

2023 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1070

2023 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Pioneer Room, State Capitol

HB 1070
1/12/2023

Relating to the establishment and administration of a hazard mitigation revolving loan fund.

Meeting called to order by Chairmen Schauer at 9:00 AM.

Chairmen Austen Schauer, Vice Chairmen Bernie Satrom, Reps. Landon Bahl, Claire Cory, Jeff A. Hoverson, Jorin Johnson, Karen Karls, Scott Louser, Carrie McLeod, Karen M. Rohr, Vicky Steiner, Steve Vetter, Mary Schneider. All present.

Discussion Topics:

- State revolving loan fund
- STORM Act
- Risk mitigation
- Proposed Amendment
- Borrowing options
- Communities loan cap

Darin Hanson Homeland Security Division Director ND Department of Emergency Services in support of HB 1070 and proposed amendment #12988 and 12989

Justin Messner, Recovery and Mitigation Chief for the ND Department of Emergency Services spoke in support of HB 1070.

Chairmen Austen Schauer adjourned the meeting at 9:16 AM.

Phillip Jacobs, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Pioneer Room, State Capitol

HB 1070
1/12/2023

Relating to the establishment and administration of a hazard mitigation revolving loan fund.
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Meeting called to order by Chairman Schauer at 3:41 PM.

Chairman Schauer, Vice Chairmen Bernie Satrom, Reps. Landon Bahl, Claire Cory, Jeff A. Hoverson, Jorin Johnson, Karen Karls, Scott Louser, Carrie McLeod, Karen M. Rohr, Vicky Steiner, Steve Vetter, and Mary Schneider. All present

Discussion Topics:

- Committee work
- Proposed amendment 23.8104.01001

Representative Vetter moved to amend HB 1070 with (23.8104.01001) (#12989)

Seconded by Representative Louser.

Roll Call Vote:

Representatives	Vote
Representative Austen Schauer	Y
Representative Bernie Satrom	Y
Representative Landon Bahl	Y
Representative Claire Cory	Y
Representative Jeff A. Hoverson	Y
Representative Jorin Johnson	Y
Representative Karen Karls	Y
Representative Scott Louser	Y
Representative Carrie McLeod	Y
Representative Karen M. Rohr	Y
Representative Mary Schneider	Y
Representative Vicky Steiner	Y
Representative Steve Vetter	Y

Motion carries: 13-0-0.

Representative Louser moved a DO PASS as amended on HB 1070

Seconded by Representative Schneider.

Roll Call Vote:

Representatives	Vote
Representative Austen Schauer	Y
Representative Bernie Satrom	Y
Representative Landon Bahl	Y
Representative Claire Cory	Y
Representative Jeff A. Hoverson	Y
Representative Jorin Johnson	Y
Representative Karen Karls	Y
Representative Scott Louser	Y
Representative Carrie McLeod	Y
Representative Karen M. Rohr	Y
Representative Mary Schneider	Y
Representative Vicky Steiner	Y
Representative Steve Vetter	Y

Motion carries:13-0-0.

Carried by Representative Louser.

Chairman Schauer adjourned the meeting at 3:48 PM.

Phillip Jacobs, Committee Clerk By: Leah Kuball

JA 1/12/23

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1070

Page 1, line 3, after "fund" insert "; and to provide a continuing appropriation"

Page 1, line 7, after "**Establishment**" insert "- **Continuing appropriation**"

Page 1, line 17, after the underscored period insert "All monies placed in the fund under this section are appropriated to the department on a continuing basis."

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1070: Government and Veterans Affairs Committee (Rep. Schauer, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1070 was placed
on the Sixth order on the calendar.

Page 1, line 3, after "fund" insert "; and to provide a continuing appropriation"

Page 1, line 7, after "**Establishment**" insert "**- Continuing appropriation**"

Page 1, line 17, after the underscored period insert "All monies placed in the fund under this section are appropriated to the department on a continuing basis."

Renumber accordingly

2023 HOUSE APPROPRIATIONS

HB 1070

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1070
1/26/2023

Relating to the establishment and administration of a hazard mitigation revolving loan fund; and to provide a continuing appropriation.

8:45 AM Chairman Vigesaa- Meeting was called to order and roll call was taken:

Members present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative J. Stemen and Representative Swiontek.

