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SENATE BILL 650

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3lr1705
CF HB 789

By: **Senators Elfreth, Bailey, Beidle, Hester, Gile, and Rosapepe**
Introduced and read first time: February 6, 2023
Assigned to: Budget and Taxation and Education, Energy, and the Environment

A BILL ENTITLED

1 AN ACT concerning

2 **Public Safety - State Disaster Recovery Fund**

3 FOR the purpose of establishing the State Disaster Recovery Fund to provide disaster
4 related assistance under certain circumstances; requiring the Maryland Department
5 of Emergency Management to administer the State Disaster Recovery Fund; authorizing a portion of
the State Disaster Recovery Fund to be transferred by the Governor to the Federal Government Shutdown
Employee Assistance Loan Fund in the event of a government shutdown; repealing the Catastrophic Event
Account; requiring the Governor to transfer the balance of the Catastrophic Event Account to the State
Disaster Recovery Fund; and generally relating to the
6 State Disaster Recovery Fund.

7 BY adding to
8 Article - Public Safety
9 Section 14-110.5
10 Annotated Code of Maryland
11 (2022 Replacement Volume)

BY repealing

Article - State Finance and Procurement
Section 7-324
Annotated Code of Maryland
(2021 Replacement Volume and 2022 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
13 That the Laws of Maryland read as follows:

14 **Article - Public Safety**

15 **14-110.5.**

16 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
17 **INDICATED.**

18 **(2) "FUND" MEANS THE STATE DISASTER RECOVERY FUND.**

19 **(3) "LOCAL DISASTER DECLARATION" MEANS A FORMAL REQUEST**
20 **FOR STATE DISASTER RELIEF AND RECOVERY ASSISTANCE MADE AS A RESULT OF**
21 **AN EMERGENCY BY THE SENIOR ELECTED OFFICIAL THROUGH THE LOCAL**
22 **ORGANIZATION FOR EMERGENCY MANAGEMENT.**

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(B) THERE IS A STATE DISASTER RECOVERY FUND.

(C) THE PURPOSE OF THE FUND IS TO PROVIDE:

(1) DISASTER RECOVERY ASSISTANCE TO INDIVIDUALS AND FAMILIES WHEN A UNIT OF LOCAL GOVERNMENT HAS SUBMITTED A REQUEST FOR A DISASTER DECLARATION BUT A FEDERAL DISASTER DECLARATION IS NOT RECEIVED;

(2) DISASTER RECOVERY ASSISTANCE TO UNITS OF LOCAL GOVERNMENT OF THE STATE FOR THE REPAIR, RESTORATION, RECONSTRUCTION, OR REPLACEMENT OF A PUBLIC FACILITY DAMAGED OR DESTROYED WHEN A FEDERAL DISASTER DECLARATION IS NOT RECEIVED;

(3) LOW-INTEREST OR NO-INTEREST LOANS TO BUSINESSES AND NONPROFITS FOR DISASTER RECOVERY ASSISTANCE WHEN A FEDERAL DISASTER DECLARATION IS NOT RECEIVED;

(4) DISASTER-RELATED ASSISTANCE FOR UNMET NEEDS OF INDIVIDUALS AND FAMILIES FOLLOWING A FEDERAL DISASTER DECLARATION;

(5) DISASTER-RELATED ASSISTANCE FOR UNMET NEEDS OF INDIVIDUALS AND FAMILIES WHO HAVE BEEN DENIED FEDERAL ASSISTANCE BUT OTHERWISE MEET CRITERIA ESTABLISHED FOR THE FUND; AND

(6) MATCHING FUNDS FOR ASSISTANCE TO INDIVIDUALS AND STATE AND LOCAL GOVERNMENTAL UNITS AFTER A FEDERAL DISASTER DECLARATION.

(D) THE FUND:

(1) IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;

(2) SHALL BE AVAILABLE IN PERPETUITY FOR THE PURPOSE OF PROVIDING DISASTER RECOVERY ASSISTANCE IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION;

(3) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, MAY BE USED ONLY IF:

(I) THE GOVERNOR HAS DECLARED A STATE OF EMERGENCY;

OR

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1 (II) A LOCAL ORGANIZATION FOR EMERGENCY MANAGEMENT
2 REQUESTS ASSISTANCE FROM THE FUND;

3 (4) IS NOT INTENDED TO DUPLICATE OR REPLACE FEDERAL
4 DISASTER ASSISTANCE; AND

5 (5) MAY NOT BE USED FOR ANY OTHER PURPOSE OTHER THAN THOSE
6 DESCRIBED IN THIS SECTION.

