

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 3779
OFFERED BY MRS. CRAIG OF MINNESOTA

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Resilience Revolving
3 Loan Fund Act of 2019”.

4 **SEC. 2. GRANTS TO ENTITIES FOR ESTABLISHMENT OF**
5 **HAZARD MITIGATION REVOLVING LOAN**
6 **FUNDS.**

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

10 **“SEC. 205 GRANTS TO ENTITIES FOR ESTABLISHMENT OF**
11 **HAZARD MITIGATION REVOLVING LOAN**
12 **FUNDS.**

13 “(a) GENERAL AUTHORITY.—

14 “(1) IN GENERAL.—The Administrator may
15 enter into agreements with eligible entities to make
16 capitalization grants to such entities for the estab-
17 lishment of hazard mitigation revolving loan funds
18 (referred to in this section as ‘entity loan funds’) for

1 providing funding assistance to local governments to
2 carry out eligible projects under this section to re-
3 duce disaster risks for homeowners, businesses, non-
4 profit organizations, and communities in order to de-
5 crease—

6 “(A) the loss of life and property;

7 “(B) the cost of insurance claims; and

8 “(C) Federal disaster payments.

9 “(2) AGREEMENTS.—Any agreement entered
10 into under this section shall require the participating
11 entity to—

12 “(A) comply with the requirements of this
13 section; and

14 “(B) use accounting, audit, and fiscal pro-
15 cedures conforming to generally accepted ac-
16 counting standards.

17 “(b) APPLICATION.—

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

22 “(A) Project proposals comprised of local
23 government hazard mitigation projects, on the
24 condition that the entity provides public notice

1 not less than 6 weeks prior to the submission
2 of an application.

3 “(B) An assessment of recurring major
4 disaster vulnerabilities impacting the entity that
5 demonstrates an escalating risk to life and
6 property.

7 “(C) A description of how the hazard miti-
8 gation plan of the entity has or has not taken
9 the vulnerabilities described in paragraph (2)
10 into account.

11 “(D) A description about how the projects
12 described in paragraph (1) could conform with
13 the hazard mitigation plans of the entity and
14 local governments.

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

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

1 “(c) ENTITY LOAN FUND.—

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

6 “(2) FUND MANAGEMENT.—Except as provided
7 in paragraph (3), an entity loan fund shall be ad-
8 ministered by the agency responsible for emergency
9 management for such entity and shall include only—

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

12 “(B) repayments of loans under this sec-
13 tion to the entity loan fund; and

14 “(C) interest earned on amounts in the en-
15 tity 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 agency responsible
6 for emergency management for the entity.

7 “(4) ENTITY SHARE OF FUNDS.—On or before
8 the date on which a participating entity receives a
9 capitalization grant under this section, the entity
10 shall deposit into the entity loan fund of such entity,
11 an amount equal to not less than 10 percent of the
12 amount of the capitalization grant.

13 “(d) APPORTIONMENT.—

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

20 “(2) RESERVATION OF FUNDS.—The Adminis-
21 trator shall reserve not more than 2.5 percent of the
22 amount made available to carry out this section
23 for—

24 “(A) administrative costs incurred in car-
25 rying out this section; and

1 “(B) providing technical assistance to par-
2 ticipating entities under subsection (b)(2).

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

7 “(A) propose projects increasing resilience
8 and reducing risk of harm to natural and built
9 infrastructure;

10 “(B) involve a partnership between 2 or
11 more eligible entities to carry out a project or
12 similar projects;

13 “(C) take into account regional impacts of
14 hazards on river basins, river corridors, micro-
15 watersheds, macro-watersheds, estuaries, bays,
16 coastal regions, and areas vulnerable to earth-
17 quake, drought, tsunamis and wildfire, includ-
18 ing the wildland-urban interface; or

19 “(D) propose projects for the resilience of
20 major economic sectors or critical national in-
21 frastructure, including ports, global commodity
22 supply chain assets (located within an entity or
23 within the jurisdiction of local governments and
24 tribal governments), capacity, power and water

1 production and distribution centers, and bridges
2 and waterways essential to interstate commerce.