Members not Present: Representative Hanson

Discussion Topics:

- State Revolving Loan Fund
- STORM Act

Representative Schauer- Introduces HB 1070 (Testimony #17059)

Darin Hanson- Homeland Security Division Director- Answers questions for committee (Testimony #17061)

Chairman Vigesaa Closed the meeting for HB 1070 at 9:10 AM

Risa Berube, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1070
2/8/2023

Relating to the establishment and administration of a hazard mitigation revolving loan fund; and to provide a continuing appropriation.

3:30 PM Chairman Vigesaa- Meeting was called to order and roll call was taken:

Members present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative G. Stemen and Representative Swiontek.

Members not Present- Representative J. Nelson and Representative Strinden

Discussion Topics:

- 1 Million Dollar State Investment
- 9 Million Dollar Federal Investment

Chairman Vigesaa- Reviews the bill and its intent.

Representative Brandenburg- Move for a Do Pass

Representative Mitskog- Seconds the motion.

Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y

Representative Jon O. Nelson	A
Representative Emily O'Brien	N
Representative Brandy Pyle	N
Representative David Richter	N
Representative Mark Sanford	N
Representative Mike Schatz	N
Representative Randy A. Schobinger	N
Representative Greg Stemen	N
Representative Michelle Strinden	A
Representative Steve Swiontek	N

Motion Carries 21-0-2 Representative Louser will carry the bill.

Chairman Vigesaa Closed the meeting for HB 1070 at 3:34 PM

Risa Berube, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1070, as engrossed: Appropriations Committee (Rep. Vigesaa, Chairman)
recommends **DO PASS** (21 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING).
Engrossed HB 1070 was placed on the Eleventh order on the calendar.

2023 SENATE FINANCE AND TAXATION

HB 1070

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1070
3/6/2023

Relating to the establishment and administration of a hazard mitigation revolving loan fund; and to provide a continuing appropriation.

9:30 AM Chairman Kannianen opened hearing.

Senator Present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics:

- Appropriation process
- Hazard types

9:30 AM Darin Hanson, Homeland Security Director at the Department of Emergency, testified in favor. #22078

9:42 AM Bill Wocken, ND League of Cities, testified in favor. #22262

9:44 AM Justin Messner, Recovery and Mitigation Chief ND Department of Emergency Services, answered questions.

9:46 AM Chairman Kannianen adjourned hearing.

Nathan Liesen, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1070
3/6/2023

Relating to the establishment and administration of a hazard mitigation revolving loan fund; and to provide a continuing appropriation.

10:52 AM Chairman Kannianen opens meeting.

Senator Present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics:

- Future expansion
- Committee action

10:56 AM Senator Patten moved DO PASS.

10:56 AM Senator Weber seconded.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motion passed 6-0-0

10:58 AM Senator Patten will carry.

10:59 AM Chairman Kannianen adjourns meeting.

Nathan Liesen, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1070, as engrossed: Finance and Taxation Committee (Sen. Kannianen, Chairman)
recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1070 was placed on the Fourteenth order on the calendar. This bill
does not affect workforce development.

2023 SENATE APPROPRIATIONS

HB 1070

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1070
3/24/2023

A BILL for an Act relating to the establishment and administration of a hazard mitigation revolving loan fund; and to provide a continuing appropriation.

9:57 AM Chairman Bekkedahl opened the hearing on HB 1070.

Members present: Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Schaible, Sorvaag, Vedaa, Rust, and Mathern.

Members absent: Senators Roers and Wanzek

Discussion Topics:

- Hazard mitigation fund
- Department of emergency services
- Safeguarding tomorrow through ongoing risk mitigation act
- Government grant
- Mitigation activity projects
- FEMA funding

9:59 AM Justin Messner, Recovery Chief Department of Emergency Services, introduced the bill, testified in favor, testimony # 26478

10:05 AM Adam Mathiak, Legislative Council, explains an amendment is necessary, amendment LC # 23.8104.02001

10:07 AM Senator Davison moved to adopt an amendment LC #23.8104.02001
Senator Burckhard seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	AB
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	AB

Motion passed 14-0-2

10:09 AM Senator Davison moved DO PASS AS AMENDED.
Senator Burckhard seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	AB
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	AB

Motion passed 14-0-2

Senator Patten will carry the bill.

10:10 AM Chairman Bekkedahl closed the hearing.

