

[DISCUSSION DRAFT]116TH CONGRESS
1ST SESSION**H. R.** _____

To reauthorize the national flood insurance program and establish a program to make such insurance affordable to low-income families, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. WATERS introduced the following bill; which was referred to the Committee on _____

A BILL

To reauthorize the national flood insurance program and establish a program to make such insurance affordable to low-income families, and for other purposes.

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 “_____ Act
5 of 2019”.

6 **SEC. 2. CONGRESSIONAL FINDINGS.**

7 The Congress finds that—

1 (1) since 2016, communities and families across
2 the United States have suffered over \$300 billion in
3 losses as a result of flooding;

4 (2) the national flood insurance program
5 (NFIP) is a key component of the Federal Govern-
6 ment's efforts to minimize the damage and financial
7 impact of floods;

8 (3) In the absence of widespread private insur-
9 ance industry participation, and as a matter of na-
10 tional policy, the Federal Government must ensure
11 the availability and affordability of flood insurance;

12 (4) the NFIP is the principal provider of flood
13 insurance in the United States, covering over 5 mil-
14 lion households and businesses across the country;

15 (5) affordability of flood insurance coverage re-
16 mains a serious concern;

17 (6) a policyholder's ability to pay for flood in-
18 surance coverage should be considered in setting
19 chargeable premium rates; and

20 (7) in the absence of widespread private insur-
21 ance industry participation, and as a matter of na-
22 tional policy, the Federal Government must ensure
23 the availability and affordability of flood insurance
24 for those who need financial assistance.

1 **SEC. 3. PROGRAM EXTENSION.**

2 (a) FINANCING.—Subsection (a) of section 1309 of
3 the National Flood Insurance Act of 1968 (42 U.S.C.
4 4016(a)) is amended by striking “May 31, 2019” and in-
5 serting “September 30, 2024”.

6 (b) PROGRAM EXPIRATION.—Section 1319 of the Na-
7 tional Flood Insurance Act of 1968 (42 U.S.C. 4026) is
8 amended by striking “May 31, 2019” and inserting “Sep-
9 tember 30, 2024”.

10 (c) RETROACTIVE EFFECTIVE DATE.—If this Act is
11 enacted after May 31, 2019, the amendments made by
12 subsections (a) and (b) shall take effect as if enacted on
13 May 31, 2019.

14 **SEC. 4. DEBT CANCELLATION.**

15 (a) FORGIVENESS.—Notwithstanding any other pro-
16 vision of law, all indebtedness of the Administrator of the
17 Federal Emergency Management Agency under any notes
18 or other obligations issued pursuant to section 1309(a) of
19 the National Flood Insurance Act of 1968 (42 U.S.C.
20 4016(a)) and section 15(e) of the Federal Insurance Act
21 of 1956 (42 U.S.C. 2414(e)), and outstanding as of the
22 date of the enactment of this Act, is hereby canceled, the
23 Administrator and the National Flood Insurance Fund are
24 relieved of all liability to the Secretary of the Treasury
25 under any such notes or other obligations, including for
26 any capitalized interest due under such notes or other obli-

1 gations and any other fees and charges payable in connec-
2 tion with such notes and obligations, and the total amount
3 of notes and obligations issued by the Administrator pur-
4 suant to such section shall be considered to be reduced
5 by such amount for purposes of the limitation on such
6 total amount under such section.

7 (b) TREATMENT OF CANCELED DEBT.—The amount
8 of the indebtedness canceled under subsection (a)—

9 (1) may be treated as a public debt of the
10 United States; and

11 (2) is designated as an emergency pursuant to
12 section 4(g) of the Statutory Pay-As-You-Go Act of
13 2010 (2 U.S.C. 933(g)).

14 **SEC. 5. DEMONSTRATION PROGRAM FOR POLICY AFFORD-**
15 **ABILITY.**

16 (a) AUTHORITY.—The Administrator of the Federal
17 Emergency Management Agency, in consultation with the
18 Secretary of the Treasury and the Secretary of Housing
19 and Urban Development, shall establish and carry out a
20 program under this section to demonstrate the effective-
21 ness of providing means-tested discounted rates for flood
22 insurance coverage made available under the National
23 Flood Insurance Act of 1968 for eligible families.

1 (b) ELIGIBLE HOUSEHOLDS AND PROPERTIES.—The
2 Administrator may provide discounted premium rates pur-
3 suant to this section only for properties that are—

4 (1) 1- to 4-family residential properties; and

5 (2) the primary residence of a household whose
6 income does not exceed 80 percent of the area me-
7 dian income, as determined by the Administrator in
8 consultation with the Secretary of Housing and
9 Urban Development.

10 (c) INCOME DETERMINATIONS.—For purposes of the
11 program under this section, the Administrator shall make
12 determinations of household income on an annual basis.

13 (d) PREMIUM DISCOUNTS.—Notwithstanding any
14 provision of the National Flood Insurance Act of 1968,
15 the chargeable premium rate for flood insurance coverage
16 made available under the program under this section shall
17 be equal to the amount that is equal to 2 percent of annual
18 area medium income for the area within which is located
19 the property for which the coverage is provided.

