

116TH CONGRESS
1ST SESSION

S. 2192

To amend the National Flood Insurance Act of 1968 to allow the Administrator of the Federal Emergency Management Agency to provide capitalization grants to States to establish revolving funds to provide funding assistance to reduce flood risks, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 18, 2019

Mr. REED (for himself, Mr. KENNEDY, and Mr. MENENDEZ) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the National Flood Insurance Act of 1968 to allow the Administrator of the Federal Emergency Management Agency to provide capitalization grants to States to establish revolving funds to provide funding assistance to reduce flood risks, 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 “State Flood Mitigation
5 Revolving Fund Act of 2019”.

1 **SEC. 2. STATE REVOLVING LOAN FUNDS FOR FLOOD MITI-**
 2 **GATION.**

3 (a) IN GENERAL.—Chapter I of the National Flood
 4 Insurance Act of 1968 (42 U.S.C. 4011 et seq.) is amend-
 5 ed by adding at the end the following:

6 **“SEC. 1326. STATE REVOLVING LOAN FUNDS FOR FLOOD**
 7 **MITIGATION.**

8 “(a) DEFINITIONS.—In this section:

9 “(1) COMMUNITY RATING SYSTEM.—The term
 10 ‘Community Rating System’ means the community
 11 rating system program carried out under section
 12 1315(b).

13 “(2) ELIGIBLE STATE.—The term ‘eligible
 14 State’ means a State, the District of Columbia, and
 15 the Commonwealth of Puerto Rico.

16 “(3) INSULAR AREA.—The term ‘insular area’
 17 means—

18 “(A) Guam;

19 “(B) American Samoa;

20 “(C) the Commonwealth of the Northern
 21 Mariana Islands;

22 “(D) the Federated States of Micronesia;

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

24 “(F) the Republic of Palau; and

25 “(G) the United States Virgin Islands.

1 “(4) INTENDED USE PLAN.—The term ‘in-
2 tended use plan’ means a plan prepared under sub-
3 section (d)(1).

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

9 “(6) LOW-INCOME HOMEOWNER.—The term
10 ‘low-income homeowner’ means the owner of a pri-
11 mary residence, the household income of which in a
12 taxable year is not more than 80 percent of the me-
13 dian income for the area in which the residence is
14 located.

15 “(7) PARTICIPATING STATE.—The term ‘par-
16 ticipating State’ means an eligible State that—

17 “(A) has entered into an agreement under
18 subsection (b)(1); and

19 “(B) agrees to comply with the require-
20 ments of this section.

21 “(8) PRE-FIRM BUILDING.—The term ‘pre-
22 FIRM building’ means a building for which con-
23 struction or substantial improvement occurred before
24 the effective date of the initial Flood Insurance Rate

1 Map published by the Administrator under section
2 1360 for the area in which the building is located.

3 “(9) REPETITIVE LOSS STRUCTURE.—The term
4 ‘repetitive loss structure’ has the meaning given the
5 term in section 1370(a).

6 “(10) SEVERE REPETITIVE LOSS PROPERTY.—
7 The term ‘severe repetitive loss property’ has the
8 meaning given the term in section 1307(h).

9 “(11) STATE LOAN FUND.—The term ‘State
10 loan fund’ means a flood mitigation assistance re-
11 volving loan fund established by an eligible State
12 under this section.

13 “(12) TRIBAL GOVERNMENT.—The term ‘tribal
14 government’ means the recognized government of an
15 Indian tribe, or the governing body of an Alaska Na-
16 tive regional or village corporation, that has been de-
17 termined eligible to receive services from the Bureau
18 of Indian Affairs.

19 “(b) GENERAL AUTHORITY.—

20 “(1) IN GENERAL.—The Administrator may
21 enter into an agreement with an eligible State to
22 provide a capitalization grant for the eligible State
23 to establish a revolving fund that will provide fund-
24 ing assistance to help homeowners, businesses, non-

1 profit organizations, and communities reduce flood
2 risk in order to decrease—

3 “(A) the loss of life and property;

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

5 “(C) Federal disaster payments.

