

Flood Recovery Funding Update

Research Paper – October 2019

Devastating flooding impacted a number of communities across the state this spring following extreme weather events. This flooding caused widespread damage along the Missouri and Mississippi rivers, as well as isolated impacts from flash flooding events in small communities around the state.

To help the impacted communities recover from these major disasters, Governor Reynolds requested and the Legislature approved \$15 million to help finance flood response, recovery and mitigation projects, including infrastructure projects and property buyouts for impacted homeowners.

Communities eligible under the program could apply to the Flood Mitigation Board under the Iowa Department of Homeland Security and Emergency Management. The board would review the applications and decide whether to approve, deny or defer action on applications they had received.

Awards and Action by the Flood Mitigation Board

The Iowa Flood Mitigation Board met on September 16 to review nine applications from impacted communities. The board had received applications for projects from these communities:

1. Davenport – Mitigation/Flood Wall: \$454,230
2. Fredonia – Mitigation/Drainage: \$135,550
3. Hamburg – Buyout: \$940,856
4. Hamburg – Mitigation/Levee: \$12,319,000
5. Hornick – Mitigation/Levee: \$2,071,708
6. Mills County – Buyout: \$2,341,923
7. Muscatine – Buyout: \$157,750
8. Pacific Junction – Buyout: \$3,153,638
9. Vanman Levee District (Pottawattamie) – Levee: \$2,000,000

The total amount requested comes to more than \$23.5 million, far exceeding the \$15 million appropriated by the Legislature.

At the meeting, the board approved applications from Fredonia, Hamburg (buyout), Hornick, Mills County and Pacific Junction. The board allocated the final \$6.3 million of the appropriated funds to Hamburg to assist with its levee application, providing about half of the requested funding for the project. The board deferred action on all other remaining applications.

The board indicated that it would pursue additional funding for the flood recovery program during the 2020 legislative session to fulfill the Hamburg levee project, which requires another \$6 million. The board also indicated a desire to help with other projects that had applied for funding, and reported that it had received more interest from other communities impacted by this year's extreme weather events.

Other State Flood Mitigation Project Funding Sources

The state established the Flood Mitigation Program in 2012 to assist local governments with projects and break the cycle of damage caused by repeated flooding events.

To finance these projects, the Legislature established two funding sources: a sales tax increment or funds deposited into the Flood Mitigation Fund by the Legislature. The sales tax increment mechanism allows a local government to retain a portion of the state sales tax revenues generated within a designated flood recovery area to finance flood mitigation projects approved by the Flood Mitigation Board. The flood mitigation fund was designed to provide money to projects in communities where the sales tax increment mechanism would be insufficient to finance the necessary flood mitigation project.

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The Legislature has not allocated funding to the Flood Mitigation Fund, and no projects have been awarded assistance through that fund. Projects approved for sales tax increment financing have been allocated the maximum amount of funding allowed under that mechanism, which is nearly \$600 million over the life of the program. The amount of sales tax diverted from the general fund cannot exceed \$30 million each year.

Funding Proposals by Senate Democrats from 2019

The flood damage caused by the extreme weather events in spring 2019 requires an intensive response by the state. Senate Democrats have proposed additional funding for the large recovery effort.

One option put forth by Senator Hogg was an amendment ([S-3243](#)) to the standing appropriations bill ([SF 638](#)) that would have provided a contingent appropriation of \$25 million above the \$15 million requested by the Governor. The funding could have been provided if an approved project application exceeded what was available in the Flood Recovery Fund, it was determined that additional money was needed to support the remaining approved project applications, and the projects were in the public interest. Under this amendment, the applications that were tabled by the board could have received funds, and the Hamburg levy project could have been fully covered. This amendment was defeated, with only one Republican senator (Shipley) voting in favor of the measure.

More Information

Additional information on the projects that applied for funding through the Flood Recovery Fund can be found through the Flood Mitigation Board website at www.homelandsecurity.iowa.gov/about_HSEMD/flood_mitigation_board.html

The board website also includes information on projects funded by sales tax increment financing through the Flood Mitigation Program and annual progress reports for each of the approved projects. Those projects are taking place in:

- Burlington
- Cedar Falls
- Cedar Rapids
- Coralville
- Council Bluffs
- Des Moines
- Dubuque
- Iowa City
- Storm Lake
- Waverly