

116TH CONGRESS  
1ST SESSION

# H. R. 1610

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.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 7, 2019

Mr. CRIST (for himself and Mr. WILLIAMS) introduced the following bill;  
which was referred to the Committee on Financial Services

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## 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 Chapter I of the National Flood Insurance Act of  
4 1968 (42 U.S.C. 4011 et seq.) is amended by adding at  
5 the end the following:

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

8 “(a) DEFINITIONS.—In this section—

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

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

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

16 “(A) Guam;

17 “(B) American Samoa;

18 “(C) the Commonwealth of the Northern  
19 Mariana Islands;

20 “(D) the Federated States of Micronesia;

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

22 “(F) the Republic of Palau; and

23 “(G) the United States Virgin Islands;

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

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

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

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

12                   “(A) has entered into an agreement under  
13 subsection (b)(1); and

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

16           “(8) the term ‘pre-FIRM building’ means a  
17 building for which construction or substantial im-  
18 provement occurred before the effective date of the  
19 initial Flood Insurance Rate Map published by the  
20 Administrator under section 1360 for the area in  
21 which the building is located;

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

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

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

4           “(12) the term ‘tribal government’ means the  
5 recognized government of an Indian tribe, or the  
6 governing body of an Alaska Native regional or vil-  
7 lage corporation, that has been determined eligible  
8 to receive services from the Bureau of Indian Af-  
9 fairs.

10       “(b) GENERAL AUTHORITY.—

11           “(1) IN GENERAL.—The Administrator may  
12 enter into an agreement with an eligible State to  
13 provide a capitalization grant for the eligible State  
14 to establish a revolving fund that will provide fund-  
15 ing assistance to help homeowners, businesses, non-  
16 profit organizations, and communities reduce flood  
17 risk in order to decrease—

18                   “(A) the loss of life and property;

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

20                   “(C) Federal disaster payments.

21       “(2) TIMING OF DEPOSIT AND AGREEMENTS  
22 FOR DISTRIBUTION OF FUNDS.—

23           “(A) IN GENERAL.—Not later than the  
24 last day of the fiscal year following the fiscal  
25 year in which a capitalization grant is made to

1 a participating State under paragraph (1), the  
2 participating State shall—

3 “(i) deposit the grant in the State  
4 loan fund of the State; and

5 “(ii) enter into one or more binding  
6 agreements that provide for the State to  
7 distribute the grant funds for purposes au-  
8 thorized under subsection (c) such that—

9 “(I) in the case of the initial  
10 grant made under this section to a  
11 State, not less than 75 percent of the  
12 amount of the grant funds shall be  
13 distributed before the expiration of  
14 the 24-month period beginning upon  
15 deposit of such funds in the State  
16 loan fund of the State; and

17 “(II) in the case of any subse-  
18 quent grant made under this section  
19 to a State, not less than 90 percent of  
20 the amount of the grant funds made  
21 under the capitalization grant shall be  
22 distributed before the expiration of  
23 the 12-month period beginning upon  
24 deposit of such funds in the State  
25 loan fund of the State.

1           “(B) NONCOMPLIANCE.—Except as pro-  
2           vided in subparagraph (C), if a participating  
3           State does not comply with subparagraph (A)  
4           with respect to a grant, the Administrator shall  
5           reallocate the grant in accordance with para-  
6           graph (3)(B).

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

13          “(3) ALLOCATION.—

14          “(A) IN GENERAL.—The Administrator  
15          shall allocate amounts made available to carry  
16          out this section to participating States—

17                  “(i) for the participating States to de-  
18                  posit in the State loan funds established by  
19                  the participating States; and

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

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

1           “(i) Fifty percent of the total amount  
2           made available under subparagraph (A)  
3           shall be allocated so that each partici-  
4           pating State receives the percentage  
5           amount that is obtained by dividing the  
6           number of properties that were insured  
7           under the national flood insurance pro-  
8           gram in that State in the fiscal year pre-  
9           ceding the fiscal year in which the amount  
10          is allocated by the total number of prop-  
11          erties that were insured under the national  
12          flood insurance program in the fiscal year  
13          preceding the fiscal year in which the  
14          amount is allocated.

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

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

1           “(I) Divide the total amount col-  
2           lected in premiums for properties in-  
3           sured under the national flood insur-  
4           ance program in each participating  
5           State during the previous fiscal year  
6           by the number of properties insured  
7           under the national flood insurance  
8           program in that State for that fiscal  
9           year.

