

STATE DISASTER CONTINGENCY FUNDING

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis Oda

Senate Sponsor: _____

LONG TITLE**General Description:**

This bill creates a State Disaster Contingency Fund to be managed by the Division of Emergency Services and Homeland Security.

Highlighted Provisions:

This bill:

- ▶ provides that all principal and interest paid by local governments that have received a loan under the state loan program for disasters be paid into the State Disaster Contingency Fund;
- ▶ removes provisions permitting additional loans under the state loan program for disasters;
- ▶ establishes the State Disaster Contingency Fund and provides that the fund shall be administered by the Division of Emergency Services and Homeland Security;
- ▶ provides that the fund may be used for:
 - state emergencies and disasters; and
 - loans to counties and municipalities for local emergencies and disasters; and
- ▶ provides the division with rulemaking power to set the terms, conditions, and interest rates for providing loans from the fund to counties and municipalities.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

53-2-102.5, as enacted by Chapter 1, Laws of Utah 2005

53-2-104, as last amended by Chapter 214, Laws of Utah 2005

ENACTS:

53-2-102.7, Utah Code Annotated 1953

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

Section 1. Section **53-2-102.5** is amended 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]~~ State Disaster Contingency Fund created under Section 53-2-102.7; 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]~~

(2) Repayment of the principal and interest on ~~[the]~~ a note issued under this section shall be made to the ~~[General Fund Budget Reserve Account]~~ State Disaster Contingency Fund established ~~[in]~~ under Section ~~[63-38-2.5; and]~~ 53-2-102.7.

~~[(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]~~ (3) A county and any participating political subdivision that has received loan funds under this section 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]~~ (4) A county that has received loan funds under this section, shall, after receiving the loan proceeds from the state, ~~[the county shall;]~~ and 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~~] (5) A county that has received loan funds under this section 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)~~] (6) If the county that has received loan funds under this section, 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]~~ State Disaster Contingency Fund created under Section 53-2-102.7.

Section 2. Section **53-2-102.7** is enacted to read:

53-2-102.7. Establishing the State Disaster Contingency Fund -- Providing for deposits and expenditures from the fund.

(1) There is created a restricted special revenue fund to be known as the State Disaster Contingency Fund.

(2) The fund shall be administered by the Division of Emergency Services and Homeland Security.

(3) The purpose of the fund is to provide:

(a) monies to respond to state of emergencies and disasters; and

(b) loans, in relation to local emergencies and local disasters, to a county or municipality under the conditions, terms, and interest rates established under this part.

(4) The fund shall contain:

(a) all monies appropriated to it by the Legislature; and

(b) all interest and principal paid in association with repayment of a loan made under this section or Section 53-2-102.5.

(5) All interest generated by the State Disaster Contingency Fund shall be deposited into the fund.

(6) Any unallocated balance in the fund at the end of a fiscal year shall be nonlapsing.

(7) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the Division of Emergency Services and Homeland Security shall make rules for the conditions,

terms, and interest rates for loans made from the State Disaster Contingency Fund created under this part.

Section 3. Section **53-2-104** is amended to read:

53-2-104. Division duties -- Powers.

(1) The division shall:

(a) respond to the policies of the governor and the Legislature;

(b) perform functions relating to emergency services and homeland security matters as directed by the commissioner;

(c) prepare, implement, and maintain programs and plans to provide for:

(i) prevention and minimization of injury and damage caused by disasters;

(ii) prompt and effective response to and recovery from disasters;

(iii) identification of areas particularly vulnerable to disasters;

(iv) coordination of hazard mitigation and other preventive and preparedness measures designed to eliminate or reduce disasters;

(v) assistance to local officials, state agencies, and the business and public sectors, in developing emergency action plans;

(vi) coordination of federal, state, and local emergency activities;

(vii) coordination of emergency operations plans with emergency plans of the federal government;

(viii) coordination of search and rescue activities;

(ix) coordination of rapid and efficient communications in times of emergency; and

(x) other measures necessary, incidental, or appropriate to this part; ~~and~~

(d) coordinate with local officials, state agencies, and the business and public sectors in developing, implementing, and maintaining a state energy emergency plan in accordance with Section 53-2-110[-]; and

(e) manage and administer the State Disaster Contingency Fund established under Section 53-2-102.7.

(2) The division may consult with the Legislative Management Committee, the Judicial Council, and legislative and judicial staff offices to assist them in preparing emergency succession plans and procedures under Title 63, Chapter 5b, Emergency Interim Succession Act.

Legislative Review Note

as of 2-6-06 11:50 AM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

Fiscal Note
Bill Number HB0390

State Disaster Contingency Funding*10-Feb-06**2:30 PM*

State Impact

Local government repayments of state loans for disasters would be deposited in the new State Disaster Contingency Fund. Any repayments of outstanding loans would go to the new fund instead of the Budgetary Reserve Account (Rainy Day Fund).

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2008</u>
	<u>Approp.</u>	<u>Approp.</u>	<u>Revenue</u>	<u>Revenue</u>
General Fund Restricted	\$0	\$0	(\$17,400,000)	\$0
Restricted Funds	\$0	\$0	\$17,400,000	\$0
TOTAL	\$0	\$0	\$0	\$0

Individual and Business Impact

No significant fiscal impact.

Office of the Legislative Fiscal Analyst