

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: HB46

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Oder

3. Committee: Militia, Police and Public Safety

4. Title: **Disaster Response Fund; funds to be disbursed for removal of hazardous materials in dwellings.**

5. Summary: Authorizes funds from the Virginia Disaster Response Fund to be disbursed to political subdivisions for the removal of hazardous materials from, and subsequent repair of, dwelling units.

6. Fiscal Impact Estimates: Preliminary; See Item 8 below.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: The Department of Emergency Management has determined that, although the cost of this proposal cannot be determined at this time, the proposal could have a negative impact on the Virginia Disaster Response Fund since the fund does not have a revenue stream supporting it. The proposal seeks to authorize payment from the Fund for the removal of hazardous materials and any subsequent repairs of dwelling units.

Currently, the fund is supported by a \$150,000 line of credit (Chapter 781, § 3-2.03), which is repaid when payment is received from responsible parties of a hazardous material spill. Not surprisingly, not all responsible parties make payment as required under § 44-146.18:1 and the agency is unable to repay the line of credit. When this occurs the agency is forced to seek funding from the General Assembly to restore the line of credit.

The Department of Emergency Management states that while the bill lacks specificity on which projects or source materials that may be defined as hazardous materials, they are aware of one recent issue that involves residential properties (Chinese drywall). According to the Department, it has been reported that it might cost from \$100,000 to \$150,000 per house to remedy the Chinese drywall problem.

9. Specific Agency or Political Subdivisions Affected: Department of Emergency Management, Department of Accounts

10. Technical Amendment Necessary: No.

11. Other Comments: According to the Department of Emergency Management, this issue has become a national concern and some funding assistance may be forthcoming from the U.S.

Department of Housing and Urban Development (HUD). In a news release, dated December 22, 2009, HUD announced that FHA-insured families experiencing problems associated with problem drywall may be eligible for assistance to help them rehabilitate their properties. In addition, HUD's Community Development Block Grant (CDBG) Program may also be a resource to help local communities combat the problem.

Date: 1/25/2010 dpb/John Crooks

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