

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1925-02  
Bill No.: HB 850  
Subject: Administration, Office of; Emergencies; Public Safety Department; Treasurer,  
State  
Type: Original  
Date: March 5, 2007

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Bill Summary: This proposal establishes the Uninsured Damage Emergency Loan Revolving Fund Program to provide zero interest loans to persons who incur uninsured property damage in a declared state or federal disaster area.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
General Revenue	(\$311,677 to Unknown)	(\$331,558 to Unknown)	(\$341,505 to Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$311,677 to Unknown)</b>	<b>(\$331,558 to Unknown)</b>	<b>(\$341,505 to Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Disaster Damage Emergency Loan Fund	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

### FISCAL ANALYSIS

#### ASSUMPTION

Officials at the **Office of Budget and Planning** assume this bill does not specify a source of revenue for the Disaster Damage Emergency Revolving Loan Fund. The Office of Administration assumes that this unknown cost will come from General Revenue to begin the program. Regarding loans from general revenue - interest income will be lost at a rate of 4.93% or \$4,930 for every \$100,000 loaned (interest rate is January 2007 average return on money invested by the State Treasurer). It is unknown how much the General Assembly will appropriate for this program or how many disasters will impact the demand for the program. OA does not currently administer any loan programs, or have the data/expertise to estimate the potential volume of loans under the proposal. Staff would be needed to set up the fund, work with other state agencies to design the program, analyze loan requests, approve disbursements, set up payment plans, and deposit checks. At a minimum we estimate this would take at least two FTE, one senior professional and a support staff, and associated E&E to begin the program. Once the loans are disbursed, additional staff may be necessary to facilitate the repayment and collection involved.

Because state and federal disaster areas are declared each year and the severity and quantity are variable, it is very difficult to estimate the amount of property damage or the number of homeowners needing assistance. The State Emergency Management Agency has provided historical data on the amount of assistance provided in federally declared disasters. SEMA stated that in the last three years 91 Counties and the City of St. Louis have been declared Disasters.

ASSUMPTION (continued)

Cost to Date for Assistance in Federally Declared Disasters

Calendar Year	# of Disasters	Federal Cost	State Cost
2002	2	93,519,672	22,335,661
2003	1	22,727,147	5,368,920
2004	1	285,108	89,688
2005	0	0	0
2006	5	12,109,156	1,576,241

Officials at the **State Emergency Management Agency (SEMA)** assume SEMA would need additional staff, space and equipment to implement and support this program. SEMA identified the positions needed to administer the program as: 1 FTE Emergency Management Coordinator, 2 FTE Emergency Management Specialist, and 1 FTE Office Support Assistant.

SEMA provided Oversight with information regarding 3 recent disasters. Each of these disasters is because of Severe Storms, Tornadoes and Flooding. The Federal Emergency Management Agency (FEMA) provides grants to individuals in disaster areas for repair of their homes and replacement of household goods. FEMA has provided SEMA information regarding the number who received the grants and the total awarded by FEMA to those individuals. These are grants given by FEMA with no requirement to pay back FEMA. These figures are provided as an example of the amount of money the State may be required to outlay in a disaster.

Date of Disaster	Number who received Grants	Total Amount Awarded
June 11, 2004	710	\$1,396,915
March 16, 2006	531	\$1,585,982
April 5, 2006	1051	\$2,596,479

**Oversight** has, for fiscal note purposes only, changed the starting salary for each FTE to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees over the last six months of FY 2002 and policy of the Oversight Subcommittee of the Joint

ASSUMPTION (continued)

Committee on Legislative Research.

Since it is impossible to determine the number of disaster areas each year or the number of people who would need assistance in the disaster area **Oversight** is showing the cost of the loans an Unknown. Oversight assumes that all money received in the Disaster Damage Emergency Loan Fund will be paid out to help disaster victims.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the **Department of Public Safety** and the **Office of the State Treasurer** assume that there is no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE</b>			
<u>Transfer Out</u> - General Revenue			
Money to the Disaster Damage Emergency Loan Fund	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> - SEMA			
Personal Service	(\$110,725)	(\$136,856)	(\$140,962)
Fringe Benefits	(\$50,114)	(\$61,941)	(\$63,799)
Equipment and Expense	(\$56,592)	(\$16,274)	(\$16,762)
<u>Total Costs</u> - SEMA	(\$217,431)	(\$215,071)	(\$221,523)
FTE Change - SEMA	4 FTE	4 FTE	4 FTE
<u>Costs</u> - Office of Administration			
Personal Service	(\$64,881)	(\$80,192)	(\$82,598)
Fringe Benefits	(\$29,365)	(\$36,295)	(\$37,384)
<u>Total Costs</u> - Office of Administration	(\$94,246)	(\$116,487)	(\$119,982)
FTE Change - OA	2 FTE	2 FTE	2 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$311,677 to Unknown)</u></b>	<b><u>(\$331,558 to Unknown)</u></b>	<b><u>(\$341,505 to Unknown)</u></b>
Estimated Net FTE Change for General Revenue	6 FTE	6 FTE	6 FTE
<b>DISASTER DAMAGE EMERGENCY LOAN FUND</b>			
<u>Transfer In</u> - to the Disaster Damage Fund			
Monies from General Revenue	Unknown	Unknown	Unknown
<u>Cost</u> - Loans issued	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON DISASTER DAMAGE EMERGENCY LOAN FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Local Government

FY 2008  
(10 Mo.)

FY 2009

FY 2010

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

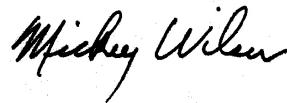
FISCAL DESCRIPTION

This bill establishes the Disaster Damage Emergency Loan Revolving Fund Program to provide no-interest loans to individuals who incur property damage as a result of natural or man-made disasters that are not covered by insurance. The Office of Administration and the State Emergency Management Agency in the Department of Public Safety will implement the program and develop a procedure for identifying, approving, and obtaining financing for eligible individuals. Loans will be issued, in order of preference, to pay for any deductibles for individuals who have insurance coverage for property loss, support individuals who do not receive any assistance from the Federal Emergency Management Agency (FEMA), and provide resources to individuals who have no insurance coverage for property damage losses. Any person receiving FEMA assistance will be ineligible for state emergency loans. The bill also creates the Disaster Damage Emergency Revolving Loan Fund in the state treasury and authorizes the Commissioner of the Office of Administration to establish rules for the implementation of the fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety  
Office of the State Treasurer  
State Emergency Management Agency  
Office of Administration  
Budget and Planning

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

Mickey Wilson, CPA  
Director  
March 5, 2007