6 “(2) TIMING OF DEPOSIT AND AGREEMENTS
7 FOR DISTRIBUTION OF FUNDS.—

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

13 “(i) deposit the grant in the State
14 loan fund of the State; and

15 “(ii) enter into 1 or more binding
16 agreements that provide for the State to
17 distribute the grant funds for purposes au-
18 thorized under subsection (c) such that—

19 “(I) in the case of the initial
20 grant made to a State under this sec-
21 tion, not less than 75 percent of the
22 amount of the grant shall be distrib-
23 uted before the end of the 2-year pe-
24 riod beginning on the date on which

1 the funds are deposited in the State
2 loan fund of the State; and

3 “(II) in the case of any subse-
4 quent grant made to a State under
5 this section, not less than 90 percent
6 of the amount of the grant shall be
7 distributed before the end of the 1-
8 year period beginning on the date on
9 which the funds are deposited in the
10 State loan fund of the State.

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

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

23 “(3) ALLOCATION.—

1 “(A) IN GENERAL.—The Administrator
2 shall allocate amounts made available to carry
3 out this section to participating States—

4 “(i) for the participating States to de-
5 posit in the State loan funds established by
6 the participating States; and

7 “(ii) except as provided in paragraph
8 (6), in accordance with the requirements
9 described in subparagraph (B).

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

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

1 “(ii) Fifty percent of the total amount
2 made available under subparagraph (A)
3 shall be allocated so that each partici-
4 pating State receives a percentage of funds
5 that is equal to the product obtained under
6 clause (iii)(IV) with respect to that partici-
7 pating State after following the procedures
8 described in clause (iii).

9 “(iii) The procedures described in this
10 clause are as follows:

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

20 “(II) Add together each quotient
21 obtained under subclause (I).

22 “(III) For each participating
23 State, divide the quotient obtained
24 under subclause (I) with respect to

1 that State by the sum obtained under
2 subclause (II).

3 “(IV) For each participating
4 State, multiply the amount that is 50
5 percent of the total amount made
6 available under subparagraph (A) by
7 the quotient obtained under subclause
8 (III).

9 “(iv) Except as provided in paragraph
10 (5), in a fiscal year—

11 “(I) a participating State may
12 not receive more than 15 percent of
13 the total amount that is made avail-
14 able under subparagraph (A) in that
15 fiscal year; and

16 “(II) if a participating State,
17 based on the requirements under
18 clauses (i) through (iii), would, but
19 for the limitation under subclause (I)
20 of this clause, receive an amount that
21 is greater than the amount that the
22 State is authorized to receive under
23 that subclause, the difference between
24 the authorized amount and the
25 amount otherwise due to the State

1 under clauses (i) through (iii) shall be
2 allocated to other participating
3 States—

4 “(aa) that, in that fiscal
5 year, have not received an
6 amount under subparagraph (A)
7 that is more than the authorized
8 amount under subclause (I) of
9 this clause; and

10 “(bb) by using the require-
11 ments under clauses (i) through
12 (iii), except that a participating
13 State may receive an allocation
14 under this subclause only if the
15 allocation does not result in the
16 State receiving a total amount
17 for the fiscal year under subpara-
18 graph (A) that is greater than
19 the authorized amount under
20 subclause (I).

21 “(4) NO REVOLVING FUND REQUIRED.—

22 “(A) IN GENERAL.—Notwithstanding any
23 other provision of this section, and subject to
24 subparagraph (B), a participating State that
25 receives less than \$4,000,000 under paragraph

1 (3)(B) in a fiscal year may distribute the funds
2 directly in the form of grants or technical as-
3 sistance for a purpose described in subsection
4 (c)(2), without regard to whether the State has
5 established a State loan fund.

6 “(B) STATE MATCHING.—A participating
7 State that exercises the authority under sub-
8 paragraph (A) in a fiscal year shall provide
9 matching funds from non-Federal sources in an
10 amount that is equal to 25 percent of the
11 amount that the State receives under paragraph
12 (3)(B) in that fiscal year for purposes described
13 in subparagraph (A).

14 “(5) ALLOCATION OF REMAINING FUNDS.—
15 After allocating amounts made available to carry out
16 this section for a fiscal year in accordance with
17 paragraph (3), the Administrator shall allocate any
18 remaining amounts made available for that fiscal
19 year to participating States, using the procedures
20 described in clauses (i) through (iii) of paragraph
21 (3)(B).