20 (e) DISCLOSURE OF FULL-RISK RATE.—The Admin-
21 istrator shall provide to each policyholder purchasing flood
22 insurance coverage under the program under this section
23 for a property, not later than the commencement of the
24 period of such coverage, a written statement setting forth
25 the full actuarial premium rate for coverage for such prop-

1 erty determined in accordance with section 1307(a)(1) of
2 the National Flood Insurance Act of 1968 (42 U.S.C.
3 4014(a)(1)), the amount of the policy discount for such
4 coverage, and any other information the Director con-
5 siders helpful to policyholders in understanding flood in-
6 surance coverage and costs.

7 (f) LIMITATION ON DISCOUNTS.—Notwithstanding
8 any other provision of this section, discounted flood insur-
9 ance coverage under the program under this section may
10 be made available in any fiscal year only to the extent that
11 the aggregate amount of the policy discounts provided
12 under the program do not exceed the aggregate amount
13 of surcharges collected pursuant to section 1308A in such
14 fiscal year.

15 (g) GUIDANCE.—Not later than the expiration of the
16 12-month period beginning on the date of the enactment
17 of this Act, the Administrator shall issue guidance pro-
18 viding for the establishment of the demonstration program
19 under this section, which shall include an estimation of
20 the cost of the program stated in terms of the aggregate
21 of policy discounts to be made available under the pro-
22 gram, a description of how the Administrator will deter-
23 mine eligibility for households to participate in the pro-
24 gram, any new requirements that policyholders partici-
25 pating in the program will be subject to, and the results

1 of the Administrator's consultations with the Secretary of
2 the Treasury and the Secretary of Housing and Urban
3 Development.

4 (h) REPORT TO CONGRESS.—

5 (1) COLLECTION OF INFORMATION.—The Ad-
6 ministrator shall collect by survey or other means in-
7 formation, for each participating community in the
8 national flood insurance program and regarding each
9 year during the period beginning 5 years before im-
10 plementation of the pilot program under this section
11 and ending upon the termination date under sub-
12 section (j), as follows:

13 (A) The demographic characteristics of
14 households purchasing flood insurance coverage
15 under such program.

16 (B) The average median income of such
17 households.

18 (C) The number of properties located in
19 areas for which a major disaster related to
20 flooding was declared pursuant to the Robert T.
21 Stafford Disaster Relief and Emergency Assist-
22 ance Act.

23 (D) The number of policies made available
24 under the national flood insurance program and

1 the number and aggregate amount of claims
2 submitted under such program.

3 (E) For all properties in such community
4 receiving discounted coverage under the dem-
5 onstration program under this section, the ag-
6 gregate amount of the full actuarial premium
7 rate for coverage that is determined in accord-
8 ance with section 1307(a)(1) of the National
9 Flood Insurance Act of 1968 (42 U.S.C.
10 4014(a)(1)) and the aggregate amount of policy
11 discounts provided under the demonstration
12 program.

13 (F) For all properties in such community,
14 any changes to such full actuarial premium
15 rates due to mapping changes or other factors.

16 (2) REPORT TO CONGRESS.— Not later than
17 the expiration of the 5-year period beginning upon
18 the implementation of the demonstration program
19 under this section, the Administrator shall submit to
20 the Congress a report evaluating the effectiveness of
21 the assistance provided under the program, which
22 shall include—

23 (A) a statement of the number of house-
24 holds participating in the program and the
25 rates of participation by communities partici-

1 pating in the national flood insurance program
2 and by households, including whether such par-
3 ticipation rates have changed by year; and

4 (B) an estimate of the cost of the program
5 to the National Flood Insurance Fund under
6 section 1310 of the National Flood Insurance
7 Act of 1968.

8 (i) DEFINITIONS.—For purposes of this section, the
9 following definitions shall apply:

10 (1) ADMINISTRATOR.—The term “Adminis-
11 trator” means the Administrator of the Federal
12 Emergency Management Agency.

13 (2) POLICY DISCOUNT.—The term “policy dis-
14 count” means, with respect to a policy for flood in-
15 surance coverage under the national flood insurance
16 program made available under the program under
17 this section, the amount by which the full actuarial
18 premium rate for coverage for such property that is
19 determined in accordance with section 1307(a)(1) of
20 the National Flood Insurance Act of 1968 (42
21 U.S.C. 4014(a)(1)) exceeds the chargeable premium
22 rate for the coverage made available under the pro-
23 gram under this section.

1 (j) TERMINATION.—The authority under this section
2 to provide discounted premium rates for flood insurance
3 coverage shall terminate on May 31, 2024.

4 **SEC. 6. PREMIUM AND FEES RELIEF FOR FAMILIES AND**
5 **SMALL BUSINESSES.**

6 (a) REPEAL OF FEDERAL POLICY FEE.—

7 (1) ESTIMATED RATES.—Section 1307(a) of the
8 National Flood Insurance Act of 1968 (42 U.S.C.
9 4014(a)) is amended—

10 (A) in paragraph (1)(B)—

11 (i) in clause (ii), by inserting “and”
12 after the comma at the end;

13 (ii) by striking clause (iii); and

14 (iii) by redesignating clause (iv) as
15 clause (iii); and

16 (B) in paragraph (2), by striking “, to-
17 gether with a fee charged to policyholders that
18 shall not be subject to any agents’ commission,
19 company expense allowances, or State or local
20 premium taxes,”.

