

House Research Act Summary

CHAPTER: 1 (As corrected by Chapter 2) **SESSION:** 2012 First Special Session

TOPIC: Disaster Relief

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Analyst: Kathy Novak Pat Dalton Steve Hinze

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Overview

This chapter provides state assistance to areas of Minnesota affected by natural disasters including areas affected by floods in Presidential Disaster Declaration DR-4069 and northern Minnesota windstorms. Assistance is provided through programs administered by state agencies, funded by appropriations and state bond proceeds and through tax relief and state aid. This chapter is effective August 25, 2012.

Article 1: Flood Disaster Relief

Overview

Article 1 provides state assistance to the 15 counties and three tribes included in Presidential Disaster Declaration DR-4069 for flooding from storms beginning on July 14, 2012. Appropriations in this article are made in relationship to the requirements of chapter 12A, directing state assistance for natural disasters and providing for waivers of specified state statute in designated disaster areas.

Section

- 1** **Disaster relief appropriations summary.** Summarizes the appropriations by department and fund. Provides the following appropriations from named funds: \$67.586 million from the general fund; \$25.701 million from the bond proceeds fund; \$30 million from the state transportation fund; \$14 million from the trunk highway fund; \$35.04 million from the Trunk Highway bond fund; and \$12.671 million in transfers, reductions, and cancellations.
- 2** **Disaster relief appropriations.** States that the appropriations are from the bond proceeds fund or a named fund for assistance in the areas designated in presidential disaster declaration DR-4069 (the 15 counties are listed in the appendix). Most appropriations, except for bond proceeds, in this article are available until June 30, 2015. All appropriations are onetime. Transfers of general fund

appropriations must be consistent with chapter 12A, which requires a transfer of unused funds to meet unmet needs for this disaster.

- 3 Public safety.** Appropriates \$23.69 million in general funds and \$2.3 million in bond funds for 100 percent of the state and local match required for federal publicly owned capital improvement projects, grants for debris removal, and grants and technical assistance for long-term recovery.
- 4 Transportation.** Appropriates \$79 million as follows:
- \$3 million in trunk highway funds for disaster-related operations and maintenance
 - \$11 million in trunk highway funds for planning and delivery of state trunk highway road and bridge costs
 - \$35 million in trunk highway bond funds for state trunk highway road and bridge repair and replacement costs
 - \$30 million in state transportation bonds for road and bridge replacement
- 5 Employment and economic development (DEED).** Appropriates \$15 million from the general fund for the Minnesota Investment Fund (MIF) for grants to local units of government to assist eligible business and other organizations according to criteria and a plan developed by the local government and approved by the commissioner of DEED. Requires a report to the legislature on the criteria and plans before grants can be awarded. Requires all business loan agreements to be executed by December 31, 2013. Appropriations for MIF are available until December 31, 2013.
- 6 Public facilities authority.** Appropriates \$6,000,000 from the bond proceeds fund for grants to local governments for the costs of disaster damage to public infrastructure.
- 7 Housing finance agency (MHFA).** Appropriates \$12.72 million from the general fund. \$12.2 million is for assistance to individuals up to a maximum of \$30,000 per housing structure, which may be increased based on the availability of funds. The remaining appropriation is split between capacity building grants for disaster recovery plans and homeless prevention assistance in counties eligible for federal assistance through the Small Business Administration (see appendix).
- 8 Minnesota historical society.** Appropriates \$250,000 from the general fund for costs related to disaster damage to historic structures or resources.
- 9 Natural resources.** Appropriates \$18.855 million as follows:
- \$6.855 million in bond funds for state facilities damaged by the disaster
 - \$9 million in bond funds and \$1 million in general funds for flood hazard mitigation grants, including acquisition and relocation of damaged or threatened structures and may be used for the required local share of mitigation projects
 - \$2,000,000 from the general fund for debris removal from public waters including sediment removal

Authorizes the extension of existing grant agreements in the disaster area for up to two additional years.

