

116<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# **S. 3418**

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## **AN ACT**

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to allow the Administrator of the Federal Emergency Management Agency to provide capitalization grants to States to establish revolving funds to provide hazard mitigation assistance to reduce risks from disasters and natural hazards, and other related environmental harm.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Safeguarding Tomor-  
5 row through Ongoing Risk Mitigation Act” or the  
6 “STORM Act”.

7 **SEC. 2. GRANTS TO ENTITIES FOR ESTABLISHMENT OF**  
8 **HAZARD MITIGATION REVOLVING LOAN**  
9 **FUNDS.**

10 Title II of the Robert T. Stafford Disaster Relief and  
11 Emergency Assistance Act (42 U.S.C. 5131 et seq.) is  
12 amended by adding at the end the following:

13 **“SEC. 205. GRANTS TO ENTITIES FOR ESTABLISHMENT OF**  
14 **HAZARD MITIGATION REVOLVING LOAN**  
15 **FUNDS.**

16 “(a) GENERAL AUTHORITY.—

17 “(1) IN GENERAL.—The Administrator may  
18 enter into agreements with eligible entities to make  
19 capitalization grants to such entities for the estab-  
20 lishment of hazard mitigation revolving loan funds  
21 (referred to in this section as ‘entity loan funds’) for  
22 providing funding assistance to local governments to  
23 carry out eligible projects under this section to re-  
24 duce disaster risks for homeowners, businesses, non-

1 profit organizations, and communities in order to de-  
2 crease—

3 “(A) the loss of life and property;

4 “(B) the cost of insurance; and

5 “(C) Federal disaster payments.

6 “(2) AGREEMENTS.—Any agreement entered  
7 into under this section shall require the participating  
8 entity to—

9 “(A) comply with the requirements of this  
10 section; and

11 “(B) use accounting, audit, and fiscal pro-  
12 cedures conforming to generally accepted ac-  
13 counting standards.

14 “(b) APPLICATION.—

15 “(1) IN GENERAL.—To be eligible to receive a  
16 capitalization grant under this section, an eligible  
17 entity shall submit to the Administrator an applica-  
18 tion that includes the following:

19 “(A) Project proposals comprised of local  
20 government hazard mitigation projects, on the  
21 condition that the entity provides public notice  
22 not less than 6 weeks prior to the submission  
23 of an application.

1           “(B) An assessment of recurring major  
2 disaster vulnerabilities impacting the entity that  
3 demonstrates a risk to life and property.

4           “(C) A description of how the hazard miti-  
5 gation plan of the entity has or has not taken  
6 the vulnerabilities described in subparagraph  
7 (B) into account.

8           “(D) A description about how the projects  
9 described in subparagraph (A) could conform  
10 with the hazard mitigation plan of the entity  
11 and of the unit of local government.

12           “(E) A proposal of the systematic and re-  
13 gional approach to achieve resilience in a vul-  
14 nerable area, including impacts to river basins,  
15 river corridors, watersheds, estuaries, bays,  
16 coastal regions, micro-basins, micro-watersheds,  
17 ecosystems, and areas at risk of earthquakes,  
18 tsunamis, droughts, severe storms, and  
19 wildfires, including the wildland-urban inter-  
20 face.

21           “(2) TECHNICAL ASSISTANCE.—The Adminis-  
22 trator shall provide technical assistance to eligible  
23 entities for applications under this section.

24           “(c) ENTITY LOAN FUND.—

1           “(1) ESTABLISHMENT OF FUND.—An entity  
2           that receives a capitalization grant under this sec-  
3           tion shall establish an entity loan fund that complies  
4           with the requirements of this subsection.

5           “(2) FUND MANAGEMENT.—Except as provided  
6           in paragraph (3), entity loan funds shall—

7                   “(A) be administered by the agency re-  
8                   sponsible for emergency management; and

9                   “(B) include only—

10                          “(i) funds provided by a capitalization  
11                          grant under this section;

12                          “(ii) repayments of loans under this  
13                          section to the entity loan fund; and

14                          “(iii) interest earned on amounts in  
15                          the entity loan fund.

