

## Union Calendar No. 389

116TH CONGRESS  
2D SESSION

# H. R. 3779

[Report No. 116–486]

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to allow the Administrator of the Federal Emergency Management Agency to provide capitalization grants to eligible entities to establish revolving funds to provide assistance to reduce disaster risks, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

JULY 16, 2019

Ms. CRAIG (for herself, Mr. RODNEY DAVIS of Illinois, Ms. MCCOLLUM, Mr. CRAWFORD, Mr. KIND, and Mr. SMITH of Missouri) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

SEPTEMBER 4, 2020

Additional sponsors: Mr. RICHMOND, Ms. TITUS, Ms. FINKENAUER, Mr. PAPPAS, Miss GONZÁLEZ-COLÓN of Puerto Rico, Mr. GARAMENDI, Mr. GRAVES of Louisiana, and Mr. LIPINSKI

SEPTEMBER 4, 2020

Reported with an amendment; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on July 16, 2019]

# **A BILL**

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to allow the Administrator of the Federal Emergency Management Agency to provide capitalization grants to eligible entities to establish revolving funds to provide assistance to reduce disaster 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 “Resilience Revolving*  
 5       *Loan Fund Act of 2019”.*

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

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

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

15       “(a) *GENERAL AUTHORITY.*—

16               “(1) *IN GENERAL.*—*The Administrator may*  
 17       *enter into agreements with eligible entities to make*  
 18       *capitalization grants to such entities for the establish-*  
 19       *ment of hazard mitigation revolving loan funds (re-*  
 20       *ferred to in this section as ‘entity loan funds’) for*  
 21       *providing funding assistance to local governments to*  
 22       *carry out eligible projects under this section to reduce*  
 23       *disaster risks for homeowners, businesses, nonprofit*  
 24       *organizations, and communities in order to de-*  
 25       *crease—*

1                   “(A) *the loss of life and property;*

2                   “(B) *the cost of insurance claims; and*

3                   “(C) *Federal disaster payments.*

4                   “(2) *AGREEMENTS.—Any agreement entered into*  
5                   *under this section shall require the participating enti-*  
6                   *ty to—*

7                   “(A) *comply with the requirements of this*  
8                   *section; and*

9                   “(B) *use accounting, audit, and fiscal pro-*  
10                  *cedures conforming to generally accepted ac-*  
11                  *counting standards.*

12                  “(b) *APPLICATION.—*

13                  “(1) *IN GENERAL.—To be eligible to receive a*  
14                  *capitalization grant under this section, an eligible en-*  
15                  *tity shall submit to the Administrator an application*  
16                  *that includes the following:*

17                  “(A) *Project proposals comprised of local*  
18                  *government hazard mitigation projects, on the*  
19                  *condition that the entity provides public notice*  
20                  *not less than 6 weeks prior to the submission of*  
21                  *an application.*

22                  “(B) *An assessment of recurring major dis-*  
23                  *aster vulnerabilities impacting the entity that*  
24                  *demonstrates an escalating risk to life and prop-*  
25                  *erty.*

1           “(C) *A description of how the hazard miti-*  
2           *gation plan of the entity has or has not taken the*  
3           *vulnerabilities described in paragraph (2) into*  
4           *account.*

5           “(D) *A description about how the projects*  
6           *described in paragraph (1) could conform with*  
7           *the hazard mitigation plans of the entity and*  
8           *local governments.*

9           “(E) *A proposal of the systematic and re-*  
10          *gional approach to achieve resilience in a vul-*  
11          *nerable area, including impacts to river basins,*  
12          *river corridors, watersheds, estuaries, bays, coast-*  
13          *al regions, micro-basins, micro-watersheds, eco-*  
14          *systems, and areas at risk of earthquakes,*  
15          *tsunamis, droughts, and wildfires, including the*  
16          *wildland-urban interface.*

17          “(2) *TECHNICAL ASSISTANCE.—The Adminis-*  
18          *trator shall provide technical assistance to eligible en-*  
19          *tities for applications under this section.*

20          “(c) *ENTITY LOAN FUND.—*

21                 “(1) *ESTABLISHMENT OF FUND.—An entity that*  
22                 *receives a capitalization grant under this section shall*  
23                 *establish an entity loan fund that complies with the*  
24                 *requirements of this subsection.*