3 “(e) USE OF FUNDS.—

4 “(1) TYPES OF ASSISTANCE.—Amounts depos-
5 ited in an entity loan fund, including loan repay-
6 ments and interest earned on such amounts, may be
7 used—

8 “(A) to make loans, on the condition
9 that—

10 “(i) such loans are made at an inter-
11 est rate of not more than 1.5 percent;

12 “(ii) annual principal and interest
13 payments will commence not later than 1
14 year after completion of any project and all
15 loans will be fully amortized—

16 “(I) not later than 20 years after
17 the date on which the project is com-
18 pleted; or

19 “(II) for projects in a low-income
20 geographic area, not later than 30
21 years after the date on which the
22 projects is completed and not longer
23 than the expected design life of the
24 project;

1 “(iii) the local government receiving a
2 loan establishes a dedicated source of rev-
3 enue for repayment of the loan;

4 “(iv) the local government receiving a
5 loan has a hazard mitigation plan that has
6 been approved by the participating entity;
7 and

8 “(v) the entity loan fund will be cred-
9 ited with all payments of principal and in-
10 terest on all loans;

11 “(B) for mitigation planning, not to exceed
12 10 percent of the capitalization grants made to
13 the participating entity in a fiscal year;

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

24 “(D) to earn interest on the entity loan
25 fund.

1 “(2) PROHIBITION ON DETERMINATION THAT
2 LOAN IS A DUPLICATION.—In carrying out this sec-
3 tion, Administrator may not determine that a loan
4 is a duplication of assistance or a duplication of pro-
5 grams.

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

12 “(A) drought and prolonged episodes of in-
13 tense heat;

14 “(B) severe storms, including tornados,
15 wind storms, cyclones, and severe winter
16 storms;

17 “(C) wildfires;

18 “(D) earthquakes;

19 “(E) flooding, including the construction,
20 repair, or replacement of a non-Federal levee or
21 other flood control structure, provided the Ad-
22 ministrator, in consultation with the Corps of
23 Engineers (if appropriate), requires an eligible
24 entity to determine that such levee or structure
25 is designed, constructed, and maintained in ac-

1 cordance with sound engineering practices and
2 standards equivalent to the purpose for which
3 such levee or structure is intended;

4 “(F) storm surges;

5 “(G) chemical spills that present an immi-
6 nent threat to life and property;

7 “(H) seepage resulting from chemical spills
8 and flooding; and

9 “(I) any catastrophic event that the entity
10 determines appropriate.

11 “(4) ZONING AND LAND USE PLANNING
12 CHANGES.—A participating entity may use not more
13 than 10 percent of the entity loan fund in a fiscal
14 year to provide financial assistance for zoning and
15 land use planning changes focused on—

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

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

12 “(C) the study and creation of an erosion
13 response plan that accommodates river, lake,
14 forest, plains, and ocean shoreline retreating or
15 bluff stabilization due to increased flooding and
16 disaster impacts.

17 “(5) ESTABLISHING AND CARRYING OUT
18 BUILDING CODE ENFORCEMENT.—A participating
19 entity may use funds in the entity loan fund for es-
20 tablishing and carrying out the latest published edi-
21 tions of relevant building codes, specifications, and
22 standards for the purpose of protecting the health,
23 safety, and general welfare of the buildings users
24 against disasters.

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

5 “(A) pay the reasonable costs of admin-
6 istering the programs under this section, includ-
7 ing the cost of establishing an entity loan fund;

8 “(B) provide technical assistance to recipi-
9 ents of financial assistance from the entity loan
10 fund, on the condition that such technical as-
11 sistance does not exceed 5 percent of the cap-
12 italization grant made to such entity.

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

17 “(f) INTENDED USE PLANS.—

18 “(1) IN GENERAL.—After providing for public
19 comment and review, and consultation with appro-
20 priate agencies in an entity, Federal agencies, and
21 interest groups, each participating entity shall annu-
22 ally prepare and submit to the Administrator a plan
23 identifying the intended uses of the entity loan fund.

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

4 “(A) the integration of entity planning ef-
5 ferts, including entity hazard mitigation plans
6 and other programs and initiatives relating to
7 mitigation of major disasters carried out by
8 such entity;

9 “(B) an explanation of the mitigation and
10 resiliency benefits the entity intends to achieve
11 by—

12 “(i) reducing future damage and loss
13 associated with hazards;

14 “(ii) reducing the number of severe
15 repetitive loss structures and repetitive loss
16 structures in the entity;

17 “(iii) decreasing the number of insur-
18 ance claims in the entity from injuries re-
19 sulting from major disasters or other haz-
20 ards; and

21 “(iv) increasing the rating under the
22 community rating system under section
23 1315(b) of the Housing and Urban Devel-
24 opment Act of 1968 (42 U.S.C. 4022(b))
25 for communities in the entity;

1 “(C) information on the availability of, and
2 application process for, financial assistance
3 from the entity loan fund of such entity;

4 “(D) the criteria and methods established
5 for the distribution of funds;

6 “(E) the amount of financial assistance
7 that the entity anticipates apportioning;

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

10 “(G) a description of the financial status
11 of the entity loan fund, including short-term
12 and long-term goals for the fund.