16           “(3) ADMINISTRATION.—A participating entity  
17           may combine the financial administration of the en-  
18           tity loan fund of such entity with the financial ad-  
19           ministration of any other revolving fund established  
20           by such entity if the Administrator determines  
21           that—

22                   “(A) the capitalization grant, entity share,  
23                   repayments of loans, and interest earned on  
24                   amounts in the entity loan fund are accounted

1 for separately from other amounts in the revolving  
2 fund; and

3 “(B) the authority to establish assistance  
4 priorities and carry out oversight activities re-  
5 mains in the control of the entity agency re-  
6 sponsible for emergency management.

7 “(4) ENTITY SHARE OF FUNDS.—

8 “(A) IN GENERAL.—On or before the date  
9 on which a participating entity receives a cap-  
10 italization grant under this section, the entity  
11 shall deposit into the entity loan fund of such  
12 entity, an amount equal to not less than 10 per-  
13 cent of the amount of the capitalization grant.

14 “(B) REDUCED GRANT.—If, with respect  
15 to a capitalization grant under this section, a  
16 participating entity deposits in the entity loan  
17 fund of the entity an amount that is less than  
18 10 percent of the total amount of the capitaliza-  
19 tion grant that the participating entity would  
20 otherwise receive, the Administrator shall re-  
21 duce the amount of the capitalization grant re-  
22 ceived by the entity to the amount that is 10  
23 times the amount so deposited.

24 “(d) APPORTIONMENT.—

1           “(1) IN GENERAL.—Except as otherwise pro-  
2           vided by this subsection, the Administrator shall ap-  
3           portion funds made available to carry out this sec-  
4           tion to entities that have entered into an agreement  
5           under subsection (a)(2) in amounts as determined  
6           by the Administrator.

7           “(2) RESERVATION OF FUNDS.—The Adminis-  
8           trator shall reserve not more than 2.5 percent of the  
9           amount made available to carry out this section for  
10          the Federal Emergency Management Agency for—

11                   “(A) administrative costs incurred in car-  
12                   rying out this section;

13                   “(B) providing technical assistance to par-  
14                   ticipating entities under subsection (b)(2); and

15                   “(C) capitalization grants to insular areas  
16                   under paragraph (4).

17          “(3) PRIORITY.—In the apportionment of cap-  
18          italization grants under this subsection, the Admin-  
19          istrator shall give priority to entity applications  
20          under subsection (b) that—

21                   “(A) propose projects increasing resilience  
22                   and reducing risk of harm to natural and built  
23                   infrastructure;

1           “(B) involve a partnership between two or  
2 more eligible entities to carry out a project or  
3 similar projects;

4           “(C) take into account regional impacts of  
5 hazards on river basins, river corridors, micro-  
6 watersheds, macro-watersheds, estuaries, lakes,  
7 bays, and coastal regions and areas at risk of  
8 earthquakes, tsunamis, droughts, severe storms,  
9 and wildfires, including the wildland-urban  
10 interface; or

11           “(D) propose projects for the resilience of  
12 major economic sectors or critical national in-  
13 frastructure, including ports, global commodity  
14 supply chain assets (located within an entity or  
15 within the jurisdiction of local governments, in-  
16 sular areas, and Indian tribal governments),  
17 power and water production and distribution  
18 centers, and bridges and waterways essential to  
19 interstate commerce.

20           “(4) INSULAR AREAS.—

21           “(A) APPORTIONMENT.—From any  
22 amount remaining of funds reserved under  
23 paragraph (2), the Administrator may enter  
24 into agreements to provide capitalization grants  
25 to insular areas.



1           “(B) REQUIREMENTS.—An insular area  
2           receiving a capitalization grant under this sec-  
3           tion shall comply with the requirements of this  
4           section as applied to participating entities.