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

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

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

23           “(4) NO REVOLVING FUND REQUIRED.—

24           “(A) IN GENERAL.—Notwithstanding any  
25           other provision of this section, and subject to



1           subparagraph (B), a participating State that  
2           receives less than \$4,000,000 under paragraph  
3           (3)(B) in a fiscal year may distribute the funds  
4           directly in the form of grants or technical as-  
5           sistance for a purpose described in subsection  
6           (c)(2), without regard to whether the State has  
7           established a State loan fund.

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

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

24          “(6) ALLOCATION FOR TRIBAL GOVERNMENTS  
25          AND INSULAR AREAS.—The Administrator shall re-

1 serve not less than 5.0 percent of the amount made  
2 available to carry out this section in a fiscal year to  
3 enter into grant agreements with tribal governments  
4 and insular areas, with the grant funds to be distrib-  
5 uted—

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

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

10 “(7) ADMINISTRATIVE COSTS; TECHNICAL AS-  
11 SISTANCE.—The Administrator shall reserve not  
12 more than 1.5 percent of the amount made available  
13 to carry out this section in a fiscal year—

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

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

18 “(c) USE OF FUNDS.—

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

23 “(A) consistent with paragraphs (2) and  
24 (3) and subsection (g), to provide financial as-  
25 sistance for—

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

5           “(ii) any local government that par-  
6           ticipates in the national flood insurance  
7           program;

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

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

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

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

22                         “(i) flood risk; or

23                         “(ii) potential flood claims submitted  
24                         under the national flood insurance pro-  
25                         gram;

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

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

10                   “(i) meet design and construction  
11                   standards established by the Adminis-  
12                   trator;

13                   “(ii) are located in communities  
14                   that—

15                           “(I) participate in the national  
16                           flood insurance program; and

17                           “(II) have developed a State,  
18                           local, or tribal government hazard  
19                           mitigation plan that has been ap-  
20                           proved by the Administrator under  
21                           section 1366;

22                           “(iii)(I) address a repetitive loss  
23                           structure or a severe repetitive loss prop-  
24                           erty; or

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

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

7           “(D) may use the amounts—

8           “(i) for projects relating to—

9           “(I) structural elevation;

10           “(II) floodproofing;

11           “(III) the relocation or removal  
12           of buildings from the 100-year flood-  
13           plain or other areas of flood risk, in-  
14           cluding the acquisition of properties  
15           for such a purpose;

16           “(IV) environmental restoration  
17           activities that directly reduce flood  
18           risk;

19           “(V) any eligible activity de-  
20           scribed in subparagraphs (A) through  
21           (G) of section 1366(c)(3); or

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

24           “(ii) with respect to a project de-  
25           scribed in clause (i), only for expenditures

1 directly related to a project described in  
2 that clause, including expenditures for  
3 planning, design, and associated pre-con-  
4 struction activities; and

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

9 “(E) may not use the amounts—

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

13 “(ii) to improve any structure, unless  
14 the recipient has obtained flood insurance  
15 coverage in an amount at least equal to the  
16 lesser of the eligible project costs or the  
17 maximum insurable limit for the structure  
18 under the national flood insurance pro-  
19 gram coverage for the structure, which  
20 coverage shall be maintained for the useful  
21 life of the structure;

22 “(iii) to improve a residential property  
23 with an appraised value that is not less  
24 than 125 percent of the limitation on the  
25 maximum original principal obligation of a

1 conventional mortgage that may be pur-  
2 chased by the Federal National Mortgage  
3 Association or the Federal Home Loan  
4 Mortgage Corporation in the area in which  
5 the property is located, as established  
6 under section 302(b)(2) of the Federal Na-  
7 tional Mortgage Association Charter Act  
8 (12 U.S.C. 1717(b)(2)) and section  
9 305(a)(2) of the Federal Home Loan  
10 Mortgage Corporation Act (12 U.S.C.  
11 1454(a)(2));

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

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

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

5           “(d) INTENDED USE PLANS.—

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

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

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

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

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

24                  “(A) include—



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

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

6                   “(II) reducing the number of se-  
7 vere repetitive loss properties and re-  
8 petitive loss structures in the State;

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

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

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

19                   “(iii) the criteria and methods estab-  
20 lished for the distribution of amounts from  
21 the State loan fund of the State;

22                   “(iv) the amount of financial assist-  
23 ance that the State anticipates allocating  
24 to—

