

**DISASTER RECOVERY FOR LOCAL GOVERNMENTS**

2016 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Curtis Oda**

Senate Sponsor: J. Stuart Adams

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**LONG TITLE**

**Committee Note:**

The Law Enforcement and Criminal Justice Interim Committee recommended this bill.

**General Description:**

This bill modifies the Public Safety Code and the Budgetary Procedures Act to establish a loan program to local government entities for the purpose of providing emergency disaster services.

**Highlighted Provisions:**

This bill:

- ▶ creates the Local Government Emergency Response Loan Fund for the purpose of providing short-term, low-interest loans to local government entities to be used for:
  - costs incurred for providing emergency disaster services; and
  - matching funds required to secure federal funds or grants related to a declared disaster;
- ▶ provides the criteria by which loans from the fund will be awarded;
- ▶ provides rulemaking authority for the Division of Emergency Management to administer the loan program;
- ▶ provides that funds from the State Disaster Recovery Restricted Account may be appropriated to the Local Government Emergency Response Loan Fund; and
- ▶ provides that a specified portion of the General Fund revenue surplus be deposited annually into the Local Government Emergency Response Loan Fund.



28 **Money Appropriated in this Bill:**

29 None

30 **Other Special Clauses:**

31 None

32 **Utah Code Sections Affected:**

33 AMENDS:

34 **53-2a-602**, as last amended by Laws of Utah 2013, Chapter 117 and renumbered and  
35 amended by Laws of Utah 2013, Chapter 295

36 **53-2a-603**, as last amended by Laws of Utah 2013, Chapter 117 and renumbered and  
37 amended by Laws of Utah 2013, Chapter 295

38 **63J-1-314**, as last amended by Laws of Utah 2013, Chapter 295

39 ENACTS:

40 **53-2a-607**, Utah Code Annotated 1953

41 **53-2a-608**, Utah Code Annotated 1953

42 **53-2a-609**, Utah Code Annotated 1953



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

45 Section 1. Section **53-2a-602** is amended to read:

46 **53-2a-602. Definitions.**

47 (1) Unless otherwise defined in this section, the terms [~~defined in Part 1, Emergency~~  
48 ~~Management Act, shall have the same meaning for this part]~~ that are used in this part mean the  
49 same as  $\hat{H}$ → [these] those ← $\hat{H}$  terms are defined in Part 1, Emergency Management Act.

50 (2) As used in this part:

51 (a) "Declared disaster" means one or more events:

52 (i) within the state;

53 (ii) that occur within a limited period of time;

54 (iii) that involve:

55 (A) a significant number of persons being at risk of bodily harm, sickness, or death; or

56 (B) a significant portion of real property at risk of loss;

57 (iv) that are sudden in nature and generally occur less frequently than every three years;

58 and

59 (v) that results in:

60 (A) the president of the United States declaring an emergency or major disaster in the  
61 state;

62 (B) the governor declaring a state of emergency under [~~Title 53, Chapter 2a,~~] Part 2,  
63 Disaster Response and Recovery Act; or

64 (C) the chief executive officer of a local government declaring a local emergency under  
65 [~~Title 53, Chapter 2a,~~] Part 2, Disaster Response and Recovery Act.

66 (b) "Disaster recovery fund" means the State Disaster Recovery Restricted Account  
67 created in Section [53-2a-603](#).

68 (c) "Emergency preparedness" means the following done for the purpose of being  
69 prepared for an emergency as defined by the division by rule made in accordance with Title  
70 63G, Chapter 3, Utah Administrative Rulemaking Act:

71 (i) the purchase of equipment;

72 (ii) the training of personnel; or

73 (iii) the obtaining of a certification.

74 (d) (i) "Emergency disaster services" means the following:

75 (A) evacuation;

76 (B) shelter;

77 (C) medical triage;

78 (D) emergency transportation;

79 (E) repair of infrastructure;

80 (F) safety services, including fencing or roadblocks;

81 (G) sandbagging;

82 (H) debris removal;

83 (I) temporary bridges;

84 (J) procurement and distribution of food, water, or ice;

85 (K) procurement and deployment of generators;

86 (L) rescue or recovery;

87 (M) emergency protective measures; or

88 (N) services similar to those described in Subsections (2)(d)(i)(A) through (M), as  
89 defined by the division by rule, that are generally required in response to a declared disaster.

90 (ii) "Emergency disaster services" does not include:  
91 (A) emergency preparedness; or  
92 (B) notwithstanding whether or not a county participates in the Wildland Fire  
93 Suppression Fund created in Section 65A-8-204, any fire suppression or presuppression costs  
94 that may be paid for from the Wildland Fire Suppression Fund if the county participates in the  
95 Wildland Fire Suppression Fund.

