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***Testimony before the Senate Committee on Natural Resources, Veteran and Military Affairs***

Senator André Jacque

Senate Bill 207

July 1, 2025

Colleagues on the Senate Committee on Natural Resources, Veteran and Military Affairs:

The Safeguarding Tomorrow through Ongoing Risk Mitigation, or STORM, Act of 2020 was bipartisan legislation enacted and funded with support from both the Trump and Biden administrations to grant the Federal Emergency Management Agency (FEMA) authority to work with states and Indian tribal governments to establish revolving loan funds (RLFs). The RLFs are used by local governments to carry out projects that reduce natural disaster risk, including shoreline erosion and high and/or rising water levels.

For Wisconsin to be eligible to receive federal funds for this program, it is essential that our state adopts enabling legislation to allow it to participate. \$500 Million was appropriated by Congress to provide these grants nationwide to applying eligible entities: states, eligible federally recognized tribes, Puerto Rico, and the District of Columbia. In its first year of disbursements to states in 2023, Michigan received more than 5 Million dollars through the STORM Act. Last year, \$17.4 Million each in federal funds were granted to Michigan and Iowa among 10 states, a tribal government and the District of Columbia that were selected.

Senate Bill 207, an updated re-draft of last session's Senate Bill 64, creates the statutory authority for the Department of Military Affairs (DMA) to enter into an agreement with FEMA and provides the structural statutory framework for Wisconsin to accept and deposit money into a separate fund in the general fund in accordance with the requirements of the STORM Act, such as the 10% matching state funds requirement.

This new proposal includes the amendment to last session's version creating the Great Lakes erosion control revolving loan program. It also updates the years to reflect this session, and it adds a delayed effective date to accommodate the bill's introduction before the passage of the 2025-27 state budget.

Disasters often cause long-term economic, social, and environmental effects, including death, injury, property destruction, and increased burden on taxpayers. In 2018, costs to the United States from natural disasters reached \$91 billion, the fourth-highest total since 1980. Resilience and mitigation spending pays back to the taxpayer more than \$6.00 for every \$1.00 invested, but the majority of current disaster relief programs focus on post-disaster response rather than pre-disaster mitigation, preparation, and increasing capacity for systems to continue functioning after a disruption.

Unlike prior FEMA mitigation grants, the STORM Act's RLFs allow states to offer low interest loans to counties and cities for mitigation projects to help reduce loss of life and property, the cost of insurance, and federal disaster payments. The loans reach communities more quickly than other available grants and will provide an additional tool to meet the growing need. Loan repayment will provide states with a growing fund that they can use to continually improve resilience.

Our Great Lakes shorelines are an actively eroding coast, and their high-water levels intensify the impacts of high winds and shoreline erosion. They have already caused flooded campgrounds and streets, boating problems due to submerged structures, and damage to beaches, state parks and homes. This legislation ensures that communities facing these hazards are eligible for loans to fund mitigation projects.

The STORM Act also establishes funding assistance to minimize risk of drought and prolonged periods of intense heat, severe storms, wildfires, earthquakes, flooding, and storm surges, and requires regular review by the participating entities and FEMA to ensure effectiveness of the fund, as well as public notice of the types of projects to be funded. SB 207 establishes a special, non-lapsing segregated and federally funded loan fund, the Hazard Mitigation Revolving Loan Fund, to provide loans for local resilience projects that address mitigation of natural hazards.

Under provisions of the STORM Act, loans can also be granted to private property owners to provide the financing for natural hazard mitigation projects such as wind retro fits, flood mitigation elevation and wet or dry flood proofing projects, and fire mitigation retro fit projects, among other projects, and the fund may be used to provide low – or no – interest loans to finance authorities and non-profit organizations for hazard mitigation and resilience projects.

National groups formally supporting the STORM Act have included the U.S. Chamber of Commerce, American Council of Engineering Companies, American Society of Civil Engineers, American Society of Landscape Architects, Ecological Restoration Business Association, Interstate Council on Water Policy, Mississippi Rivers Cities and Towns Initiative, National Recreation and Park Association, the American Institute of Architects, and the Nature Conservancy.

Thank you for your consideration of Senate Bill 207 to ensure that Wisconsin is not left further behind. I'm happy to answer any questions committee members may have.



## Senate Committee on Natural Resources, Veteran and Military Affairs

*SB207*

### *Creation of a Great Lakes Erosion Control Revolving Loan Program*

*July 1, 2025*

Good morning, Chair Jacque and members of the Committee. My name is Jim Ritchie, and I am the Director of Community Financial Assistance for the Wisconsin Department of Natural Resources. Thank you for the opportunity to testify, for informational purposes, on SB207, related to the creation of a Great Lakes erosion control revolving loan program.

2025 Senate Bill 207 establishes a new revolving loan program to assist municipalities and homeowners where the structural integrity of municipal buildings or homes are threatened by shoreline erosion on Lake Michigan or Lake Superior. The bill appropriates \$5 million to DNR for this purpose. The bill further requires DNR to promulgate rules to administer the program and increases DNR's position authorization by 0.5 FTE to administer the program.

DNR does not currently provide financial assistance, either loans or grants, for this purpose. DNR does administer existing revolving loan programs for municipal wastewater and drinking water infrastructure improvements. These loan programs could be used as a model for establishing a new Great Lakes erosion control revolving loan program, however differences between the proposed program and the existing loan programs would require the development of a new, stand-alone loan program.

One of the key differences between the existing and proposed loan programs is the loan recipient. DNR does not currently administer any loan programs that provide funding directly to private citizens. New evaluation criteria and procedures would need to be developed to award loans to homeowners, including a review of their creditworthiness to ensure the loan can be repaid. This would be very different than the reviews DNR and DOA currently conduct of the financial capacity of a municipality to repay a loan as is done in DNR's existing loan programs. We would suggest that providing funds to municipalities and allowing them to pass through the funds to private homeowners would be a simpler way to administer the program.

Great Lakes shoreline erosion is a complex and expensive challenge. DNR is supportive of efforts to address shoreline erosion and doing so in a cost-effective manner. The bill appropriates \$5 million to DNR for this purpose. In order to establish a revolving loan program, it will be necessary to limit the amount of loan funding awarded through the program to ensure that principal and interest repayments are sufficient to sustain the program on an ongoing basis. For the first several years, we expect annual loan capacity to be in the range of \$250,000 to \$500,000 per year, which may be enough to fund between one and seven projects per year.

On behalf of the Department of Natural Resources, we would like to thank you for your time today. I would be happy to answer any questions you may have.