

106TH CONGRESS  
1ST SESSION

# H. R. 1297

To amend the National Flood Insurance Act of 1968 to reduce losses caused by repetitive flooding, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 25, 1999

Mr. BENTSEN introduced the following bill; which was referred to the Committee on Banking and Financial Services

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## A BILL

To amend the National Flood Insurance Act of 1968 to reduce losses caused by repetitive flooding, 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 “Repetitive Flood Loss  
5       Reduction Act of 1999”.

6       **SEC. 2. REPETITIVE FLOOD LOSS REDUCTION.**

7       Chapter III of the National Flood Insurance Act of  
8       1968 is amended—

9               (1) by amending section 1370(a)(2) (42 U.S.C.  
10       4121(a)(2)) to read as follows:

1 “(2) the terms ‘United States’ (when used in a  
2 geographic sense) and ‘State’ mean the several  
3 States and the District of Columbia;” and

4 (2) by adding after section 1367 (42 U.S.C.  
5 4104d) the following new section:

6 **“SEC. 1368. REPETITIVE FLOOD LOSS REDUCTION.**

7 “(a) PROGRAM.—The Director shall carry out a pro-  
8 gram to mitigate repetitive flood losses to structures—

9 “(1) by purchasing structures in accordance  
10 with subsection (f); and

11 “(2) by making grants to States, communities,  
12 and local flood management agencies for eligible  
13 mitigation activities described in subsection (c) that  
14 the Director determines—

15 “(A) have been proposed by the State,  
16 community, or local flood management agency  
17 applying for the grant to reduce repetitive flood  
18 losses pursuant to an evaluation and analysis  
19 (by the State, community, or local flood man-  
20 agement agency) of flood risk and multiple  
21 flood claim structures;

22 “(B) are likely to provide protection  
23 against flood losses or substantially reduce  
24 damage to structures covered by contracts for  
25 flood insurance available under this title;

1                   “(C) are cost-effective to the National  
2 Flood Insurance Fund;

3                   “(D) are technically feasible and cost-effec-  
4 tive; and

5                   “(E) are consistent with other criteria that  
6 are established by the Director to carry out the  
7 purposes of this section.

8           “(b) LIMITATION ON GRANT AMOUNTS.—The Direc-  
9 tor shall purchase structures and make grants under this  
10 section to the extent amounts are available pursuant to  
11 appropriation Acts, subject only to the absence of approv-  
12 able applications for such grants or of willing sellers of  
13 appropriate structures.

14           “(c) ELIGIBLE MITIGATION ACTIVITIES.—A grant  
15 made under this section may be used only for eligible miti-  
16 gation activities that are proposed in the application for  
17 the grant and that are described as follows:

18                   “(1) Elevation, relocation, demolition, or  
19 floodproofing of structures (including public struc-  
20 tures) located in areas having special flood hazards  
21 or other areas of flood risk.

22                   “(2) Minor physical mitigation efforts that do  
23 not duplicate the flood prevention activities of other  
24 Federal agencies, States, communities, or local flood  
25 management agencies and that lessen the frequency

1 or severity of flooding and decrease predicted flood  
2 damages, which shall not include major flood control  
3 projects such as dikes, levees, seawalls, groins, and  
4 jetties unless the Director specifically determines in  
5 approving a mitigation project that such projects are  
6 the most cost-effective mitigation activities for pro-  
7 tecting the National Flood Insurance Fund.

8 “(3) Other mitigation activities that the Direc-  
9 tor considers appropriate and specifies in regula-  
10 tions.

11 “(d) APPLICATION FOR GRANT.—

12 “(1) IN GENERAL.—To be eligible for a grant  
13 under this section, a State, community, or local flood  
14 management agency shall submit an application for  
15 such grant which contains—

16 “(A) a description of the mitigation activi-  
17 ties for which the grant is requested;

18 “(B) a description of the structures that  
19 the mitigation activities will protect;

20 “(C) a statement of the aggregate amount  
21 of payments made under the flood insurance  
22 program under this title pursuant to insurance  
23 claims for structures described pursuant to sub-  
24 paragraph (C);

1           “(D) information sufficient to demonstrate  
2           that the mitigation activities are eligible under  
3           subsection (c); and

4           “(E) any other information the Director  
5           may reasonably require.

6           “(2) TIME FOR APPROVAL OR REJECTION.—

7           The Director shall approve or reject an application  
8           for a grant under this subsection not later than 30  
9           days after receiving such application.

10          “(e) MATCHING REQUIREMENT.—The Director shall  
11          not provide a grant under this section in an amount ex-  
12          ceeding 75 percent of the total cost of the mitigation ac-  
13          tivities to be financed using such grant. The Director shall  
14          may not provide grants under this section for any mitiga-  
15          tion activities unless the State, community, or local flood  
16          management agency that receives the grant certifies, as  
17          the Director shall require, that at least 25 percent of the  
18          total cost of such mitigation activities will be provided  
19          from non-Federal sources.

20          “(f) PURCHASE OF REPETITIVE SUBSTANTIAL  
21          FLOOD LOSS STRUCTURES.—

22          “(1) OFFER TO PURCHASE.—Upon determining  
23          that an insured structure is a repetitive substantial  
24          flood loss structure, the Director shall offer to pur-  
25          chase the structure at a price not greater than 125

1 percent of the fair market value of the structure at  
2 the time of the offer. Any such offer shall explicitly  
3 state that the offer is contingent upon the avail-  
4 ability of amounts under subsections (j) and (k) for  
5 such purchase. Any such offer shall be held open,  
6 and shall not be revocable, during the period that  
7 the structure is covered by flood insurance under  
8 this title.

