

MAY 7, 2012

RULES COMMITTEE PRINT 112-21
TEXT OF H.R. _____, THE SEQUESTER
REPLACEMENT RECONCILIATION ACT OF 2012

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Sequester Replacement
3 Reconciliation Act of 2012”.

4 SEC. 2. TABLE OF CONTENTS.

5 The table of contents is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.

TITLE I—AGRICULTURE

- Sec. 101. Short title.
- Sec. 102. ARRA sunset at June 30, 2012.
- Sec. 103. Categorical eligibility limited to cash assistance.
- Sec. 104. Standard utility allowances based on the receipt of energy assistance payments.
- Sec. 105. Employment and training; workfare.
- Sec. 106. End State bonus program for the supplemental nutrition assistance program.
- Sec. 107. Funding of employment and training programs.
- Sec. 108. Turn off indexing for nutrition education and obesity prevention.
- Sec. 109. Extension of Authorization of Food and Nutrition Act of 2008.
- Sec. 110. Effective dates and application of amendments.

TITLE II—COMMITTEE ON ENERGY AND COMMERCE

Subtitle A—Repeal of Certain ACA Funding Provisions

- Sec. 201. Repealing mandatory funding to states to establish American Health Benefit Exchanges.
- Sec. 202. Repealing Prevention and Public Health Fund.
- Sec. 203. Rescinding unobligated balances for CO-OP program.

Subtitle B—Medicaid

- Sec. 211. Revision of provider tax indirect guarantee threshold.
- Sec. 212. Rebasing of State DSH allotments for fiscal year 2022.

- Sec. 213. Repeal of Medicaid and CHIP maintenance of effort requirements under PPACA.
- Sec. 214. Medicaid payments to territories.
- Sec. 215. Repealing bonus payments for enrollment under Medicaid and CHIP.

TITLE III—FINANCIAL SERVICES

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- Sec. 324. Sense of Congress.

Subtitle C—Bureau of Consumer Financial Protection

- Sec. 331. Bringing the Bureau of Consumer Financial Protection into the regular appropriations process.

Subtitle D—Flood Insurance Reform

- Sec. 341. Short title.
- Sec. 342. Extensions.
- Sec. 343. Mandatory purchase.
- Sec. 344. Reforms of coverage terms.
- Sec. 345. Reforms of premium rates.
- Sec. 346. Technical Mapping Advisory Council.
- Sec. 347. FEMA incorporation of new mapping protocols.
- Sec. 348. Treatment of levees.
- Sec. 349. Privatization initiatives.
- Sec. 350. FEMA annual report on insurance program.
- Sec. 351. Mitigation assistance.
- Sec. 352. Notification to homeowners regarding mandatory purchase requirement applicability and rate phase-ins.
- Sec. 353. Notification to members of congress of flood map revisions and updates.
- Sec. 354. Notification and appeal of map changes; notification to communities of establishment of flood elevations.
- Sec. 355. Notification to tenants of availability of contents insurance.
- Sec. 356. Notification to policy holders regarding direct management of policy by FEMA.
- Sec. 357. Notice of availability of flood insurance and escrow in RESPA good faith estimate.
- Sec. 358. Reimbursement for costs incurred by homeowners and communities obtaining letters of map amendment or revision.
- Sec. 359. Enhanced communication with certain communities during map updating process.
- Sec. 360. Notification to residents newly included in flood hazard areas.
- Sec. 361. Treatment of swimming pool enclosures outside of hurricane season.
- Sec. 362. Information regarding multiple perils claims.
- Sec. 363. FEMA authority to reject transfer of policies.

- Sec. 364. Appeals.
- Sec. 365. Reserve fund.
- Sec. 366. CDBG eligibility for flood insurance outreach activities and community building code administration grants.
- Sec. 367. Technical corrections.
- Sec. 368. Requiring competition for national flood insurance program policies.
- Sec. 369. Studies of voluntary community-based flood insurance options.
- Sec. 370. Report on inclusion of building codes in floodplain management criteria.
- Sec. 371. Study on graduated risk.
- Sec. 372. Report on flood-in-progress determination.
- Sec. 373. Study on repaying flood insurance debt.
- Sec. 374. No cause of action.
- Sec. 375. Authority for the corps of engineers to provide specialized or technical services.

Subtitle E—Repeal of the Office of Financial Research

- Sec. 381. Repeal of the Office of Financial Research.