13 “(g) AUDITS, REPORTS, PUBLICATIONS, AND OVER-
14 SIGHT.—

15 “(1) BIENNIAL ENTITY AUDIT AND REPORT.—
16 Beginning not later than the last day of the second
17 fiscal year after the receipt of payments under this
18 section, and biennially thereafter, any participating
19 entity shall—

20 “(A) conduct an audit of such fund estab-
21 lished under subsection (b); and

22 “(B) provide to the Administrator a report
23 including—

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

1 “(ii) a review of the effectiveness of
2 the entity loan fund of the entity with re-
3 spect to meeting the goals and intended
4 benefits described in the intended use plan
5 submitted by the entity under subsection
6 (e).

7 “(2) PUBLICATION.—A participating entity
8 shall publish and periodically update information
9 about all projects receiving funding from the entity
10 loan fund of such entity, including—

11 “(A) the location of the project;

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

14 “(C) the expected funding schedule; and

15 “(D) the anticipated date of completion of
16 the project.

17 “(3) OVERSIGHT.—

18 “(A) IN GENERAL.—The Administrator
19 shall, at least every 4 years, conduct reviews
20 and audits as may be determined necessary or
21 appropriate by the Administrator to carry out
22 the objectives of this section and determine the
23 effectiveness of the fund in reducing hazard
24 risk.

1 “(B) GAO REQUIREMENTS.—The entity
2 shall conduct audits under paragraph (1) in ac-
3 cordance with the auditing procedures of the
4 Government Accountability Office, including
5 chapter 75 of title 31.

6 “(C) RECOMMENDATIONS BY ADMINIS-
7 TRATOR.—The Administrator may at any time
8 make recommendations for or require specific
9 changes to an entity’s loan fund in order to im-
10 prove the effectiveness of the fund.

11 “(h) REGULATIONS OR GUIDANCE.—The Adminis-
12 trator shall issue such regulations or guidance as are nec-
13 essary to—

14 “(1) ensure that each participating entity uses
15 funds as efficiently as possible; and

16 “(2) reduce waste, fraud, and abuse to the
17 maximum extent possible.

18 “(i) WAIVER AUTHORITY.—Until such time as the
19 Administrator issues regulations to implement this sec-
20 tion, the Administrator may—

21 “(1) waive notice and comment rulemaking, if
22 the Administrator determines the waiver is necessary
23 to expeditiously implement this section; and

24 “(2) provide capitalization grants under this
25 section as a pilot program.

1 “(j) DEFINITIONS.—In this section, the following
2 definitions apply:

3 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-
4 tity’ means a State or an Indian tribal government
5 (as such terms are defined in section 102 of this Act
6 (42 U.S.C. 5122)).

7 “(2) HAZARD MITIGATION PLAN.—The term
8 ‘hazard mitigation plan’ means a mitigation plan
9 submitted under section 322 and approved by the
10 Administrator.

11 “(3) LATEST PUBLISHED EDITIONS.—The term
12 ‘latest published editions’ means, with respect to rel-
13 evant consensus-based codes, specifications, and
14 standards, the 2 most recent published editions.

15 “(4) 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 “(5) PARTICIPATING ENTITY.—The term ‘par-
21 ticipating entity’ means an eligible entity that has
22 entered into an agreement under this section.

23 “(6) 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 (42 U.S.C. 4121).

3 “(7) 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 (42 U.S.C. 4104e(h).

7 “(8) WILDLAND-URBAN INTERFACE.—The term
8 ‘wildland-urban interface’ has the meaning given the
9 term in section 101 of the Healthy Forests Restora-
10 tion Act of 2003 (16 U.S.C. 6511).

11 “(k) AUTHORIZATION OF APPROPRIATIONS.—There
12 is authorized to be appropriated \$100,000,000 for each
13 of fiscal years 2020 and 2021.”.