5           “(e) ENVIRONMENTAL REVIEW OF REVOLVING LOAN  
6 FUND PROJECTS.—The Administrator may delegate to a  
7 participating entity all of the responsibilities for environ-  
8 mental review, decision making, and action pursuant to  
9 the National Environmental Policy Act of 1969 (42 U.S.C.  
10 4321 et seq.), and other applicable Federal environmental  
11 laws including the Endangered Species Act of 1973 (16  
12 U.S.C. 1531 et seq.) and the National Historic Preserva-  
13 tion Act of 1966 (54 U.S.C. 300101 et seq.) that would  
14 apply to the Administrator were the Administrator to un-  
15 dertake projects under this section as Federal projects so  
16 long as the participating entity carries out such respon-  
17 sibilities in the same manner and subject to the same re-  
18 quirements as if the Administrator carried out such re-  
19 sponsibilities.

20           “(f) USE OF FUNDS.—

21           “(1) TYPES OF ASSISTANCE.—Amounts depos-  
22           ited in an entity loan fund, including loan repay-  
23           ments and interest earned on such amounts, may be  
24           used—

1           “(A) to make loans, on the condition  
2           that—

3                   “(i) such loans are made at an inter-  
4                   est rate of not more than 1 percent;

5                   “(ii) annual principal and interest  
6                   payments will commence not later than 1  
7                   year after completion of any project and all  
8                   loans made under this subparagraph will  
9                   be fully amortized—

10                           “(I) not later than 20 years after  
11                           the date on which the project is com-  
12                           pleted; or

13                           “(II) for projects in a low-income  
14                           geographic area, not later than 30  
15                           years after the date on which the  
16                           project is completed and not longer  
17                           than the expected design life of the  
18                           project;

19                           “(iii) the loan recipient of a loan  
20                           under this subparagraph establishes a  
21                           dedicated source of revenue for repayment  
22                           of the loan;

23                           “(iv) the loan recipient of a loan  
24                           under this subparagraph has a hazard

1 mitigation plan that has been approved by  
2 the Administrator; and

3 “(v) the entity loan fund will be cred-  
4 ited with all payments of principal and in-  
5 terest on all loans made under this sub-  
6 paragraph;

7 “(B) for mitigation efforts, in addition to  
8 mitigation planning under section 322 not to  
9 exceed 10 percent of the capitalization grants  
10 made to the participating entity in a fiscal year;

11 “(C) for the reasonable costs of admin-  
12 istering the fund and conducting activities  
13 under this section, except that such amounts  
14 shall not exceed \$100,000 per year, 2 percent  
15 of the capitalization grants made to the partici-  
16 pating entity in a fiscal year, or 1 percent of  
17 the value of the entity loan fund, whichever  
18 amount is greatest, plus the amount of any fees  
19 collected by the entity for such purpose regard-  
20 less of the source; and

21 “(D) to earn interest on the entity loan  
22 fund.

23 “(2) PROHIBITION ON DETERMINATION THAT  
24 LOAN IS A DUPLICATION.—In carrying out this sec-  
25 tion, the Administrator may not determine that a

1 loan is a duplication of assistance or programs  
2 under this Act.

3 “(3) PROJECTS AND ACTIVITIES ELIGIBLE FOR  
4 ASSISTANCE.—Except as provided in this subsection,  
5 a participating entity may use funds in the entity  
6 loan fund to provide financial assistance for projects  
7 or activities that mitigate the impacts of natural  
8 hazards including—

9 “(A) drought and prolonged episodes of in-  
10 tense heat;

11 “(B) severe storms, including hurricanes,  
12 tornados, wind storms, cyclones, and severe  
13 winter storms;

14 “(C) wildfires;

15 “(D) earthquakes;

16 “(E) flooding, including the construction,  
17 repair, or replacement of a non-Federal levee or  
18 other flood control structure, provided that the  
19 Administrator, in consultation with the Army  
20 Corps of Engineers (if appropriate), requires an  
21 eligible entity to determine that such levee or  
22 structure is designed, constructed, and main-  
23 tained in accordance with sound engineering  
24 practices and standards equivalent to the pur-

1           pose for which such levee or structure is in-  
2           tended;

3                   “(F) shoreline erosion;

4                   “(G) high water levels; and

5                   “(H) storm surges.