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

5                     “(A) *funds provided by a capitalization*  
6                     *grant under this section;*

7                     “(B) *repayments of loans under this section*  
8                     *to the entity loan fund; and*

9                     “(C) *interest earned on amounts in the en-*  
10                    *tity loan fund.*

11           “(3) *ADMINISTRATION.*—*A participating entity*  
12           *may combine the financial administration of the enti-*  
13           *ty loan fund of such entity with the financial admin-*  
14           *istration of any other revolving fund established by*  
15           *such entity if the Administrator determines that—*

16                    “(A) *the capitalization grant, entity share,*  
17                    *repayments of loans, and interest earned on*  
18                    *amounts in the entity loan fund are accounted*  
19                    *for separately from other amounts in the revolv-*  
20                    *ing fund; and*

21                    “(B) *the authority to establish assistance*  
22                    *priorities and carry out oversight activities re-*  
23                    *mains in the control of the agency responsible for*  
24                    *emergency management for the entity.*

1           “(4) *ENTITY SHARE OF FUNDS.*—On or before  
 2           the date on which a participating entity receives a  
 3           capitalization grant under this section, the entity  
 4           shall deposit into the entity loan fund of such entity,  
 5           an amount equal to not less than 10 percent of the  
 6           amount of the capitalization grant.

7           “(d) *APPORTIONMENT.*—

8           “(1) *IN GENERAL.*—Except as otherwise provided  
 9           by this subsection, the Administrator shall apportion  
 10          funds made available to carry out this section to enti-  
 11          ties that have entered into an agreement under sub-  
 12          section (a)(2) in amounts as determined by the Ad-  
 13          ministrator.

14          “(2) *RESERVATION OF FUNDS.*—The Adminis-  
 15          trator shall reserve not more than 2.5 percent of the  
 16          amount made available to carry out this section for—

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

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

21          “(3) *PRIORITY.*—In the apportionment of cap-  
 22          italization grants under this subsection, the Adminis-  
 23          trator shall give priority to entity applications under  
 24          subsection (b) that—

1           “(A) propose projects increasing resilience  
2           and reducing risk of harm to natural and built  
3           infrastructure;

4           “(B) involve a partnership between 2 or  
5           more eligible entities to carry out a project or  
6           similar projects;

7           “(C) take into account regional impacts of  
8           hazards on river basins, river corridors, micro-  
9           watersheds, macro-watersheds, estuaries, bays,  
10          coastal regions, and areas vulnerable to earth-  
11          quake, drought, tsunamis and wildfire, including  
12          the wildland-urban interface; or

13          “(D) propose projects for the resilience of  
14          major economic sectors or critical national infra-  
15          structure, including ports, global commodity  
16          supply chain assets (located within an entity or  
17          within the jurisdiction of local governments and  
18          tribal governments), capacity, power and water  
19          production and distribution centers, and bridges  
20          and waterways essential to interstate commerce.

21          “(e) *USE OF FUNDS.*—

22                 “(1) *TYPES OF ASSISTANCE.*—Amounts deposited  
23                 in an entity loan fund, including loan repayments  
24                 and interest earned on such amounts, may be used—

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

1           “(i) such loans are made at an interest  
2           rate of not more than 1.5 percent;

3           “(ii) annual principal and interest  
4           payments will commence not later than 1  
5           year after completion of any project and all  
6           loans will be fully amortized—

7                       “(I) not later than 20 years after  
8           the date on which the project is com-  
9           pleted; or

10                      “(II) for projects in a low-income  
11           geographic area, not later than 30  
12           years after the date on which the  
13           projects is completed and not longer  
14           than the expected design life of the  
15           project;

16           “(iii) the local government receiving a  
17           loan establishes a dedicated source of rev-  
18           enue for repayment of the loan;

19           “(iv) the local government receiving a  
20           loan has a hazard mitigation plan that has  
21           been approved by the participating entity;  
22           and

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

1           “(B) for mitigation planning, not to exceed  
2           10 percent of the capitalization grants made to  
3           the participating entity in a fiscal year;

4           “(C) for the reasonable costs of admin-  
5           istering the fund and conducting activities under  
6           this section, except that such amounts shall not  
7           exceed \$100,000 per year, 2 percent of the cap-  
8           italization grants made to the participating en-  
9           tity in a fiscal year, or 1 percent of the value  
10          of the entity loan fund, whichever amount is  
11          greatest, plus the amount of any fees collected by  
12          the entity for such purpose regardless of the  
13          source; and

14          “(D) to earn interest on the entity loan  
15          fund.

