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

(2) the national flood insurance program (NFIP) is a key component of the Federal Government’s efforts to minimize the damage and financial impact of floods;

(3) In the absence of widespread private insurance industry participation, and as a matter of national policy, the Federal Government must ensure the availability and affordability of flood insurance;

(4) the NFIP is the principal provider of flood insurance in the United States, covering over 5 million households and businesses across the country;

(5) affordability of flood insurance coverage remains a serious concern;

(6) a policyholder’s ability to pay for flood insurance coverage should be considered in setting chargeable premium rates; and

(7) in the absence of widespread private insurance industry participation, and as a matter of national policy, the Federal Government must ensure the availability and affordability of flood insurance for those who need financial assistance.
SEC. 3. PROGRAM EXTENSION.

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

(b) PROGRAM EXPIRATION.—Section 1319 of the National Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended by striking “May 31, 2019” and inserting “September 30, 2024”.

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

SEC. 4. DEBT CANCELLATION.

(a) FORGIVENESS.—Notwithstanding any other provision of law, all indebtedness of the Administrator of the Federal Emergency Management Agency under any notes or other obligations issued pursuant to section 1309(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4016(a)) and section 15(e) of the Federal Insurance Act of 1956 (42 U.S.C. 2414(e)), and outstanding as of the date of the enactment of this Act, is hereby canceled, the Administrator and the National Flood Insurance Fund are relieved of all liability to the Secretary of the Treasury under any such notes or other obligations, including for any capitalized interest due under such notes or other obli-
gations and any other fees and charges payable in connection with such notes and obligations, and the total amount of notes and obligations issued by the Administrator pursuant to such section shall be considered to be reduced by such amount for purposes of the limitation on such total amount under such section.

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

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

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

SEC. 5. DEMONSTRATION PROGRAM FOR POLICY AFFORDABILITY.

(a) AUTHORITY.—The Administrator of the Federal Emergency Management Agency, in consultation with the Secretary of the Treasury and the Secretary of Housing and Urban Development, shall establish and carry out a program under this section to demonstrate the effectiveness of providing means-tested discounted rates for flood insurance coverage made available under the National Flood Insurance Act of 1968 for eligible families.
(b) Eligible Households and Properties.—The Administrator may provide discounted premium rates pursuant to this section only for properties that are—

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

(2) the primary residence of a household whose income does not exceed 80 percent of the area median income, as determined by the Administrator in consultation with the Secretary of Housing and Urban Development.

c) Income Determinations.—For purposes of the program under this section, the Administrator shall make determinations of household income on an annual basis.

d) Premium Discounts.—Notwithstanding any provision of the National Flood Insurance Act of 1968, the chargeable premium rate for flood insurance coverage made available under the program under this section shall be equal to the amount that is equal to 2 percent of annual area medium income for the area within which is located the property for which the coverage is provided.

e) Disclosure of Full-risk Rate.—The Administrator shall provide to each policyholder purchasing flood insurance coverage under the program under this section for a property, not later than the commencement of the period of such coverage, a written statement setting forth the full actuarial premium rate for coverage for such prop-
erty determined in accordance with section 1307(a)(1) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(a)(1)), the amount of the policy discount for such coverage, and any other information the Director considers helpful to policyholders in understanding flood insurance coverage and costs.

(f) LIMITATION ON DISCOUNTS.—Notwithstanding any other provision of this section, discounted flood insurance coverage under the program under this section may be made available in any fiscal year only to the extent that the aggregate amount of the policy discounts provided under the program do not exceed the aggregate amount of surcharges collected pursuant to section 1308A in such fiscal year.

(g) GUIDANCE.—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Administrator shall issue guidance providing for the establishment of the demonstration program under this section, which shall include an estimation of the cost of the program stated in terms of the aggregate of policy discounts to be made available under the program, a description of how the Administrator will determine eligibility for households to participate in the program, any new requirements that policyholders participating in the program will be subject to, and the results
of the Administrator’s consultations with the Secretary of
the Treasury and the Secretary of Housing and Urban
Development.

(h) REPORT TO CONGRESS.—

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

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

(B) The average median income of such
households.

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

(D) The number of policies made available
under the national flood insurance program and
the number and aggregate amount of claims submitted under such program.