6           “(4) ZONING AND LAND USE PLANNING  
7           CHANGES.—A participating entity may use not more  
8           than 10 percent of a capitalization grant under this  
9           section to enable units of local government to imple-  
10          ment zoning and land use planning changes focused  
11          on—

12                   “(A) the development and improvement of  
13                   zoning and land use codes that incentivize and  
14                   encourage low-impact development, resilient  
15                   wildland-urban interface land management and  
16                   development, natural infrastructure, green  
17                   stormwater management, conservation areas  
18                   adjacent to floodplains, implementation of wa-  
19                   tershed or greenway master plans, and re-  
20                   connection of floodplains;

21                   “(B) the study and creation of agricultural  
22                   risk compensation districts where there is a de-  
23                   sire to remove or set-back levees protecting  
24                   highly developed agricultural land to mitigate  
25                   for flooding, allowing agricultural producers to

1 receive compensation for assuming greater flood  
2 risk that would alleviate flood exposure to popu-  
3 lation centers and areas with critical national  
4 infrastructure;

5 “(C) the study and creation of land use in-  
6 centives that reward developers for greater reli-  
7 ance on low impact development stormwater  
8 best management practices, exchange density  
9 increases for increased open space and improve-  
10 ment of neighborhood catch basins to mitigate  
11 urban flooding, reward developers for including  
12 and augmenting natural infrastructure adjacent  
13 to and around building projects without reliance  
14 on increased sprawl, and reward developers for  
15 addressing wildfire ignition; and

16 “(D) the study and creation of an erosion  
17 response plan that accommodates river, lake,  
18 forest, plains, and ocean shoreline retreating or  
19 bluff stabilization due to increased flooding and  
20 disaster impacts.

21 “(5) ESTABLISHING AND CARRYING OUT  
22 BUILDING CODE ENFORCEMENT.—A participating  
23 entity may use capitalization grants under this sec-  
24 tion to enable units of local government to establish  
25 and carry out the latest published editions of rel-

1 evant building codes, specifications, and standards  
2 for the purpose of protecting the health, safety, and  
3 general welfare of the building’s users against disas-  
4 ters and natural hazards.

5 “(6) ADMINISTRATIVE AND TECHNICAL  
6 COSTS.—For each fiscal year, a participating entity  
7 may use the amount described in paragraph (1)(C)  
8 to—

9 “(A) pay the reasonable costs of admin-  
10 istering the programs under this section, includ-  
11 ing the cost of establishing an entity loan fund;  
12 and

13 “(B) provide technical assistance to recipi-  
14 ents of financial assistance from the entity loan  
15 fund, on the condition that such technical as-  
16 sistance does not exceed 5 percent of the cap-  
17 italization grant made to such entity.

18 “(7) LIMITATION FOR SINGLE PROJECTS.—A  
19 participating entity may not provide an amount  
20 equal to or more than \$5,000,000 to a single hazard  
21 mitigation project.

22 “(8) REQUIREMENTS.—For fiscal year 2022  
23 and each fiscal year thereafter, the requirements of  
24 subchapter IV of chapter 31 of title 40, United  
25 States Code, shall apply to the construction of

1 projects carried out in whole or in part with assist-  
2 ance made available by an entity loan fund author-  
3 ized by this section.

4 “(g) INTENDED USE PLANS.—

5 “(1) IN GENERAL.—After providing for public  
6 comment and review, and consultation with appro-  
7 priate government agencies of the State or Indian  
8 tribal government, Federal agencies, and interest  
9 groups, each participating entity shall annually pre-  
10 pare and submit to the Administrator a plan identi-  
11 fying the intended uses of the entity loan fund.