7 (E) A PORTION OF THE FUND MAY BE USED TO ADMINISTER THE FUND,
8 INCLUDING PROVIDING DISASTER CASE MANAGEMENT RESOURCES.

9 (F) ~~(1) BEGINNING IN FISCAL YEAR 2025, THE~~ THE GOVERNOR SHALL
10 MAY INCLUDE IN
11 THE ANNUAL BUDGET BILL A SUFFICIENT AN APPROPRIATION TO BRING THE MINIMUM
12 BALANCE OF THE FUND TO AT LEAST \$20,000,000 AT THE START OF EACH FISCAL
YEAR, WITH FUNDS CONSISTING .

(2) THE FUND SHALL CONSIST OF:

13 ~~(1)~~ (I) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

14 ~~(2)~~ (II) REPAYMENTS OF PRINCIPAL AND INTEREST FROM LOANS MADE
15 FROM THE FUND;

16 ~~(3)~~ (III) REIMBURSEMENTS FROM THE FEDERAL GOVERNMENT OR OTHER
17 LEGAL ENTITIES FOR DISASTER RECOVERY ASSISTANCE EXPENDITURES MADE
18 FROM THE FUND; AND

19 ~~(4)~~ (IV) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR
20 THE BENEFIT OF THE FUND.

21 (G) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN
22 THE SAME MANNER THAT OTHER STATE MONEY MAY BE INVESTED.

23 (H) ANY FUNDS EXPENDED FROM THE FUND ARE SUPPLEMENTAL TO AND
24 ARE NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE
25 APPROPRIATED TO ELIGIBLE RECIPIENTS FROM THE FUND FOR ANY OTHER
26 PURPOSE.

27 (I) THE DEPARTMENT SHALL:

28 (1) ADMINISTER THE FUND;

29 (2) ESTABLISH ELIGIBILITY CRITERIA, POLICIES, AND PROCEDURES
30 FOR THE ADMINISTRATION OF THE FUND, WHILE CONSIDERING EXISTING STATE

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1 DISASTER RECOVERY PROGRAMS AND FEDERAL DISASTER RELIEF AND RECOVERY
2 REQUIREMENTS; AND

3 (3) CONSULT WITH APPROPRIATE STATE AGENCIES AND LOCAL
4 ORGANIZATIONS FOR EMERGENCY MANAGEMENT IN THE DEVELOPMENT OF
5 ELIGIBILITY CRITERIA, POLICIES, AND PROCEDURES FOR ADMINISTRATION OF THE
6 FUND.

7 (J) THE DEPARTMENT MAY ESTABLISH:

8 (1) REGULATIONS RELATED TO THE ADMINISTRATION OF THE FUND;

9 (2) ACCOUNTS AND SUB-ACCOUNTS WITHIN THE FUND TO
10 EFFECTUATE THE PURPOSES OF THIS SECTION; AND

11 (3) FORMAL ADVISORY BODIES TO ADVISE ON THE ADMINISTRATION
12 OF THE FUND.

13 (K) (1) ON OR BEFORE DECEMBER 31, 2023, AND ON OR BEFORE EACH
14 DECEMBER 31 THEREAFTER, THE SECRETARY SHALL REPORT TO THE GOVERNOR
15 AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE
16 GENERAL ASSEMBLY ON THE USE OF THE FUND FOR THE PREVIOUS FISCAL YEAR.

