficiency appropriation - The 2007 Legislative Assembly provided a 2005-07 deficiency appropriation of \$289,092 from the general fund for the state's share of expenses resulting from the 2000 flood.	289,092
Department of Emergency Services Deficiency appropriation - The 2007 Legislative Assembly provided a 2005-07 deficiency appropriation of \$4.1 million from the general fund to the Adjutant General to repay the Bank of North Dakota for the state's share of disaster costs.	4,100,000
Adjutant General State contingencies appropriation allocation relating to firefighting	19,875
Total	\$6,478,694

2007-09 Biennium	
University of North Dakota Deficiency appropriation - The University of North Dakota is requesting a deficiency appropriation from the 2009 Legislative Assembly in the amount of \$2,858,771 relating to the state's share of expenses resulting from the 1997 flood. This amount is \$1,547,756 more than the amount included in House Bill No. 1023 of \$1,310,955. The university is requesting the increase due to the final settlement with the Federal Emergency Management Agency being reached in November 2008.	\$2,858,771
North Dakota State University Deficiency appropriation - North Dakota State University is requesting a deficiency appropriation from the 2009 Legislative Assembly in the amount of \$527,842 relating to the state's share of expenses resulting from the 2000 flood.	527,842
Adjutant General State contingencies appropriation allocations through June 2008 relating to firefighting, operations support relating to the Northwood tornado, and operational support for the natural gas pipeline break in Mandan	159,677
Deficiency appropriation - The Adjutant General is requesting a deficiency appropriation from the 2009 Legislative Assembly in the amount of \$3,422,553 to repay the Bank of North Dakota for the state's share of federal disaster relief costs.	3,422,553
Total estimate	\$6,968,770

Summary - 1999-2001 Through 2007-09 - Total	
1999-2001	\$19,154,784
2001-03	255,479
2003-05	11,489,513
2005-07	6,478,694
2007-09 estimate	6,968,770
Total	\$44,347,240

Summary - 1999-2001 Through 2007-09 - Agency	
University of North Dakota	\$9,878,228
North Dakota State University	4,189,062
Department of Emergency Services (formerly known as Division of Emergency Management)	26,401,918
Adjutant General	3,878,032
Total	\$44,347,240