

.....
(Original Signature of Member)

116TH CONGRESS
2D SESSION

H. R. _____

To eliminate any subsidies for flood insurance coverage under the National Flood Insurance Program for new construction, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. PETERS introduced the following bill; which was referred to the Committee on _____

A BILL

To eliminate any subsidies for flood insurance coverage under the National Flood Insurance Program for new construction, 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 “Build for Future Dis-
5 asters Act of 2020”.

6 **SEC. 2. CONGRESSIONAL FINDINGS.**

7 The Congress makes the following findings:

1 (1) According to the National Oceanic and At-
2 mospheric Administration, since 2000, flooding has
3 become the most common and costly natural disaster
4 in the United States, impacting all 50 States and
5 causing more than \$845 billion in damage.

6 (2) A 2019 report from the California-based
7 analytics company CoreLogic found that 7.3 million
8 homes along the Atlantic and Gulf Coasts alone are
9 at risk from storm surge, with a potential \$1.8 tril-
10 lion in reconstruction costs.

11 (3) Research from New York University's
12 Furman Center for Real Estate and Urban Policy
13 estimated that, in 2015, 15 million people nation-
14 wide lived in the 100-year floodplain spread across
15 coastal and inland States.

16 (4) The National Flood Insurance Program
17 (NFIP), administered by the Federal Emergency
18 Management Agency (FEMA), provides federally-
19 backed flood insurance in over 22,000 communities
20 in 56 States and jurisdictions in the United States
21 with more than 5 million policies providing over \$1.3
22 trillion in coverage.

23 (5) In 1966, while calling for the creation of
24 the NFIP, the Task Force on Federal Flood Control
25 Policy provided "a caution on flood insurance" that

1 if “incorrectly applied, it could exacerbate the whole
2 problem of flood losses.”.The report warned that in-
3 surance coverage not proportionate to risk would
4 “invite economic waste of great magnitude. . . ag-
5 gravate flood damages and constitute gross public ir-
6 responsibility”.

7 (6) According to the Government Accountability
8 Office (GAO), the NFIP offers 20 percent of policy-
9 holders heavily subsidized rates that FEMA esti-
10 mates may be 45 to 50 percent below a full-risk
11 rate.

12 (7) Since 2005, the NFIP has borrowed nearly
13 \$40 billion from taxpayers to meet policyholder in-
14 surance claims.

15 (8) In 2017, the Congressional Budget Office
16 estimated that under its current model the NFIP is
17 expected to lose \$1.3 billion a year.

18 (9) Historically, repeatedly *flooded* properties
19 have accounted for just 1 percent of properties with
20 National Flood Insurance Program policies but
21 about 25 to 30 percent of *flood* claims. Nationwide
22 more than 150,000 properties have repeatedly
23 *flooded* at a cost to the NFIP of more than \$12.5
24 billion.

1 (10) On May 26, 2019, four former FEMA Ad-
2 ministrators wrote a letter to Congressional leaders
3 stating: “Change is needed to allow the NFIP to pay
4 off its debt and serve its purposes of reducing fed-
5 eral disaster spending following flood events, mini-
6 mizing flood losses, and discouraging unwise build-
7 ing in flood-prone areas.”.

8 **SEC. 3. SENSE OF CONGRESS.**

9 It is the sense of the Congress that the Federal Gov-
10 ernment should—

11 (1) discourage regulation and policies that re-
12 sult in building and rebuilding homes located in high
13 flood-risk areas;

14 (2) limit the availability of federally subsidized
15 flood insurance for construction of new homes, busi-
16 ness, and infrastructure;

17 (3) coordinate with floodplain managers, city
18 planners, administrators, and local elected officials
19 to ensure that structures built in flood-prone areas
20 comply with building and elevation codes and regula-
21 tions that are designed to reduce their risk of dam-
22 age from flooding; and

23 (4) prioritize increased mitigation funding
24 through new and existing programs to help commu-

1 nities better prepare for future flood disasters before
2 they happen.

3 **SEC. 4. ELIMINATION OF SUBSIDIES FOR NEW CONSTRUC-**
4 **TION.**

5 Subsection (c) of section 1308 of the National Flood
6 Insurance Act of 1968 (42 U.S.C. 4015(c)) is amended
7 by adding at the end the following new paragraph:

8 “(3) NEW CONSTRUCTION.—Any property the
9 construction or substantial improvement of which
10 the Administrator determines has been started on or
11 after January 1, 2025, and the appropriate actuarial
12 rate shall be adjusted with any changes to the flood
13 zone or base flood elevation reflected in relevant
14 flood insurance rate map, regardless of the previous
15 rating; in determining whether a property is subject
16 to this paragraph, the Administrator shall consider
17 the issue date for any relevant building permit or oc-
18 cupancy certificate issued by the community in
19 which such property is located; for purposes of this
20 paragraph only, a determination regarding substan-
21 tial improvement may exclude the costs of any im-
22 provement to a structure or the structure’s associ-
23 ated land area for which the primary purpose is
24 flood mitigation or floodproofing; such improvements
25 may include elevation of the building or utilities,

1 floodproofing, or other site-specific mitigation activi-
2 ties that would otherwise meet the eligibility require-
3 ments established by the Administrator under au-
4 thority of section 1366(c) (42 U.S.C. 4104c(c)).”.

5 **SEC. 5. GAO STUDY AND REPORT.**

6 The Comptroller General of the United States shall
7 conduct a study to determine the feasibility and effects
8 of—

9 (1) eliminating, by January 1, 2027, all sub-
10 sidies that reduce premiums for coverage under the
11 National Flood Insurance Program of the Federal
12 Emergency Management Agency to amounts that
13 are less than the amount that is actuarially nec-
14 essary for such Program to operate without a deficit;
15 and

16 (2) prohibiting any subsidy described in para-
17 graph (1) for any property unless mitigation activi-
18 ties to decrease the risk of flood damage to such
19 property have been completed.

20 Not later than the expiration of the 12-month period be-
21 ginning on the date of the enactment of this Act, the
22 Comptroller General shall submit a report to the Congress
23 that describes the findings of the study pursuant to this
24 section.