(E) For all properties in such community receiving discounted coverage under the demonstration program under this section, the aggregate amount of the full actuarial premium rate for coverage that is determined in accordance with section 1307(a)(1) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(a)(1)) and the aggregate amount of policy discounts provided under the demonstration program.

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

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

(A) a statement of the number of households participating in the program and the rates of participation by communities partici-
pating in the national flood insurance program
and by households, including whether such par-
ticipation rates have changed by year; and

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

(i) **Definitions.**—For purposes of this section, the
following definitions shall apply:

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

(2) **Policy Discount.**—The term “policy dis-
count” means, with respect to a policy for flood in-
urance coverage under the national flood insurance
program made available under the program under
this section, the amount by which the full actuarial
premium rate for coverage for such property that is
determined in accordance with section 1307(a)(1) of
the National Flood Insurance Act of 1968 (42
U.S.C. 4014(a)(1)) exceeds the chargeable premium
rate for the coverage made available under the pro-
gram under this section.
(j) TERMINATION.—The authority under this section to provide discounted premium rates for flood insurance coverage shall terminate on May 31, 2024.

SEC. 6. PREMIUM AND FEES RELIEF FOR FAMILIES AND SMALL BUSINESSES.

(a) REPEAL OF FEDERAL POLICY FEE.—

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

(A) in paragraph (1)(B)—

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

(ii) by striking clause (iii); and

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

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

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

(A) by striking paragraph (3); and
(B) by redesignating paragraphs (4) and  
(5) as paragraphs (3) and (4), respectively.

(b) REPEAL OF SURCHARGE.—

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

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

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

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

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

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

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

(d) MONTHLY INSTALLMENT PAYMENT OF PREMIUMS.—
(1) AUTHORITY.—Subsection (g) of section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(g)) is amended—

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

“(g) FREQUENCY OF PREMIUM COLLECTION.—

“(1) OPTIONS.—With respect”;

and

(B) by adding at the end the following:

“(2) MONTHLY INSTALLMENT PAYMENT OF PREMIUMS.—

“(A) EXEMPTION FROM RULEMAKING.—

Until such time as the Administrator promulgates regulations implementing paragraph (1) of this subsection, the Administrator may adopt policies and procedures, notwithstanding any other provisions of law and in alignment and consistent with existing industry escrow and servicing standards, necessary to implement such paragraph without undergoing notice and comment rulemaking and without conducting regulatory analyses otherwise required by statute, regulation, or Executive order.

“(B) PILOT PROGRAM.—The Administrator may initially implement paragraph (1) of
this subsection as a pilot program that provides for a gradual phase-in of implementation.

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

“(i) during the 12-month period beginning on the date of the enactment of this subparagraph, charge policyholders choosing to pay premiums in monthly installments a fee for the total cost of the monthly collection of premiums not to exceed $25 annually; and

“(ii) after the expiration of the 12-month period referred to in clause (i), adjust the fee charged annually to cover the total cost of the monthly collection of premiums as determined by the report submitted pursuant to subparagraph (D).

“(D) REPORT.—Not later than six months after the date of the enactment of this Act, the Comptroller General shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, that sets forth all of the costs associated with the monthly payment of premiums,
including any up-front costs associated with infrastructure development, the impact on all policyholders including those that exercise the option to pay monthly and those that do not, options for minimizing the costs, particularly the costs to policyholders, and the feasibility of adopting practices that serve to minimize costs to policyholders such as automatic payments and electronic payments.

“(E) ANNUAL REPORTS.—On an annual basis, the Administrator shall report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate the ongoing costs associated with the monthly payment of premiums.”.

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

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

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

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

SEC. 7. STATE REVOLVING LOAN FUNDS FOR FLOOD MITIGATION.

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

“SEC. 1326. STATE REVOLVING LOAN FUNDS FOR FLOOD MITIGATION.

