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Budget and Taxation Committee

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Capital Budget

Pensions

Chair, Public Safety,  
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Chair, Joint Subcommittee on  
Program Open Space/Agricultural  
Land Preservation

THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

March 9, 2023

**Testimony in Favor of SB0650**  
**Public Safety - State Disaster Recovery Fund**

Chairman Guzzone, Vice-Chair Rosapepe, and members of the Budget and Taxation Committee.

I respectfully request a favorable report of Senate Bill 650, which updates and streamlines our State's ability to respond in the events of disasters by creating the State Disaster Recovery Fund to financially assist local governments with disaster relief.

Last session I introduced Senate Bill 310<sup>1</sup> to build upon the passage of a Departmental bill that allowed Small, Minority, and Woman-Owned Businesses Account (SMWOBA) funds to be converted to grants in the event of a Federal Disaster Declaration or State Disaster Declaration. That legislation as introduced would have allowed a similar conversion to grants in the event of a Local State of Emergency as well. However, after much consideration we believed that SMOWBA funding would not be the best way to accomplish the goal of giving locals more ability to get State support to mitigate the damage of more frequent yet potentially devastating "microstorms." One only has to look to the two 1,000 year floods experienced in Ellicott City or the two tornadoes in one year experienced in Annapolis. In these catastrophic incidents, rapid response to keep people housed, keep businesses open, and keep communities safe is critical. Unfortunately, the current structures and bureaucratic hoops embedded in State government make it nearly impossible to sufficiently and rapidly respond to such disasters.

Last year's legislation became a local Anne Arundel County bill - but we also established a workgroup to study the efficacy and sustainability of our existing emergency fund sources and the establishment of a State Disaster Recovery Fund. I would like to thank the Maryland Department of Emergency Management (MDEM), MACO, MML and everyone that spent the interim serving on the workgroup and developing their [recommendations](#). This legislation is a reflection of those recommendations.

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<sup>1</sup> [https://mgaleg.maryland.gov/2022RS/chapters\\_noln/Ch\\_491\\_sb0310E.pdf](https://mgaleg.maryland.gov/2022RS/chapters_noln/Ch_491_sb0310E.pdf)

**Since introducing the bill, we have worked with the Governor's Office and Department of Emergency Management (MDEM) on this legislation and the proposed amendments. As amended this legislation will:**

**1. Create the State Disaster Recovery Fund within the Department of Emergency Management**

This new Fund will take the recommendations of the Workgroup to create this new fund with important capabilities to benefit all Marylanders. This new Fund will be authorized to provide:

- Disaster recovery assistance to individuals and families when a local government has submitted a request for a disaster declaration but a Federal Disaster Declaration is not received.
- Assistance to local governments for repair/reconstruction of a public facility when a Federal Disaster Declaration is not received.
- Low interest or no-interest loans to businesses and nonprofits when a Federal Disaster Declaration is not received.
- Assistance to individuals and families following a Federal Disaster Declaration if there are still unmet needs.
- Assistance to individuals and families following denied Federal assistance if they would otherwise meet the criteria established by the Fund.
- Matching funds for assistance to individuals, State, and Local Governmental Units after a Federal Disaster Declaration.

**2. Abolishes the "Catastrophic Event Account" and requires a fund balance transfer of the remaining balance to the newly created State Disaster Recovery Fund.**

Rather than requiring the \$20M mandated appropriation, with the amendments, we will instead abolish the Catastrophic Event Account and require a fund balance transfer of the \$10.1 million in the Fund to the newly created State Disaster Recovery Fund.

The Catastrophic Event Account is an important tool for our State to provide relief in the event of an emergency/disaster – but it can only be extended to Units of State Government and has to go through long bureaucratic processes with the Legislative Policy Committee. This new Fund will address these concerns by allowing MDEM to quickly get money out the door and also allow locals to request funding from the State Disaster Recovery Fund.

**3. Authorize the Fund to be used if the Governor has declared a State of Emergency or if a Local Emergency Management organization requests assistance from the Fund.**

Like we saw with the tornado in Annapolis, there may continue to be situations in which a "microstorm" or local flooding event does not generate a full State of Emergency by the Governor - thus leaving State support dollars out of reach for the citizens affected by such disasters.

This legislation will ensure that local governments, in the event of such a small yet damaging emergency, have the ability to request funding from this newly established fund.

**4. Require annual reporting from MDEM on the use of the fund as well as on the number of disaster/emergency declarations statewide and locally.**

This will ensure that we retain great oversight on the use of the fund but also better track disaster declarations and the damage assessments related to each declaration.

**5. Retains the ability for the Governor to transfer funds from the fund by budget amendment to an appropriate unit of State government.**

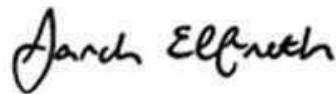
This brings over language from the Catastrophic Event Account to ensure that the Governor has the ability to transfer funds from this new Fund to the appropriate Unit of State Government if needed.

**6. Retains the ability for the Governor to transfer funds to the Federal Government Shutdown Employee Assistance Loan Fund in the event of a Federal Government Shutdown.**

In 2019 the General Assembly passed the “Federal Shutdown Paycheck Protection Act” to create the Federal Government Shutdown Employee Assistance Loan Fund and authorized Catastrophic Event Account Funds to be transferred to the Loan Fund in the event of a Federal Government shutdown. With the abolishment of the Catastrophic Event Account we wanted to make sure to retain the ability for these funds to be used in such an event.

It is my sincere hope that our districts do not experience another 1,000 year floor, tornado, or devastating natural disaster. Appreciating that such storms will only continue to occur in greater severity and frequency, it is our job to ensure that government is prepared to respond adequately and rapidly. SB650 is critical to such a response.

Sincerely,

A handwritten signature in black ink that reads "Sarah Elfreth". The signature is written in a cursive, flowing style.

Sarah Elfreth