21 (2) CHARGEABLE RATES.—Subsection (b) of
22 section 1308 of the National Flood Insurance Act of
23 1968 (42 U.S.C. 4015(b)) is amended—

24 (A) by striking paragraph (3); and

1 (B) by redesignating paragraphs (4) and
2 (5) as paragraphs (3) and (4), respectively.

3 (b) REPEAL OF SURCHARGE.—

4 (1) REPEAL.—Section 1308A of the National
5 Flood Insurance Act of 1968 (42 U.S.C. 4015a) is
6 hereby repealed.

7 (2) CONFORMING AMENDMENTS.—The National
8 Flood Insurance Act of 1968 is amended—

9 (A) in section 1308(m) (42 U.S.C.
10 4015(m))—

11 (i) in paragraph (1), by striking “and
12 the surcharges required under section
13 1308A”; and

14 (ii) in paragraph (2), by striking “or
15 surcharges”; and

16 (B) in section 1310A(c) (42 U.S.C.
17 4017a(c)), by striking paragraph (4).

18 (c) SMALL LOAN EXCEPTION TO MANDATORY PUR-
19 CHASE REQUIREMENT.—Subparagraph (A) of section
20 102(c)(2) of the Flood Disaster Protection Act of 1973
21 (42 U.S.C. 4012a(c)(2)(A)) is amended by striking
22 “\$5,000” and inserting “\$25,000”.

23 (d) MONTHLY INSTALLMENT PAYMENT OF PRE-
24 MIUMS.—

1 (1) AUTHORITY.—Subsection (g) of section
2 1308 of the National Flood Insurance Act of 1968
3 (42 U.S.C. 4015(g)) is amended—

4 (A) by striking the subsection designation
5 and all that follows through “With respect” and
6 inserting the following:

7 “(g) FREQUENCY OF PREMIUM COLLECTION.—

8 “(1) OPTIONS.—With respect”; and

9 (B) by adding at the end the following:

10 “(2) MONTHLY INSTALLMENT PAYMENT OF
11 PREMIUMS.—

12 “(A) EXEMPTION FROM RULEMAKING.—

13 Until such time as the Administrator promul-
14 gates regulations implementing paragraph (1)
15 of this subsection, the Administrator may adopt
16 policies and procedures, notwithstanding any
17 other provisions of law and in alignment and
18 consistent with existing industry escrow and
19 servicing standards, necessary to implement
20 such paragraph without undergoing notice and
21 comment rulemaking and without conducting
22 regulatory analyses otherwise required by stat-
23 ute, regulation, or Executive order.

24 “(B) PILOT PROGRAM.—The Adminis-
25 trator may initially implement paragraph (1) of

1 this subsection as a pilot program that provides
2 for a gradual phase-in of implementation.

3 “(C) POLICYHOLDER PROTECTION.—The
4 Administrator may—

5 “(i) during the 12-month period be-
6 ginning on the date of the enactment of
7 this subparagraph, charge policyholders
8 choosing to pay premiums in monthly in-
9 stallments a fee for the total cost of the
10 monthly collection of premiums not to ex-
11 ceed \$25 annually; and

12 “(ii) after the expiration of the 12-
13 month period referred to in clause (i), ad-
14 just the fee charged annually to cover the
15 total cost of the monthly collection of pre-
16 miums as determined by the report sub-
17 mitted pursuant to subparagraph (D).

18 “(D) REPORT.—Not later than six months
19 after the date of the enactment of this Act, the
20 Comptroller General shall submit a report to
21 the Committee on Financial Services of the
22 House of Representatives and the Committee
23 on Banking, Housing, and Urban Affairs of the
24 Senate, that sets forth all of the costs associ-
25 ated with the monthly payment of premiums,

1 including any up-front costs associated with in-
2 frastructure development, the impact on all pol-
3 icyholders including those that exercise the op-
4 tion to pay monthly and those that do not, op-
5 tions for minimizing the costs, particularly the
6 costs to policyholders, and the feasibility of
7 adopting practices that serve to minimize costs
8 to policyholders such as automatic payments
9 and electronic payments.

10 “(E) ANNUAL REPORTS.—On an annual
11 basis, the Administrator shall report to the
12 Committee on Financial Services of the House
13 of Representatives and the Committee on Bank-
14 ing, Housing, and Urban Affairs of the Senate
15 the ongoing costs associated with the monthly
16 payment of premiums.”.

17 (2) IMPLEMENTATION.—Clause (ii) of section
18 1307(a)(1)(B) of the National Flood Insurance Act
19 of 1968 (42 U.S.C. 4014(a)(1)(B)(ii)) is amended
20 by inserting before “any administrative expenses”
21 the following: “the costs associated with the monthly
22 collection of premiums provided for in section
23 1308(g) (42 U.S.C. 4015(g)), but only if such costs
24 exceed the operating costs and allowances set forth
25 in clause (i) of this subparagraph, and”.

1 (e) INCREASED COVERAGE LIMITS.—Section 1306(b)
2 of the National Flood Insurance Act of 1968 (42 U.S.C.
3 4013(b)) is amended—

4 (1) in paragraph (2), by striking “\$250,000”
5 and inserting “\$500,000”; and

6 (2) in paragraph (4), by striking “\$500,000”
7 the first place such term appears and inserting
8 “\$1,500,000”.