16          “(2) *PROHIBITION ON DETERMINATION THAT*  
17          *LOAN IS A DUPLICATION.*—In carrying out this sec-  
18          tion, Administrator may not determine that a loan is  
19          a duplication of assistance or a duplication of pro-  
20          grams.

21          “(3) *PROJECTS AND ACTIVITIES ELIGIBLE FOR*  
22          *ASSISTANCE.*—Except as provided in this subsection,  
23          a participating entity may use funds in the entity  
24          loan fund to provide financial assistance for projects

1       *or activities that mitigate the impacts of hazards, in-*  
2       *cluding—*

3               *“(A) drought and prolonged episodes of in-*  
4       *tense heat;*

5               *“(B) severe storms, including tornados,*  
6       *wind storms, cyclones, and severe winter storms;*

7               *“(C) wildfires;*

8               *“(D) earthquakes;*

9               *“(E) flooding, including the construction,*  
10       *repair, or replacement of a non-Federal levee or*  
11       *other flood control structure, provided the Ad-*  
12       *ministrator, in consultation with the Corps of*  
13       *Engineers (if appropriate), requires an eligible*  
14       *entity to determine that such levee or structure*  
15       *is designed, constructed, and maintained in ac-*  
16       *cordance with sound engineering practices and*  
17       *standards equivalent to the purpose for which*  
18       *such levee or structure is intended;*

19               *“(F) storm surges;*

20               *“(G) chemical spills that present an immi-*  
21       *nent threat to life and property;*

22               *“(H) seepage resulting from chemical spills*  
23       *and flooding; and*

24               *“(I) any catastrophic event that the entity*  
25       *determines appropriate.*

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

6                   “(A) the development and improvement of  
7                   zoning and land use codes that incentivize and  
8                   encourage low-impact development, resilient  
9                   wildland-urban interface land management and  
10                  development, natural infrastructure, green  
11                  stormwater management, conservation areas ad-  
12                  jacent to floodplains, implementation of water-  
13                  shed or greenway master plans, and reconnection  
14                  of floodplains;

15                  “(B) the study and creation of land use in-  
16                  centives that reward developers for greater reli-  
17                  ance on low impact development stormwater best  
18                  management practices, exchange density in-  
19                  creases for increased open space and improve-  
20                  ment of neighborhood catch basins to mitigate  
21                  urban flooding, reward developers for including  
22                  and augmenting natural infrastructure adjacent  
23                  to and around building projects without reliance  
24                  on increased sprawl, and reward developers for  
25                  addressing wildfire ignition; and

1           “(C) *the study and creation of an erosion*  
 2           *response plan that accommodates river, lake, for-*  
 3           *est, plains, and ocean shoreline retreating or*  
 4           *bluff stabilization due to increased flooding and*  
 5           *disaster impacts.*

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

9                   “(A) *pay the reasonable costs of admin-*  
 10                   *istering the programs under this section, includ-*  
 11                   *ing the cost of establishing an entity loan fund;*

12                   “(B) *provide technical assistance to recipi-*  
 13                   *ents of financial assistance from the entity loan*  
 14                   *fund, on the condition that such technical assist-*  
 15                   *ance does not exceed 5 percent of the capitaliza-*  
 16                   *tion grant made to such entity.*

17           “(6) *LIMITATION FOR SINGLE PROJECTS.—A*  
 18           *participating entity may not provide an amount*  
 19           *equal to or more than \$5,000,000 to a single hazard*  
 20           *mitigation project.*

21           “(f) *INTENDED USE PLANS.—*

22                   “(1) *IN GENERAL.—After providing for public*  
 23                   *comment and review, and consultation with appro-*  
 24                   *priate agencies in an entity, Federal agencies, and*  
 25                   *interest groups, each participating entity shall annu-*

1       ally prepare and submit to the Administrator a plan  
2       identifying the intended uses of the entity loan fund.

