

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 5381
OFFERED BY MR. ROSS OF FLORIDA**

Strike all after the enacting clause and insert the following:

1 SEC. 1. SHORT TITLE.

2 This Act may be cited as the “Government Risk and
3 Taxpayer Exposure Reduction Act of 2018” or the
4 “GRATER Act of 2018”.

5 SEC. 2. GOVERNMENT RISK MANAGEMENT POLICY.

6 (a) MINIMIZATION OF GOVERNMENT RISK.—It is the
7 policy of the United States to reduce and minimize the
8 credit, guarantee, and insurance risk of Federal Govern-
9 ment programs in each agency on an ongoing basis to the
10 maximum extent practical by transferring all such risk to
11 the private sector at market terms through a variety of
12 financial instruments in a sustained and transparent man-
13 ner.

14 (b) USE OF PRIVATE RISK CAPACITY.—In the devel-
15 opment and administration of Federal Government pro-
16 grams and awards in each agency, it is the policy of the
17 United States to reduce costs to taxpayers and to protect
18 taxpayers against catastrophic losses through prudent and

1 established risk management techniques including the
2 transfer of risk to private markets.

3 **SEC. 3. STRATEGY AND IMPLEMENTATION PLAN.**

4 (a) PLAN.—

5 (1) IN GENERAL.—Not later than 12 months
6 after the date of the enactment of this Act, and not
7 less frequently than once every 5 years thereafter,
8 the head of each covered agency shall submit to the
9 Director and publish a strategy and implementation
10 plan in the Federal Register that includes the fol-
11 lowing:

12 (A) An identification of any policy, law,
13 regulation, or other barrier to transferring risk
14 and cost to the private sector for such agency.

15 (B) An identification of the office or divi-
16 sion within such agency principally responsible
17 for risk management.

18 (C) An implementation plan for addressing
19 any such policy, law, regulation, or other bar-
20 rier.

21 (D) An analysis of the use and develop-
22 ment of private risk capacity in program and
23 award development and administration.

1 (E) The estimated budgetary costs or sav-
2 ings associated with implementing the credit
3 risk transfer.

4 (F) An analysis of budgetary impacts to
5 taxpayers in low, normal, and high loss years.

6 (G) The estimated amount of taxpayer
7 protection achieved through credit risk trans-
8 fers.

9 (2) PUBLIC COMMENT.—The head of each cov-
10 ered agency shall provide a 60-day period of public
11 comment for any strategy and implementation plan
12 described in paragraph (1) before the date on which
13 the report is published in the Federal Register.

14 (b) IMPLEMENTATION.—The head of each covered
15 agency may implement the strategy described in the strat-
16 egy and implementation plan described in subsection (a)
17 to transfer, to the maximum extent practical and per-
18 mitted under the law, any credit, guarantee, and insurance
19 risk to the private sector at market terms through a vari-
20 ety of financial instruments in a sustained and trans-
21 parent manner.

22 **SEC. 4. REPORTS.**

23 (a) COVERED AGENCIES REPORTS.—The head of
24 each covered agency shall require any entity that provides
25 a credit risk transfer for that agency to require that the

1 entity submit to the agency a regular report that includes
2 a description of any claim made on such credit risk trans-
3 fer, including the amount paid for any such claim. Any
4 such report shall be made available upon request to the
5 Director and Congress.

6 (b) OMB REPORT.—Not later than 18 months after
7 the date of the enactment of this Act, and not less fre-
8 quently than once every 5 years thereafter, the Director
9 shall submit to the President and the Congress the fol-
10 lowing:

11 (1) A list of credit, guarantee, and insurance
12 obligations under the management or control of each
13 covered agency.

14 (2) A list of each credit, guarantee, and insur-
15 ance risk transfer programs for each covered agency
16 with a summary of the estimated amount of funds
17 the Treasury avoided in loss claims due to the risk
18 being transferred to private markets minus the
19 amount of funds paid by the covered agency to ob-
20 tain the coverage to date of each such program.

21 (3) The current and aggregate totals of credit
22 risk transferred on and after the date of the enact-
23 ment of this Act.

24 (4) Any recommendations to enhance or expand
25 the programs described in paragraph (2).

1 **SEC. 5. DEFINITIONS.**

2 In this Act:

3 (1) AGENCY.—The term “agency” has the
4 meaning given that term in section 3502 of title 44,
5 United States Code, and includes the Federal Na-
6 tional Mortgage Association and the Federal Home
7 Loan Mortgage Corporation during any period either
8 such enterprise is under conservatorship or receiver-
9 ship pursuant to section 1367 of the Federal Hous-
10 ing Enterprises Financial Safety and Soundness Act
11 of 1992 (12 U.S.C. 164617).

12 (2) COVERED AGENCY.—The term “covered
13 agency” means any agency that is responsible for
14 the administration of any credit, guarantee, or in-
15 surance program.

16 (3) CREDIT RISK TRANSFER.—The term “credit
17 risk transfer” means a service or product used to
18 transfer some or all of a credit risk to another enti-
19 ty, usually including a payment of a fee for the as-
20 sumption of the risk.

21 (4) DIRECTOR.—The term “Director” means
22 the Director of the Office of Management and Budg-
23 et.

