

# Legislative Analysis

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## **DISASTER AND EMERGENCY CONTINGENCY FUND: PAYMENTS TO LOCAL UNITS OF GOVERNMENT**

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

### **House Bill 4609**

**Sponsor: Rep. Steve Marino**

**As Passed by the House**

**Complete to 06-02-17**

Analysis available at  
<http://www.legislature.mi.gov>

### **House Bill 4610**

**Sponsor: Rep. Diana Farrington**

**As Passed by the House**

**Complete to 06-02-17**

### ***BRIEF SUMMARY:***

These bills amend the Emergency Management Act, 1976 PA 390.

House Bill 4609 amends section 18 to increase the statutorily required minimum fund balance of the Disaster and Emergency Contingency Fund from \$1.0 million to \$2.5 million.

This bill is tie-barred to House Bill 4610.

House Bill 4610 amends section 19 to increase the cap on disaster assistance grants to local units of government from the Disaster and Emergency Contingency Fund. Currently, these grants are capped at \$100,000 or 10% of the local unit of government's operating budget for the preceding fiscal year. This bill would increase grant caps to a range of \$250,000 to \$1.0 million, dependent upon the local unit of government's total population, or 10% of the local unit of government's operating budget for the preceding fiscal year.

This bill is tie-barred to House Bill 4609.

### ***FISCAL IMPACT:***

Dependent upon appropriations to the Disaster and Emergency Contingency Fund, these bills would have a positive fiscal impact on local units of government responding to a disaster or emergency. See the Fiscal Information section at the end of this analysis for more detail.

### ***THE CONTENT OF THE BILLS:***

House Bill 4609 amends section 18 of the Emergency Management Act, 1976 PA 390, by increasing the minimum balance requirement of the Disaster and Emergency Contingency Fund from \$1.0 million to \$2.5 million.

House Bill 4610 amends section 19 of the Emergency Management Act, 1976 PA 390, by increasing the cap on disaster assistance grants to local units of government from the Disaster and Emergency Contingency Fund. Currently, these grants are capped at \$100,000 or 10% of the local unit of government's operating budget for the preceding fiscal year. This bill would link grant amounts to the local unit of government's population<sup>1</sup> and cap them at:

- \$250,000 if the local unit of government's population is less than 25,000;
- \$500,000 if the local unit of government's population is between 25,000 and 75,000;
- \$1.0 million if the local unit of government's population is greater than 75,000;
- or 10% of the local unit of government's operating budget for the preceding fiscal year, whichever is less.

This bill also specifies that the most recent federal decennial census would be used to determine the population of a local unit of government seeking section 19 assistance from the Disaster and Emergency Contingency Fund.

House Bill 4609 and House Bill 4610 are tie-barred.

#### ***BACKGROUND INFORMATION:***

Pursuant to the Emergency Management Act, 1976 PA 390, local units of government may apply for disaster assistance grants from the Disaster and Emergency Contingency Fund if they are in an area affected by a declared state disaster or emergency and demands on the local unit of government's available resources are "unreasonably great" due to a disaster or emergency.

Funds in the Disaster and Emergency Contingency Fund can be appropriated via administrative transfer in order to quickly respond to a declared state disaster or emergency. Provisions<sup>2</sup> in Part 2, Article XVI of 2016 PA 268 require the State Budget Director to approve expenditures from the Disaster and Emergency Contingency Fund and require the Department of State Police and State Budget Office to notify the Senate and House Standing Committees on Appropriations and the Senate and House Fiscal Agencies of the approval of any expenditures.

Prior to 2011, the Disaster and Emergency Contingency Fund (then known as the Disaster Contingency Fund) was not extensively utilized, as GF/GP appropriations were instead made on a case-by-case basis. 2016 PA 220 increased the statutory cap on the Disaster and Emergency Contingency Fund balance from \$4.5 million<sup>3</sup> to \$10.0 million. Table I details the appropriations to, and expenditures from, the Disaster and Emergency Contingency Fund since 2011.

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<sup>1</sup> Unless otherwise stated, the population of a local unit of government is determined by the most recent decennial census conducted by the U.S. Census Bureau pursuant to MCL 8.3v.

