



KANSAS ADJUTANT GENERAL'S DEPARTMENT
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SENATE COMMITTEE ON WAYS & MEANS
SB 336 TESTIMONY BY THE KANSAS ADJUTANT GENERAL
FEBRUARY 6, 2012

Madam Chair & Members of the Committee:

I appreciate the opportunity to speak on behalf of the Kansas Adjutant General's Department in support of Senate Bill 336. This bill seeks to strengthen disaster management, response and recovery efforts in the state of Kansas.

SENATE BILL 336 would utilize existing revenue sources to establish a disaster reimbursement fund for the state of Kansas.

With this fund, the Legislature stands to accomplish three critical goals:

1. Create a stable state funding source so that when a disaster strikes Kansas which is severe enough to receive a federal disaster declaration, adequate funds will be available to quickly meet the state match portion for allowable expenses. Currently, on federally declared disasters, the federal government pays 75 percent of the cost of allowable expenses related to the disaster. For the 25 percent match requirement, the local community covers 15 percent and the state picks up the remaining 10 percent.

By having adequate state funds in place to meet the state match portion for a federally declared disaster, Kansas communities will be able to recover in a shorter timeframe. The quicker a community can restore basic services and repair infrastructure, the sooner that community can restore and/or maintain their tax base. This goes a long way in improving the long-term economic viability of that community.

2. Help protect the state's reserves and cash flow position. Right now, without a designated disaster fund to draw upon, the State Finance Council must act outside the budget process each time disaster aid dollars are needed. This practice puts the state in a precarious situation of having to draw down reserves in quick order to provide disaster relief in a timely manner. This is a questionable practice in the best of fiscal times, but is potentially risky during difficult economic times. Having a designated disaster fund would allow the state to budget for disaster emergencies and protect the state's reserves. It's important to note that the State Finance Council can only approve up to \$10 million dollars.

3. Allow for the state to take proactive measures in certain situations by prestaging resources in anticipation of a disaster, or providing resources to mitigate the potential effects of a disaster which could save lives and property.

Let me address the funding mechanism proposed to finance the disaster reimbursement fund. Under this plan, the funds would come from two existing sources: (1) \$833,334 would come monthly from a portion of fees collected through the Kansas Universal Service Fund (KUSF), and (2) \$12 million would come annually from a portion of the insurance premium fees that are transferred each year into the State General Fund by the Kansas Insurance Department. This would not divert premium fees from other designated programs. The portion transferred to the disaster fund would come from the non-designated portion of premium fees that are paid into the State General Fund.

These two funding sources were identified based on the fact that they are universal, meaning they are collected across-the-board in Kansas and not from any one particular part of the state. In turn, the disaster fund benefits Kansans universally. We do not know when or where the next disaster may strike, but we do know that given enough time, there is a high likelihood that some sort of disaster will reach every region in the state. Whether it's more flooding in northeast Kansas, more ice storms in western Kansas, or another tornado in central Kansas, we must be prepared to fulfill our responsibilities when the time comes.

This fund would operate similar to other state funds, such as the Underground Storage Fund. The ceiling on the fund is \$40 million. Once the ceiling is reached, SGF and KUSF transfers would stop.

I would note that Governor Brownback has included the disaster fund, as proposed in SB 336, in his FY 2013 budget recommendations.

I appreciate your consideration of this bill and hope you will look favorably on this opportunity to establish a responsible, self-sufficient system for addressing our state's disaster aid needs.

I do have a balloon prepared that takes one paragraph from Senate Bill 337 and inserts it after Section 1(a) in Senate Bill 336. This paragraph establishes the second fund mentioned in Section 1(b), which would become Section 1(c). I am not requesting further consideration of SB 337 this year.

Thank you, Madam Chair. I would be happy to stand for questions.

Respectfully submitted by:
Maj Gen (KS) Lee E. Tapanelli
Kansas Adjutant General
06 Feb 2012