TITLE IV—COMMITTEE ON THE JUDICIARY

- Sec. 401. Short title.
- Sec. 402. Encouraging speedy resolution of claims.
- Sec. 403. Compensating patient injury.
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- Sec. 405. Punitive damages.
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- Sec. 407. Definitions.
- Sec. 408. Effect on other laws.
- Sec. 409. State flexibility and protection of States' rights.
- Sec. 410. Applicability; effective date.

TITLE V—COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

- Sec. 501. Retirement contributions.
- Sec. 502. Annuity supplement.
- Sec. 503. Contributions to Thrift Savings Fund of payments for accrued or accumulated leave.

TITLE VI—COMMITTEE ON WAYS AND MEANS

Subtitle A—Recapture of Overpayments Resulting From Certain Federally-subsidized Health Insurance

- Sec. 601. Recapture of overpayments resulting from certain federally-subsidized health insurance.

Subtitle B—Social Security Number Required to Claim the Refundable Portion of the Child Tax Credit

- Sec. 611. Social security number required to claim the refundable portion of the child tax credit.

Subtitle C—Human Resources Provisions

Sec. 621. Repeal of the program of block grants to States for social services.

TITLE VII—SEQUESTER REPLACEMENT

Sec. 701. Short title.

Sec. 702. Protecting veterans programs from sequester.

Sec. 703. Achieving \$19 billion in discretionary savings.

Sec. 704. Conforming amendments to section 314 of the Congressional Budget and Impoundment Control Act of 1974.

Sec. 705. Treatment for PAYGO purposes.

Sec. 706. Elimination of the fiscal year 2013 sequestration for defense direct spending.

1 **TITLE I—AGRICULTURE**

2 **SEC. 101. SHORT TITLE.**

3 This title may be cited as the “Agricultural Reconcili-
4 ation Act of 2012”.

5 **SEC. 102. ARRA SUNSET AT JUNE 30, 2012.**

6 Section 101(a)(2) of division A of the American Re-
7 covery and Reinvestment Act of 2009 (Public Law 111–
8 5; 123 Stat. 120) is amended by striking “October 31,
9 2013” and inserting “June 30, 2012”.

10 **SEC. 103. CATEGORICAL ELIGIBILITY LIMITED TO CASH AS-**
11 **SISTANCE.**

12 Section 5 of the Food and Nutrition Act of 2008 (7
13 U.S.C. 2014) is amended—

14 (1) in the 2d sentence of subsection (a) by
15 striking “households in which each member receives
16 benefits” and inserting “households in which each
17 member receives cash assistance”, and

18 (2) in subsection (j) by striking “or who re-
19 ceives benefits under a State program” and inserting

1 “or who receives cash assistance under a State pro-
2 gram”.

3 **SEC. 104. STANDARD UTILITY ALLOWANCES BASED ON THE**
4 **RECEIPT OF ENERGY ASSISTANCE PAY-**
5 **MENTS.**

6 (a) STANDARD UTILITY ALLOWANCE.—Section 5 of
7 the Food and Nutrition Act of 2008 (7 U.S.C. 2014) is
8 amended—

9 (1) in subsection (e)(6)(C) by striking clause
10 (iv), and

11 (2) in subsection (k) by striking paragraph (4)
12 and inserting the following:

13 “(4) THIRD PARTY ENERGY ASSISTANCE PAY-
14 MENTS.—For purposes of subsection (d)(1), a pay-
15 ment made under a State law (other than a law re-
16 ferred to in paragraph (2)(G)) to provide energy as-
17 sistance to a household shall be considered money
18 payable directly to the household.”.

19 (b) CONFORMING AMENDMENTS.—Section
20 2605(f)(2) of the Low-Income Home Energy Assistance
21 Act of 1981 (42 U.S.C. 8624(f)(2)) is amended—

22 (1) by striking “and for purposes of deter-
23 mining any excess shelter expense deduction under
24 section 5(e) of the Food and Nutrition Act of 2008
25 (7 U.S.C. 2014(e))”, and

1 (2) in subparagraph (A) by inserting before the
2 semicolon the following: “, except that such pay-
3 ments or allowances shall not be deemed to be ex-
4 pended for purposes of determining any excess shel-
5 ter expense deduction under section 5(e)(6) of the
6 Food and Nutrition Act of 2008 (7 U.S.C.
7 2014(e)(6))”.