Kathleen Hall, Committee Clerk

AR
141
3-27-23

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1070

Page 1, line 3, after "fund" insert "; to amend and reenact subsection 12 of section 54-16-04.1, relating to emergency commission authorizations"

Page 3, after line 18, insert:

"SECTION 2. AMENDMENT. Subsection 12 of section 54-16-04.1 of the North Dakota Century Code is amended and reenacted as follows:

12. Subsections 10 and 11 do not apply to federal highway administration emergency relief funding received by the state or to disaster or emergency recovery funding received by the state pursuant to ~~section 37-17.1-23~~ chapter 37-17.1."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENTS:

This amendment clarifies the Emergency Commission authorization for disaster or emergency recovery funding.

REPORT OF STANDING COMMITTEE

HB 1070, as engrossed: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Engrossed HB 1070 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 3, after "fund" insert "; to amend and reenact subsection 12 of section 54-16-04.1, relating to emergency commission authorizations"

Page 3, after line 18, insert:

"SECTION 2. AMENDMENT. Subsection 12 of section 54-16-04.1 of the North Dakota Century Code is amended and reenacted as follows:

12. Subsections 10 and 11 do not apply to federal highway administration emergency relief funding received by the state or to disaster or emergency recovery funding received by the state pursuant to ~~section 37-17.1-23~~ chapter 37-17.1."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENTS:

This amendment clarifies the Emergency Commission authorization for disaster or emergency recovery funding.

TESTIMONY

HB 1070

**TESTIMONY OF
DARIN T. HANSON
HOMELAND SECURITY DIVISION DIRECTOR
NORTH DAKOTA DEPARTMENT OF EMERGENCY SERVICES
BEFORE THE 68th LEGISLATIVE SESSION
HOUSE GOVERNMENT AND VETERANS AFFAIRS COMMITTEE
JANUARY 12, 2023
IN SUPPORT OF HOUSE BILL 1070**

Chairman Schauer, members of the House Government and Veterans Affairs Committee, my name is Darin Hanson and I'm the Homeland Security Division Director at the Department of Emergency Services (DES) for the State of North Dakota. I am here today to testify in support of House Bill 1070.

As you know, one of NDDDES's roles is to assist local jurisdictions in disaster and emergency response activities. Our agency also administers federal disaster recovery and mitigation programs, which are critical approaches for pursuing our vision for "a safe, secure and resilient North Dakota." The FEMA mitigation programs we administer, include the Hazard Mitigation Grant Program (HMGP), Building Resilient Infrastructure and Communities (BRIC) Program, and the Flood Mitigation Grant Program (FMA). The federal cost share generally is 75 percent while the remaining 25 percent is a state and/or local responsibility.

These programs provide funding for projects that will reduce or permanently eliminate future risk to lives and property caused by natural hazards (floods, storms, tornadoes, etc.). Mitigation projects that have been funded by these programs include home acquisitions from floodways and floodplains, infrastructure protective measures (roads and bridges), storm water management upgrades (culverts, diversions, flap gates, floodgates, detention basins, and other local flood control measures), critical facility generators, and hazard mitigation planning.

When we think of large disasters in our lifetimes, we might think back to the catastrophic floods of 2011 and perceive those events to be well in our rearview mirror. The facts are, however, that we have had another 13 federally declared disaster declarations since then. Further, we know, just from observing our own backyard here in North Dakota, that disasters are increasing in frequency and complexity.

According to PEW Charitable Trusts, there is an average of \$6.54 saved for every \$1 spent on mitigation activities in North Dakota. Using that formula, it is estimated NDDDES hazard mitigation projects have prevented more than \$1.8B in disaster damages since 1997. Knowing this, we believe codifying the Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act into North Dakota Century Code, will increase the availability of mitigation funds to our local, state and tribal partners to protect lives and property from future disasters.

Through the STORM Act, the Federal Emergency Management Agency (FEMA) provides a 90% cost share to interested states to help develop a State Revolving Loan Fund (SRF). Communities can then use the loan fund to carry out new mitigation projects that will help prevent damages from future disaster events that would otherwise impact their jurisdiction. Eligible loan applicants can receive a 1% interest rate loan so they can complete their mitigation projects and pay the loan back over a 20-year period, or up to 30 years for projects benefiting

low-income communities. The initial application process will prioritize applications for projects that increase resilience of natural and built infrastructure.

