

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 19A

Hurricane-Relief Funding

**SPONSOR(S):** Waters

**TIED BILLS:**

**IDEN./SIM. BILLS:** SB 20A

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Transportation &amp; Economic Development Appropriations Committee</u>	<u>13 Y, 1 N</u>	<u>Jones Darity</u>	<u>Gordon</u>
2) <u>Fiscal Council</u>	<u></u>	<u>Jones Darity</u>	<u>Kelly</u>
3) <u></u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

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### SUMMARY ANALYSIS

This bill addresses the financial impact of Tropical Storm Bonnie and Hurricanes Charley, Frances, Ivan and Jeanne on the state of Florida, specifically Federal Emergency Management Agency (FEMA) programs administered by the Department of Community Affairs (DCA).

The bill amends s. 252.37, F.S., to clarify the state and local matching requirements for federal emergency assistance provided by the federal Public Assistance Grant Program and the federal Hazard Mitigation Assistance Grant Program.

The bill also provides the following nonrecurring appropriations for fiscal year 2004-2005:

- \$55,722,888 from the General Revenue Fund to the DCA to meet the state's match requirement for assistance under the federal Individuals & Households, Other Needs Assistance Program.
- \$578,193,040 from trust funds to expend federal funds to provide supplemental federal disaster grant assistance to eligible recipients.
- \$35,526,935 from the General Revenue Fund to the DCA to meet the state's match requirement for assistance under the federal Public Assistance Grant Program.
- \$305,405 from the General Revenue Fund to the DCA to meet the state's match requirement for assistance under the federal Hazard Mitigation Assistance Grant Program.
- \$916,214 from trust funds to the DCA to expend federal funds to administer the federal Hazard Mitigation Grant Program.

The bill exempts the appropriations in this bill from the required 14-day notice for interim budget actions, but requires the Governor to notify the chair and vice chair of the Legislative Budget Commission of the allocations and appropriation categories at least three working days prior to the effective date of the allocation.

This bill takes effect upon becoming law.

**This document does not reflect the intent or official position of the bill sponsor or House of Representatives.**

**STORAGE NAME:** h0019Ac.FC.doc

**DATE:** 12/14/2004

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |                              |                             |   |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government?                | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes?                      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom?        | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families?                 | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

NOTE: The Speaker of the House has adopted new House Principles to guide members in evaluating legislation during the 2004-2006 Legislature. These principles are:

Provide limited government,  
Ensure lower taxes,  
Safeguard individual liberty,  
Promote personal responsibility,  
Empower families, and  
Maintain public security.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Background**

In 2004, Hurricanes Charley, Frances, Ivan and Jeanne struck Florida, causing significant damage across every region of the state. Estimates of the combined insured and uninsured losses within the state total \$40 billion. In addition, it is estimated that more than one in every five Florida homes has been damaged by these storms. The number of insurance claims this season is expected to hit two million, far surpassing the 700,000 claims filed after Hurricane Andrew. Each of the 2004 storm is described below:

Tropical Storm Bonnie made landfall on August 12, 2004 near the mouth of the Aucilla River with 40 mph sustained winds. The greatest impact from this storm was tornadoes in the Jacksonville Area.

Hurricane Charley made landfall on August 13, 2004 at Cayo Costa and Gasparilla Island at the entrance of Charlotte Harbor as a Category 4 hurricane (145 mph sustained winds). The greatest impact from Hurricane Charley was a 10-mile wide swath of destruction from Charlotte and Lee counties northeastward through Volusia and Flagler counties.

Hurricane Frances made landfall on September 5, 2004 at Sewall's Point just east of Stuart in Martin County as a Category 2 hurricane (105 mph sustained winds). The greatest impact was the Hurricane force winds that extended outwards 85 miles from Frances' 50-mile wide eye. Rainfall over a widespread region in the peninsula resulted in significant flooding.