“(a) DEFINITIONS.—In this section—

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

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

“(3) the term ‘insular area’ means—

“(A) Guam;

“(B) American Samoa;
“(C) the Commonwealth of the Northern Mariana Islands;
“(D) the Federated States of Micronesia;
“(E) the Republic of the Marshall Islands;
“(F) the Republic of Palau; and
“(G) the United States Virgin Islands;
“(4) the term ‘intended use plan’ means a plan prepared under subsection (d)(1);
“(5) the term ‘low-income geographic area’ means an area described in paragraph (1) or (2) of section 301(a) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3161(a));
“(6) the term ‘low-income homeowner’ means the owner of a primary residence, the household income of which in a taxable year is not more than 80 percent of the median income for the area in which the residence is located;
“(7) the term ‘participating State’ means an eligible State that—
“(A) has entered into an agreement under subsection (b)(1); and
“(B) agrees to comply with the requirements of this section;
“(8) the term ‘pre-FIRM building’ means a building for which construction or substantial im-
provement occurred before the effective date of the initial Flood Insurance Rate Map published by the Administrator under section 1360 for the area in which the building is located;

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

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

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

“(12) the term ‘tribal government’ means the recognized government of an Indian tribe, or the governing body of an Alaska Native regional or village corporation, that has been determined eligible to receive services from the Bureau of Indian Affairs.

“(b) GENERAL AUTHORITY.—

“(1) IN GENERAL.—The Administrator may enter into an agreement with an eligible State to provide a capitalization grant for the eligible State to establish a revolving fund that will provide funding assistance to help homeowners, businesses, non-profit organizations, and communities reduce flood risk in order to decrease—
“(A) the loss of life and property;
“(B) the cost of flood insurance; and
“(C) Federal disaster payments.
“(2) Timing of deposit and agreements for distribution of funds.—
“(A) In general.—Not later than the last day of the fiscal year following the fiscal year in which a capitalization grant is made to a participating State under paragraph (1), the participating State shall—
“(i) deposit the grant in the State loan fund of the State; and
“(ii) enter into one or more binding agreements that provide for the State to distribute the grant funds for purposes authorized under subsection (c) such that—
“(I) in the case of the initial grant made under this section to a State, not less than 75 percent of the amount of the grant funds shall be distributed before the expiration of the 24-month period beginning upon deposit of such funds in the State loan fund of the State; and
“(II) in the case of any subsequent grant made under this section to a State, not less than 90 percent of the amount of the grant funds made under the capitalization grant shall be distributed before the expiration of the 12-month period beginning upon deposit of such funds in the State loan fund of the State.

“(B) NONCOMPLIANCE.—Except as provided in subparagraph (C), if a participating State does not comply with subparagraph (A) with respect to a grant, the Administrator shall reallocate the grant in accordance with paragraph (3)(B).

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

“(3) ALLOCATION.—

“(A) IN GENERAL.—The Administrator shall allocate amounts made available to carry out this section to participating States—
“(i) for the participating States to de-
posit in the State loan funds established by
the participating States; and

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

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

“(i) Fifty percent of the total amount made available under subparagraph (A) shall be allocated so that each partici-
pating State receives the percentage amount that is obtained by dividing the number of properties that were insured under the national flood insurance pro-
gram in that State in the fiscal year pre-
ceding the fiscal year in which the amount is allocated by the total number of prop-
erties that were insured under the national flood insurance program in the fiscal year preceding the fiscal year in which the amount is allocated.

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

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

“(I) Divide the total amount collected in premiums for properties insured under the national flood insurance program in each participating State during the previous fiscal year by the number of properties insured under the national flood insurance program in that State for that fiscal year.

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

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

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

“(4) NO REVOLVING FUND REQUIRED.—

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

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

“(5) ALLOCATION OF REMAINING FUNDS.—

After allocating amounts made available to carry out this section for a fiscal year in accordance with
paragraph (3), the Administrator shall allocate any remaining amounts made available for that fiscal year to participating States, using the procedures described in clauses (i) through (iii) of paragraph (3)(B).

“(6) **Allocation for Tribal Governments and Insular Areas.**—The Administrator shall reserve not less than 5.0 percent of the amount made available to carry out this section in a fiscal year to enter into grant agreements with tribal governments and insular areas, with the grant funds to be distributed—

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

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

“(7) **Administrative Costs; Technical Assistance.**—The Administrator shall reserve not more than 2.5 percent of the amount made available to carry out this section in a fiscal year—

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

“(B) to provide technical assistance to recipients of grants under this section.