<sup>2</sup> Boilerplate section 703 of the FY 2016-17 Department of State Police budget.

<sup>3</sup> The previous \$4.5 million cap on the Disaster and Emergency Contingency Fund was established by 2013 PA 109.

<b>Table I Disaster and Emergency Contingency Fund Appropriations and Expenditures</b>		
FY 2010-11	2011 PA 83 Calhoun County Storms	\$750,000 (\$250,400)
FY 2013-14	2013 PA 59 Upper Peninsula Deep Freeze NW Lower Peninsula Floods	\$2,000,000 (\$1,767,700) (\$787,200)
FY 2015-16	2015 PA 6 Detroit Region Floods NW Lower Peninsula Storms Legislative Transfer 2015-6	\$3,000,000 (\$51,500) (\$33,900) \$1,000,000
FY 2016-17	2016 PA 268 Detroit Region Floods NW Lower Peninsula Storms Flint Water Emergency Gogebic County Storms	\$10,000,000 (\$108,000) (\$79,000) (\$9,718,300) (\$208,100)
<b>Remaining Balance through April 30, 2017:</b>		<b>\$2,063,900</b>
<i>Notes: Expenditure authorization for FY 2014 emergencies from 2014 PA 356 are incorporated into expenditures detailed above; appropriations and expenditures totals do not include interest earnings or administrative assessments. Sources: House Fiscal Agency Records and the Department of State Police.</i>		

***FISCAL INFORMATION:***

Dependent upon appropriations to the Disaster and Emergency Contingency Fund by the Legislature, these bills would have a positive fiscal impact on some counties or municipalities responding to a declared state disaster or emergency.

Currently, the Emergency Management Act, 1976 PA 390, allows for the payment of assistance grants<sup>4</sup> from the Disaster and Emergency Contingency Fund to counties or municipalities in order to assist with the costs of mitigating the effects of a disaster or emergency. These assistance grants can be up to \$100,000 or 10% of the local unit of government's operating budget for the preceding fiscal year. House Bill 4610 would increase the cap on these assistance grants to 10% of the local unit of government's operating budget for the preceding fiscal year, or a range of \$250,000 to \$1.0 million based upon the local unit of government's total population,<sup>5</sup> whichever is less. The new assistance grant cap range in relation to population would be:

- \$250,000 if the local unit of government's population is less than 25,000;
- \$500,000 if the local unit of government's population is between 25,000 and 75,000;
- or \$1.0 million if the local unit of government's population is greater than 75,000.

<sup>4</sup> There are various requirements that must be met before assistance grants can be issued. See section 19 of 1976 PA 390, MCL 30.419, for additional details.

<sup>5</sup> Unless otherwise stated, the population of a local unit of government is determined by the most recent decennial census conducted by the U.S. Census Bureau pursuant to MCL 8.3v.

The Department of State Police reports<sup>6</sup> that in FY 2015-16, seven local units of government received assistance grants from the Disaster and Emergency Contingency Fund in accordance with section 19 of 1976 PA 390. These include (with grant amount):

- Whitewater Township (\$79,000)
- City of Flint (\$100,000)
- Genesee County (\$100,000)
- City of Burton (\$17,200)
- Gogebic County (\$100,000)
- City of Wakefield (\$100,000)
- Ironwood Township (\$1,200)

In FY 2015-16, four local units of government that received assistance grants were paid the statutory cap of \$100,000. This means that 10% of their preceding fiscal year budgets were greater than \$100,000. Had the provisions of House Bill 4610 been in place in FY 2015-16 each of these local units of government would have been eligible for larger assistance grants, the size of which would depend on their populations, preceding fiscal year budgets, and the costs of mitigating the effects of their disasters or emergencies. Table II details each of these factors for the four local units of government and estimates the size of the assistance grants they would be eligible to receive for similar disasters or emergencies if they had occurred in the next fiscal year.

