

National Flood Insurance Reform: A Glance at Proposals to Reform the Biggert-Waters Act *(as of August 2013)*

Flood Insurance Premium Relief Act—H.R. 1267

Introduced: March 19, 2013

Sponsor: Rep. Stephen Palazzo (Miss.)

- Co-sponsor: Rep Walter Jones, Jr. (N.C.)

Summary:

- Phase-In Rate Increases:
 - Newly purchased properties: For properties purchased between July 6, 2012 and January 1, 2015, rates remain at pre-purchase rate for 12 months from purchase.
 - After 12-month delay, rates are phased-in at 10% per year for 10 years.
 - Properties with new flood insurance rate maps (FIRMs): For properties with new FIRMs, rates remain at the pre-updated FIRM rate for 12 months.
 - After 12-month delay, rates are phased-in at 10% per year for 10 years.
 - After January 15, 2015:
 - For all properties purchased after January 1, 2015, increased rates will be phased-in at 10% per year over 10 years.
 - For all properties with updated FIRMS after January 1, 2015, increased rates will be phased-in at 10% per year over 10 years.
- Effective Date: Upon passage.

Current Status: Referred to the House Committee on Financial Services on March 19, 2013; no action since that time.

More Information:

- Full Text of Bill: [http://beta.congress.gov/bill/113th-congress/house-bill/1267/text?q=H. R. 1267](http://beta.congress.gov/bill/113th-congress/house-bill/1267/text?q=H.R.1267)
- Summary of Bill from Congressional Research Service: <http://beta.congress.gov/bill/113th-congress/house-bill/1267?q=Flood+Insurance+Premium+Relief+Act+>

Flood Mitigation Expense Relief Act of 2013—H.R.1268

Introduced: March 3, 2013

Sponsor: Rep. Steven Palazzo (Miss.)

Summary:

- Makes no changes to the Biggert-Waters Act.
- Tax Credit for flood mitigation expenses:
 - Creates a tax credit, up to \$5,000 in a taxable year, for flood mitigation expenses for qualified taxpayers.
 - Qualified taxpayers are:
 - A taxpayer who is the holder of a flood insurance policy under the National Flood Insurance Act of 1968 and who owns insured property for which the chargeable

- premium rate under such policy was increased or will increase and which has an elevation lower than the base flood elevation or is located in an area designated as having a higher flood risk, and
- A small business with 50 or fewer employees.
 - Terminates the tax credit after 2022.
 - Flood mitigation expenses section shall apply to amounts paid or incurred after December 31, 2012 upon passage of law.
 - Authorizes funding for FEMA's:
 - Pre-disaster hazard mitigation program authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act, and
 - Flood mitigation assistance program authorized by the National Flood Insurance Act of 1968.
 - It specifies that such funds may be used only for mitigation activities and acquisition by states and communities of properties located in higher flood risk areas.
 - Effective Date: Upon passage.

Current Status: Referred to the Subcommittee on Energy and Power on Mar. 22, 2013; no action since that time.

More Information:

- Full Text of Bill: <http://beta.congress.gov/bill/113th/house-bill/1268/text?q=hr%201268>
- Summary by Congressional Research Service: <http://beta.congress.gov/bill/113th/house-bill/1268?q=hr%201268>

House Amendment 121

Introduced: June 5, 2013

Sponsor: Rep. Bill Cassidy (La.)

- Co-sponsors: Rep. Stephen Palazzo (Miss.), Rep. Grimm (N.Y.), and Rep. Richmond (La.)

Summary:

- Amends the Department of Homeland Security Appropriations Act, 2014 (H.R. 2217) (*See* Section 580 of H.R. 2217).
- Prohibits the Department of Homeland Security (including FEMA) from using money in the 2014 budget to implement, carry out, administer, or enforce the provisions of the Biggert-Waters Act that raise flood insurance premiums to accurately reflect the current risk of flooding for the property.
- Does not change the provisions of the Biggert-Waters Act but delays implementation through lack of funding.

Current Status: House approved the Amendment 121 on June 5, 2013. The Bill (H.R. 2217) passed the House on June 6, 2013. H.R. 2217 is currently before the Senate for consideration.