This bill would codify the STORM Act SRF and approve North Dakota to provide the required 10% match which must be deposited into an interest-bearing account before FEMA will provide their 90% cost share each time funding is requested. The state's 10% contribution will always be based on the value of projects submitted by interested applicants each calendar year so the amount will fluctuate, but NDDDES is expecting that the total amount we would request from FEMA to begin the STORM Act SRF would be \$10,000,000. That amount would require a \$1,000,000 state contribution to establish the fund. Additionally, since the SRF is a loan fund that can continue to be used in the future for additional mitigation projects, the ND Department of Emergency Services has received recommendations to amend the proposed bill so it can have a continuing appropriation which will ensure the state can continue to use these funds in the future. The proposed amendment to the current bill would add the following sentence to Section 1, line 17: "All monies placed in the fund under this section are appropriated to the department on a continuing basis."

There is currently no authority for this program under North Dakota Century Code (NDCC), however, the STORM Act was created to mirror the Environmental Protection Agency (EPA) Clean Water and Drinking Water SRF Programs, which are currently being utilized by the N.D. Department of Environmental Quality (NDDEQ) and N.D. Public Finance Authority (NDPFA) to fund wastewater and potable water projects, respectively. The SRF created through the STORM Act will function in the same regards as the Clean Water and Drinking Water SRFs, which are both currently codified in NDCC. The Clean Water SRF section is NDCC 61-28.2, and the Drinking Water SRF sections are NDCC 61-28.1-11 and 61-28.1-12.

Ideally, these low-interest loans will be paid off with savings from mitigation efforts, as costly disaster response projects will be less imperative due to the pre-emptive resilience efforts. STORM grants differ from traditional FEMA grants in that they allow local governments to invest in mitigation infrastructure and can reach communities much faster than previous loan programs.

Mr. Chairman, this completes our testimony. I'd like to reemphasize that investments in mitigation helps lower the risk to human life and safety, prevent damages to public and private property, lower the cost of insurance claims and lower the overall cost of disasters to all levels of government. Codifying the STORM Act SRF in North Dakota, ultimately, will bolster our ability to contend with future disasters and emergencies.

PROPOSED AMENDMENTS TO HOUSE BILL NO.1070

Page 1, line 7, after “Establishment” insert “- Continuing Appropriation”

Page 2, line 17, after “4869].” insert ”All monies placed in the fund under this section are appropriated to the department on a continuing basis.”

Renumber accordingly

Greetings Mr. Chairman and members of the Appropriations Committee.

My name is Austen Schauer, representing District 13 in West Fargo seeking your approval of **HB 1070**.

HB 1070 passed GVA by a 13-0 vote.

HB 1070 establishes and allows for the administration of a **hazard mitigation state revolving loan fund**.

Communities will use the loan funding to carry out new projects to mitigate against any potential future event deemed as **catastrophic**.

Those eligible for the 1% interest rate loans can complete their mitigation projects and pay the loan back over a 20-year period or 30 years for projects benefiting low-income communities.

Section 1 of **HB 1070** allows for the creation of a hazard mitigation revolving loan fund.

This fund would be administered by the **department of emergency services** in accordance with the Safeguarding Tomorrow through Ongoing Risk Mitigation Act (STORM).

The STORM Act requires the state to provide a **10% match** that must be deposited into an interest-bearing account before **FEMA** will provide its **90%** cost share each time funding is requested.

The state's 10% contribution will be based on the value of projects submitted by applicants each year so the amount will fluctuate.

The North Dakota Dept. of Emergency Services (DES) says the amount it would request from **FEMA** to begin the **State Revolving Fund** would be **\$10 million** which means a **one-million-dollar** State contribution to establish the fund.

Mitigation projects would include home acquisitions from floodways and floodplains, infrastructure protective measures (roads and bridges), storm water management upgrades and other flood control measures.

According to **PEW Charitable Trusts**, North Dakota **DES** hazard mitigation projects have prevented more than **\$1.8 billion damages** since 1997.

Since the Minot flood in 2011, there have been **13** federally declared disaster declarations since then.

In conclusion Mr. Chairman and committee members, the intent of **HB 1170** is to establish a **hazard mitigation revolving loan fund** to help **lower** the risk to human life, **prevent** damage to public and private property and **reduce** the costs of insurance claims to families.

Your **GVA** committee believes this is a good use of North Dakota funds and we hope you agree!

I am open for questions.

**TESTIMONY OF
DARIN T. HANSON
HOMELAND SECURITY DIVISION DIRECTOR
NORTH DAKOTA DEPARTMENT OF EMERGENCY SERVICES
BEFORE THE 68th LEGISLATIVE SESSION
HOUSE GOVERNMENT AND VETERANS AFFAIRS COMMITTEE
JANUARY 12, 2023
IN SUPPORT OF HOUSE BILL 1070**

Chairman Schauer, members of the House Government and Veterans Affairs Committee, my name is Darin Hanson and I'm the Homeland Security Division Director at the Department of Emergency Services (DES) for the State of North Dakota. I am here today to testify in support of House Bill 1070.