Hurricane Ivan made landfall on September 16, 2004 just west of Gulf Shores in Baldwin County, Alabama as a strong Category 3 hurricane (130 mph sustained winds). The greatest impact was storm surge and waves that devastated barrier islands of the western panhandle and Baldwin County. Almost 30 tornadoes touched down in the Panhandle, Big Bend, and South Georgia.

Hurricane Jeanne made landfall on September 25, 2004 near Sewall's Point on the southern end of Hutchinson Island in Martin County as a Category 3 hurricane (120 mph sustained winds). Moderate wind damage and flooding were the main impacts to areas already damaged by Hurricane Frances.

As of December 10, 2004, FEMA reported that individual financial assistance to the victims of Hurricanes Charley, Frances, Ivan and Jeanne totaled \$987.8 million. Rental assistance to 133,092 applicants totaled \$164.0 million. FEMA has inspected 770,643 damaged homes and placed 11,135 dislocated families in 10,080 travel trailers and 914 manufactured homes. The Small Business Administration has approved \$743.13 million in low-interest loans for home and business repair. There have been over 2,452 requests from local governments for public assistance for debris clean-up, with \$181.57 million obligated. Finally, the 50 FEMA disaster recovery centers across the state have provided information on assistance programs to 428,707 storm victims.

In the event of a major disaster or emergency in this state, Florida's county governments generally provide the initial response and assistance. However, when an emergency or a disaster situation is greater than the response capabilities of local governments, the Department of Community Affairs, Division of Emergency Management is the state agency that local governments contact to begin the process of securing supplemental state and federal disaster assistance.

### **An Overview of the Disaster Assistance Process**

**Initial Response and Declaration of Emergency** - Immediately following a disaster, an initial damage assessment is performed by the local jurisdiction to assess the impacts of the disaster. This assessment provides a rough estimate of the type and the extent of damages, including probable costs. Often this will require the coordination of the various municipal governments who will also perform their own damage assessments. When the information has been collected, it is transmitted to the Division of Emergency Management. Local jurisdictions have the authority to declare, by resolution, a local "state of emergency" pursuant to s. 252.38, F.S. The enactment of such a declaration enables counties to request state assistance, if needed; invoke emergency related mutual-aid assistance; and waive the procedures and formalities otherwise required of the political subdivision by law, to respond to the emergency.

If a county determines the emergency or disaster is beyond its ability to effectively respond, a state of emergency can be declared by the Governor through an executive order or proclamation. The declaration of a state of emergency by the Governor serves to: (1) activate the emergency response, recovery and mitigation phases of the state and local emergency management plans; and (2) provide authority for the mobilization and deployment of all resources to which the plans refer, pursuant to ss. 252.31-252.60, F.S., or any other provision of law relating to emergencies. Once the state has received the preliminary incident damage assessment and data information, the state and the Federal Emergency Management Agency (FEMA) initiate a joint damage assessment with the affected county government.

When state and local resources are inadequate to effectively respond to an emergency or major disaster, Public Law 100-707, allows for federal assistance through a Presidential Disaster Declaration. The Governor requests this assistance if the situation meets the criteria for a declaration. The Governor submits a written request to the President through FEMA. If FEMA develops information to supplement the Governor's request, this is sent to the President who determines the final disposition.

**Damage Assessment Process** - In the aftermath of a disaster, public, private non-profit and individual damage assessments are performed. Each type of assessment is designed to quantify the eligible amounts of damages a community incurred. "Public" damages can include any damage incurred by a structure or facility that is owned by a public or private non-profit entity. Eligibility for assistance is limited to the following seven categories:

- Category A - Debris Clearance - This category includes all storm-induced debris on non-federal public roads, including the right-of-way, non-federal public waterways, other public property, and private property when undertaken by local government forces.
- Category B - Emergency Protective Measures - This category addresses the need to provide appropriate emergency measures designed to protect life, safety, property, and health.
- Category C - Road System - This category addresses damages to non-federal roads, bridges, streets, culverts, and traffic control devices.
- Category D - Water Control Facilities - Eligible damages under this category include costs to repair or replace dikes, dams, drainage channels, irrigation works, and levees.
- Category E - Building and Equipment - Eligible damages under this category include costs to repair public buildings and equipment, supplies/inventories that were damaged and transportation systems such as public transit systems.
- Category F - Public Utility Systems - Under this category, assistance is available for damaged water systems, landfills, sanitary sewerage systems, storm drainage systems, and light/power facilities.
- Category G - Other - This category includes park and recreational facilities, or any other public facility damages that do not reasonably fit in one of the other six categories.