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

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

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

14              “(i) reducing future damage and loss  
15      associated with hazards;

16              “(ii) reducing the number of severe re-  
17      petitive loss structures and repetitive loss  
18      structures in the entity;

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

23              “(iv) increasing the rating under the  
24      community rating system under section  
25      1315(b) of the Housing and Urban Develop-

1                   *ment Act of 1968 (42 U.S.C. 4022(b)) for*  
2                   *communities in the entity;*

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

6                   “(D) *the criteria and methods established*  
7                   *for the distribution of funds;*

8                   “(E) *the amount of financial assistance that*  
9                   *the entity anticipates apportioning;*

10                  “(F) *the expected terms of the assistance*  
11                  *provided from the entity loan fund; and*

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

15                  “(g) *AUDITS, REPORTS, PUBLICATIONS, AND OVER-*  
16                  *SIGHT.—*

17                  “(1) *BIENNIAL ENTITY AUDIT AND REPORT.—Be-*  
18                  *ginning not later than the last day of the second fis-*  
19                  *cal year after the receipt of payments under this sec-*  
20                  *tion, and biennially thereafter, any participating en-*  
21                  *tity shall—*

22                  “(A) *conduct an audit of such fund estab-*  
23                  *lished under subsection (b); and*

24                  “(B) *provide to the Administrator a report*  
25                  *including—*

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

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

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

11                  “(A) the location of the project;

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

14                  “(C) the expected funding schedule; and

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

17                  “(3) *OVERSIGHT.*—

18                  “(A) *IN GENERAL.*—The Administrator  
19                  shall, at least every 4 years, conduct reviews and  
20                  audits as may be determined necessary or appro-  
21                  priate by the Administrator to carry out the ob-  
22                  jectives of this section and determine the effec-  
23                  tiveness of the fund in reducing hazard risk.

24                  “(B) *GAO REQUIREMENTS.*—The entity  
25                  shall conduct audits under paragraph (1) in ac-

1           *cordance with the auditing procedures of the*  
 2           *Government Accountability Office, including*  
 3           *chapter 75 of title 31.*

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

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

12           “(1) *ensure that each participating entity uses*  
 13          *funds as efficiently as possible; and*

14           “(2) *reduce waste, fraud, and abuse to the max-*  
 15          *imum extent possible.*

16           “(i) *WAIVER AUTHORITY.—Until such time as the Ad-*  
 17          *ministrator issues regulations to implement this section, the*  
 18          *Administrator may—*

19           “(1) *wave notice and comment rulemaking, if*  
 20          *the Administrator determines the waiver is necessary*  
 21          *to expeditiously implement this section; and*

22           “(2) *provide capitalization grants under this sec-*  
 23          *tion as a pilot program.*

24           “(j) *DEFINITIONS.—In this section, the following defi-*  
 25          *nitions apply:*

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

5           “(2) *HAZARD MITIGATION PLAN*.—The term ‘haz-  
 6           ard mitigation plan’ means a mitigation plan sub-  
 7           mitted under section 322 and approved by the Ad-  
 8           ministrator.

9           “(3) *LOW-INCOME GEOGRAPHIC AREA*.—The term  
 10          ‘low-income geographic area’ means an area described  
 11          in paragraph (1) or (2) of section 301(a) of the Pub-  
 12          lic Works and Economic Development Act of 1965 (42  
 13          U.S.C. 3161(a)).

14          “(4) *PARTICIPATING ENTITY*.—The term ‘partici-  
 15          pating entity’ means an eligible entity that has en-  
 16          tered into an agreement under this section.

17          “(5) *REPETITIVE LOSS STRUCTURE*.—The term  
 18          ‘repetitive loss structure’ has the meaning given the  
 19          term in section 1370 of the National Flood Insurance  
 20          Act (42 U.S.C. 4121).

21          “(6) *SEVERE REPETITIVE LOSS STRUCTURE*.—  
 22          The term ‘severe repetitive loss structure’ has the  
 23          meaning given the term in section 1366(h) of the Na-  
 24          tional Flood Insurance Act (42 U.S.C. 4104c(h)).

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

5           “(k) *AUTHORIZATION OF APPROPRIATIONS*.—*There is*  
6           *authorized to be appropriated \$100,000,000 for each of fis-*  
7           *cal years 2020 and 2021.*”.

Union Calendar No. 389

116<sup>TH</sup> CONGRESS  
2<sup>D</sup> Session

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