As you know, one of NDDDES's roles is to assist local jurisdictions in disaster and emergency response activities. Our agency also administers federal disaster recovery and mitigation programs, which are critical approaches for pursuing our vision for "a safe, secure and resilient North Dakota." The FEMA mitigation programs we administer, include the Hazard Mitigation Grant Program (HMGP), Building Resilient Infrastructure and Communities (BRIC) Program, and the Flood Mitigation Grant Program (FMA). The federal cost share generally is 75 percent while the remaining 25 percent is a state and/or local responsibility.

These programs provide funding for projects that will reduce or permanently eliminate future risk to lives and property caused by natural hazards (floods, storms, tornadoes, etc.). Mitigation projects that have been funded by these programs include home acquisitions from floodways and floodplains, infrastructure protective measures (roads and bridges), storm water management upgrades (culverts, diversions, flap gates, floodgates, detention basins, and other local flood control measures), critical facility generators, and hazard mitigation planning.

When we think of large disasters in our lifetimes, we might think back to the catastrophic floods of 2011 and perceive those events to be well in our rearview mirror. The facts are, however, that we have had another 13 federally declared disaster declarations since then. Further, we know, just from observing our own backyard here in North Dakota, that disasters are increasing in frequency and complexity.

According to PEW Charitable Trusts, there is an average of \$6.54 saved for every \$1 spent on mitigation activities in North Dakota. Using that formula, it is estimated NDDDES hazard mitigation projects have prevented more than \$1.8B in disaster damages since 1997. Knowing this, we believe codifying the Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act into North Dakota Century Code, will increase the availability of mitigation funds to our local, state and tribal partners to protect lives and property from future disasters.

Through the STORM Act, the Federal Emergency Management Agency (FEMA) provides a 90% cost share to interested states to help develop a State Revolving Loan Fund (SRF). Communities can then use the loan fund to carry out new mitigation projects that will help prevent damages from future disaster events that would otherwise impact their jurisdiction. Eligible loan applicants can receive a 1% interest rate loan so they can complete their mitigation projects and pay the loan back over a 20-year period, or up to 30 years for projects benefiting

low-income communities. The initial application process will prioritize applications for projects that increase resilience of natural and built infrastructure.

This bill would codify the STORM Act SRF and approve North Dakota to provide the required 10% match which must be deposited into an interest-bearing account before FEMA will provide their 90% cost share each time funding is requested. The state's 10% contribution will always be based on the value of projects submitted by interested applicants each calendar year so the amount will fluctuate, but NDDES is expecting that the total amount we would request from FEMA to begin the STORM Act SRF would be \$10,000,000. That amount would require a \$1,000,000 state contribution to establish the fund. Additionally, since the SRF is a loan fund that can continue to be used in the future for additional mitigation projects, the ND Department of Emergency Services has received recommendations to amend the proposed bill so it can have a continuing appropriation which will ensure the state can continue to use these funds in the future. The proposed amendment to the current bill would add the following sentence to Section 1, line 17: "All monies placed in the fund under this section are appropriated to the department on a continuing basis."

There is currently no authority for this program under North Dakota Century Code (NDCC), however, the STORM Act was created to mirror the Environmental Protection Agency (EPA) Clean Water and Drinking Water SRF Programs, which are currently being utilized by the N.D. Department of Environmental Quality (NDDEQ) and N.D. Public Finance Authority (NDPFA) to fund wastewater and potable water projects, respectively. The SRF created through the STORM Act will function in the same regards as the Clean Water and Drinking Water SRFs, which are both currently codified in NDCC. The Clean Water SRF section is NDCC 61-28.2, and the Drinking Water SRF sections are NDCC 61-28.1-11 and 61-28.1-12.

Ideally, these low-interest loans will be paid off with savings from mitigation efforts, as costly disaster response projects will be less imperative due to the pre-emptive resilience efforts. STORM grants differ from traditional FEMA grants in that they allow local governments to invest in mitigation infrastructure and can reach communities much faster than previous loan programs.

