



HOUSE BILL 2: Disaster Recovery Act of 2016.

2015-2016 General Assembly

Committee: House Appropriations	Date: December 13, 2016
Introduced by: Reps. Dollar, McGrady, J. Bell, Dixon	Prepared by: Ben Stanley
Analysis of: First Edition	Staff Attorney

OVERVIEW: *House Bill 2 provides disaster relief to those affected by Hurricane Matthew, recent wildfires in the western part of the State, and Tropical Storms Hermine and Julia.*

BILL ANALYSIS: **Part I** of the bill titles the bill "The Disaster Recovery Act of 2016."

Part II of the bill sets forth findings about the damage caused by Hurricane Matthew and the recent wildfires in the western part of the State. It also notes that there are critical needs in the State that are not being met by existing State and federal programs.

Part III of the bill sets forth the counties that are covered by the act, which includes:

- Any county declared a major disaster by the President of the United States under the federal Stafford Act (P.L. 93-288) as a result of Hurricane Matthew, the wildfires in the Western part of the State, Tropical Storm Julia, or Tropical Storm Hermine.
- Any county that is part of the emergency area set forth in any of the following gubernatorial executive orders: Executive Order No. 97 (September 1, 2016), Executive Order No. 103 (September 22, 2016), Executive Order No. 107 (October 3, 2016), or Executive Order No. 115 (November 10, 2016).

Section 4.1 of the bill appropriates \$100,928,370 from the Savings Reserve Account and \$100,000,000 from the unappropriated General Fund balance and allocates those funds as follows:

- \$20,000,000 to the Housing Trust Fund for eligible projects under Chapter 122E of the General Statutes. The funds are required to directly benefit persons and families affected by the disasters whose incomes do not exceed one hundred percent (100%) of the area's median income, with adjustments for family size, according to the latest figures available from the U.S. Department of Housing and Urban Development.
- \$9,000,000 to the Division of Emergency Management to provide additional support to meet the short-term housing needs of individuals affected by Hurricane Matthew, the western wildfires, and Tropical Storms Julia and Hermine.
- \$11,500,000 to the Division of Emergency Management for resilient redevelopment planning in the 49 counties that were declared a major disaster declaration by the President of the United States.
- \$66,228,370 to the Division of Emergency Management to provide the State match for federal disaster assistance programs.
- \$10,000,000 to the State Emergency Response and Disaster Relief Fund to ensure that sufficient funds are available to provide relief and assistance from future emergencies.

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House Bill 2

Page 2

- \$5,000,000 to The Golden L.E.A.F. Foundation for the purpose of providing grants to eligible entities capable of making loans to small businesses affected by the disasters.
- \$20,000,000 to The Golden L.E.A.F. Foundation to provide grants to local governments to construct new infrastructure in areas outside the 100-year floodplain or to repair or replace existing infrastructure, including water, sewer, sidewalks, storm drainage, and similar infrastructure projects.
- \$10,000,000 to the Department of Commerce to provide grants to local governments to construct new infrastructure in areas outside the 100-year floodplain or to repair or replace existing infrastructure, including water, sewer, sidewalks, storm drainage, and similar infrastructure projects.
- \$10,000,000 to the Department of Environmental Quality for disaster-related infrastructure and cleanup needs including, but not limited to, repair of wastewater and drinking water systems, dam safety, emergency permitting, and solid waste cleanup. The Department of Environmental Quality is required to allocate a portion of these funds to assist local governments in mitigating the failure of burial sites.
- \$37,950,000 to the Department of Agriculture and Consumer Services to be further allocated for the following purposes:
 - \$25,500,000 to the North Carolina Forest Service for repairs and operational expenses at Claridge Nursery, wildfire response, and disaster-related timber restoration.
 - \$12,200,000 to the Division of Soil and Water Conservation for stream debris removal and non-field farm road repairs, and for supplemental funding of the Agricultural Water Resources Assistance Program to support disaster-related farm pond and dam repairs.
 - \$250,000 to the Research Stations Division for dike repairs at the Cherry Research Farm in Wayne County.
- \$1,000,000 to the Department of Insurance to provide grants to volunteer fire departments for repairs of damages caused by the disasters that were not covered by federal assistance or insurance proceeds.
- \$250,000 to the Department of Commerce, in consultation with the Economic Development Partnership of North Carolina, to assess the need for business assistance funds for businesses affected by the disasters.