9 **SEC. 7. STATE REVOLVING LOAN FUNDS FOR FLOOD MITI-**
10 **GATION.**

11 Chapter I of the National Flood Insurance Act of
12 1968 (42 U.S.C. 4011 et seq.) is amended by adding at
13 the end the following new section:

14 **“SEC. 1326. STATE REVOLVING LOAN FUNDS FOR FLOOD**
15 **MITIGATION.**

16 “(a) DEFINITIONS.—In this section—

17 “(1) the term ‘Community Rating System’
18 means the community rating system carried out
19 under section 1315(b);

20 “(2) the term ‘eligible State’ means a State, the
21 District of Columbia, and the Commonwealth of
22 Puerto Rico;

23 “(3) the term ‘insular area’ means—

24 “(A) Guam;

25 “(B) American Samoa;

1 “(C) the Commonwealth of the Northern
2 Mariana Islands;

3 “(D) the Federated States of Micronesia;

4 “(E) the Republic of the Marshall Islands;

5 “(F) the Republic of Palau; and

6 “(G) the United States Virgin Islands;

7 “(4) the term ‘intended use plan’ means a plan
8 prepared under subsection (d)(1);

9 “(5) the term ‘low-income geographic area’
10 means an area described in paragraph (1) or (2) of
11 section 301(a) of the Public Works and Economic
12 Development Act of 1965 (42 U.S.C. 3161(a));

13 “(6) the term ‘low-income homeowner’ means
14 the owner of a primary residence, the household in-
15 come of which in a taxable year is not more than 80
16 percent of the median income for the area in which
17 the residence is located;

18 “(7) the term ‘participating State’ means an el-
19 igible State that—

20 “(A) has entered into an agreement under
21 subsection (b)(1); and

22 “(B) agrees to comply with the require-
23 ments of this section;

24 “(8) the term ‘pre-FIRM building’ means a
25 building for which construction or substantial im-

1 provement occurred before the effective date of the
2 initial Flood Insurance Rate Map published by the
3 Administrator under section 1360 for the area in
4 which the building is located;

5 “(9) the term ‘repetitive loss structure’ has the
6 meaning given the term in section 1370(a);

7 “(10) the term ‘severe repetitive loss property’
8 has the meaning given the term in section 1307(h);

9 “(11) the term ‘State loan fund’ means a flood
10 mitigation assistance revolving loan fund established
11 by an eligible State under this section; and

12 “(12) the term ‘tribal government’ means the
13 recognized government of an Indian tribe, or the
14 governing body of an Alaska Native regional or vil-
15 lage corporation, that has been determined eligible
16 to receive services from the Bureau of Indian Af-
17 fairs.

18 “(b) GENERAL AUTHORITY.—

19 “(1) IN GENERAL.—The Administrator may
20 enter into an agreement with an eligible State to
21 provide a capitalization grant for the eligible State
22 to establish a revolving fund that will provide fund-
23 ing assistance to help homeowners, businesses, non-
24 profit organizations, and communities reduce flood
25 risk in order to decrease—

1 “(A) the loss of life and property;

2 “(B) the cost of flood insurance; and

3 “(C) Federal disaster payments.

4 “(2) TIMING OF DEPOSIT AND AGREEMENTS
5 FOR DISTRIBUTION OF FUNDS.—

6 “(A) IN GENERAL.—Not later than the
7 last day of the fiscal year following the fiscal
8 year in which a capitalization grant is made to
9 a participating State under paragraph (1), the
10 participating State shall—

11 “(i) deposit the grant in the State
12 loan fund of the State; and

13 “(ii) enter into one or more binding
14 agreements that provide for the State to
15 distribute the grant funds for purposes au-
16 thorized under subsection (c) such that—

17 “(I) in the case of the initial
18 grant made under this section to a
19 State, not less than 75 percent of the
20 amount of the grant funds shall be
21 distributed before the expiration of
22 the 24-month period beginning upon
23 deposit of such funds in the State
24 loan fund of the State; and

1 “(II) in the case of any subse-
2 quent grant made under this section
3 to a State, not less than 90 percent of
4 the amount of the grant funds made
5 under the capitalization grant shall be
6 distributed before the expiration of
7 the 12-month period beginning upon
8 deposit of such funds in the State
9 loan fund of the State.

10 “(B) NONCOMPLIANCE.—Except as pro-
11 vided in subparagraph (C), if a participating
12 State does not comply with subparagraph (A)
13 with respect to a grant, the Administrator shall
14 reallocate the grant in accordance with para-
15 graph (3)(B).

16 “(C) EXCEPTION.—The Administrator
17 may not reallocate any funds under subpara-
18 graph (B) to a participating State that violated
19 subparagraph (A) with respect to a grant made
20 during the same fiscal year in which the funds
21 to be reallocated were originally made available.

22 “(3) ALLOCATION.—

23 “(A) IN GENERAL.—The Administrator
24 shall allocate amounts made available to carry
25 out this section to participating States—

1 “(i) for the participating States to de-
2 posit in the State loan funds established by
3 the participating States; and

4 “(ii) except as provided in paragraph
5 (6), in accordance with the requirements
6 described in subparagraph (B).