22 “(6) RESERVATION OF FUNDS.—The Adminis-
23 trator shall reserve not more than 1.5 percent of the
24 amount made available to carry out this section in
25 a fiscal year—

1 “(A) for administrative costs incurred in
2 carrying out this section;

3 “(B) to provide technical assistance to re-
4 cipients of grants under this section; and

5 “(C) to enter into grant agreements with
6 tribal governments and insular areas, with the
7 grant funds to be distributed—

8 “(i) according to criteria established
9 by the Administrator; and

10 “(ii) for a purpose described in sub-
11 section (c)(2).

12 “(c) USE OF FUNDS.—

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

17 “(A) consistent with paragraph (2) and
18 subsection (g), to provide financial assistance
19 for—

20 “(i) homeowners, businesses, and non-
21 profit organizations that are eligible to
22 participate in the national flood insurance
23 program; and

1 “(ii) any local government that par-
2 ticipates in the national flood insurance
3 program;

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

7 “(C) for the sale of bonds as security for
8 payment of the principal and interest on rev-
9 enue or general obligation bonds issued by the
10 participating State to provide matching funds
11 under subsection (f), if the proceeds from the
12 sale of the bonds are deposited in the State
13 loan fund.

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

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

18 “(i) flood risk; or

19 “(ii) potential claims for losses cov-
20 ered under the national flood insurance
21 program;

22 “(B) shall use the amounts in a cost-effec-
23 tive manner under requirements established by
24 the State, which may require an applicant for
25 financial assistance to submit any information

1 that the State considers relevant or necessary
2 before the date on which the applicant receives
3 the assistance;

4 “(C) shall use the amounts for projects
5 that—

6 “(i) meet design and construction
7 standards established by the Adminis-
8 trator;

9 “(ii) are located in communities
10 that—

11 “(I) participate in the national
12 flood insurance program; and

13 “(II) have developed a State or
14 community hazard mitigation plan
15 that has been approved by the Admin-
16 istrator under section 1366;

17 “(iii) address—

18 “(I) a repetitive loss structure or
19 a severe repetitive loss property; or

20 “(II) flood risk in the 500-year
21 floodplain, areas of residual flood risk,
22 or other areas of potential flood risk,
23 as identified by the Administrator;
24 and

1 “(iv) address current risk and antici-
2 pate future risk, such as sea-level rise;
3 “(D) may use the amounts—
4 “(i) for projects relating to—
5 “(I) structural elevation;
6 “(II) floodproofing;
7 “(III) the relocation or removal
8 of buildings from the 100-year flood-
9 plain or other areas of flood risk, in-
10 cluding the acquisition of properties
11 for such a purpose;
12 “(IV) environmental restoration
13 activities that directly reduce flood
14 risk;
15 “(V) any eligible activity de-
16 scribed in subparagraphs (A) through
17 (G) of section 1366(e)(3); or
18 “(VI) other activities determined
19 appropriate by the Administrator;
20 “(ii) with respect to a project de-
21 scribed in clause (i), only for expenditures
22 directly related to a project described in
23 that clause, including expenditures for
24 planning, design, and associated pre-con-
25 struction activities; and

1 “(iii) to acquire, for the purposes of
2 permanent protection, land, buildings, or a
3 conservation easement from a willing seller
4 or grantor;

5 “(E) may not use the amounts—

6 “(i) to construct buildings or expand
7 existing buildings, unless the activity is for
8 the purpose of flood mitigation;

9 “(ii) to improve any structure, unless
10 the recipient has obtained flood insurance
11 coverage, which shall be maintained for the
12 useful life of the structure, in an amount
13 that is not less than the lesser of—

14 “(I) the eligible project costs with
15 respect to the structure; and

16 “(II) the maximum insurable
17 limit for the structure under the na-
18 tional flood insurance program cov-
19 erage for the structure;

20 “(iii) to improve a residential property
21 with an appraised value that is not less
22 than 125 percent of the limitation on the
23 maximum original principal obligation of a
24 conventional mortgage that may be pur-
25 chased by the Federal National Mortgage

1 Association or the Federal Home Loan
2 Mortgage Corporation in the area in which
3 the property is located, as established
4 under section 302(b)(2) of the Federal Na-
5 tional Mortgage Association Charter Act
6 (12 U.S.C. 1717(b)(2)) and section
7 305(a)(2) of the Federal Home Loan
8 Mortgage Corporation Act (12 U.S.C.
9 1454(a)(2));