<b>Table II: Potential Disaster Assistance Grant Amount – FY 2015-16</b>				
	<u>Population</u>	<u>Budget</u>	<u>Cap Triggered</u>	<u>Potential Grant</u>
Gogebic County	16,427	\$40,313,800	<i>Population</i>	<b>\$250,000</b>
City of Wakefield	1,851	\$996,600	<i>10% of Budget</i>	<b>\$99,700</b>
Genesee County	425,790	\$90,704,500	<i>Population</i>	<b>\$1,000,000</b>
City of Flint	102,434	\$160,672,500	<i>Population</i>	<b>\$1,000,000</b>
<i>Sources: Population data were retrieved from the U.S. Census Bureau website: <a href="https://www.census.gov/2010census/popmap/ipmtext.php">https://www.census.gov/2010census/popmap/ipmtext.php</a>. Operating budget data were retrieved from the websites of the local units of government. Due to data availability, the budget information reported represents total revenues for FY 2016-17 except for Gogebic County, which represents total revenues for FY 2015-16.</i>				

Additional information provided by the Department of State Police indicates that had the disaster assistance grant caps proposed in House Bill 4610 been in place in FY 2013-14, sixteen local units of government affected by the spring floods and the Upper Peninsula deep freeze would have received disaster assistance beyond what is currently allowed pursuant to 1976 PA 390. Table III details these differences.

<sup>6</sup> MSP annual Disaster and Emergency Contingency Fund expenditure report:  
[http://www.michigan.gov/documents/msp/FY2016\\_DECF\\_Annual\\_Report\\_544074\\_7.pdf](http://www.michigan.gov/documents/msp/FY2016_DECF_Annual_Report_544074_7.pdf).

**Table III:  
Potential Disaster Assistance Grant Amount – FY 2013-14**

	<u>Population</u>	<u>10% Budget</u>	<u>Eligible Costs</u>	<u>1976 PA 390</u>	<u>HB 4610</u>	<u>Difference</u>
Mt. Pleasant	26,016	\$1,425,520	\$504,568	\$100,000	\$500,000	<b>\$400,000</b>
Isabella County	70,331	\$1,747,914	\$1,177,876	\$100,000	\$500,000	<b>\$400,000</b>
Newaygo County	48,460	\$6,743,909	\$200,151	\$100,000	\$200,151	<b>\$100,151</b>
Osceola County	23,528	\$2,050,345	\$336,362	\$100,000	\$250,000	<b>\$150,000</b>
Roscommon County	24,449	\$837,081	\$165,022	\$100,000	\$165,022	<b>\$65,022</b>
Wexford County	32,735	\$723,329	\$199,623	\$100,000	\$199,623	<b>\$99,623</b>
<b>Disaster Subtotal</b>	--	--	<b>\$2,583,602</b>	<b>\$600,000</b>	<b>\$1,814,796</b>	<b>\$1,214,796</b>
Charlevoix	2,513	\$348,076	\$117,642	\$100,000	\$117,642	<b>\$17,642</b>
Escanaba	12,616	\$2,778,062	\$102,537	\$100,000	\$102,537	<b>\$2,537</b>
Gladstone	4,973	\$463,844	\$105,418	\$100,000	\$105,418	<b>\$5,418</b>
Ironwood	5,387	\$1,332,393	\$101,444	\$100,000	\$101,444	<b>\$1,444</b>
Ishpeming	6,470	\$336,793	\$222,371	\$100,000	\$222,371	<b>\$122,371</b>
Marquette	21,355	\$1,803,454	\$229,231	\$100,000	\$229,231	<b>\$129,231</b>
Negaunee	4,568	\$994,775	\$167,511	\$100,000	\$167,511	<b>\$67,511</b>
St. Ignace	2,452	\$608,628	\$136,353	\$100,000	\$136,353	<b>\$36,353</b>
Marquette Township	3,905	\$362,408	\$113,529	\$100,000	\$113,529	<b>\$13,529</b>
Chippewa County	38,520	\$2,641,382	\$504,050	\$100,000	\$250,000	<b>\$150,000</b>
<b>Disaster Subtotal</b>	--	--	<b>\$1,800,086</b>	<b>\$1,000,000</b>	<b>\$1,546,036</b>	<b>\$546,036</b>

*Source: Department of State Police.*

Fiscal Analyst: Kent Dell

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.