Mr. Chairman, this completes our testimony. I'd like to reemphasize that investments in mitigation helps lower the risk to human life and safety, prevent damages to public and private property, lower the cost of insurance claims and lower the overall cost of disasters to all levels of government. Codifying the STORM Act SRF in North Dakota, ultimately, will bolster our ability to contend with future disasters and emergencies.

**TESTIMONY OF
DARIN HANSON
HOMELAND SECURITY DIRECTOR
NORTH DAKOTA DEPARTMENT OF EMERGENCY SERVICES
BEFORE THE 68th LEGISLATIVE SESSION
SENATE FINANCE AND TAXATION COMMITTEE
MARCH 6, 2023
IN SUPPORT OF HOUSE BILL 1070**

Chairman Kannianen, members of the Senate Finance and Taxation Committee, my name is Darin Hanson and I'm the Homeland Security Director at the Department of Emergency Services (DES) for the State of North Dakota. I am here today to testify in support of House Bill 1070.

As you know, one of NDDDES's roles is to assist local jurisdictions in disaster and emergency response activities. Our agency also administers federal disaster recovery and mitigation programs, which are critical approaches for pursuing our vision for "a safe, secure and resilient North Dakota." The FEMA mitigation programs we administer, include the Hazard Mitigation Grant Program (HMGP), Building Resilient Infrastructure and Communities (BRIC) Program, and the Flood Mitigation Grant Program (FMA). The federal cost share generally is 75 percent while the remaining 25 percent is a state and/or local responsibility.

These programs provide funding for projects that will reduce or permanently eliminate future risk to lives and property. Home acquisition from floodways and floodplains, infrastructure protective measures (roads and bridges), storm water management (culverts, diversions, flap gates, floodgates, detention basins, and other local flood control measures), and mitigation planning are examples of the many types of qualifying projects available.

When we think of large disasters in our lifetimes, we might think back to the catastrophic floods of 2011 and perceive those events to be well in our rearview mirror. The facts are, however, that we have had another 13 federally-declared disaster declarations since then. Further, we know, just from observing our own backyard here in North Dakota, that disasters are increasing in frequency and complexity.

According to PEW Charitable Trusts, an average of \$6.54 is saved for every \$1 spent on mitigation activities in North Dakota. Using that formula, it is estimated NDDDES hazard mitigation projects have prevented more than \$1B in disaster damages. Knowing this, we believe codifying the Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act into North Dakota Century Code, will increase the availability of mitigation funds to our local, state and tribal partners to protect lives and property from future disasters.

Through the STORM Act (Public Law No: 116-284), the Federal Emergency Management Agency will provide capitalization grants to create state revolving loan funds for mitigation projects to local governments. Communities will use the loan funding to carry out new projects to mitigate against any potential future event deemed by FEMA as "catastrophic," such as storm surges, flooding, earthquakes or wildfires. Through the STORM Act, FEMA can provide a 90% cost share to participating states to develop a State Revolving Loan Fund (SRF) that provides eligible applicants with a 1% interest rate loan so they can complete mitigation projects and pay the loan back over a 20-year period or up to 30 years for projects benefiting low-income

communities. The application process will prioritize applications for projects that increase resilience of natural and built infrastructure.

This bill would codify the STORM Act SRF, and additionally, North Dakota would be required to provide a 10% match deposited into an interest-bearing account before FEMA will provide their 90% cost share each time funding is requested. The state's 10% contribution will always be based on the value of projects submitted by interested applicants each calendar year so the amount will fluctuate, but NDDDES is estimating the total amount we would request from FEMA to begin the STORM Act SRF would be \$10,000,000 in the next biennium. That amount would require a \$1,000,000 state contribution to establish the fund. These estimates are reflected in the fiscal note, and the \$1,000,000 state match is proposed to be drawn from the Disaster Relief Fund (DRF). The authority for the match is included in the Office of the Adjutant General appropriations bill (Senate Bill 2016).

As an example of how the STORM Act could work for North Dakota communities, the City of Fessenden has a \$3 million mitigation project to help stabilize and armor their wastewater lagoon cells that have been deteriorating for decades due to rodent infestation and severe storm events. The lagoon cells have deteriorated to the point that the community is concerned that a large storm event could cause the lagoon walls to fail which would cause the wastewater in the lagoon cells to spill out into the surrounding countryside and cause the city to lose wastewater service to its 451 residents for 30-90 days. By stabilizing the lagoon walls and armoring them, the city can help prevent the lagoon walls from potentially failing and prevent these impacts from occurring for the next 50-100 years.

