

**TESTIMONY OF
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BEFORE THE 69th LEGISLATIVE SESSION
HOUSE GOVERNMENT AND VETERANS AFFAIRS COMMITTEE
JANUARY 10, 2025
IN SUPPORT OF HOUSE BILL 1073**

Chairman Schauer, Vice Chairman Satrom, and members of the House Government and Veterans Affairs Committee, thank you for the opportunity to speak on this important matter today. My name is Darin Hanson and I'm the Homeland Security Division Director for the ND Department of Emergency Services (NDDDES). I am here today to testify in support of House Bill 1073. This bill will create more efficiency within our state's disaster recovery process for federally declared disasters and save state funds that have historically been spent on interest accrued from disaster loans issued by the Bank of North Dakota (BND).

One of the primary roles of NDDDES is to request Presidential Disaster Declarations after our state has been severely impacted by a natural disaster event, and to administer the federal recovery and mitigation programs that are made available after these declarations get approved by the President. Through these programs, the federal government will typically pay for 75% of eligible disaster costs, the state has traditionally paid for 10%, and the impacted local jurisdiction is responsible for the remaining 15%. In order for NDDDES to pay for the state's cost share of a declared disaster, the current process requires the Office of the Adjutant General (OTAG) to apply to the state Emergency Commission and request authority to obtain a loan from BND that will be used to pay for the state's cost share of that disaster event for the rest of the biennium. During the next legislative session, the OTAG is then required to submit a deficiency bill to the state legislature to pay off this BND loan, along with any interest it accrued, utilizing whichever funds the state legislature decides to use, but most commonly it's been the state's Disaster Relief Fund (DRF) or general fund. From that point forward, any remaining state cost shares for that disaster event are paid from the state's DRF until the disaster is officially closed.

The overall intent of this bill is to create legislative authority for the state Emergency Commission so they can approve DRF authority for NDDDES from the start of a declared disaster event so the DRF can be used to pay for the state's cost share of the disaster instead of using a BND loan that needs to be paid off, with interest, during the state's next legislative session. The ability for NDDDES to utilize BND loans would still be available to the Emergency Commission, at the commission's discretion, ensuring the ability to recover from disasters that would exceed the DRF balance. Utilizing the DRF from the beginning of a declared event will not only save time and energy, it will most importantly save state funds.

Over the past several bienniums, NDDDES has accrued nearly \$1 million in interest on BND loans per biennium. Furthermore, disaster events are continuing to happen more often across our entire nation, with the State of North Dakota being approved for 12 federal disaster declarations since the spring of 2019. Every one of these disaster events started with a BND loan that was then paid off during the next legislative session with interest. And lastly, after the state legislature pays off the BND disaster loan, most of the state cost shares for these disaster

events have been paid out of the state DRF anyways. This bill streamlines the entire disaster funding process for NDDES, BND, and our state legislature while also saving taxpayers money.

In conclusion, I'd like to emphasize that the purpose of this bill is to create more efficiency within our current disaster recovery processes and to save state funding that could be put towards other state funded activities or initiatives each biennium.

Mr. Chairman, this completes my testimony. At this time, I would ask that this Committee supports the passage of House Bill 1073 today. Thank you again for the opportunity to be here and for the important work you are all doing. I would be happy to stand for any questions.