8 **SEC. 105. EMPLOYMENT AND TRAINING; WORKFARE.**

9 (a) ADMINISTRATIVE COST-SHARING FOR EMPLOY-
10 MENT AND TRAINING PROGRAMS.—

11 (1) IN GENERAL.—Section 16 of the Food and
12 Nutrition Act of 2008 (7 U.S.C. 2025) is amend-
13 ed—

14 (A) in subsection (a) by inserting “(other
15 than a program carried out under section
16 6(d)(4) or section 20)” after “supplemental nu-
17 trition assistance program” the 1st place it ap-
18 pears, and

19 (B) in subsection (h)—

20 (i) by striking paragraphs (2) and (3),
21 and

22 (ii) by redesignating paragraphs (4)
23 and (5) as paragraphs (2) and (3), respec-
24 tively.

25 (2) CONFORMING AMENDMENTS.—

1 (A) Section 17(b)(1)(B)(iv)(III)(hh) of the
2 Food and Nutrition Act of 2008 (7 U.S.C.
3 2026(b)(1)(B)(iv)(III)(hh)) is amended by
4 striking “(g), (h)(2), or (h)(3)” and inserting
5 “or (g)”.

6 (B) Section 22(d)(1)(B)(ii) of the Food
7 and Nutrition Act of 2008 (7 U.S.C.
8 2031(d)(1)(B)(ii)) is amended is amended by
9 striking “, (g), (h)(2), and (h)(3)” and insert-
10 ing “and (g)”.

11 (b) ADMINISTRATIVE COST-SHARING AND REIM-
12 BURSEMENTS FOR WORKFARE.—Section 20 of the Food
13 and Nutrition Act of 2008 (7 U.S.C. 2029) is amended
14 by striking subsection (g).

15 **SEC. 106. END STATE BONUS PROGRAM FOR THE SUPPLE-**
16 **MENTAL NUTRITION ASSISTANCE PROGRAM.**

17 Section 16 of the Food and Nutrition Act of 2008
18 (7 U.S.C. 2025) is amended by striking subsection (d).

19 **SEC. 107. FUNDING OF EMPLOYMENT AND TRAINING PRO-**
20 **GRAMS.**

21 For purposes of fiscal year 2013, the reference to
22 \$90,000,000 in section 16(h)(1)(A) of the Food and Nu-
23 trition Act of 2008 (7 U.S.C. 2025(h)(1)(A)) shall be
24 deemed to be a reference to \$79,000,000.

1 **SEC. 108. TURN OFF INDEXING FOR NUTRITION EDU-**
2 **CATION AND OBESITY PREVENTION.**

3 Section 28(d) of the Food and Nutrition Act of 2008
4 (7 U.S.C. 2037(d)) is amended by striking “years—” and
5 all that follows through the period at the end, and insert-
6 ing “years, \$375,000,000.”.

7 **SEC. 109. EXTENSION OF AUTHORIZATION OF FOOD AND**
8 **NUTRITION ACT OF 2008.**

9 Section 18(a)(1) of the Food and Nutrition Act of
10 2008 (7 U.S.C. 2027(a)(1)) is amended by striking
11 “2012” and inserting “2013”.

12 **SEC. 110. EFFECTIVE DATES AND APPLICATION OF AMEND-**
13 **MENTS.**

14 (a) GENERAL EFFECTIVE DATE.—Except as pro-
15 vided in subsection (b), this title and the amendments
16 made by this title shall take effect on October 1, 2012,
17 and shall apply only with respect to certification periods
18 that begin on or after such date.

19 (b) SPECIAL EFFECTIVE DATE.—Section 107 and
20 the amendments made by sections 102, 103, 104, and 109
21 shall take effect on the date of the enactment of this Act
22 and shall apply only with respect to certification periods
23 that begin on or after such date.

1 **TITLE II—COMMITTEE ON**
2 **ENERGY AND COMMERCE**
3 **Subtitle A—Repeal of Certain ACA**
4 **Funding Provisions**

5 **SEC. 201. REPEALING MANDATORY FUNDING TO STATES TO**
6 **ESTABLISH AMERICAN HEALTH BENEFIT EX-**
7 **CHANGES.**

8 (a) **IN GENERAL.**—Section 1311(a) of the Patient
9 Protection and Affordable Care Act (42 U.S.C. 18031(a))
10 is repealed.

11 (b) **RESCISSION OF UNOBLIGATED FUNDS.**—Of the
12 funds made available under such section 1311(a), the un-
13 obligated balance is rescinded.