7 “(B) REQUIREMENTS.—The requirements
8 described in this subparagraph are as follows:

9 “(i) Fifty percent of the total amount
10 made available under subparagraph (A)
11 shall be allocated so that each partici-
12 pating State receives the percentage
13 amount that is obtained by dividing the
14 number of properties that were insured
15 under the national flood insurance pro-
16 gram in that State in the fiscal year pre-
17 ceding the fiscal year in which the amount
18 is allocated by the total number of prop-
19 erties that were insured under the national
20 flood insurance program in the fiscal year
21 preceding the fiscal year in which the
22 amount is allocated.

23 “(ii) Fifty percent of the total amount
24 made available under subparagraph (A)
25 shall be allocated so that each partici-

1 participating State receives a percentage of funds
2 that is equal to the product obtained under
3 clause (iii)(IV) with respect to that partici-
4 pating State after following the procedures
5 described in clause (iii).

6 “(iii) The procedures described in this
7 clause are as follows:

8 “(I) Divide the total amount col-
9 lected in premiums for properties in-
10 sured under the national flood insur-
11 ance program in each participating
12 State during the previous fiscal year
13 by the number of properties insured
14 under the national flood insurance
15 program in that State for that fiscal
16 year.

17 “(II) Add together each quotient
18 obtained under subclause (I).

19 “(III) For each participating
20 State, divide the quotient obtained
21 under subclause (I) with respect to
22 that State by the sum obtained under
23 subclause (II).

24 “(IV) For each participating
25 State, multiply the amount that is 50

1 percent of the total amount made
2 available under subparagraph (A) by
3 the quotient obtained under subclause
4 (III).

5 “(4) NO REVOLVING FUND REQUIRED.—

6 “(A) IN GENERAL.—Notwithstanding any
7 other provision of this section, and subject to
8 subparagraph (B), a participating State that
9 receives less than \$4,000,000 under paragraph
10 (3)(B) in a fiscal year may distribute the funds
11 directly in the form of grants or technical as-
12 sistance for a purpose described in subsection
13 (c)(2), without regard to whether the State has
14 established a State loan fund.

15 “(B) STATE MATCHING.—A participating
16 State that exercises the authority under sub-
17 paragraph (A) in a fiscal year shall provide
18 matching funds from non-Federal sources in an
19 amount that is equal to 15 percent of the
20 amount that the State receives under paragraph
21 (3)(B) in that fiscal year for purposes described
22 in subparagraph (A).

23 “(5) ALLOCATION OF REMAINING FUNDS.—
24 After allocating amounts made available to carry out
25 this section for a fiscal year in accordance with

1 paragraph (3), the Administrator shall allocate any
2 remaining amounts made available for that fiscal
3 year to participating States, using the procedures
4 described in clauses (i) through (iii) of paragraph
5 (3)(B).

6 “(6) ALLOCATION FOR TRIBAL GOVERNMENTS
7 AND INSULAR AREAS.—The Administrator shall re-
8 serve not less than 5.0 percent of the amount made
9 available to carry out this section in a fiscal year to
10 enter into grant agreements with tribal governments
11 and insular areas, with the grant funds to be distrib-
12 uted—

13 “(A) according to criteria established by
14 the Administrator; and

15 “(B) for a purpose described in subsection
16 (c)(2).

17 “(7) ADMINISTRATIVE COSTS; TECHNICAL AS-
18 SISTANCE.—The Administrator shall reserve not
19 more than 2.5 percent of the amount made available
20 to carry out this section in a fiscal year—

21 “(A) for administrative costs incurred in
22 carrying out this section; and

23 “(B) to provide technical assistance to re-
24 cipients of grants under this section.

25 “(c) USE OF FUNDS.—

1 “(1) IN GENERAL.—Amounts deposited in a
2 State loan fund, including repayments of loans made
3 from the fund and interest earned on the amounts
4 in the fund, shall be used—

5 “(A) consistent with paragraphs (2) and
6 (3) and subsection (g), to provide financial as-
7 sistance for—

8 “(i) homeowners, businesses, and non-
9 profit organizations that are eligible to
10 participate in the national flood insurance
11 program; and

12 “(ii) any local government that par-
13 ticipates in the national flood insurance
14 program;

15 “(B) as a source of revenue and security
16 for leveraged loans, the proceeds of which shall
17 be deposited in the State loan fund; or

18 “(C) for the sale of bonds as security for
19 payment of the principal and interest on rev-
20 enue or general obligation bonds issued by the
21 participating State to provide matching funds
22 under subsection (g), if the proceeds from the
23 sale of the bonds are deposited in the State
24 loan fund.