Section 4.2 provides that because the General Assembly will convene shortly after this bill is enacted and has continuing authority to address the State's disaster relief needs, the General Assembly finds that broad Executive expenditure flexibility over the funds appropriated in the bill is not warranted. This section accordingly prohibits the Governor from using funds appropriated in the bill to make budget adjustments under G.S. 143C-6-4 or to make reallocations under G.S. 166A-19.40(c).

Section 4.3 requires that savings be effected where total amounts appropriated are not needed.

Section 4.4 prevents funds appropriated in the act from reverting until the General Assembly directs their reversion.

Section 5.1 grants the Governor the authority to establish time-limited positions to implement the act.

Section 5.2 requires the Governor to establish advisory councils to advise relevant State agencies on hurricane relief and recovery efforts.

House Bill 2

Page 3

Section 5.3 provides that if a person's home is relocated or purchased with funds from the Hazard Mitigation Grant Program or the State Acquisition and Relocation Fund, the State Emergency Response and Disaster Relief Fund is subrogated to the person's rights under any insurance coverage for the damage to the home, and any monies received from the insurance coverage are required to be paid to the State Emergency Response and Disaster Relief Fund.

Section 5.4 encourages State agencies to acquire goods and services from historically underutilized business vendors.

Section 5.5 states that the General Assembly intends to review in 2017 and 2018 the adequacy of federal funds received for disaster management and to consider actions needed to address any remaining unmet needs. It also states that the General Assembly intends to review the adequacy of the resilient redevelopment planning measures funded by Subdivision (3) of Section 4.1 of this act at that time.

Section 5.6 prohibits State funds appropriated in the bill from being used to construct new residences within the 100-year floodplain unless the construction is in an area regulated by a unit of local government pursuant to a floodplain management ordinance, and the construction complies with the ordinance. This section also provides that homeowners in the 100-year floodplain who receive homeowner's housing assistance pursuant to this act shall have in effect federal flood insurance, if available, as a precondition to receipt of State homeowner's housing assistance for losses resulting from future flooding.

Section 5.7 provides that a local board of education that closed a school in the local school administrative unit or a regional school that was closed during the months of October 2016 due to unusual and extraordinary inclement weather conditions related to Hurricane Matthew for at least two consecutive school days shall be deemed to have completed any scheduled instructional hours and days in excess of those two days missed due to Hurricane Matthew during the month of October 2016. In addition, a charter school that closed during the months of October or November 2016 due to unusual and extraordinary inclement weather conditions related to Hurricane Matthew or to wildfires in the western part of the State for at least two consecutive school days shall be deemed to have completed any scheduled instructional hours and days in excess of those two days missed due to Hurricane Matthew or to wildfires in the Western part of the State during the months of October or November 2016.

Section 5.8 requires the Office of State Budget and Management to report to the chairs of the House of Representatives and Senate Appropriations Committees and to the Fiscal Research Division on the implementation of the bill on a monthly basis or as otherwise requested by the Fiscal Research Division. It also requires non-State entities that receive or administer funds appropriated in the act to cooperate with the Office of State Budget and Management in meeting this reporting obligation.

Section 5.9 grants the Governor the authority to waive certain DMV fees for residents of areas affected by Hurricane Matthew.

Section 5.10 requires the Governor to ensure that funds appropriated in the bill are expended in a manner that does not adversely affect any person or entity's eligibility for federal funds that are made available, or that are anticipated to be made available, as a result of Hurricane Matthew, the western North Carolina wildfires, or Tropical Storms Hermine and Julia. It also instructs the Governor, to the extent practicable, to avoid using State funds to cover costs that will be, or likely will be, covered by federal funds.

Section 5.11 requires the Department of Commerce to transfer any disaster-related Community Development Block Grant Disaster Recovery Program funds to the Division of Emergency Management.

House Bill 2

Page 4

EFFECTIVE DATE: Section 6.1 provides that except as otherwise provided, the act is effective when it becomes law.