14 **SEC. 202. REPEALING PREVENTION AND PUBLIC HEALTH**
15 **FUND.**

16 (a) **IN GENERAL.**—Section 4002 of the Patient Pro-
17 tection and Affordable Care Act (42 U.S.C. 300u–11) is
18 repealed.

19 (b) **RESCISSION OF UNOBLIGATED FUNDS.**—Of the
20 funds made available by such section 4002, the unobli-
21 gated balance is rescinded.

1 **SEC. 203. RESCINDING UNOBLIGATED BALANCES FOR CO-**
2 **OP PROGRAM.**

3 Of the funds made available under section 1322(g)
4 of the Patient Protection and Affordable Care Act (42
5 U.S.C. 18042(g)), the unobligated balance is rescinded.

6 **Subtitle B—Medicaid**

7 **SEC. 211. REVISION OF PROVIDER TAX INDIRECT GUAR-**
8 **ANTEE THRESHOLD.**

9 Section 1903(w)(4)(C)(ii) of the Social Security Act
10 (42 U.S.C. 1396b(w)(4)(C)(ii)) is amended by inserting
11 “and for portions of fiscal years beginning on or after Oc-
12 tober 1, 2012,” after “October 1, 2011,”.

13 **SEC. 212. REBASING OF STATE DSH ALLOTMENTS FOR FIS-**
14 **CAL YEAR 2022.**

15 Section 1923(f) of the Social Security Act (42 U.S.C.
16 1396r-4(f)) is amended—

17 (1) by redesignating paragraph (9) as para-
18 graph (10);

19 (2) in paragraph (3)(A) by striking “para-
20 graphs (6), (7), and (8)” and inserting “paragraphs
21 (6), (7), (8), and (9)”; and

22 (3) by inserting after paragraph (8) the fol-
23 lowing new paragraph:

24 “(9) REBASING OF STATE DSH ALLOTMENTS
25 FOR FISCAL YEAR 2022.—With respect to fiscal
26 2022, for purposes of applying paragraph (3)(A) to

1 determine the DSH allotment for a State, the
2 amount of the DSH allotment for the State under
3 paragraph (3) for fiscal year 2021 shall be treated
4 as if it were such amount as reduced under para-
5 graph (7).”.

6 **SEC. 213. REPEAL OF MEDICAID AND CHIP MAINTENANCE**
7 **OF EFFORT REQUIREMENTS UNDER PPACA.**

8 (a) REPEAL OF PPACA MEDICAID MOE.—Section
9 1902 of the Social Security Act (42 U.S.C. 1396a) is
10 amended by striking subsection (gg).

11 (b) REPEAL OF PPACA CHIP MOE.—Section
12 2105(d)(3) of the Social Security Act (42 U.S.C.
13 1397ee(d)(3)) is amended—

14 (1) by striking subparagraph (A);

15 (2) by redesignating subparagraphs (B) and
16 (C) as subparagraphs (A) and (B), respectively; and

17 (3) in the paragraph heading, by striking
18 “CONTINUATION OF ELIGIBILITY STANDARDS FOR
19 CHILDREN UNTIL OCTOBER 1, 2019” and inserting
20 “CONTINUITY OF COVERAGE”.

21 (c) CONFORMING AMENDMENTS.—

22 (1) Section 1902(a) of the Social Security Act
23 (42 U.S.C. 1396a(a)) is amended by striking para-
24 graph (74).

1 (2) Effective January 1, 2014, paragraph (14)
2 of section 1902(e) (as added by section 2002(a) of
3 Public Law 111–148) is amended by striking the
4 third sentence of subparagraph (A).

5 (d) EFFECTIVE DATE.—Except as provided in sub-
6 section (c)(2), the amendments made by this section shall
7 take effect on the date of the enactment of this section.

8 **SEC. 214. MEDICAID PAYMENTS TO TERRITORIES.**

9 (a) LIMIT ON PAYMENTS.—Section 1108(g) of the
10 Social Security Act (42 U.S.C. 1308(g)) is amended—

11 (1) in paragraph (2)—

12 (A) by striking “paragraphs (3) and (5)”;

13 and

14 (B) by inserting “paragraph (3)” after

15 “and subject to”;

16 (2) in paragraph (4), by striking “(3), and”

17 and all that follows through “of this subsection” and

18 inserting “and (3) of this subsection”; and

19 (3) by striking paragraph (5).

20 (b) FMAP.—The first sentence of section 1905(b) of
21 the Social Security Act (42 U.S.C. 1396d(b)) is amended
22 by striking “shall be 55 percent” and inserting “shall be
23 50 percent”.