The City of Fessenden has submitted the above mitigation project under the Building Resilient Infrastructure and Communities (BRIC) Program which is one of the three FEMA mitigation grant programs that our state currently has access to. If this project gets selected, then FEMA will provide the community with a 75% grant so they can complete the project. However, if they are not selected under the BRIC program, then their lagoon cells will remain at risk because the community doesn't have the funding to complete this project without financial assistance. This would be a prime example where the state could use funds from the STORM Act to loan the community the \$3 million they require to stabilize and armor their lagoons, and then the community could pay the loan back at a 1% interest rate over 20 years after the project is completed.

Process wise, if the City of Fessenden was interested in the low-interest loan, the ND Department of Emergency Services (NDDDES) would submit the project to FEMA for potential funding under the STORM Act. If approved by FEMA, NDDDES would then place \$300,000 from our DRF appropriation (which is 10% of the proposed \$3 million project), place that into the interest-bearing account established for the STORM Act, and then FEMA would provide their 90% cost match so the total in the account would equal \$3 million. The \$3 million would then be provided to the community, and once it's completed, they have 20 years to pay the loan back at a 1% interest rate. The full amount they would ultimately pay back after 20 years would be approximately \$3,030,000 which goes back into the revolving loan fund so it can be loaned out to another community for a new mitigation project. Any funds that are repaid into the revolving loan fund stay under the authority of the state so the funds can be reused at our discretion (without going back to FEMA for approval) to help fund additional mitigation projects.

As previously stated, the State of North Dakota has been identified as having a cost savings of \$6.54 per \$1 spent on mitigation. So, if the Fessenden project was completed using STORM act funds, the state would not only end up with additional funds to use on mitigation projects statewide, but also prevent up to \$19,620,000 in potential damages, all with only a \$300,000 investment in state dollars.

There is currently no authority for this program under North Dakota Century Code (NDCC), however, the STORM Act was created to mirror the Environmental Protection Agency (EPA) Clean Water and Drinking Water SRF Programs, which are currently being utilized by the N.D. Department of Environmental Quality (NDDEQ) and N.D. Public Finance Authority (NDPFA) to fund wastewater and potable water projects, respectively. The SRF created through the STORM Act will function in the same regards as the Clean Water and Drinking Water SRFs, which are both currently codified in NDCC. The Clean Water SRF section is NDCC 61-28.2, and the Drinking Water SRF sections are NDCC 61-28.1-11 and 61-28.1-12

Ideally, these low-interest loans will be paid off with savings from mitigation efforts, as costly disaster response projects will be less imperative due to the pre-emptive resilience efforts. STORM grants differ from traditional FEMA grants in that they allow local governments to invest in mitigation infrastructure and can reach communities much faster than previous loan programs.

Mr. Chairman, this completes our testimony. I'd like to reemphasize that investments in mitigation lower risks to human life and safety, prevent damages to public and private property, lower the cost of insurance claims and lower the overall cost of disasters to all levels of government. Codifying the STORM Act SRF in North Dakota, ultimately, will bolster our ability to contend with future disasters and emergencies.

Testimony in Support of House Bill 1070
March 6, 2023
Senate Finance and Taxation Committee
Bill Wocken on behalf of the North Dakota League of Cities

Good Morning, Mr. Chairman and members of the Senate Finance and Taxation Committee. For the record, my name is Bill Wocken, appearing on behalf of the North Dakota League of Cities in support of House Bill 1070.

This bill seeks to establish a hazard mitigation revolving loan fund and make it available to local jurisdictions throughout the state. This would be accomplished by receiving a \$9,000,000 federal grant issued under the Safeguarding Tomorrow through Ongoing Risk Mitigation Act and matching it with \$1,000,000 state funding. The hazard mitigation revolving loan fund would then loan money to local governments.

The loan program would be set up to increase community resiliency, mitigate the effects of disasters and reduce vulnerability to future damages. It could be used to match the local share of FEMA hazard mitigation grants. Any reduction we can effect in loss of life or property damage from a disaster is effort well worth undertaking.

Mr. Chairman and committee members, the best responses to disasters are avoidance and mitigation. Both require pro-active efforts to eliminate as much harm as possible from an adverse event. This program provides loans to local governments, through the state, to be pro-active. The North Dakota League of Cities supports this program and this bill and respectfully requests a Do Pass recommendation from the committee. I will be happy to answer any questions you may have of me.