1 “(2) PURPOSES.—A recipient of financial as-
2 sistance provided through amounts from a State
3 loan fund—

4 “(A) shall use the amounts to reduce—

5 “(i) flood risk; or

6 “(ii) potential flood claims submitted
7 under the national flood insurance pro-
8 gram;

9 “(B) shall use the amounts in a cost-effec-
10 tive manner under requirements established by
11 the State, which may require an applicant for
12 financial assistance to submit any information
13 that the State considers relevant or necessary
14 before the date on which the applicant receives
15 the assistance;

16 “(C) shall use the amounts for projects
17 that—

18 “(i) meet design and construction
19 standards established by the Adminis-
20 trator;

21 “(ii) are located in communities
22 that—

23 “(I) participate in the national
24 flood insurance program; and

1 “(II) have developed a State,
2 local, or tribal government hazard
3 mitigation plan that has been ap-
4 proved by the Administrator under
5 section 1366;

6 “(iii)(I) address a repetitive loss
7 structure or a severe repetitive loss prop-
8 erty; or

9 “(II) address flood risk in the 500-
10 year floodplain, areas of residual flood risk,
11 or other areas of potential flood risk, as
12 identified by the Administrator; and

13 “(iv) address current risk and antici-
14 pate future risk, such as sea-level rise;

15 “(D) may use the amounts—

16 “(i) for projects relating to—

17 “(I) structural elevation;

18 “(II) floodproofing;

19 “(III) the relocation or removal
20 of buildings from the 100-year flood-
21 plain or other areas of flood risk, in-
22 cluding the acquisition of properties
23 for such a purpose;

1 “(IV) environmental restoration
2 activities that directly reduce flood
3 risk;

4 “(V) any eligible activity de-
5 scribed in subparagraphs (A) through
6 (G) of section 1366(c)(3); or

7 “(VI) other activities determined
8 appropriate by the Administrator;

9 “(ii) with respect to a project de-
10 scribed in clause (i), only for expenditures
11 directly related to a project described in
12 that clause, including expenditures for
13 planning, design, and associated pre-con-
14 struction activities; and

15 “(iii) to acquire, for the purposes of
16 permanent protection, land, buildings, or a
17 conservation easement from a willing seller
18 or grantor;

19 “(E) may not use the amounts—

20 “(i) to construct buildings or expand
21 existing buildings unless the activity is for
22 the purpose of flood mitigation;

23 “(ii) to improve any structure, unless
24 the recipient has obtained flood insurance
25 coverage in an amount at least equal to the

1 lesser of the eligible project costs or the
2 maximum insurable limit for the structure
3 under the national flood insurance pro-
4 gram coverage for the structure, which
5 coverage shall be maintained for the useful
6 life of the structure;

7 “(iii) to improve a residential property
8 with an appraised value that is not less
9 than 125 percent of the limitation on the
10 maximum original principal obligation of a
11 conventional mortgage that may be pur-
12 chased by the Federal National Mortgage
13 Association or the Federal Home Loan
14 Mortgage Corporation in the area in which
15 the property is located, as established
16 under section 302(b)(2) of the Federal Na-
17 tional Mortgage Association Charter Act
18 (12 U.S.C. 1717(b)(2)) and section
19 305(a)(2) of the Federal Home Loan
20 Mortgage Corporation Act (12 U.S.C.
21 1454(a)(2));

22 “(iv) for the direct benefit of a home-
23 owner if the annual household adjusted
24 gross income of the homeowner during the
25 previous fiscal year was not less than

1 \$200,000, as annually adjusted by the Ad-
2 ministrators to reflect changes in the Con-
3 sumer Price Index for All Urban Con-
4 sumers, as published by the Bureau of
5 Labor Statistics of the Department of
6 Labor and rounded to the nearest \$25; or

7 “(v) to acquire real property or an in-
8 terest in real property unless the property
9 is purchased from a willing seller; and

10 “(F) shall, in the use of such amounts,
11 give priority to the maximum extent practicable
12 to projects that assist low-income homeowners
13 and low-income geographical areas.

14 “(d) INTENDED USE PLANS.—

15 “(1) IN GENERAL.—After providing the oppor-
16 tunity for public review and comment, each partici-
17 pating State shall annually prepare a plan that iden-
18 tifies, for the year following the date of issuance of
19 the intended use plan, the intended uses of the
20 amounts available in the State loan fund of the par-
21 ticipating State.

22 “(2) CONSULTATION DURING PREPARATION.—
23 Each participating State, in preparing an intended
24 use plan, shall ensure that the State agency with
25 primary responsibility for floodplain management—

1 “(A) provides oversight with respect to the
2 preparation of the intended use plan; and

3 “(B) consults with any other appropriate
4 State agency, including agencies responsible for
5 coastal and environmental management.

6 “(3) CONTENTS.—A participating State shall,
7 in each intended use plan—

8 “(A) include—

9 “(i) an explanation of the mitigation
10 and resiliency benefits the State intends to
11 achieve, including by—

12 “(I) reducing future damage and
13 loss associated with flooding;

14 “(II) reducing the number of se-
15 vere repetitive loss properties and re-
16 petitive loss structures in the State;

17 “(III) decreasing the number of
18 flood insurance claims in the State;
19 and

20 “(IV) increasing the rating under
21 the Community Rating System for
22 communities in the State;

23 “(ii) information with respect to the
24 availability of, and the application process

1 for receiving, financial assistance from the
2 State loan fund of the State;

3 “(iii) the criteria and methods estab-
4 lished for the distribution of amounts from
5 the State loan fund of the State;

6 “(iv) the amount of financial assist-
7 ance that the State anticipates allocating
8 to—

9 “(I) local government projects;
10 and

11 “(II) projects for homeowners,
12 business, or nonprofit organizations;

13 “(v) the expected terms of the assist-
14 ance provided under clause (iv); and

15 “(vi) a description of the financial sta-
16 tus of the State loan fund and the short-
17 term and long-term goals of the State loan
18 fund; and

19 “(B) provide, to the maximum extent prac-
20 ticable, that priority for the use of amounts
21 from the State loan fund shall be given to
22 projects that—

23 “(i) address severe repetitive loss
24 properties and repetitive loss structures;

1 “(ii) assist low-income homeowners
2 and low-income geographic areas; and

3 “(iii) address flood risk for pre-FIRM
4 buildings.