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

“(A) consistent with paragraphs (2) and (3) and subsection (g), to provide financial assistance for—

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

“(ii) any local government that participates in the national flood insurance program;

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

“(C) for the sale of bonds as security for payment of the principal and interest on revenue or general obligation bonds issued by the participating State to provide matching funds under subsection (g), if the proceeds from the sale of the bonds are deposited in the State loan fund.
“(2) PURPOSES.—A recipient of financial assistance provided through amounts from a State loan fund—

“(A) shall use the amounts to reduce—

“(i) flood risk; or

“(ii) potential flood claims submitted under the national flood insurance program;

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

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

“(i) meet design and construction standards established by the Administrator;

“(ii) are located in communities that—

“(I) participate in the national flood insurance program; and
“(II) have developed a State, local, or tribal government hazard mitigation plan that has been approved by the Administrator under section 1366;

“(iii)(I) address a repetitive loss structure or a severe repetitive loss property; or

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

“(iv) address current risk and anticipate future risk, such as sea-level rise;

“(D) may use the amounts—

“(i) for projects relating to—

“(I) structural elevation;

“(II) floodproofing;

“(III) the relocation or removal of buildings from the 100-year floodplain or other areas of flood risk, including the acquisition of properties for such a purpose;
“(IV) environmental restoration activities that directly reduce flood risk;

“(V) any eligible activity described in subparagraphs (A) through (G) of section 1366(c)(3); or

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

“(ii) with respect to a project described in clause (i), only for expenditures directly related to a project described in that clause, including expenditures for planning, design, and associated pre-construction activities; and

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

“(E) may not use the amounts—

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

“(ii) to improve any structure, unless the recipient has obtained flood insurance coverage in an amount at least equal to the
lesser of the eligible project costs or the maximum insurable limit for the structure under the national flood insurance program coverage for the structure, which coverage shall be maintained for the useful life of the structure;

“(iii) to improve a residential property with an appraised value that is not less than 125 percent of the limitation on the maximum original principal obligation of a conventional mortgage that may be purchased by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation in the area in which the property is located, as established under section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2)) and section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2));

“(iv) for the direct benefit of a homeowner if the annual household adjusted gross income of the homeowner during the previous fiscal year was not less than
$200,000, as annually adjusted by the Administrator to reflect changes in the Consumer Price Index for All Urban Consumers, as published by the Bureau of Labor Statistics of the Department of Labor and rounded to the nearest $25; or

“(v) to acquire real property or an interest in real property unless the property is purchased from a willing seller; and

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

“(d) Intended Use Plans.—

“(1) In General.—After providing the opportunity for public review and comment, each participating State shall annually prepare a plan that identifies, for the year following the date of issuance of the intended use plan, the intended uses of the amounts available in the State loan fund of the participating State.

“(2) Consultation During Preparation.— Each participating State, in preparing an intended use plan, shall ensure that the State agency with primary responsibility for floodplain management—
“(A) provides oversight with respect to the preparation of the intended use plan; and

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

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

“(A) include—

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

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

“(II) reducing the number of severe repetitive loss properties and repetitive loss structures in the State;

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

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

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

“(iii) the criteria and methods established for the distribution of amounts from the State loan fund of the State;

“(iv) the amount of financial assistance that the State anticipates allocating to—

“(I) local government projects;

and

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

“(v) the expected terms of the assistance provided under clause (iv); and

“(vi) a description of the financial status of the State loan fund and the short-term and long-term goals of the State loan fund; and

“(B) provide, to the maximum extent practicable, that priority for the use of amounts from the State loan fund shall be given to projects that—

“(i) address severe repetitive loss properties and repetitive loss structures;
“(ii) assist low-income homeowners and low-income geographic areas; and
“(iii) address flood risk for pre-FIRM buildings.
“(4) PUBLICATION.—Each participating State shall publish and periodically update a list of all projects receiving funding from the State loan fund of the State, which shall include identification of—
“(A) the community in which the project is located;
“(B) the type and amount of assistance provided for each project; and
“(C) the expected funding schedule and date of completion of each project.
“(e) FUND MANAGEMENT.—Amounts in a State loan fund shall—
“(1) remain available for providing financial assistance under this section until distributed;
“(2) if the amounts are not required for immediate distribution or expenditure, be invested in interest-bearing obligations; and
“(3) except as provided in subsection (i), include only—
“(A) amounts received from capitalization grants made under this section;
“(B) repayments of loans made from the fund; and