9 “(2) ACCEPTANCE OF OFFER.—If an owner of  
10 a repetitive substantial flood loss structure accepts  
11 an offer to purchase the structure made under para-  
12 graph (1), the Director shall purchase the structure,  
13 if amounts are available pursuant to subsections (j)  
14 and (k). The Director may request that the State or  
15 the a local flood management agency that has juris-  
16 diction with respect to the area in which the struc-  
17 ture is located coordinate and carry out the purchase  
18 for the Director under the terms of the offer.

19 “(3) INCREASED PREMIUMS FOR REFUSAL OF  
20 OFFER.—Notwithstanding section 1308, if the owner  
21 of a repetitive substantial flood loss structure does  
22 not accept an offer made by the Director pursuant  
23 to paragraph (1) during the period after the offer is  
24 made having such duration as the Director shall es-  
25 tablish, thereafter the chargeable premium rate with

1 respect to the structure shall be an amount equal to  
2 150 percent of the chargeable rate for the structure  
3 at the time that the offer was made (as adjusted by  
4 any other premium adjustments otherwise applicable  
5 to the structure), except as provided in paragraph  
6 (5), and the deductible in connection with insurance  
7 provided under this title shall increase by \$5,000  
8 more than the deductible on such insurance at the  
9 time that such offer was made.

10 “(4) NOTICE OF CONTINUED OFFER.—Upon  
11 each renewal or modification of any flood insurance  
12 coverage under this title for a repetitive substantial  
13 flood loss structure, the Director shall notify the  
14 owner that the offer made pursuant to paragraph  
15 (1) is still open.

16 “(5) INCREASED PREMIUMS UPON SUBSEQUENT  
17 FLOOD DAMAGE.—Notwithstanding section 1308, if  
18 the owner of a repetitive substantial flood loss struc-  
19 ture does not accept an offer made by the Director  
20 pursuant to paragraph (1) and subsequently a flood  
21 event causes substantial damage to the structure  
22 after such event, the chargeable premium rate with  
23 respect to the structure shall be an amount equal to  
24 150 percent of the chargeable rate for the structure  
25 at the time of the event, as adjusted by any other

1 premium adjustments otherwise applicable to the  
2 structure and any subsequent increases pursuant to  
3 this paragraph, and the deductible in connection  
4 with insurance provided under this title shall in-  
5 crease by \$5,000 more than the deductible on such  
6 insurance at the time of the event.

7 “(6) LIST OF STRUCTURES.—The Director, in  
8 consultation with regional flood plain administrators,  
9 shall develop and periodically update a list of repet-  
10 itive substantial flood loss structures.

11 “(7) DEPOSIT OF REVENUES.—All amounts col-  
12 lected from payment of deductible and premium in-  
13 creases pursuant to this subsection shall be depos-  
14 ited into the Repetitive Flood Loss Reduction Fund  
15 created by subsection (j).

16 “(g) DISPOSITION OF ACQUIRED STRUCTURES.—

17 “(1) IN GENERAL.—As soon as practicable  
18 after acquisition of a structure under this section,  
19 the Director shall offer to transfer the structure to  
20 the local flood management agency that has jurisdic-  
21 tion with respect to the area in which the structure  
22 is located. If such a local flood management agency  
23 does not exist or refuses such offer, the Director  
24 shall offer to transfer the structure to the State  
25 within whose boundaries such structure is located.



1           “(2) TERMS AND CONDITIONS.—If an offer to  
2           transfer a structure made pursuant to paragraph (1)  
3           is accepted, the Director shall make such transfer  
4           without compensation and upon such other terms  
5           and conditions as the Director considers necessary  
6           to protect the interests of the United States.

7           “(h) OVERSIGHT OF MITIGATION ACTIVITIES.—The  
8           Director shall conduct oversight of recipients of grants  
9           under this section to ensure that the grant is used in com-  
10          pliance with approved mitigation activities and that  
11          matching funds certified under subsection (e) are used in  
12          accordance with such certification.

13          “(i) RECAPTURE.—If the Director determines that a  
14          State, community, or local flood management agency that  
15          has received a grant under this section has not carried  
16          out the mitigation activities as set forth in the mitigation  
17          activity, the Director shall recapture such amounts and  
18          deposit the amounts in the Repetitive Flood Loss Reduc-  
19          tion Fund created by subsection (j).

20          “(j) REPETITIVE FLOOD LOSS REDUCTION FUND.—  
21          There is hereby created within the Treasury a fund which  
22          shall be known as the ‘Repetitive Flood Loss Reduction  
23          Fund’. Amounts deposited into the Repetitive Flood Loss  
24          Reduction Fund shall be available to the Director to carry

1 out this section to the extent provided by appropriation  
2 Acts.

3 “(k) AUTHORIZATION OF APPROPRIATIONS.—

4 “(1) IN GENERAL.—There is authorized to be  
5 appropriated to the Director \$100,000,000 for fiscal  
6 year 2000 to carry out this section, and such  
7 amounts shall remain available until expended.

8 “(2) DIVISION OF FUNDS.—Of the amounts ap-  
9 propriated to carry out this section, 90 percent shall  
10 be used for acquisitions under subsection (a)(1) and  
11 10 percent shall be used for grants under subsection  
12 (a)(2).

13 “(l) DEFINITIONS.—For the purposes of this section,  
14 the following definitions apply:

15 “(1) COMMUNITY.—The term ‘community’ has  
16 the meaning given that term in section 1366(k).

17 “(2) REPETITIVE SUBSTANTIAL FLOOD LOSS  
18 STRUCTURE.—The term ‘repetitive substantial flood  
19 loss structure’ means a structure covered by a con-  
20 tract for flood insurance under this title that has in-  
21 curred flood-related damage on 3 or more occasions  
22 in which the cumulative cost of repairs is equal to  
23 or greater than 125 percent of the fair market value  
24 of the structure.”.

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