**TESTIMONY OF
JUSTIN MESSNER
RECOVERY CHIEF
NORTH DAKOTA DEPARTMENT OF EMERGENCY SERVICES
BEFORE THE 68th LEGISLATIVE SESSION
SENATE APPROPRIATIONS COMMITTEE
MARCH 24, 2023
IN SUPPORT OF HOUSE BILL 1070**

Senator Bekkedahl, members of the Senate Appropriations Committee, my name is Justin Messner and I'm the Recovery Chief at the Department of Emergency Services (DES) for the State of North Dakota. I am here today to testify in support of House Bill 1070.

This bill is for capitalization grants through the STORM Act (Public Law No: 116-284), which would be provided by the Federal Emergency Management Agency to create state revolving loan funds for mitigation projects to local governments. Communities will use the loan funding to carry out new projects to mitigate against any potential future event deemed by FEMA as "catastrophic," such as flooding and wildfires. Through the STORM Act, FEMA can provide a 90% cost share to participating states to develop a State Revolving Loan Fund (SRF) that provides eligible applicants with a 1% interest rate loan so they can complete mitigation projects and pay the loan back over a 20-year period or up to 30 years for projects benefiting low-income communities. The application process will prioritize applications for projects that increase resilience of natural and built infrastructure.

Using the STORM Act SRF, North Dakota would be required to provide a 10% match deposited into an interest-bearing account before FEMA will provide their 90% cost share each time funding is requested. The state's 10% contribution will always be based on the value of projects submitted by interested applicants each calendar year so the amount will fluctuate, but NDDDES is estimating the total amount we would request from FEMA to begin the STORM Act SRF would be \$10,000,000 in the next biennium. That amount would require a \$1,000,000 state contribution to establish the fund. These estimates are reflected in the fiscal note, and the \$1,000,000 state match is proposed to be drawn from the Disaster Relief Fund (DRF).

To be clear, the authority for the match is already included in the Office of the Adjutant General appropriations bill (Senate Bill 2016). The appropriation in SB 2016 already provides authority for up to \$1 million from the DRF and the FEMA match would be deposited into the RLF and administered by the Public Finance Authority. This bill would codify the SRF in Century Code. For the purposes of this HB 1070, the only appropriation within this bill is the continuing appropriation recommended by legislative counsel that authorizes the continued use of the funds in the revolving loan fund.

As you know, one of NDDDES's roles is to assist local jurisdictions in disaster and emergency response activities. Our agency also administers federal disaster recovery and mitigation programs, which are critical approaches for pursuing our vision for "a safe, secure and resilient North Dakota." The FEMA mitigation programs we administer, include the Hazard Mitigation Grant Program (HMGP), Building Resilient Infrastructure and Communities (BRIC) Program, and the Flood Mitigation Grant Program (FMA). The federal cost share generally is 75 percent while the remaining 25 percent is a state and/or local responsibility.

These programs provide funding for projects that will reduce or permanently eliminate future risk to lives and property. Home acquisition from floodways and floodplains, infrastructure protective measures (roads and bridges), storm water management (culverts, diversions, flap gates, floodgates, detention basins, and other local flood control measures), and mitigation planning are examples of the many types of qualifying projects available.

When we think of large disasters in our lifetimes, we might think back to the catastrophic floods of 2011 and perceive those events to be well in our rearview mirror. The facts are, however, that we have had another 13 federally-declared disaster declarations since then. Further, we know, just from observing our own backyard here in North Dakota, that disasters are increasing in frequency and complexity.

According to PEW Charitable Trusts, an average of \$6.54 is saved for every \$1 spent on mitigation activities in North Dakota. Using that formula, it is estimated NDDDES hazard mitigation projects have prevented more than \$1B in disaster damages. Knowing this, we believe codifying the Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act into North Dakota Century Code, will increase the availability of mitigation funds to our local, state and tribal partners to protect lives and property from future disasters.

As an example of how the STORM Act could work for North Dakota communities, the City of Fessenden has a \$3 million mitigation project to help stabilize and armor their wastewater lagoon cells that have been deteriorating for decades due to rodent infestation and severe storm events. The lagoon cells have deteriorated to the point that the community is concerned that a large storm event could cause the lagoon walls to fail which would cause the wastewater in the lagoon cells to spill out into the surrounding countryside and cause the city to lose wastewater service to its 451 residents for 30-90 days. By stabilizing the lagoon walls and armoring them, the city can help prevent the lagoon walls from potentially failing and prevent these impacts from occurring for the next 50-100 years.

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