12 “(2) CONTENTS OF PLAN.—An entity intended  
13 use plan prepared under paragraph (1) shall in-  
14 clude—

15 “(A) the integration of entity planning ef-  
16 forts, including entity hazard mitigation plans  
17 and other programs and initiatives relating to  
18 mitigation of major disasters carried out by  
19 such entity;

20 “(B) an explanation of the mitigation and  
21 resiliency benefits the entity intends to achieve  
22 by—

23 “(i) reducing future damage and loss  
24 associated with hazards;



1           “(ii) reducing the number of severe  
2           repetitive loss structures and repetitive loss  
3           structures in the entity;

4           “(iii) decreasing the number of insur-  
5           ance claims in the entity from injuries re-  
6           sulting from major disasters or other nat-  
7           ural hazards; and

8           “(iv) increasing the rating under the  
9           community rating system under section  
10          1315(b) of the National Flood Insurance  
11          Act of 1968 (42 U.S.C. 4022(b)) for com-  
12          munities in the entity;

13          “(C) information on the availability of, and  
14          application process for, financial assistance  
15          from the entity loan fund of such entity;

16          “(D) the criteria and methods established  
17          for the distribution of funds;

18          “(E) the amount of financial assistance  
19          that the entity anticipates apportioning;

20          “(F) the expected terms of the assistance  
21          provided from the entity loan fund; and

22          “(G) a description of the financial status  
23          of the entity loan fund, including short-term  
24          and long-term goals for the fund.

1       “(h) AUDITS, REPORTS, PUBLICATIONS, AND OVER-  
2 SIGHT.—

3               “(1) BIENNIAL ENTITY AUDIT AND REPORT.—  
4       Beginning not later than the last day of the second  
5       fiscal year after the receipt of payments under this  
6       section, and biennially thereafter, any participating  
7       entity shall—

8               “(A) conduct an audit of the entity loan  
9       fund established under subsection (c); and

10              “(B) provide to the Administrator a report  
11       including—

12              “(i) the result of any such audit; and

13              “(ii) a review of the effectiveness of  
14       the entity loan fund of the entity with re-  
15       spect to meeting the goals and intended  
16       benefits described in the intended use plan  
17       submitted by the entity under subsection  
18       (g).

19              “(2) PUBLICATION.—A participating entity  
20       shall publish and periodically update information  
21       about all projects receiving funding from the entity  
22       loan fund of such entity, including—

23              “(A) the location of the project;

24              “(B) the type and amount of assistance  
25       provided from the entity loan fund;

1           “(C) the expected funding schedule; and

2           “(D) the anticipated date of completion of  
3 the project.

4           “(3) OVERSIGHT.—

5           “(A) IN GENERAL.—The Administrator  
6 shall, at least every 4 years, conduct reviews  
7 and audits as may be determined necessary or  
8 appropriate by the Administrator to carry out  
9 the objectives of this section and determine the  
10 effectiveness of the fund in reducing natural  
11 hazard risk.

12           “(B) GAO REQUIREMENTS.—A partici-  
13 pating entity shall conduct audits under para-  
14 graph (1) in accordance with the auditing pro-  
15 cedures of the Government Accountability Of-  
16 fice, including generally accepted government  
17 auditing standards.

18           “(C) RECOMMENDATIONS BY ADMINIS-  
19 TRATOR.—The Administrator may at any time  
20 make recommendations for or require specific  
21 changes to an entity loan fund in order to im-  
22 prove the effectiveness of the fund.

23           “(i) REGULATIONS OR GUIDANCE.—The Adminis-  
24 trator shall issue such regulations or guidance as are nec-  
25 essary to—

1           “(1) ensure that each participating entity uses  
2 funds as efficiently as possible;

3           “(2) reduce waste, fraud, and abuse to the  
4 maximum extent possible; and

5           “(3) require any party that receives funds di-  
6 rectly or indirectly under this section, including a  
7 participating entity and a recipient of amounts from  
8 an entity loan fund, to use procedures with respect  
9 to the management of the funds that conform to  
10 generally accepted accounting standards.

11          “(j) WAIVER AUTHORITY.—Until such time as the  
12 Administrator issues final regulations to implement this  
13 section, the Administrator may—

14           “(1) waive notice and comment rulemaking, if  
15 the Administrator determines the waiver is necessary  
16 to expeditiously implement this section; and

17           “(2) provide capitalization grants under this  
18 section as a pilot program.

