



COUNTY EMERGENCY MANAGERS AFFILIATE

LETTER IN SUPPORT OF HB 1189 /SB 690

PROPERTY AND CASUALTY INSURANCE - DISTRIBUTION OF PREMIUM TAX PROCEEDS TO
STATE DISASTER RECOVERY FUND

HOUSE JUDICIARY COMMITTEE/ SENATE BUDGET AND TAXATION COMMITTEE

MARCH 2, 2026

The Maryland Association of Counties (MACo) Emergency Managers Affiliate respectfully submits this letter to emphasize the critical importance of establishing a dedicated and sustainable funding stream for the State Disaster Recovery Fund (SDRF) SUPPORT of Senate Bill 690 - Property And Casualty Insurance - Distribution Of Premium Tax Proceeds To State Disaster Recovery Fund.

Local Offices of Emergency Management across the state increasingly rely on the SDRF to support recovery operations when disasters exceed local capacity and federal assistance is reduced or unavailable. It is an essential tool for safeguarding Maryland's residents, infrastructure, and economic stability.

The SDRF's first allocation in June 2025, to assist Allegany County after significant flooding, demonstrated both the necessity and the vulnerability of the current funding model. The award played a central role in supporting recovery efforts, particularly in light of a delayed and limited federal response. This incident highlighted an emerging reality: Maryland jurisdictions are facing more frequent and more costly disasters while experiencing increasing uncertainty regarding federal assistance.

Despite its value, the SDRF currently lacks a dedicated revenue source and is funded only on an ad hoc basis. This approach inhibits the State's ability to provide timely, predictable, and sufficient aid during recovery and undermines local governments' capacity to plan appropriately for future events. Reliable recovery operations require financial stability, and the absence of consistent funding places Maryland communities at heightened risk.

Based on credible analyses, **the SDRF requires approximately \$20 million annually to meet statewide recovery needs.** Establishing a stable funding stream at this level is essential to ensure that Maryland jurisdictions can rely on the SDRF as intended. **Accordingly, the MACo Emergency Managers Affiliate supports Senate Bill 690 to start the process of appropriately funding the SDRF.**

Recent actions by peer states, alongside current fiscal conditions in Maryland, underscore the urgent need for a dedicated and sustainable state funding stream for disaster recovery as federal assistance becomes increasingly unreliable. In its FY 2025–26 budgets, Pennsylvania responded to this shift by doubling state disaster response funding from \$20 million to \$40 million and expanding its Commonwealth Disaster Recovery Assistance Program by an additional \$5 million. These actions demonstrate the value of predictable, state-level investment when federal aid is delayed, reduced, or unavailable.

In contrast, Maryland’s disaster recovery costs are primarily supported through the Catastrophic Event Account and the State Disaster Recovery Fund (SDRF), both of which remain limited and uncertain. At the close of FY 2025, the Catastrophic Event Account held \$12.5 million and is expected to be fully utilized. The Department of Legislative Services (DLS) projected an SDRF balance of approximately \$2.3 million in FY 2027 following expenditures associated with the May 2025 Western Maryland floods, for which \$33.7 million in requested federal assistance was denied. As federal aid becomes less dependable, DLS recommends maintaining a combined state disaster recovery balance of at least \$21 million in future years as essential to ensuring timely recovery and to protect Maryland communities from prolonged harm.

Establishing a dedicated funding mechanism for the SDRF will enable Maryland to deliver timely recovery assistance, reduce administrative delays, and strengthen the overall resilience of communities statewide. Reliable funding is not only a financial matter; it is a core component of public safety and recovery. If the SDRF doesn't already have resources ready to deploy, every day that goes by exacerbates the recovery and increases potential for harm.

Maryland’s emergency management professionals respectfully urge consideration of a sustainable funding solution that ensures the SDRF can fulfill its intended purpose both now and in the future. For these reasons, the Emergency Managers Affiliate respectfully requests a **favorable report on Senate Bill 690.**

Sincerely,

Preeti Emrick

Preeti Emrick

President
MACo Emergency Managers Affiliate