10 “(iv) for the direct benefit of a home-
11 owner if the annual household adjusted
12 gross income of the homeowner during the
13 previous fiscal year was not less than
14 \$200,000, as annually adjusted by the Ad-
15 ministrator to reflect changes in the Con-
16 sumer Price Index for All Urban Con-
17 sumers, as published by the Bureau of
18 Labor Statistics of the Department of
19 Labor and rounded to the nearest \$25; or

20 “(v) to acquire real property or an in-
21 terest in real property unless the property
22 is purchased from a willing seller; and

23 “(F) to the maximum extent practicable,
24 shall, in using those amounts, give priority to

1 projects that assist low-income homeowners and
2 low-income geographical areas.

3 “(d) INTENDED USE PLANS.—

4 “(1) IN GENERAL.—After providing the oppor-
5 tunity for public review and comment, each partici-
6 pating State shall annually prepare a plan that iden-
7 tifies, for the year following the date of issuance of
8 the intended use plan, the intended uses of the
9 amounts available in the State loan fund of the par-
10 ticipating State.

11 “(2) CONSULTATION DURING PREPARATION.—
12 Each participating State, in preparing an intended
13 use plan, shall ensure that the State agency with
14 primary responsibility for floodplain management—

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

17 “(B) consults with any other appropriate
18 State agency, including agencies responsible for
19 coastal and environmental management.

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

22 “(A) include—

23 “(i) an explanation of the mitigation
24 and resiliency benefits the State intends to
25 achieve, including by—

1 “(I) reducing future damage and
2 loss associated with flooding;

3 “(II) reducing the number of se-
4 vere repetitive loss properties and re-
5 petitive loss structures in the State;

6 “(III) decreasing the number of
7 flood insurance claims in the State;
8 and

9 “(IV) increasing the rating under
10 the Community Rating System for
11 communities in the State;

12 “(ii) information with respect to the
13 availability of, and the application process
14 for receiving, financial assistance from the
15 State loan fund of the State;

16 “(iii) the criteria and methods estab-
17 lished for the distribution of amounts from
18 the State loan fund of the State;

19 “(iv) the amount of financial assist-
20 ance that the State anticipates providing
21 to—

22 “(I) local government projects;
23 and

24 “(II) projects for homeowners,
25 business, or nonprofit organizations;

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

3 “(vi) a description of the financial sta-
4 tus of the State loan fund and the short-
5 term and long-term goals of the State loan
6 fund; and

7 “(B) provide, to the maximum extent prac-
8 ticable, that priority for the use of amounts
9 from the State loan fund shall be given to
10 projects that—

11 “(i) address severe repetitive loss
12 properties and repetitive loss structures;

13 “(ii) assist low-income homeowners
14 and low-income geographic areas; and

15 “(iii) address flood risk for pre-FIRM
16 buildings.

17 “(4) PUBLICATION.—Each participating State
18 shall publish and periodically update a list of all
19 projects receiving funding from the State loan fund
20 of the State, which shall include identification of—

21 “(A) the community in which the project is
22 located;

23 “(B) the type and amount of assistance
24 provided for each project; and

1 “(C) the expected funding schedule and
2 date of completion of each project.

3 “(e) FUND MANAGEMENT.—Amounts in a State loan
4 fund shall—

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

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

10 “(3) except as provided in subsection (i), in-
11 clude only—

12 “(A) amounts received from capitalization
13 grants made under this section;

14 “(B) repayments of loans made from the
15 fund; and

16 “(C) interest earned on amounts in the
17 fund.

18 “(f) MATCHING FUNDS.—

19 “(1) FULL GRANT.—On or before the date on
20 which a participating State receives a capitalization
21 grant, the State shall deposit into the State loan
22 fund of the State, in addition to the amount of the
23 capitalization grant, an amount from non-Federal
24 sources that is not less than 20 percent of the total
25 amount of the capitalization grant.