96 (e) "Governing body" means:  
97 (i) for a county, city, or town, the legislative body of the county, city, or town;  
98 (ii) for a local district, the board of trustees of the local district; and  
99 (iii) for a special service district:  
100 (A) the legislative body of the county, city, or town that established the special service  
101 district, if no administrative control board has been appointed under Section 17D-1-301; or  
102 (B) the administrative control board of the special service district, if an administrative  
103 control board has been appointed under Section 17D-1-301.

104 (f) "Local district" [~~has the same meaning as~~] means the same as that term is defined in  
105 Section 17B-1-102.

106 (g) "Local fund" means a local government disaster fund created in accordance with  
107 Section 53-2a-605.

108 (h) "Local government" means:  
109 (i) a county;  
110 (ii) a city or town; or  
111 (iii) a local district or special service district that:  
112 (A) operates a water system;  
113 (B) provides transportation service;  
114 (C) provides, operates, and maintains correctional and rehabilitative facilities and  
115 programs for municipal, state, and other detainees and prisoners;  
116 (D) provides consolidated 911 and emergency dispatch service;  
117 (E) operates an airport; or  
118 (F) operates a sewage system.

119 (i) "Special fund" means a fund other than a general fund of a local government that is  
120 created for a special purpose established under the uniform system of budgeting, accounting,

121 and reporting.

122 (j) "Special service district" [~~has the same meaning as~~] means the same as that term is  
 123 defined in Section [17D-1-102](#).

124 (k) "State's prime interest rate" means the average interest rate paid by the state on  
 125 general obligation bonds issued during the most recent fiscal year in which bonds were sold.

126 Section 2. Section **53-2a-603** is amended to read:

127 **53-2a-603. State Disaster Recovery Restricted Account.**

128 (1) (a) There is created a restricted account in the General Fund known as the "State  
 129 Disaster Recovery Restricted Account."

130 (b) The disaster recovery [~~fund shall consist~~] account consists of:

131 (i) money deposited into the disaster recovery ~~Ĥ→~~ [~~fund~~] account ~~←Ĥ~~ in accordance  
 131a with Section  
 132 [63J-1-314](#);

133 (ii) money appropriated to the disaster recovery ~~Ĥ→~~ [~~fund~~] account ~~←Ĥ~~ by the  
 133a Legislature; and

134 (iii) any other public or private money received by the division that is:

135 (A) given to the division for purposes consistent with this section; and

136 (B) deposited into the disaster recovery ~~Ĥ→~~ [~~fund~~] account ~~←Ĥ~~ at the request of:

137 (I) the division; or

138 (II) the person or entity giving the money.

139 (c) The Division of Finance shall deposit interest or other earnings derived from  
 140 investment of [~~fund~~] account money into the General Fund.

141 (2) Subject to being appropriated by the Legislature, money in the disaster recovery  
 142 [~~fund~~] account may only be expended or committed to be expended as follows:

143 (a) (i) subject to Section [53-2a-606](#), in any fiscal year the division may expend or  
 144 commit to expend an amount that does not exceed \$250,000, in accordance with Section  
 145 [53-2a-604](#), to fund costs to the state of emergency disaster services in response to a declared  
 146 disaster;

147 (ii) subject to Section [53-2a-606](#), in any fiscal year the division may expend or commit  
 148 to expend an amount that exceeds \$250,000, but does not exceed \$1,000,000, in accordance  
 149 with Section [53-2a-604](#), to fund costs to the state of emergency disaster services in response to  
 150 a declared disaster if the division:

151 (A) before making the expenditure or commitment to expend, obtains approval for the

152 expenditure or commitment to expend from the governor;

153 (B) subject to Subsection (5), provides written notice of the expenditure or  
154 commitment to expend to the speaker of the House of Representatives, the president of the  
155 Senate, the Division of Finance, and the Office of the Legislative Fiscal Analyst no later than  
156 72 hours after making the expenditure or commitment to expend; and

157 (C) makes the report required by Subsection 53-2a-606(2);

158 (iii) subject to Section 53-2a-606, in any fiscal year the division may expend or commit  
159 to expend an amount that exceeds \$1,000,000, but does not exceed \$3,000,000, in accordance  
160 with Section 53-2a-604, to fund costs to the state of emergency disaster services in response to  
161 a declared disaster if, before making the expenditure or commitment to expend, the division:

162 (A) obtains approval for the expenditure or commitment to expend from the governor;  
163 and

164 (B) submits the expenditure or commitment to expend to the Executive Appropriations  
165 Committee in accordance with Subsection 53-2a-606(3); and