The “individual damage” assessment determines the extent to which individuals and private businesses have been impacted by the disaster. There are two basic categories for individual damage:

- Damage to Homes - A person whose residence has been damaged due to a disaster may qualify for various forms of disaster assistance. When damage assessors go into the field, they estimate the degree of damage to the home, evaluate the victim's insurance coverage, estimate the victim's income, and determine the habitability and type of the victim's home.
- Damage to Businesses - Privately owned businesses that were damaged or destroyed by the disaster can qualify for individual assistance programs. The same procedures used to assess damages to homes are used to quantify business damages; as well as determine the impact those damages will have on the community.

## **Federal Disaster Assistance Programs**

Following the assessment of public and individual damages, and the issuance of a Presidential Disaster Declaration, a variety of federal programs are available to assist public and private entities. The following is a brief explanation of key federal disaster assistance programs.

*Public Assistance Program* – This program provides supplemental federal disaster grant assistance for the repair, replacement, or restoration of disaster-damaged, publicly owned facilities and the facilities of certain private non-profit organizations. The federal share of assistance is not less than 75 percent of the eligible cost for emergency measures and permanent restoration. The state determines how the non-federal share (up to 25 percent) is split with the applicants. To be eligible, the work must be required as the result of the disaster, be located within the designated disaster area, and be the legal responsibility of an eligible applicant. Work that is eligible for supplemental federal disaster grant assistance is classified as either emergency work or permanent work. Emergency work includes efforts to save lives, protect property, and maintain operation of essential facilities during the first six months following a disaster. Permanent work involves actions necessary to repair, restore, reconstruct or replace public, and certain private non-profit facilities damaged or destroyed by the disaster for a period of 18 months.

*Other Needs Assistance Program* – This program provides grants to help individuals and families meet serious needs and necessary expenses that are not covered by other government assistance programs, insurance, or other conventional forms of assistance. Seventy five percent of the costs are funded by FEMA and 25 percent by the state and/or local government. At present, grant amounts can be made up to \$5,800. Financial aid can be provided under the following categories:

- Medical expenses;
- Transportation costs; and
- Replacement of essential property.

*Hazard Mitigation Grant Program* – This program allows an eligible applicant to incorporate mitigation measures into the repair of an existing damaged structure and infrastructure if the measures are cost-effective or required by code. FEMA defines hazard mitigation as an action intended to reduce repetitive losses from future natural disasters. The objectives of the Hazard Mitigation Grant Program are:

- to prevent future losses of lives and damage to property due to disasters;
- to implement state or local hazard mitigation plans;
- to enable mitigation measures to be implemented during immediate recovery from a disaster; and
- to provide funding for previously identified mitigation measures that benefit the disaster area.

## **Proposed Changes**

The bill amends s. 252.37, F.S., to clarify the state and local matching requirements for federal emergency assistance provided by the federal Public Assistance Grant Program and the federal Hazard Mitigation Assistance Grant Program.

For the federal Public Assistance Program, the bill requires the state to provide the entire match for state agencies and one-half of the required match for grants to local governments. The affected local government is required to pay one half of the match prior to receiving the grant. The bill allows for a waiver for all or part of a local governments match requirement if the Governor determines the local government is not capable of providing the matching funds because of a documented hardship, and the local government applies for the waiver within the first 18 months after the disaster is declared.

For the federal Hazard Mitigation Assistance Grant Program, the bill requires all eligible recipients to provide the full amount of the required match prior to receiving the grant unless otherwise specified in the General Appropriations Act.