17 (2) THE REPORT SHALL INCLUDE:

18 (I) THE NUMBER OF STATE OF EMERGENCY DECLARATIONS BY
19 THE GOVERNOR;

20 (II) THE NUMBER OF LOCAL STATE OF EMERGENCY
21 DECLARATIONS AND LOCAL DISASTER DECLARATIONS SUBMITTED TO THE
22 SECRETARY AND THE REASON FOR EACH DECLARATION;

23 (III) A SUMMARY OF THE DAMAGE ASSESSMENT DATA RELATED
24 TO EACH DECLARATION, AND THE DISPOSITION OF EACH REQUEST FOR THE
25 PREVIOUS FISCAL YEAR;

26 (IV) THE AMOUNT OF FUNDING DISTRIBUTED TO EACH ELIGIBLE
27 ENTITY BY THE FUND FOR THE PREVIOUS FISCAL YEAR;

28 (V) THE FUND BALANCE AT THE END OF THE PREVIOUS FISCAL
29 YEAR;

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1 (VI) ANY FEDERAL DISASTER DECLARATIONS REQUESTED AND
2 ASSOCIATED DAMAGE ASSESSMENT DATA FOR THE PREVIOUS FISCAL YEAR;

3 (VII) A SUMMARY OF ANY FEDERAL DISASTER ASSISTANCE
4 RECEIVED DURING THE PREVIOUS FISCAL YEAR;

5 (VIII) A SUMMARY OF ANY REGULATIONS ISSUED RELATED TO THE
6 FUND DURING THE PREVIOUS FISCAL YEAR; AND

7 (IX) ANY RECOMMENDED CHANGES TO THIS SECTION TO
8 INCREASE THE EFFICIENCY AND EFFICACY OF THE FUND.

(L) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AFTER A 15-DAY REVIEW AND COMMENT PERIOD BY THE LEGISLATIVE POLICY COMMITTEE, THE GOVERNOR MAY TRANSFER FUNDS BY BUDGET AMENDMENT FROM THE FUND TO THE EXPENDITURE ACCOUNTS OF THE APPROPRIATE UNIT OF STATE GOVERNMENT.

(2) IF THE FEDERAL GOVERNMENT IS IN A FULL OR PARTIAL SHUTDOWN DUE TO A LAPSE IN APPROPRIATIONS, AFTER A 2-DAY REVIEW AND COMMENT PERIOD BY THE LEGISLATIVE POLICY COMMITTEE, THE GOVERNOR MAY TRANSFER FUNDS BY BUDGET AMENDMENT FROM THE FUND TO THE FEDERAL GOVERNMENT SHUTDOWN EMPLOYEE ASSISTANCE LOAN FUND ESTABLISHED UNDER § 7-327 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

Article - State Finance and Procurement

[7-324.

(a) In this section, "Account" means the Catastrophic Event Account.

(b) Subject to the provisions of this section, the Account is established to enable the State to respond without undue delay to a natural disaster or other catastrophic situation, or federal civilian employee financial hardship from a full or partial federal government shutdown due to a lapse in federal appropriations that cannot be taken care of within the resources of existing appropriations.

(c) The Governor may provide an appropriation in the budget bill to the Account.

(d) (1) Subject to paragraph (2) of this subsection, after a 15-day review and comment period by the Legislative Policy Committee, the Governor may transfer funds by budget amendment from the Account to the expenditure accounts of the appropriate unit of State government.

(2) If the federal government is in a full or partial shutdown due to a lapse in appropriations, after a 2-day review and comment period by the Legislative Policy Committee, the Governor may transfer funds by budget amendment from the Account to the Federal Government Shutdown Employee Assistance Loan Fund established under § 7-327 of this subtitle.

(e) Funds appropriated to the Catastrophic Event Account:

(1) may not be used to offset operating deficiencies in regular programs of State government; but

(2) may be expended to assist a unit of State government in funding costs in connection with a natural disaster, a catastrophic situation, or a full or partial federal government shutdown due to a lapse in appropriations.

(f) (1) The Account is a continuing, nonlapsing fund which is not subject to § 7-302 of this subtitle.

(2) The Treasurer shall separately hold, and the Comptroller shall account for, the Account.

(3) The Account shall be invested and reinvested in the same manner as other State funds.

(4) Any investment earnings shall be subject to § 7-311(d) of this subtitle.

(g) Money appropriated to the Account does not revert to the Revenue Stabilization Account.]

SECTION 2. AND BE IT FURTHER ENACTED, That the balance of the Catastrophic Event Account shall be transferred by the Governor to the State Disaster Recovery Fund established under § 14-110.5 of the Public Safety Article, as enacted by Section 1 of this Act.

9 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2023.