166 (iv) in any fiscal year the division may expend or commit to expend an amount that  
167 does not exceed \$150,000 to fund expenses incurred by the National Guard if:

168 (A) in accordance with Section 39-1-5, the governor orders into active service the  
169 National Guard in response to a declared disaster; and

170 (B) the money is not used for expenses that qualify for payment as emergency disaster  
171 services; ~~and~~

172 (b) subject to being appropriated by the Legislature, money not described in  
173 Subsections (2)(a)(i), (ii), and (iii) may be expended or committed to be expended to fund costs  
174 to the state directly related to a declared disaster that are not costs related to:

175 (i) emergency disaster services;

176 (ii) emergency preparedness; or

177 (iii) notwithstanding whether a county participates in the Wildland Fire Suppression  
178 Fund created in Section 65A-8-204, any fire suppression or presuppression costs that may be  
179 paid for from the Wildland Fire Suppression Fund if the county participates in the Wildland  
180 Fire Suppression Fund~~[-]; and~~

181 (c) to fund the Local Government Emergency Response Loan Fund created in Section  
182 53-2a-607.

183 (3) The state treasurer shall invest money in the disaster recovery fund according to  
 184 Title 51, Chapter 7, State Money Management Act.

185 (4) (a) Except as provided in Subsections (1) and (2), the money in the disaster  
 186 recovery ~~H→ [fund] account ←H~~ may not be diverted, appropriated, expended, or committed  
 186a to be expended for a  
 187 purpose that is not listed in this section.

188 (b) Notwithstanding Section [63J-1-410](#), the Legislature may not appropriate money  
 189 from the disaster recovery ~~H→ [fund] account ←H~~ to eliminate or otherwise reduce an  
 189a operating deficit if the  
 190 money appropriated from the disaster recovery ~~H→ [fund] account ←H~~ is expended or  
 190a committed to be expended  
 191 for a purpose other than one listed in this section.

192 (c) The Legislature may not amend the purposes for which money in the disaster  
 193 recovery ~~H→ [fund] account ←H~~ may be expended or committed to be expended except  
 193a by the affirmative vote of  
 194 two-thirds of all the members elected to each house.

195 (5) The division:

196 (a) shall provide the notice required by Subsection (2)(a)(ii) using the best available  
 197 method under the circumstances as determined by the division; and

198 (b) may provide the notice required by Subsection (2)(a)(ii) in electronic format.

199 Section 3. Section **53-2a-607** is enacted to read:

200 **53-2a-607. Creation and administration.**

201 (1) (a) There is created an enterprise fund known as the Local Government Emergency  
 202 Response Loan Fund.

203 (b) The division as defined in Section [53-2a-103](#) is the administrator of the fund.

204 (2) The fund consists of:

205 (a) money appropriated to the fund by the Legislature;

206 (b) money received for the repayment of loans made from the fund;

207 (c) interest earned on the fund; and

208 (d) money deposited into the fund in accordance with Section [63J-1-314](#).

209 (3) The money in the fund shall be invested by the state treasurer according to the  
 210 procedures and requirements of Title 51, Chapter 7, State Money Management Act, except that  
 211 all interest or other earnings derived from money in the fund shall be deposited into the fund.

212 (4) Local government entities may apply through the division for a short-term loan  
 213 from the fund for the purposes provided in Section [53-2a-608](#), provided that the local

214 government entity:

215 (a) agrees to the terms of the loan; and

216 (b) is not in default on any other state loans administered by the Division of Finance or  
217 any other state agency.

218 (5) The division may not loan out:

219 (a) more than 50% of the total account balance available at the time that a loan request  
220 is made by a local government entity; or

221 (b) an amount that will leave the fund balance at less than \$10,000,000.

222 Section 4. Section **53-2a-608** is enacted to read:

223 **53-2a-608. Purposes and criteria for loans.**

224 (1) Money in the fund shall be used by the ~~H~~→ [department] division ←~~H~~, as  
224a prioritized by the director,

225 only to:

226 (a) provide loans to local government entities for:

227 (i) the costs incurred by a local government entity for providing emergency disaster  
228 services as defined in Section [53-2a-602](#); or

229 (ii) providing any state or local matching funds to secure federal funds or grants related  
230 to a declared disaster, as defined in Section [53-2a-602](#); ~~H~~→ [and] ←~~H~~

231 (b) pay the Division of Finance for the costs of administering the fund, providing loans,  
232 and obtaining repayments of loans ~~H~~→ [ ] ; and

232a **(c) provide funds to state agencies for the costs of responding to a declared**  
232b **disaster.** ←~~H~~

233 (2) The division shall establish the terms and conditions of the loans and the repayment  
234 schedule consistent with the following criteria:

235 (a) the interest rate charged and the maximum payback period on all loans shall be:

236 (i) the state's prime interest rate at the time of loan closing, plus zero percent, with a  
237 maximum payback period of 10 years if the applicant has reserved an average of 90% to 100%  
238 of the amount authorized in Section [53-2a-605](#) over the previous five fiscal years;

239 (ii) the state's prime interest rate at the time of loan closing, plus 2%, with a maximum  
240 payback period of five years if the applicant has reserved an average of 70% up to 90% of the  
241 amount authorized in Section [53-2a-605](#) over the previous five fiscal years; or

242 (iii) the state's prime interest rate at the time of loan closing, plus 4%, with a maximum  
243 payback period of three years if the applicant has reserved an average of 50% up to 70% of the  
244 amount authorized in Section [53-2a-605](#) over the previous five fiscal years; and

245 (b) the division may not authorize a loan from this fund on any terms or conditions to  
246 local government entities that have reserved an average of less than 50% of the amount  
247 authorized in Section 53-2a-605 over the previous five fiscal years.

248 (3) If the division receives multiple loan applications concurrently, priority shall be  
249 given to applicants based on the extent of their participation in the reserve account authorized  
250 in Section 53-2a-605.

251 Section 5. Section **53-2a-609** is enacted to read:

252 **53-2a-609. Division to make rules to administer the loan program.**

253 In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
254 division shall make rules establishing:

255 (1) form, content, and procedure for loan and grant applications;

256 (2) criteria and procedures for prioritizing loan and grant applications;

257 (3) requirements and procedures for securing loans and grants;

258 (4) procedures for making loans;

259 (5) procedures for administering and ensuring repayment of loans, including late  
260 payment penalties; and

261 (6) procedures for recovering on defaulted loans.

262 Section 6. Section **63J-1-314** is amended to read:

263 **63J-1-314. Deposits related to the Disaster Recovery Funding Act.**

264 (1) As used in this section, "operating deficit" means that, at the end of the fiscal year,  
265 the unassigned fund balance in the General Fund is less than zero.

266 (2) Except as provided under [~~Subsection~~] Subsections (3) and (4), at the end of each  
267 fiscal year, the Division of Finance shall, after the transfer of General Fund revenue surplus has  
268 been made to the Medicaid Growth Reduction and Budget Stabilization Account, as provided  
269 in Section **63J-1-315**, and the General Fund Budget Reserve Account, as provided in Section  
270 **63J-1-312**, transfer an amount into the State Disaster Recovery Restricted Account, created in  
271 Section **53-2a-603**, from the General Fund revenue surplus as defined in Section **63J-1-312**,  
272 calculated by:

273 (a) determining the amount of General Fund revenue surplus after the transfer to the  
274 Medicaid Growth Reduction and Budget Stabilization Account under Section **63J-1-315** and  
275 the General Fund Budget Reserve Account under Section **63J-1-312**;

276 (b) calculating an amount equal to the lesser of:  
277 (i) 25% of the amount determined under Subsection (2)(a); or  
278 (ii) 6% of the total of the General Fund appropriation amount for the fiscal year in  
279 which the surplus occurs; and  
280 (c) adding to the amount calculated under Subsection (2)(b) an amount equal to the  
281 lesser of:  
282 (i) 25% more of the amount described in Subsection (2)(a); or  
283 (ii) the amount necessary to replace, in accordance with this Subsection (2)(c), any  
284 amount appropriated from the State Disaster Recovery Restricted Account within 10 fiscal  
285 years before the fiscal year in which the surplus occurs if:  
286 (A) a surplus exists; and  
287 (B) the Legislature appropriates money from the State Disaster Recovery Restricted  
288 Account that is not replaced by appropriation or as provided in this Subsection (2)(c).  
289 (3) Notwithstanding Subsection (2), if, at the end of a fiscal year, the Division of  
290 Finance determines that an operating deficit exists, the division shall reduce the transfer to the  
291 State Disaster Recovery Restricted Account by the amount necessary to eliminate the operating  
292 deficit.  
293 (4) Notwithstanding Subsection (2):  
294 (a) for the period beginning July 1, 2015, and ending June 30, 2020, the Division of  
295 Finance shall transfer to the Local Government Emergency Response Loan Fund 25% of the  
296 amount to be transferred into the State Disaster Recovery Restricted Account as provided in  
297 Subsection (2)(b); and  
298 (b) on and after July 1, 2020, the Division of Finance shall transfer to the Local  
299 Government Emergency Response Loan Fund 10% of the amount to be transferred into the  
300 State Disaster Recovery Restricted Account as provided in Subsection (2)(b).