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

“(f) MATCHING FUNDS.—

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

“(2) REDUCED GRANT.—Notwithstanding paragraph (1), if a State deposits in the State loan fund of the State in connection a capitalization grant an amount from non-Federal sources that is less than 10 percent of the total amount of the capitalization grant that would otherwise be received by the State, the Administrator shall reduce the amount of the capitalization grant received by the State to the amount that is 10 times the amount so deposited and shall allocate such remaining grant amounts under subsection (b)(5) together with the amounts allocated under such subsection.
“(g) TYPES OF ASSISTANCE.—Unless otherwise prohibited by State law, a participating State may use the amounts deposited into a State loan fund under this section only—

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

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

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

“(C) the loan will be fully amortized not later than 20 years after the date on which the project for which the loan was made is completed, except that, in the case of a loan made for a project in a low-income geographic area or to a low-income homeowner, the State may provide a longer amortization period for the loan if that longer period—

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

“(ii) is not longer than the expected design life of the project;
“(D) the recipient of the loan demonstrates, based on verified and documented information that, at the time the loan is consummated, that the recipient has a reasonable ability to repay the loan, according to its terms, except that this subparagraph may not be construed to authorize any reduction or limitation in efforts to comply with the requirements of subsection (c)(2)(E) (relating to priority for assistance for low-income homeowners and low-income geographical areas); and

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

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

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

“(A) improve credit market access; or

“(B) reduce the interest rate with respect to the obligation;
“(4) as a source of revenue or as security for the payment of principal and interest on revenue or general obligation bonds issued by the State if the proceeds of the sale of the bonds will be deposited into the State loan fund; or

“(5) to earn interest on those amounts.

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

“(1) IN GENERAL.—Notwithstanding any other provision of this section, if a participating State uses amounts from a State loan fund to provide financial assistance under subsection (c) in a low-income geographic area or to a low-income homeowner, the State may provide additional subsidization to the recipient of the assistance, including forgiveness of the principal of a loan.

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

“(i) ADMINISTRATION OF FUND.—

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

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

“(i) be convenient and avoid administrative costs; and

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

“(B) the Administrator determines that—

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

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

“(II) used only for purposes authorized under this section; and

“(ii) after consulting with the appropriate State agencies, the authority to establish assistance priorities and carry out oversight and related activities, other than financial administration, with respect to flood assistance remains with the State
agency with primary responsibility for
floodplain management.

“(2) Administrative and Technical
COSTS.—

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

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

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

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

“(B) DESCRIPTION.—The amount de-
scribed in this subparagraph is an amount
equal to the sum of—
“(i) any fees collected by a participating State to recover the costs described in subparagraph (A)(i), regardless of the source; and

“(ii) the greatest of—

“(I) $400,000;

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

“(III) an amount equal to 7 percent of all grant awards made to a participating State for the State loan fund of the State under this section for the fiscal year.

“(3) Audit and report.—

“(A) Audit requirement.—Not less frequently than biennially, each participating State shall conduct an audit of the State loan fund of the State.

“(B) Report.—Each participating State shall submit to the Administrator a biennial report regarding the activities of the State under this section during the period covered by the report, including—
“(i) the result of any audit conducted by the State under subparagraph (A); and

“(ii) a review of the effectiveness of the State loan fund of the State with respect to—

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

“(II) meeting the objectives described in subsection (b)(1).

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

“(A) shall—

“(i) periodically audit the funds in accordance with procedures established by the Comptroller General of the United States; and

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

“(B) may, at any time—

“(i) make recommendations to a participating State with respect to the admin-
istration of the State loan fund of the State; or

“(ii) require specific changes with respect to a State loan fund in order to improve the effectiveness of the fund.

“(j) LIABILITY PROTECTIONS.—The Federal Government shall not be liable for any claim based upon the exercise or performance of, or the failure to exercise or perform, a discretionary function or duty on the part of the Federal agency, or an employee of the Federal Government, in carrying out the provision of this section.

“(k) REGULATIONS.—The Administrator shall promulgate such guidance or regulations as may be necessary to carry out this section, including guidance or regulations that—

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

“(2) reduce, to the maximum extent practicable, waste, fraud, and abuse with respect to the implementation of this section; and

“(3) require any party that receives funds directly or indirectly under this section, including a participating State and a recipient of amounts from a State loan fund, to use procedures with respect to
the management of the funds that conform to generally accepted accounting standards.

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