1 “(I) local government projects;

2 and

3 “(II) projects for homeowners,

4 business, or nonprofit organizations;

5 “(v) the expected terms of the assist-

6 ance provided under clause (iv); and

7 “(vi) a description of the financial sta-

8 tus of the State loan fund and the short-

9 term and long-term goals of the State loan

10 fund; and

11 “(B) provide, to the maximum extent prac-

12 ticable, that priority for the use of amounts

13 from the State loan fund shall be given to

14 projects that—

15 “(i) address severe repetitive loss

16 properties and repetitive loss structures;

17 “(ii) assist low-income homeowners

18 and low-income geographic areas; and

19 “(iii) address flood risk for pre-FIRM

20 buildings.

21 “(4) PUBLICATION.—Each participating State

22 shall publish and periodically update a list of all

23 projects receiving funding from the State loan fund

24 of the State, which shall include identification of—

1           “(A) the community in which the project is  
2           located;

3           “(B) the type and amount of assistance  
4           provided for each project; and

5           “(C) the expected funding schedule and  
6           date of completion of each project.

7           “(e) FUND MANAGEMENT.—Amounts in a State loan  
8 fund shall—

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

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

14          “(3) except as provided in subsection (i), in-  
15          clude only—

16                  “(A) amounts received from capitalization  
17                  grants made under this section;

18                  “(B) repayments of loans made from the  
19                  fund; and

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

22          “(f) MATCHING FUNDS.—

23                  “(1) FULL GRANT.—On or before the date on  
24          which a participating State receives a capitalization  
25          grant, the State shall deposit into the State loan

1 fund of the State, in addition to the amount of the  
2 capitalization grant, an amount from non-Federal  
3 sources that is not less than 20 percent of the total  
4 amount of the capitalization grant.

5 “(2) REDUCED GRANT.—Notwithstanding para-  
6 graph (1), if a State deposits in the State loan fund  
7 of the State in connection to a capitalization grant  
8 an amount from non-Federal sources that is less  
9 than 20 percent of the total amount of the capital-  
10 ization grant that would otherwise be received by the  
11 State, the Administrator shall reduce the amount of  
12 the capitalization grant received by the State to the  
13 amount that is 5 times the amount so deposited and  
14 shall allocate such remaining grant amounts under  
15 subsection (b)(5) together with the amounts allo-  
16 cated under such subsection.

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

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

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

24 “(B) the recipient of the loan will begin  
25 making principal and interest payments on the

1 loan not later than 1 year after the date on  
2 which the project for which the loan was made  
3 is completed;

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

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

15 “(ii) is not longer than the expected  
16 design life of the project;

17 “(D) the recipient of the loan dem-  
18 onstrates, based on verified and documented in-  
19 formation that, at the time the loan is con-  
20 summated, that the recipient has a reasonable  
21 ability to repay the loan, according to its terms,  
22 except that this subparagraph may not be con-  
23 strued to authorize any reduction or limitation  
24 in efforts to comply with the requirements of  
25 subsection (c)(2)(E) (relating to priority for as-

1           sistance for low-income homeowners and low-in-  
2           come geographical areas); 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 Govern-  
22           ment shall not be liable for any claim based upon the exer-  
23           cise or performance of, or the failure to exercise or per-  
24           form, a discretionary function or duty on the part of the

1 Federal agency, or an employee of the Federal Govern-  
2 ment, in carrying out the provision of 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.”.

1 **SEC. 3. CONSIDERATION OF MITIGATION MEASURES FUND-**  
2 **ED BY STATE LOAN FUNDS IN FLOOD INSUR-**  
3 **ANCE PREMIUM RATES.**

4 (a) ESTIMATED RATES.—Clause (ii) of section  
5 1307(a)(1)(A) of the National Flood Insurance Act of  
6 1968 (42 U.S.C. 4014(a)(1)(A)(ii)) is amended by insert-  
7 ing “and any activities assisted through amounts from a  
8 State loan fund established pursuant to section 1326,”  
9 after “similar measures,”.

10 (b) CHARGEABLE RATES.—Paragraph (1) of section  
11 1308(b) of the National Flood Insurance Act of 1968 (42  
12 U.S.C. 4015(b)(1)) is amended by striking “and similar  
13 measures” and inserting “similar measures, and any ac-  
14 tivities assisted through amounts from a State loan fund  
15 established pursuant to section 1326”.

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