- 10 Board of Water and Soil Resources.** Appropriates \$12.5 million, as follows:
- \$1.5 million in bond funds for Reinvest in Minnesota (RIM) and perpetual easements
 - \$11 million from the general fund for erosion and sediment and water quality control projects with a priority for projects that receive federal funds

These appropriations do not lapse. For projects funded under this article, the board is authorized to

develop alternative standards and procedures.

- 11 Agriculture.** Appropriates \$600,000 from the general fund for disaster assistance for affected agricultural producers.
- 12 Education (MDE).** Appropriates \$761,000 from the general fund as follows:
- \$61,000 for enrollment impact aid distributed at \$5,224 per adjusted pupil lost in fiscal year 2013
 - \$700,000 for disaster facilities grants for eligible school districts for costs not covered by insurance
- 13 Health.** Appropriates \$565,000 from the general fund for public health activities including assessment and evaluation of health concerns and remediation to ensure the maintenance of public health.
- 14 Pollution Control Agency.** Authorizes the use of approximately \$100,000 from the petroleum tank release cleanup fund for eligible costs of remediation or property buy-outs related to petroleum contamination.
- 15 Bond sale expenses.** Appropriates \$101,000 to the commissioner of management and budget for expenses related to selling state bonds authorized in this bill.
- 16 Bond sale authorization.** Authorizes the sale of \$25.701 million of state general obligation bonds for appropriations in this article, \$30 million of state bonds for appropriations from the transportation fund, and \$35.040 million for trunk highway fund bond appropriations in this article.
- 17 Assistance.** Requires DEED assistance to business under chapter 12A and MIF to meet the statutory requirements established in section 21 and to have repayments deposited into a new account, established in section 20, appropriated by the legislature for future disaster assistance.
- 18 Repayments.** Establishes a new requirement in chapter 12A that loan repayments to local governments for business disaster-related assistance through the DEED MIF program must be deposited in the account established in section 20.
- 19 Repayments.** Establishes a new requirement in chapter 12A that loan repayments for MHFA disaster-related assistance are deposited into the agency's statutory disaster relief contingency account.
- 20 Disaster contingency account; repayments.** Creates an account for the deposit of the repayments of loan amounts for MIF disaster assistance that is appropriated in law for future disaster assistance.
- 21 Requirements for assistance.** Establishes statutory requirements for providing disaster related business assistance through appropriations for the Minnesota Investment Fund administered by DEED. The requirements specify eligible and ineligible applicants, activities, and costs. They also specify the application process and contents. Requires recipients of assistance to have claimed all private insurance and used all other sources of assistance provided by a law appropriating money for the business disaster assistance.
- 22-23 Lake Superior Zoo Appropriation Extension.** Extends general fund appropriations for the zoo that were made in 2009 and 2011 until June 30, 2015.
- 24 2012 flood loss; city replacement aid.** Provides additional onetime aid in calendar year 2014 to cities which have a tax base loss of more than 5 percent due to the 2012 floods. (In 2012 and 2013, property taxes are based on property values determined prior to the flooding, and owners of flood-damaged properties are fully or partially compensated through abatement reimbursements and disaster credits in current law.) The aid amount is equal to (1) the net tax capacity reductions due to

flood related reassessments under section 26; multiplied by (2) the payable 2012 city tax rate. The city may choose to spend part of this aid to repair county roads located in the city.