More Information:

- Full text of Amendment: <http://beta.congress.gov/amendment/113th-congress/house-amendment/121>
- Full text of H.R. 2217: <http://beta.congress.gov/bill/113th-congress/house-bill/2217>

Responsible Implementation of Flood Insurance Reform Act of 2013 – S. 1098

Introduced: June 6, 2013

Sponsor: Sen. David Vitter (La.)

- Co-sponsor: Sen. Thad Cochran (Miss.)

Summary:

- Phase-in Rate Increases:
 - Newly purchased homes – rates are phased-in at 20% per year beginning the year after purchase until the actual risk premium is met.
- Grandfathering:
 - Ensures that communities implementing new flood-risk maps by the end of 2013 will be able to maintain the grandfathered rates, which has allowed some home and business owners who met building requirements under older FEMA flood maps to retain insurance rates that are lower than the rates that would result from the implementation of the Biggert-Waters Act, which would increase the rates by 20% for five years.
- State and Local Flexibility:
 - Allows state and local governments flexibility to subsidize homeowners' flood insurance if they so choose.
 - Allows 25% of mitigation funding to go directly to homeowners to support pre-disaster mitigation improvements.
- Flood Control Structures:
 - Prohibits FEMA from considering federal funding when determining the level of protection that the project provides the community.
 - Requires FEMA to include all protections provided by any levee, dam, or other flood control structure regardless of accreditation status before the FIRM is finalized.
- Effective Date: Would take effect as if passed as part of the Biggert-Waters Act on July 6, 2012.

Current Status: Referred to the Committee on Banking, Housing, and Urban Affairs on June 6, 2013; no action since that time.

More Information:

- Full Text of Bill: <http://beta.congress.gov/bill/113th-congress/senate-bill/1098/text?q=s.1098>
- Summary of Bill from Congressional Research Service: <http://beta.congress.gov/bill/113th/senate-bill/1098?q=s.%201098>

SMART NFIP (“Strengthen, Modernize, and Reform the National Flood Insurance Program” Act)—S. 996

Introduced: March 21, 2013

Sponsor: Sen. Mary Landrieu (La.)

- Co-sponsor: Sen. David Vitter (La.)

Summary:

- Delays Rate Increases:

- Delays the effective date of any flood insurance rate changes until 180 days after FEMA submits the affordability report on the flood insurance program as required by the Biggert-Waters Act.
 - The Biggert-Waters Act requires the affordability study. The study was due on March 30, 2013, but has not yet been submitted. This legislation would also expedite the study by authorizing use of additional funds to complete the study.
- Grandfathering:
 - Properties purchased after July 6, 2012 that were receiving a subsidized rate can continue to receive a subsidized rate after sale.
- Community-based voluntary flood insurance policies:
 - Directs FEMA to study options, methods, and implementing strategies for making available voluntary community-based flood insurance policies through NFIP.
- Effective Date: Would take effect retroactively as if passed as part of the Biggert-Waters Act on July 6, 2012.

Current Status: Referred to the Committee on Banking, Housing and Urban Affairs on March 21, 2013; no action since that time.

More Information:

- Full Text of Bill: <http://beta.congress.gov/bill/113th-congress/senate-bill/996/text?q=S.996>
- Summary of Bill from Congressional Research Service: <http://beta.congress.gov/bill/113th/senate-bill/996?q=S.%20996>

The Flood Insurance Implementation Reform Act of 2013—H.R. 2199

Introduced: May 23, 2013

Sponsors: Rep. Cedric Richmond (La.) & Rep. Maxine Waters (Cal.)

- Co-sponsors: Rep. Steve Scalise (La.), Rep. Bill Cassidy (La.), Rep. Rodney Alexander (La.), Rep. Doris Matsui (Cal.), and Rep. Charles Boustany (La.)

Summary:

- Delays Rate Increases:
 - Properties with new FIRMS: 3 year delay in implementation of required premium adjustment upon remapping.
 - Newly purchased properties: 5 year delay in implementation of full actuarial rates for newly purchased properties, which allows homes to be bought and sold without rate increases.
- Effective Date: Upon passage of the law.
 - But any increases that occurred between July 6, 2012 and the passage of this law are reversed.

Current Status: Referred to House Committee on Financial Services on May 23, 2013; no action since that time.

