

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1, Second Special Session **DATE:** October 18, 2010
Version: As introduced
Authors: Kath and others
Subject: Disaster relief
Analyst: Kathy Novak
Pat Dalton
Karen Baker
Steve Hinze

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Overview

This bill provides state assistance to areas of Minnesota affected by natural disasters including floods and tornadoes that are included in Presidential Disaster Declaration DR-1941 and DR-1921. Assistance is provided through programs administered by state agencies, funded by appropriations and state bond proceeds and through tax relief and state aid. The bill also makes adjustments to fiscal year 2011 appropriations consistent with the receipt of additional Federal Medical Assistance Percentage (FMAP) funds.

Article 1: Flood Disaster Relief

Overview

Article 1 provides state assistance to the 21 counties included in Presidential Disaster Declaration DR-1941 for flooding from storms beginning on September 22, 2010. Appropriations in this article are made consistent with 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 Appropriations summary.** Summarizes the appropriations by department and fund. Provides the following appropriations from named funds: \$32.5 million from the general fund; \$26.04 million from the bond proceeds fund; \$5 million from the trunk highway fund; \$10 million from the state transportation fund.

- 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-1941 (the 21 counties are listed in the appendix). Except for bond proceeds, appropriations in this article are generally available until June 30, 2013. 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 \$10 million in general funds and \$2 million in bond funds for the state and local match. The bond appropriation is to fund 100 percent of the federal match obligation for publicly owned capital improvement projects.
- 4 Transportation.** Appropriates \$15 million as follows:
- \$5 million in trunk highway funds for disaster-related operations and maintenance
 - \$10 million in transportation funds for local road and bridge costs, including demolition and design
- 5 Employment and economic development.** Appropriates \$10 million from the general fund for the Minnesota Investment Fund 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.
- 6 Public facilities authority.** Appropriates \$500,000 from the bond proceeds fund for grants to local governments for the costs of disaster damage to public infrastructure.
- 7 Housing finance agency.** Appropriates \$4 million from the general fund for assistance to individuals up to a maximum of \$30,000. Assistance is available in counties in which homeowners are eligible for federal Small Business Administration assistance. In addition to the waivers in chapter 12A, also waives the requirement that 50 percent of an appropriated amount must be used for projects that provide financial or in-kind matches to reduce the need for state funded deferred loans or grants. Also waives rules on grants and loans for rental housing assistance.
- 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 \$14 million as follows:
- \$2.5 million in bond funds for state facilities damaged by the disaster
 - \$10 million in bond funds for flood hazard mitigation grants and makes all of the areas in the DR-1941 eligible for appropriations made in 2009
 - \$500,000 from the general fund for debris removal from public waters and for flood warning gauges
 - \$1 million in bond funds for cost sharing of the renovation or removal of publicly owned dams

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 \$13 million, as follows:

- \$10 million in bond funds for Reinvest in Minnesota (RIM), with 10 percent allowed for capital costs of implementation
- \$3 million from the general fund for erosion and sediment control projects

Extends, until June 30, 2013, all appropriations made in 2009 from the clean water fund for the disaster area, and authorizes the extension of the associated grant agreements for one year.

Requires testimony, in cooperation with DNR, to the legislature by March 1, 2011, on floods that were part of a presidential disaster declaration and the likelihood of future floods, with identification of causes and prevention measures.

11 Agriculture. Appropriates \$4 million from the general fund for disaster assistance for affected agricultural producers.

12 Education. Appropriates \$523,000, from the general fund as follows:

- \$30,000 for enrollment impact aid distributed at \$5,924 per pupil lost in average daily membership during the current school year
- \$486,000 for disaster facilities grants for eligible school districts for costs not covered by insurance
- \$2,000 for disaster relief operating grants for eligible costs not covered by insurance or FEMA payments
- \$5,000 for pupil transportation aid for disaster-related increases in transportation costs

13 Health. Appropriates \$250,000 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 the petroleum tank release cleanup fund in an amount estimated to be \$400,000, for eligible costs of remediation or property buy-outs related to petroleum contamination.

15 Bond sale expenses. Appropriates \$40,000 to Minnesota Management and Budget (MMB) for the costs of selling bonds.

16 State road construction. Exempts expenditures on disaster-damaged infrastructure from the priority requirements for the expenditures of state road construction appropriations made in 2008.

17 Bond sale authorization. Authorizes the sale of \$26,040,000 of state general obligation bonds for appropriations in this article and \$10 million of state bonds for appropriations

from the transportation fund in this article.

