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Education, Health, and
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Chair, Joint Committee on
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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB901 - Public Safety - Emergency Management - Resilient Maryland Revolving Loan Fund

March 4th, 2021

Chair Pinsky, Vice-Chair Kagan, and Members of the Health and Government Operations Committee:

Thank you for your consideration of Senate Bill 901. Over the past two years, I have had the honor of serving as the Senator representing District 9, which includes Ellicott City. Like many communities in your own district, Ellicott City has been grappling with the issues of climate change and catastrophic flooding - not as some far off and hypothetical danger, but as an all too real aspect of daily life. The experience of my constituents, living through two “thousand-year floods” over the course of two years, is of a magnitude that I hope is not indicative of the direction of our vulnerable communities. But as a coastal state with a great deal of inland tributaries and changing weather patterns, we as policy makers should be concerned about the implications of climate change and sea level rise on the projected increase in frequency and severity of flooding, and other environmental emergencies threatening Marylanders.

Today, 81,000 Marylanders are at risk of coastal flooding, with 38,000 more individuals projected to also be at risk by 2050. In the same time frame, our state is projected to face up to \$19 billion worth of damage due to sea level rise and flooding. We are capable of preparing for and managing a threat of this magnitude, but doing so will require substantial resources to invest in large resilient infrastructure projects throughout the State.

This legislation would provide such resources, by establishing financing mechanisms that maximize our State’s ability to pull down funding from the Federal level. This bill seeks to do so by establishing a Resilient Maryland Revolving Loan Fund, housed in the Maryland Emergency Management Agency, The purpose of the Fund is to provide low or no-interest loans to local governments to fund local resilience projects, with a prioritization on projects that have the greatest impact on eliminating hazards and mitigating the impacts of future disasters. This bill

would be capitalized with an appropriation of \$5 million beginning in fiscal year 2023 and every year thereafter, and would be established with an accompanying special non-lapsing fund held by the Treasurer.

However, there is more to this fund than initially meets the eye. On January 1st, 2021, the Federal “Safeguarding Tomorrow through Ongoing Risk Mitigation Act,” or STORM Act. This allows the FEMA administrator to provide capitalization grants to States, in order to establish revolving loan funds that would provide financing to reduce risks from natural disasters and hazards. You will see noted in the uncodified language of the bill intent language directing MEMA to apply to FEMA for capitalization grants under the STORM Act. Since the STORM Act is designed with a 90-10 Federal-State matching requirement, if we are able to seed this revolving loan fund with \$10 million, we could capitalize the fund in totality with \$100 million.

You will also see in the uncodified language intent language directing MEMA to utilize this fund to provide localities with sufficient matching funds so as to fully utilize Federal resilience grants, like those provided through the Building Resilient Infrastructure and Communities (BRIC) Grants. These grants are intended to provide funding for projects aimed at mitigating future disaster risks and hazards, and in the case of BRIC come with a 75-25 Federal-Local matching requirement. As this Federal funding is generally tied to the previous year’s disaster spending, we can expect to see a large influx of available grant funding at the Federal level, largely due to COVID-19 related expenditures. By utilizing this revolving loan fund, after securing capitalization funding through the aforementioned STORM Act, we can turn an initial investment of just \$10 million into hundreds of millions of dollars in funding for resilience projects throughout the State.

Currently, our incredible staff members at the Emergency Management Administration and the Maryland Department of the Environment assemble funding for resilience projects through a number of tangentially related revenue streams. Creating a flexible revolving loan fund that is dedicated to these purposes would provide a great deal of much needed funding for such projects. Additionally, with new funding opportunities being made available at the Federal level through the STORM and BRIC programs, there is a clear opportunity for the responsible investment of funds set before us. This bill will not only improve our ability to finance resilient infrastructure throughout the State, but also to take full advantage of Federal opportunities that will assist us in preparing our communities for the risks and hazards we know our State faces. **For that reason, I respectfully request a favorable report for Senate Bill 901.**

Sincerely,



Senator Katie Fry Hester
Howard and Carroll Counties