

DISASTER LOAN PROGRAM

2005 GENERAL SESSION

STATE OF UTAH

Sponsor: Ron Bigelow

LONG TITLE

General Description:

This bill establishes a disaster loan program.

Highlighted Provisions:

This bill:

- ▶ authorizes the Division of Emergency Services and Homeland Security to make loans to counties that are affected by disasters;
- ▶ establishes loan requirements; and
- ▶ establishes a mechanism for requesting the loan and for other political subdivisions within the county to participate in the loan program.

Monies Appropriated in this Bill:

This bill appropriates \$25,000,000 from the General Fund to the Division of Emergency Services and Homeland Security for fiscal year 2004-05 only, to fund the loan program.

Other Special Clauses:

This bill provides an immediate effective date.

Utah Code Sections Affected:

ENACTS:

53-2-102.5, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **53-2-102.5** is enacted to read:

53-2-102.5. Loan program for disasters.

(1) The director may make loans to local governments as provided in this section when:

(a) the governor has issued a proclamation declaring a state of emergency because of a natural disaster;

(b) the Legislature has appropriated monies to the division explicitly for that purpose;
and

(c) threats to the public health and safety, or damages to flood control systems or the transportation infrastructure exist.

(2) (a) In order to qualify for loans under this section, the county and each political subdivision within the county shall:

(i) pass a resolution that:

(A) requests a loan;

(B) identifies the loan amount that is requested; and

(C) describes, in as much detail as possible, how the entity will spend the loan proceeds;

and

(ii) complete the application for funds provided by the director.

(b) Each political subdivision other than the county shall submit a copy of its resolution and application to the county legislative body.

(c) The county legislative body shall file with the director:

(i) a letter identifying the total loan amount sought by the county and its political subdivisions; and

(ii) a copy of the county's resolution and application and a copy of the resolution and application of each political subdivision seeking loan funds.

(3) (a) To the extent appropriated funds are available, the director shall prepare a promissory note lending the county the total amount requested by the county for itself and its political subdivisions.

(b) The director shall ensure that the promissory note contains:

(i) an annual percentage rate of 2%;

(ii) a requirement that the principal and interest on the note are due on the May 1 in the calendar year after the year in which the note is signed;

(iii) terms allowing the county to prepay some or all of the note's principal, interest, or both before the date that the note is due;

(iv) terms that require repayment of the principal and interest on the note be made to the General Fund Budget Reserve Account established in Section 63-38-2.5; and

(v) terms that limit the use of note proceeds to the repair and reconstruction of infrastructures owned by local governments located within the county.

(c) After an authorized representative of the county signs the promissory note, the director shall disburse the loan funds to the county.

(4) The county and any participating political subdivision may not use loan proceeds for costs:

(a) that could have been paid from other available funding sources if the county or participating political subdivision had applied for those funds; or

(b) to compensate private businesses or private persons for damages incurred in the disaster by those private businesses or persons.

(5) After receiving the loan proceeds from the state, the county shall, before disbursing loan proceeds to the other county political subdivisions, obtain signed promissory notes from each participating political subdivision that include terms substantially similar to the terms contained in the promissory note signed by the county.

(6) The county shall, on behalf of itself and any participating political subdivision, file a report with the director every three months, that:

(a) specifies each project on which loan funds were expended, classified by the name of the local entity that expended the funds; and

(b) identifies the amount expended for that project.

(7) If the county or one of its participating political subdivisions has not expended or committed the funds by the date that the promissory note is due, the county or participating political subdivision shall return the unused or uncommitted funds to the director for redeposit into the fund.

Section 2. **Appropriation.**

(1) There is appropriated \$25,000,000 from the General Fund, for fiscal year 2004-05 only, to the Division of Emergency Services and Homeland Security for the loan program created by Section 53-2-102.5.

(2) It is the intent of the Legislature that, because of the flooding of the Virgin and Santa Clara rivers in January of 2005, these monies be used for loans to the affected Washington County entities in order to:

- (a) preserve the public health and safety;
- (b) reestablish the tourism industry;
- (c) repair and stabilize flood control and management systems and facilities;
- (d) repair and rebuild the damaged transportation infrastructure; and
- (e) ensure that the state complies with national and state environmental standards.

(3) It is the intent of the Legislature that this \$25,000,000 appropriation is nonlapsing.

Section 3. Effective date.

If approved by two-thirds of all the members elected to each house, this bill takes effect upon approval by the governor, or the day following the constitutional time limit of Utah Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto, the date of veto override.