The bill also provides the following nonrecurring appropriations for fiscal years 2004-2005 only:

- \$55,722,888 is appropriated from the General Revenue Fund in a lump sum to the DCA to meet the state's match requirement for assistance under the federal Individuals & Households, Other Needs Assistance Program.
- \$578,193,040 in budget authority is granted to the DCA to expend federal funds to provide supplemental federal disaster grant assistance to eligible recipients. For these funds, DCA must ensure the affected local government provides a 5 percent local match. However, if the local government is unable to provide the match, DCA may defer payment, or deduct the payment from the local government's state revenue sharing allocation.
- \$35,526,935 is appropriated from the General Revenue Fund in a lump sum to the DCA to meet the state's match requirement for assistance under the federal Public Assistance Grant Program.
- \$305,405 is appropriated from the General Revenue Fund in a lump sum to the DCA to meet the state's match requirement for assistance under the federal Hazard Mitigation Assistance Grant Program.

- \$916,214 in budget authority is granted to the DCA to expend federal funds to administer the federal Hazard Mitigation Grant Program.

The bill exempts the appropriations in this bill from the required 14-day notice for interim budget actions, but requires the Governor to notify the chair and vice chair of the Legislative Budget Commission of the allocations and appropriation categories at least three working days prior to the effective date of the allocation.

#### C. SECTION DIRECTORY:

Section 1: Amends s. 252.37, F.S., to clarify the state and local matching requirements for federal emergency assistance provided by the federal Public Assistance Grant Program and the federal Hazard Mitigation Assistance Grant Program.

Section 2: Appropriates \$55,722,888 from the General Revenue Fund in a lump sum to the DCA to meet the state's match requirement for assistance under the federal Individuals & Households, Other Needs Assistance Program.

Section 3: Provides \$578,193,040 in budget authority to DCA to expend federal funds to provide supplemental federal disaster grant assistance to eligible recipients. The section further provides DCA must ensure the affected local government provides a 5 percent local match. However, if the local government is unable to provide the match, DCA may defer payment, or deduct the payment from the local government's state revenue sharing allocation.

Section 4: Appropriates \$35,526,935 from the General Revenue Fund in a lump sum to the DCA to meet the state's match requirement for assistance under the federal Public Assistance Grant Program.

Section 5: Appropriates \$305,405 from the General Revenue Fund in a lump sum to the DCA to meet the state's match requirement for assistance under the federal Hazard Mitigation Assistance Grant Program. The section further provides \$916,214 in budget authority to the DCA to expend federal funds to administer the federal Hazard Mitigation Grant Program.

Section 6: Provides all appropriations authorized by this bill are nonrecurring and are intended to address needs caused by Tropical Storm Bonnie and Hurricanes Charley, Frances, Ivan, and Jeanne.

Section 7: Exempts the appropriations in this bill from the required 14-day notice for interim budget actions, but requires the Governor to notify the chair and vice chair of the Legislative Budget Commission of the allocations and appropriation categories at least three working days prior to the effective date of the allocation.

Section 8: Provides this act will take effect upon becoming a law.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

None.

##### 2. Expenditures:

**Nonrecurring Appropriations**

(without double budget)

**FY2004-05**

General Revenue	\$ 91,555,228
U.S. Contributions Trust Fund	\$ 579,109,254
<b>Total Nonrecurring Appropriations</b>	<b><u>\$ 670,664,482</u></b>

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

## 1. Revenues:

None.

## 2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

Indeterminate.

**D. FISCAL COMMENTS:**

This bill provides a total of \$91,555,228 in nonrecurring appropriations from the General Revenue Fund to match federal emergency assistance funding, and \$579,109,254 in budget authority to expend federal funds. The bill also provides \$91,555,228 in budget authority only for double-budgeting, allowing the agency to expend the general revenue.

**III. COMMENTS****A. CONSTITUTIONAL ISSUES:**

## 1. Applicability of Municipality/County Mandates Provision:

None.

## 2. Other:

None.

**B. RULE-MAKING AUTHORITY:**

None.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**