1 “(2) REDUCED GRANT.—If, with respect to a
2 capitalization grant, a participating State deposits in
3 the State loan fund of the State an amount from
4 non-Federal sources that is less than 20 percent of
5 the total amount of the capitalization grant that the
6 participating State would otherwise receive, the Ad-
7 ministrator shall—

8 “(A) reduce the amount of the capitaliza-
9 tion grant received by the State to the amount
10 that is 5 times the amount so deposited; and

11 “(B) in accordance with subsection (b)(5),
12 allocate the difference between the amount that
13 the participating State would have received if
14 the State had complied with paragraph (1) and
15 the amount of the reduced grant that the par-
16 ticipating State receives under subparagraph
17 (A).

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

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

23 “(A) the interest rate for the loan is not
24 more than the market interest rate;

1 “(B) the recipient of the loan will begin
2 making principal and interest payments on the
3 loan not later than 1 year after the date on
4 which the project for which the loan was made
5 is completed;

6 “(C) the loan will be fully amortized not
7 later than 20 years after the date on which the
8 project for which the loan was made is com-
9 pleted, except that, in the case of a loan made
10 for a project in a low-income geographic area or
11 to a low-income homeowner, the State may pro-
12 vide a longer amortization period for the loan if
13 that longer period—

14 “(i) ends on a date that is not later
15 than 30 years after the date on which the
16 project is completed; and

17 “(ii) is not longer than the expected
18 design life of the project;

19 “(D) the recipient of the loan dem-
20 onstrates, based on verified and documented in-
21 formation that, as of the date on which the loan
22 is made, the recipient has a reasonable ability
23 to repay the loan, according to the terms of the
24 loan, except that this subparagraph may not be
25 construed to authorize any reduction or limita-

1 tion in efforts to comply with the requirements
2 of subsection (e)(2)(F); and

3 “(E) payments of principal and interest
4 with respect to the loan will be deposited into
5 the State loan fund;

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

9 “(3) to guarantee, or purchase insurance for, a
10 local obligation, the proceeds of which finance a
11 project eligible for assistance under this section, if
12 the guarantee or purchase, as applicable, would—

13 “(A) improve credit market access; or

14 “(B) reduce the interest rate with respect
15 to the obligation;

16 “(4) as a source of revenue or as security for
17 the payment of principal and interest on revenue or
18 general obligation bonds issued by the State if the
19 proceeds of the sale of the bonds will be deposited
20 into the State loan fund; or

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

22 “(h) ASSISTANCE FOR LOW-INCOME HOMEOWNERS
23 AND LOW-INCOME GEOGRAPHIC AREAS.—

24 “(1) IN GENERAL.—Notwithstanding any other
25 provision of this section, if a participating State uses

1 amounts from a State loan fund to provide financial
2 assistance under subsection (c) in a low-income geo-
3 graphic area or to a low-income homeowner, the
4 State may provide additional subsidization to the re-
5 cipient of the assistance, including forgiveness of the
6 principal of a loan.

7 “(2) LIMITATION.—For each fiscal year, the
8 total amount of additional subsidization provided by
9 a participating State under paragraph (1) may not
10 exceed 30 percent of the amount of the capitaliza-
11 tion grant allocated to the State for that fiscal year.

12 “(i) ADMINISTRATION OF FUND.—

13 “(1) IN GENERAL.—A participating State may
14 combine the financial administration of a State loan
15 fund with the financial administration of any other
16 revolving fund established by the State if—

17 “(A) combining the administration of the
18 funds would—

19 “(i) be convenient and avoid adminis-
20 trative costs; and

21 “(ii) not violate the law of the State;
22 and

23 “(B) the Administrator determines that—

24 “(i) amounts obtained from a grant
25 made under this section, amounts obtained

1 from the repayment of a loan made from
 2 a State loan fund, and interest earned on
 3 amounts in a State loan fund will be—

4 “(I) accounted for separately
 5 from amounts from other revolving
 6 funds; and

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

9 “(ii) after consulting with the appro-
 10 priate State agencies, the authority to es-
 11 tablish assistance priorities and carry out
 12 oversight and related activities, other than
 13 financial administration, with respect to
 14 flood assistance remains with the State
 15 agency with primary responsibility for
 16 floodplain management.