More Information:

- Full Text of Bill: <http://beta.congress.gov/bill/113th-congress/house-bill/2199/text?q=H.R.2199>

- Summary of Bill from Congressional Research Service:
<http://beta.congress.gov/bill/113th/house-bill/2199?q=H.%20R.%202199>
- Summary of Bill from Rep. Richmond: <http://richmond.house.gov/press-release/rep-richmond-and-louisiana-delegation-introduce-flood-insurance-legislation>

SHORE Act (“Saving Homeowners from Onerous Rate Escalation” Act)— S. 1075

Introduced: May 23, 2013

Sponsor: Sen. Bob Menendez (N.J.)

- Co-sponsor: Sen. Frank Lautenberg (N.J.) (*Sen. Lautenberg passed away on June 3, 2013)

Summary:

- Phase-In Rate Increases:
 - New or lapsed policies:
 - Phase in, over an eight-year period, any increase in the flood insurance risk premium rate caused by the prohibition against extending subsidies to new or lapsed policies.
 - 5% for first 5 years and 25% for each of the subsequent 3 years.
 - Extends from a 5-year to a 10-year period the phase-in period for premium adjustment increases in the flood insurance risk rate.
 - Prescribes a phase-in rate of:
 - 5% for each of the first 5 years after the effective date of an update, and 15% for each of the 5 ensuing years; and
 - 5% for each of the first 5 years following the effective date of designation as a special flood area of any area not previously so designated, and 15% for each of the 5 ensuing years.
- Effective Date:
 - The enactment of the SHORE Act of 2013 or
 - The date on which:
 - For properties not insured as of July 6, 2012, the date the property becomes insured by the National Flood Insurance Program;
 - The purchase date of a new property; or
 - Policy renewal date for lapsed properties.

Current Status: Referred to the Committee on Banking, Housing, and Urban Affairs on May 23, 2013; no action since that time.

More Information:

- Full Text of Bill: <http://beta.congress.gov/bill/113th-congress/senate-bill/1075/text?q=S.1075>
- Summary of Bill from Congressional Research Service:
<http://beta.congress.gov/bill/113th/senate-bill/1075?q=S.%201075>
- Summary of Bill from Sen. Menendez:
<http://www.menendez.senate.gov/newsroom/press/senator-menendez-introduces-legislation-to-avoid-steep-flood-insurance-premium-increases->

H. R. 1485

Introduced: April 11, 2013

Sponsor: Rep. Frank LoBiondo (N.J.)

- Co-sponsors: Rep. Robert E. Andrews (N.J.), Rep. Charles W. Boustany, Jr. (La.), Rep. Rodney Davis (Ill.), Rep. Rodney P. Frelinghuysen (N.J.), Rep. Bill Johnson (Ohio), Rep. Peter T. King (N.Y.), Rep. Leonard Lance (N.J.), Rep. Jeff Miller (Fla.), Rep. Bill Pascrell, Jr. (N.J.), Rep. Thomas J. Rooney (Fla.), Rep. Jon Runyan (N.J.), Rep. Albio Sires (N.J.), and Rep. Christopher H. Smith (N.J.)

Summary:

- Phase-In Rate Increases:
 - Business Properties and Secondary Homes:
 - 12.5% rate increase per year until the average risk premium rate for such properties is equal to the average of the risk premium rates for specified other properties.
 - Primary residences purchased after July 6, 2012:
 - 12.5% rate increase per year until the average risk premium rate for such properties is equal to the average of the risk premium rates for specified other properties.
- Effective Date: Would take effect retroactively as if passed as part of the Biggert-Waters Act on July 6, 2012.

Current Status: Referred to House Financial Services on April 11, 2013; no action since that time.

More Information:

- Full Text of Bill: <http://beta.congress.gov/bill/113th-congress/house-bill/1485/text?q=H.R.1485>
- Summary by Congressional Research Service: <http://beta.congress.gov/bill/113th-congress/house-bill/1485>

The Legislative Process

- Keep in mind that the above list includes only pending legislation and there is no guarantee that any of these bills will pass.
- For a bill to become law, it must:
 - First be voted on and passed by one chamber of Congress (House of Representatives or Senate);
 - Next be voted on and passed by the other chamber;
 - Then go to the President of the United States for signature.
- Only when the bill has been passed by both chambers of Congress and signed by the President does it become law.
- More information on the legislative process can be found at Congress.gov:
<http://beta.congress.gov/legislative-process>

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