



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

**Bill #** HB0518

**Title:** Generally revise flood plain delineation, review, and regulations

**Primary Sponsor:** Loge, Denley M

**Status:** As Introduced

- Significant Local Gov Impact     
  Needs to be included in HB 2     
  Technical Concerns  
 Included in the Executive Budget     
  Significant Long-Term Impacts     
  Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$2,060,714	\$2,079,241	\$2,110,430	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$2,060,714)</u>	<u>(\$2,079,241)</u>	<u>(\$2,110,430)</u>	<u>\$0</u>

**Description of fiscal impact:** HB 518 directs the Department of Natural Resources and Conservation (DNRC) to amend the floodplain management administrative rules, specifically 36-15-502, ARM, changing the floodway surcharge threshold standard from ½ foot to 1 foot. The cost incurred to revise the existing 1,900-mile inventory of mapped floodways, perform administrative rule updates, and support local floodplain ordinance updates is estimated at around \$6.25 million over three years.

### FISCAL ANALYSIS

#### Assumptions:

- The Floodplain Management Program (FMP) at DNRC is funded through federal grants from the Federal Emergency Management Agency (FEMA). FEMA grants cover personnel and operating costs for the initial floodway rules and mapping. FEMA does not cover the cost to update mapping due to state standard changes.

2. It is assumed that implementation would occur incrementally from 2022-2024. Although the department cannot determine the timing of the changes, the following actions below would need to be taken for all impacted counties.
3. A rule change would be needed to update 36-15-502, ARM, and related ARMs, changing the floodway surcharge threshold standard from ½ foot to 1 foot. This rule change would require staff time to administer. Proposed ARM changes would also need to be reviewed by FEMA to verify that changes do not conflict with federal law. The department estimates 200 staff hours to conduct these rule changes.
4. The state inventory of mapped floodways is approximately 1,900 miles. Following updates to ARM, this inventory of existing mapped floodways would need to be updated to the proposed 1-foot standard. The estimated cost to physically update the floodways and associated revisions to the Flood Insurance Rate Maps is \$6.15 million over three years and includes consulting engineering fees and department staff time estimated at 2,500 staff hours. This work includes updating engineering and mapping products, undertaking FEMA’s Physical Map Revisions process for the 38 counties with floodways, due process, and coordination with communities and FEMA. Communities participating in the National Flood Insurance Program (NFIP) may choose to update their local floodplain ordinances to incorporate the revised floodway standard and to adopt the revised Flood Insurance Rate Maps. The department assumes these communities will update their ordinances. The floodplain Community Assistance Program at the department must review and approve these local ordinance updates and coordinate with FEMA and the participating communities. This effort is estimated at 1,560 staff hours for the department.
5. Temporary employees would be needed to complete these tasks.
6. An inflation rate of 1.5% has been applied to FY 2024.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Personal Services	\$42,714	\$61,241	\$62,160	\$0
Operating Expenses	\$2,018,000	\$2,018,000	\$2,048,270	\$0
<b>TOTAL Expenditures</b>	<u>\$2,060,714</u>	<u>\$2,079,241</u>	<u>\$2,110,430</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$2,060,714	\$2,079,241	\$2,110,430	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<u>\$2,060,714</u>	<u>\$2,079,241</u>	<u>\$2,110,430</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$2,060,714)	(\$2,079,241)	(\$2,110,430)	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

**Effect on County or Other Local Revenues or Expenditures:**

1. Of the 138 NFIP participating communities, 130 would need to update their local floodplain ordinances to incorporate the floodway standard revision and to adopt the revised Flood Insurance Rate Maps when completed.

**NOT SIGNED BY SPONSOR**

\_\_\_\_\_  
*Sponsor's Initials*

2/26/21  
*Date*

KA  
*Budget Director's Initials*

2/25/21  
*Date*