17 “(2) ADMINISTRATIVE AND TECHNICAL
 18 COSTS.—

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

22 “(i) pay the reasonable costs of ad-
 23 ministration of the programs under this
 24 section, including the recovery of reason-

1 able costs incurred in establishing a State
2 loan fund;

3 “(ii) provide appropriate oversight of
4 projects authorized under this section; and

5 “(iii) provide technical assistance and
6 outreach to recipients in the State of
7 amounts under this section, including with
8 respect to updating hazard mitigation
9 plans and participating in the Community
10 Rating System, in an amount that is not
11 more than 4 percent of the funds made
12 available to the State under this section.

13 “(B) DESCRIPTION.—The amount de-
14 scribed in this subparagraph is an amount
15 equal to the sum of—

16 “(i) any fees collected by a partici-
17 pating State to recover the costs described
18 in subparagraph (A)(i), regardless of the
19 source; and

20 “(ii) the greatest of—

21 “(I) \$400,000;

22 “(II) 0.2 percent of the value of
23 the State loan fund of a State, as of
24 the date on which the valuation is
25 made; and

1 “(III) an amount equal to 7 per-
2 cent of all grant awards made to a
3 participating State for the State loan
4 fund of the State under this section
5 for the fiscal year.

6 “(3) AUDIT AND REPORT.—

7 “(A) AUDIT REQUIREMENT.—Not less fre-
8 quently than biennially, each participating State
9 shall conduct an audit of the State loan fund of
10 the State.

11 “(B) REPORT.—Each participating State
12 shall submit to the Administrator a biennial re-
13 port regarding the activities of the State under
14 this section during the period covered by the re-
15 port, including—

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

18 “(ii) a review of the effectiveness of
19 the State loan fund of the State with re-
20 spect to—

21 “(I) the intended use plans of the
22 State; and

23 “(II) meeting the objectives de-
24 scribed in subsection (b)(1).

1 “(4) OVERSIGHT.—In conducting oversight with
2 respect to State loan funds established under this
3 section, the Administrator—

4 “(A) shall—

5 “(i) periodically audit the funds in ac-
6 cordance with procedures established by
7 the Comptroller General of the United
8 States; and

9 “(ii) not less frequently than once
10 every 4 years, review each State loan fund
11 to determine the effectiveness of the fund
12 in reducing flood risk; and

13 “(B) may, at any time—

14 “(i) make recommendations to a par-
15 ticipating State with respect to the admin-
16 istration of the State loan fund of the
17 State; or

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

21 “(j) LIABILITY PROTECTIONS.—The Federal Emer-
22 gency Management Agency shall not be liable for any
23 claim based on the exercise or performance of, or the fail-
24 ure to exercise or perform, a discretionary function or duty

1 by the Agency, or an employee of the Agency, in carrying
2 out this section.

3 “(k) REGULATIONS.—The Administrator shall pro-
4 mulgate such guidance or regulations as may be necessary
5 to carry out this section, including guidance or regulations
6 that—

7 “(1) ensure that each participating State to
8 which funds are allocated under this section uses the
9 funds as efficiently as possible;

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

13 “(3) require any party that receives funds di-
14 rectly or indirectly under this section, including a
15 participating State and a recipient of amounts from
16 a State loan fund, to use procedures with respect to
17 the management of the funds that conform to gen-
18 erally accepted accounting standards.

19 “(l) AUTHORIZATION OF APPROPRIATIONS.—There
20 are authorized to be appropriated such sums as may be
21 necessary to carry out this section for fiscal years 2020
22 through 2029.”.

23 (b) CONSIDERATION OF MITIGATION MEASURES
24 FUNDED BY STATE LOAN FUNDS IN FLOOD INSURANCE
25 PREMIUM RATES.—

1 (1) ESTIMATED RATES.—Section
2 1307(a)(1)(A)(ii) of the National Flood Insurance
3 Act of 1968 (42 U.S.C. 4014(a)(1)(A)(ii)) is amend-
4 ed by striking “and similar measures” and inserting
5 “similar measures, and any activities funded
6 through amounts from a State loan fund established
7 under section 1326,”.

8 (2) CHARGEABLE RATES.—Section 1308(b)(1)
9 of the National Flood Insurance Act of 1968 (42
10 U.S.C. 4015(b)(1)) is amended by striking “and
11 similar measures” and inserting “similar measures,
12 and any activities funded through amounts from a
13 State loan fund established under section 1326”.

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