5 “(4) PUBLICATION.—Each participating State
6 shall publish and periodically update a list of all
7 projects receiving funding from the State loan fund
8 of the State, which shall include identification of—

9 “(A) the community in which the project is
10 located;

11 “(B) the type and amount of assistance
12 provided for each project; and

13 “(C) the expected funding schedule and
14 date of completion of each project.

15 “(e) FUND MANAGEMENT.—Amounts in a State loan
16 fund shall—

17 “(1) remain available for providing financial as-
18 sistance under this section until distributed;

19 “(2) if the amounts are not required for imme-
20 diate distribution or expenditure, be invested in in-
21 terest-bearing obligations; and

22 “(3) except as provided in subsection (i), in-
23 clude only—

24 “(A) amounts received from capitalization
25 grants made under this section;

1 “(B) repayments of loans made from the
2 fund; and

3 “(C) interest earned on amounts in the
4 fund.

5 “(f) MATCHING FUNDS.—

6 “(1) FULL GRANT.—On or before the date on
7 which a participating State receives a capitalization
8 grant, the State shall deposit into the State loan
9 fund of the State, in addition to the amount of the
10 capitalization grant, an amount from non-Federal
11 sources that is not less than 10 percent of the total
12 amount of the capitalization grant.

13 “(2) REDUCED GRANT.—Notwithstanding para-
14 graph (1), if a State deposits in the State loan fund
15 of the State in connection a capitalization grant an
16 amount from non-Federal sources that is less than
17 10 percent of the total amount of the capitalization
18 grant that would otherwise be received by the State,
19 the Administrator shall reduce the amount of the
20 capitalization grant received by the State to the
21 amount that is 10 times the amount so deposited
22 and shall allocate such remaining grant amounts
23 under subsection (b)(5) together with the amounts
24 allocated under such subsection.

1 “(g) TYPES OF ASSISTANCE.—Unless otherwise pro-
2 hibited by State law, a participating State may use the
3 amounts deposited into a State loan fund under this sec-
4 tion only—

5 “(1) to make a loan, on the condition that—

6 “(A) the interest rate for the loan is not
7 more than the market interest rate;

8 “(B) the recipient of the loan will begin
9 making principal and interest payments on the
10 loan not later than 1 year after the date on
11 which the project for which the loan was made
12 is completed;

13 “(C) the loan will be fully amortized not
14 later than 20 years after the date on which the
15 project for which the loan was made is com-
16 pleted, except that, in the case of a loan made
17 for a project in a low-income geographic area or
18 to a low-income homeowner, the State may pro-
19 vide a longer amortization period for the loan if
20 that longer period—

21 “(i) ends on a date that is not later
22 than 30 years after the date on which the
23 project is completed; and

24 “(ii) is not longer than the expected
25 design life of the project;

1 “(D) the recipient of the loan dem-
2 onstrates, based on verified and documented in-
3 formation that, at the time the loan is con-
4 summated, that the recipient has a reasonable
5 ability to repay the loan, according to its terms,
6 except that this subparagraph may not be con-
7 strued to authorize any reduction or limitation
8 in efforts to comply with the requirements of
9 subsection (c)(2)(E) (relating to priority for as-
10 sistance for low-income homeowners and low-in-
11 come geographical areas); and

12 “(E) payments of principal and interest
13 with respect to the loan will be deposited into
14 the State loan fund;

15 “(2) to buy or refinance the debt obligation of
16 a local government at an interest rate that is not
17 more than the market interest rate;

18 “(3) to guarantee, or purchase insurance for, a
19 local obligation, the proceeds of which finance a
20 project eligible for assistance under this section, if
21 the guarantee or purchase, as applicable, would—

22 “(A) improve credit market access; or

23 “(B) reduce the interest rate with respect
24 to the obligation;

1 “(4) as a source of revenue or as security for
2 the payment of principal and interest on revenue or
3 general obligation bonds issued by the State if the
4 proceeds of the sale of the bonds will be deposited
5 into the State loan fund; or

6 “(5) to earn interest on those amounts.

7 “(h) ASSISTANCE FOR LOW-INCOME HOMEOWNERS
8 AND LOW-INCOME GEOGRAPHIC AREAS.—

9 “(1) IN GENERAL.—Notwithstanding any other
10 provision of this section, if a participating State uses
11 amounts from a State loan fund to provide financial
12 assistance under subsection (c) in a low-income geo-
13 graphic area or to a low-income homeowner, the
14 State may provide additional subsidization to the re-
15 cipient of the assistance, including forgiveness of the
16 principal of a loan.