- 25 Disaster area; waiving property tax penalties for business and damaged property.** Allows owners of certain properties affected by the flood to delay paying the second half of their 2012 property taxes, without penalties, until December 28, 2012. Qualifying properties include:
- any commercial-industrial property located in a county that includes an area that qualifies to be designated as a "disaster or emergency area" due to the floods; and
 - any property that suffered damage of 50 percent or more due to the floods.
- In addition, the taxpayer must be unable to make the payment due to circumstances related to the floods, and they must have paid their first half 2012 taxes on time. If the second half payment is not made by December 28, 2012, all regular penalties for late payment are imposed. The taxpayer of a business qualifying under the first criteria must attach a statement to the payment indicating that all the requirements have been met.
- 26 Agricultural homesteads extended.** Allows an agricultural homestead whose owner has abandoned the homestead dwelling located on the property to retain its homestead status for assessment years 2013 and 2014 if:
- (1) the owner abandoned the homestead dwelling due to flood damage;
 - (2) the property is located in a designated disaster or emergency area;
 - (3) the agricultural land and buildings remain under the same ownership for the current assessment as existed for the 2012 assessment year;
 - (4) the owner occupies a dwelling in the state of Minnesota within 50 miles of at least one of the parcels constituting the agricultural homestead; and
 - (5) the owner notifies the county assessor that the relocation is due to the floods, and provides the assessor with such other information as the assessor deems necessary.
- 27 Abatement and credit applications waived.** (a) Requires assessors to reassess all properties in an area that would qualify to be designated as a disaster or emergency area if the designation were to be based solely on damage caused by the floods, irrespective of executive council approval, by October 1, 2012.
- (b) Waives the requirement in general law that taxpayers within designated disaster or emergency areas must apply for property tax credits and/or abatements related to flood damage (thus providing that these benefits are granted automatically). Provides that before December 14, 2012, each county assessor shall notify the taxpayers or owners of the affected parcels.
- 28 Transfers, reductions, cancellations, and bond sale authorizations reduced.** Reduces or cancels 12 previous appropriations.
- Transfers \$450,000 to the general fund from a 2010 disaster appropriation to MHFA
- Reduces by \$1.358 million a 2010 general fund disaster appropriation to DEED
- Reduces by a total of \$700,000 2010 general fund disaster appropriations to MDE:
- \$ 30,000 for enrollment aid
 - \$ 392,000 for facilities aid
 - \$ 2,000 for operating aid

- \$ 276,000 for transportation aid

Reduces by \$103,000 a 2010 general fund disaster appropriation to Health

Cancels transportation disaster related bond appropriations to MnDOT:

- \$1.428 million of a 2007 trunk highway fund bond appropriation
- \$5.680 million of a 2007 state transportation fund appropriation
- \$2.133 million of a 2010 state transportation fund appropriation
- \$819,000 of a 2010 trunk highway fund appropriation

- 29 Budget reserve account; November 2012 forecast.** Sets the required amount of the budget reserve at \$612,236,000 for the purposes of the state general fund forecast in November.
- 30 Budget reserve account; reduction.** Reduces the budget reserve account by \$45,382,000.
- 31 Effective date.** Makes article 1 effective the day following final enactment.

Article 2: Windstorm Disaster Relief

Overview

Article 2 provides state assistance to seven counties and two tribes for disaster relief from the windstorm on or after July 2, 2012.

- 1 Disaster relief appropriation summary.** Summarizes appropriations of \$6.875 million from the general fund and \$994,000 from the bond fund to Public Safety and Natural Resources.
- 2 Appropriations.** Provides that appropriations are from the general fund, unless specified, for disaster relief in Beltrami, Clearwater, Hubbard, Itasca, Koochiching, St. Louis, and Cass Counties, and to the Leech Lake and Bois Forte bands of Ojibwe and are generally available until June 30, 2015.
- 3 Public safety.** Appropriates \$5.8 million from the general fund for reimbursement of eligible costs. These appropriations do not lapse.
- Natural Resources.** Appropriates \$2.069 million of which \$994,000 is bond funds for reforestation and \$1.075 million is general fund for administration of salvage timber sales and to replace revenue lost by DNR.
- 6 Bond sale authorization.** Authorizes the sale of \$994,000 of state general obligation bonds for appropriations in this article.
- 7 Effective date.** Makes article 2 effective the day following final enactment.

Appendix

Counties and Tribe Included in Presidential Declaration of a Major Disaster FEMA-4069-DR

Aitkin	Kandiyohi
Carlton	Lake

Cass	Meeker
Cook	Pine
Crow Wing	Rice
Dakota	Saint Louis
Goodhue	Sibley
Itasca	
Fond du Lac Band of Lake Superior Chippewa	
Grand Portage Band of Lake Superior Chippewa	
Mille Lacs Band of Ojibwe	

Counties and Tribes Eligible for Federal Small Business Administration Assistance

Carlton
Pine
St. Louis
and contiguous counties
Fond du Lac Band of Lake Superior Chippewa