



[HF 280](#) – Disaster Assistance Loans, Forgiveness and Maximum Amounts (LSB1542HV)
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Fiscal Note Version – New

Description

[House File 280](#) increases the annual statewide maximum allowable loan for disaster aid from \$1.0 million to \$5.0 million. The Bill also authorizes the Executive Council to forgive the repayment of a loan in an amount up to \$1.0 million for good cause shown.

Background

The Contingent Fund provides disaster assistance loans and is paid from the Performance of Duty appropriation outlined in Iowa Code section [7D.29](#). The Performance of Duty appropriation provides funding for emergency repairs to State property if sufficient funds are not available in a State agency budget. The appropriation may be used to fund a portion of the match for local governmental entities in areas where presidential disasters have been declared as specified in Iowa Code sections [29C.20](#) and [29C.20A](#).

All expenditures from the Performance of Duty appropriation must be approved by the Executive Council. The Performance of Duty appropriation is a standing unlimited appropriation from the State's Economic Emergency Fund (EEF) established in Iowa Code section [8.55\(3\)\(d\)](#). If sufficient funds are unavailable in the EEF to pay the approved expenditures, an appropriation is provided from the General Fund in an amount necessary to fund the deficiency. Prior to FY 2012, the standing unlimited appropriation was funded through the General Fund, although other sources were occasionally used in place of the General Fund.

The annual statewide maximum for disaster aid loans was set at \$1.0 million in 1976, when Iowa Code section 29C.20 was created. Currently, disaster loans of this type are without interest, but must be repaid in full. These disaster loans are capped at a maximum of 75.0% of the obligation and expenditures of the project, meaning there is a minimum 25.0% local cost share.

Table 1 details disaster aid loans by fiscal year from FY 2011 through FY 2023. The average annual disaster aid over the past five fiscal years was \$621,000.

Table 1 — Approved, Repaid, and Outstanding Disaster Aid Loans

Fiscal Year	Approved Loan Amount	Repaid Loan Amount	Outstanding Loan Amount
2011	\$ 197,000	\$ 155,000	\$ 42,000
2012-2016	0	0	0
2017	285,000	44,000	240,000
2018	1,000,000	250,000	750,000
2019	188,000	38,000	150,000
2020	1,000,000	0	1,000,000
2021	917,000	726,000	192,000
2022	0	0	0
2023	1,000,000	0	1,000,000
Total	\$ 4,587,000	\$ 1,213,000	\$ 3,374,000

Amounts may not total due to rounding.

Assumptions

- Additional expenses may occur due to increases in disaster recovery costs, disaster frequency, and the number of loans requested; however, these amounts cannot be estimated at this time.
- The average annual disaster aid loan amount may increase in the future, but this amount cannot be determined at this time.

Fiscal Impact

House File 280 increases the annual statewide maximum allowable loan for disaster aid from \$1.0 million to \$5.0 million, which may increase the cost to the EEF by up to \$4.0 million per year beginning in FY 2024.

There are approximately \$3.4 million in outstanding disaster aid loans of which a portion or all may be forgiven by the Executive Council for good cause. None of the outstanding loans individually exceed \$1.0 million. Repayments would otherwise have been made to the EEF. The number and value of future loans that may be forgiven cannot be determined.

Sources

Department of Homeland Security and Emergency Management
 Department of Management
 Treasurer of State’s Office
 Legislative Services Agency analysis

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.