- 18 2010 flood loss; city replacement aid.** Provides additional one-time aid in calendar year 2012 to cities which have a tax base loss of more than 5 percent due to the 2010 floods. In 2010 and 2011, revenue losses due to flood damaged property are compensated through abatement reimbursements and disaster credits already in law. The aid amount is equal to (1) net tax capacity reductions due to the flood related reassessments under section 21; multiplied by (2) its payable 2010 city tax rate. The city may choose to spend part of this aid to repair county roads located in the city.
- 19 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 2010 property taxes, without penalties, until December 30, 2010. 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 2010 taxes on time. If the second half payment is not made by December 30, 2010, 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.

- 20 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 2011 and 2012 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 2010 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.
- 21 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 November 1, 2010.
- (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 30, 2010, each county assessor shall notify the taxpayers or owners of the affected parcels.

- 22** **Effective date.** Makes article 1 effective the day following final enactment.

Article 2: Wadena Tornado

Overview

Article 2 provides state assistance to the counties included in Presidential Disaster Declaration DR-1921 for storms, tornadoes, and flooding beginning June 17, 2010.

- 1** **Appropriations summary.** Summarizes the appropriations by department and fund. Appropriates \$5.893 million from the general fund and \$750,000 from the bond proceeds fund.
- 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-1921 (the eligible counties are listed in the appendix). Except for bond proceeds, appropriations in this article are generally available until June 30, 2013. All appropriations are onetime.
- 3** **Public safety.** Appropriates \$5.2 million from the general fund for the state and local match for federal assistance.
- 4** **Employment and economic development.** Appropriates \$750,000 in bond funds for a grant to Wadena for the predesign and design of a replacement of public facilities destroyed by the June 17 tornado.
- 5** **Education.** Appropriates \$693,000 from the general fund as follows:
- \$314,000 for disaster relief operating grants for eligible costs not covered by insurance or FEMA payments
 - \$379,000 for pupil transportation aid for disaster-related increases in transportation costs
- 6** **Bond sale authorization.** Authorizes the sale of \$750,000 of state general obligation bonds for appropriations in this article.
- 7** **Effective date.** Makes article 2 effective the day following final enactment.

Article 3: Cash Flow and Budget Reserve

Overview

This article reduces certain appropriations for human services programs consistent with the continuation of enhanced FMAP funds and authorizes the carry forward of a budget surplus at the end of the biennium to the general fund, consistent with enhanced FMAP requirements. It also provides for funding the general fund appropriations in articles 1 and 2 with a transfer from the cash flow account if an unallotment is made in fiscal year 2011.

- 1 **Health and human services appropriations.** Adjusts appropriations made for fiscal year 2011, consistent with the receipt of enhanced FMAP funds. Provides that these adjustments to health and human services appropriations made in 2009 and 2010 are effective the day following final enactment unless otherwise specified.
- 2 **Human services.** Reduces general fund appropriations for fiscal year 2011 by \$230.91 million and health care access fund appropriations by \$6.073 million. Specifies the amount of reduction for the following: MinnesotaCare Grants, Medical Assistance Basic Health Care Grants – Families and Children, Medical Assistance Basic Health Care Grants – Elderly and Disabled, Medical Assistance – Long-Term Care Facilities Grants, Medical Assistance Grants – Long-Term Care Waivers and Home Care Grants, and Chemical Dependency Entitlement Grants.
- 3 **Contingency reduction; cash flow account.** Provides that if an unallotment occurs in fiscal year 2011, the amount of the unallotment is reduced by the amount of general fund appropriations in articles 1 and 2. An amount equal to the general fund appropriations in articles 1 and 2 must be transferred from the cash flow account to the general fund.
- 4 **Balance carried forward.** Requires any positive unrestricted general fund balance at the end of the current biennium to be carried forward in the general fund to fiscal year 2011. Current law requires an unrestricted balance to first be used to fund the cash flow account at \$350 million. Carry forward to the general fund is consistent with the regulations for receiving FMAP funds.
- 5 **Repealer.** Repeals contingent appropriations to the Department of Human Services made in 2010 that were effective if congress enacted an extension of the enhanced FMAP. The repealed appropriations are replaced with section 2 appropriation reductions.
- 6 **Effective date.** Article 3 is effective the day following final enactment.

Appendix

Counties included in Presidential Declaration of a Major Disaster FEMA-1921-DR

- | | | |
|--------------|--------------|----------|
| • Blue Earth | • Kittson | • Sibley |
| • Brown | • Nicollet | • Steele |
| • Faribault | • Olmsted | • Wadena |
| • Freeborn | • Otter Tail | |
| • Houston | • Polk | |

Counties included in Presidential Declaration of a Major Disaster FEMA-1941-DR

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|--------------|-------------|------------|
| • Blue Earth | • Lincoln | • Rice |
| • Cottonwood | • Lyon | • Rock |
| • Dodge | • Martin | • Steele |
| • Faribault | • Mower | • Wabasha |
| • Freeborn | • Murray | • Waseca |
| • Goodhue | • Olmsted | • Watonwan |
| • Jackson | • Pipestone | • Winona |