17 “(2) LIMITATION.—For each fiscal year, the
18 total amount of additional subsidization provided by
19 a participating State under paragraph (1) may not
20 exceed 30 percent of the amount of the capitaliza-
21 tion grant allocated to the State for that fiscal year.

22 “(i) ADMINISTRATION OF FUND.—

23 “(1) IN GENERAL.—A participating State may
24 combine the financial administration of a State loan

1 fund with the financial administration of any other
2 revolving fund established by the State if—

3 “(A) combining the administration of the
4 funds would—

5 “(i) be convenient and avoid adminis-
6 trative costs; and

7 “(ii) not violate the law of the State;
8 and

9 “(B) the Administrator determines that—

10 “(i) amounts obtained from a grant
11 made under this section, amounts obtained
12 from the repayment of a loan made from
13 a State loan fund, and interest earned on
14 amounts in a State loan fund will be—

15 “(I) accounted for separately
16 from amounts from other revolving
17 funds; and

18 “(II) used only for purposes au-
19 thorized under this section; and

20 “(ii) after consulting with the appro-
21 priate State agencies, the authority to es-
22 tablish assistance priorities and carry out
23 oversight and related activities, other than
24 financial administration, with respect to
25 flood assistance remains with the State

1 agency with primary responsibility for
2 floodplain management.

3 “(2) ADMINISTRATIVE AND TECHNICAL
4 COSTS.—

5 “(A) IN GENERAL.—For each fiscal year, a
6 participating State may use the amount de-
7 scribed in subparagraph (B) to—

8 “(i) pay the reasonable costs of ad-
9 ministration of the programs under this
10 section, including the recovery of reason-
11 able costs incurred in establishing a State
12 loan fund;

13 “(ii) provide appropriate oversight of
14 projects authorized under this section; and

15 “(iii) provide technical assistance and
16 outreach to recipients in the State of
17 amounts under this section, including with
18 respect to updating hazard mitigation
19 plans and participating in the Community
20 Rating System, in an amount that is not
21 more than 4 percent of the funds made
22 available to the State under this section.

23 “(B) DESCRIPTION.—The amount de-
24 scribed in this subparagraph is an amount
25 equal to the sum of—

1 “(i) any fees collected by a partici-
2 pating State to recover the costs described
3 in subparagraph (A)(i), regardless of the
4 source; and

5 “(ii) the greatest of—

6 “(I) \$400,000;

7 “(II) 0.2 percent of the value of
8 the State loan fund of a State, as of
9 the date on which the valuation is
10 made; and

11 “(III) an amount equal to 7 per-
12 cent of all grant awards made to a
13 participating State for the State loan
14 fund of the State under this section
15 for the fiscal year.

16 “(3) AUDIT AND REPORT.—

17 “(A) AUDIT REQUIREMENT.—Not less fre-
18 quently than biennially, each participating State
19 shall conduct an audit of the State loan fund of
20 the State.

21 “(B) REPORT.—Each participating State
22 shall submit to the Administrator a biennial re-
23 port regarding the activities of the State under
24 this section during the period covered by the re-
25 port, including—

1 “(i) the result of any audit conducted
2 by the State under subparagraph (A); and

3 “(ii) a review of the effectiveness of
4 the State loan fund of the State with re-
5 spect to—

6 “(I) the intended use plans of the
7 State; and

8 “(II) meeting the objectives de-
9 scribed in subsection (b)(1).

10 “(4) OVERSIGHT.—In conducting oversight with
11 respect to State loan funds established under this
12 section, the Administrator—

13 “(A) shall—

14 “(i) periodically audit the funds in ac-
15 cordance with procedures established by
16 the Comptroller General of the United
17 States; and

18 “(ii) not less frequently than once
19 every 4 years, review each State loan fund
20 to determine the effectiveness of the fund
21 in reducing flood risk; and

22 “(B) may, at any time—

23 “(i) make recommendations to a par-
24 ticipating State with respect to the admin-

1 istration of the State loan fund of the
2 State; or

3 “(ii) require specific changes with re-
4 spect to a State loan fund in order to im-
5 prove the effectiveness of the fund.

6 “(j) LIABILITY PROTECTIONS.—The Federal Govern-
7 ment shall not be liable for any claim based upon the exer-
8 cise or performance of, or the failure to exercise or per-
9 form, a discretionary function or duty on the part of the
10 Federal agency, or an employee of the Federal Govern-
11 ment, in carrying out the provision of this section.

12 “(k) REGULATIONS.—The Administrator shall pro-
13 mulgate such guidance or regulations as may be necessary
14 to carry out this section, including guidance or regulations
15 that—

16 “(1) ensure that each participating State to
17 which funds are allocated under this section uses the
18 funds as efficiently as possible;

19 “(2) reduce, to the maximum extent prac-
20 ticable, waste, fraud, and abuse with respect to the
21 implementation of this section; and

22 “(3) require any party that receives funds di-
23 rectly or indirectly under this section, including a
24 participating State and a recipient of amounts from
25 a State loan fund, to use procedures with respect to

1 the management of the funds that conform to gen-
2 erally accepted accounting standards.

3 “(1) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated such sums as may be
5 necessary to carry out this section for fiscal years **[2019**
6 **through 2028]**.”.