19          “(k) LIABILITY PROTECTIONS.—The Agency shall  
20 not be liable for any claim based on the exercise or per-  
21 formance of, or the failure to exercise or perform, a discre-  
22 tionary function or duty by the Agency, or an employee  
23 of the Agency in carrying out this section.

24          “(l) GAO REPORT.—Not later than 1 year after the  
25 date on which the first entity loan fund is established

1 under subsection (c), the Comptroller General of the  
2 United States shall submit to the Committee on Homeland  
3 Security and Governmental Affairs of the Senate and the  
4 Committee on Transportation and Infrastructure of the  
5 House of Representatives a report that examines—

6 “(1) the appropriateness of regulations and  
7 guidance issued by the Administrator for the pro-  
8 gram, including any oversight of the program;

9 “(2) a description of the number of the entity  
10 loan funds established, the projects funded from  
11 such entity loan funds, and the extent to which  
12 projects funded by the loan funds adhere to any ap-  
13 plicable hazard mitigation plans;

14 “(3) the effectiveness of the entity loan funds  
15 to lower disaster related costs; and

16 “(4) recommendations for improving the admin-  
17 istration of entity loan funds.

18 “(m) DEFINITIONS.—In this section, the following  
19 definitions apply:

20 “(1) ADMINISTRATOR.—The term ‘Adminis-  
21 trator’ means the Administrator of the Federal  
22 Emergency Management Agency.

23 “(2) AGENCY.—The term ‘Agency’ means the  
24 Federal Emergency Management Agency.

1           “(3) ELIGIBLE ENTITY.—The term ‘eligible en-  
2           tity’ means—

3                   “(A) a State; or

4                   “(B) an Indian tribal government that has  
5           received a major disaster declaration during the  
6           5-year period ending on the date of enactment  
7           of the STORM Act.

8           “(4) HAZARD MITIGATION PLAN.—The term  
9           ‘hazard mitigation plan’ means a mitigation plan  
10          submitted under section 322.

11          “(5) INSULAR AREA.—The term ‘insular area’  
12          means Guam, American Samoa, the Commonwealth  
13          of the Northern Mariana Islands, and the United  
14          States Virgin Islands.

15          “(6) LOW-INCOME GEOGRAPHIC AREA.—The  
16          term ‘low-income geographic area’ means an area  
17          described in paragraph (1) or (2) of section 301(a)  
18          of the Public Works and Economic Development Act  
19          of 1965 (42 U.S.C. 3161(a)).

20          “(7) PARTICIPATING ENTITY.—The term ‘par-  
21          ticipating entity’ means an eligible entity that has  
22          entered into an agreement under this section.

23          “(8) REPETITIVE LOSS STRUCTURE.—The term  
24          ‘repetitive loss structure’ has the meaning given the

1 term in section 1370 of the National Flood Insur-  
2 ance Act of 1968 (42 U.S.C. 4121).

3 “(9) SEVERE REPETITIVE LOSS STRUCTURE.—  
4 The term ‘severe repetitive loss structure’ has the  
5 meaning given the term in section 1366(h) of the  
6 National Flood Insurance Act of 1968 (42 U.S.C.  
7 4104c(h)).

8 “(10) STATE.—The term ‘State’ means any  
9 State of the United States, the District of Columbia,  
10 and Puerto Rico.

11 “(11) WILDLAND-URBAN INTERFACE.—The  
12 term ‘wildland-urban interface’ has the meaning  
13 given the term in section 101 of the Healthy Forests  
14 Restoration Act of 2003 (16 U.S.C. 6511).

15 “(n) AUTHORIZATION OF APPROPRIATIONS.—There  
16 are authorized to be appropriated \$100,000,000 for each  
17 of fiscal years 2022 through 2023 to carry out this sec-  
18 tion.”.

Passed the Senate December 9, 2020.

Attest:

*Secretary.*

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