1 **SEC. 215. REPEALING BONUS PAYMENTS FOR ENROLL-**
2 **MENT UNDER MEDICAID AND CHIP.**

3 (a) IN GENERAL.—Paragraphs (3) and (4) of section
4 2105(a) of the Social Security Act (42 U.S.C. 1397ee(a))
5 are repealed.

6 (b) RESCISSION OF UNOBLIGATED FUNDS.—Of the
7 funds made available by section 2105(a)(3) of the Social
8 Security Act, the unobligated balance is rescinded.

9 (c) CONFORMING CHANGES.—

10 (1) AVAILABILITY OF EXCESS FUNDS FOR PER-
11 FORMANCE BONUSES.—Section 2104(n)(2) of the
12 Social Security Act (42 U.S.C. 1397dd(n)(2)) is
13 amended by striking subparagraph (D).

14 (2) OUTREACH OR COVERAGE BENCHMARKS.—
15 Section 2111(b)(3) of the Social Security Act (42
16 U.S.C. 1397kk(b)(3)) is amended—

17 (A) in subparagraph (A)—

18 (i) in clause (i), by inserting “or”
19 after the semicolon at the end; and

20 (ii) by striking clause (ii); and

21 (B) by striking subparagraph (C).

22 **TITLE III—FINANCIAL SERVICES**

23 **SEC. 301. TABLE OF CONTENTS.**

24 The table of contents for this title is as follows:

TITLE III—FINANCIAL SERVICES

Sec. 301. Table of contents.

Subtitle A—Orderly Liquidation Fund

Sec. 311. Repeal of liquidation authority.

Subtitle B—Home Affordable Modification Program

- Sec. 321. Short title.
- Sec. 322. Congressional findings.
- Sec. 323. Termination of authority.
- Sec. 324. Sense of Congress.

Subtitle C—Bureau of Consumer Financial Protection

Sec. 331. Bringing the Bureau of Consumer Financial Protection into the regular appropriations process.

Subtitle D—Flood Insurance Reform

- Sec. 341. Short title.
- Sec. 342. Extensions.
- Sec. 343. Mandatory purchase.
- Sec. 344. Reforms of coverage terms.
- Sec. 345. Reforms of premium rates.
- Sec. 346. Technical Mapping Advisory Council.
- Sec. 347. FEMA incorporation of new mapping protocols.
- Sec. 348. Treatment of levees.
- Sec. 349. Privatization initiatives.
- Sec. 350. FEMA annual report on insurance program.
- Sec. 351. Mitigation assistance.
- Sec. 352. Notification to homeowners regarding mandatory purchase requirement applicability and rate phase-ins.
- Sec. 353. Notification to members of congress of flood map revisions and updates.
- Sec. 354. Notification and appeal of map changes; notification to communities of establishment of flood elevations.
- Sec. 355. Notification to tenants of availability of contents insurance.
- Sec. 356. Notification to policy holders regarding direct management of policy by FEMA.
- Sec. 357. Notice of availability of flood insurance and escrow in RESPA good faith estimate.
- Sec. 358. Reimbursement for costs incurred by homeowners and communities obtaining letters of map amendment or revision.
- Sec. 359. Enhanced communication with certain communities during map updating process.
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- Sec. 366. CDBG eligibility for flood insurance outreach activities and community building code administration grants.
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- Sec. 371. Study on graduated risk.
- Sec. 372. Report on flood-in-progress determination.
- Sec. 373. Study on repaying flood insurance debt.
- Sec. 374. No cause of action.
- Sec. 375. Authority for the corps of engineers to provide specialized or technical services.

Subtitle E—Repeal of the Office of Financial Research

- Sec. 381. Repeal of the Office of Financial Research.

1 **Subtitle A—Orderly Liquidation**
2 **Fund**

3 **SEC. 311. REPEAL OF LIQUIDATION AUTHORITY.**

4 (a) IN GENERAL.—Title II of the Dodd-Frank Wall
5 Street Reform and Consumer Protection Act is hereby re-
6 pealed and any Federal law amended by such title shall,
7 on and after the date of enactment of this Act, be effective
8 as if title II of the Dodd-Frank Wall Street Reform and
9 Consumer Protection Act had not been enacted.

10 (b) CONFORMING AMENDMENTS.—

11 (1) DODD-FRANK WALL STREET REFORM AND
12 CONSUMER PROTECTION ACT.—The Dodd-Frank
13 Wall Street Reform and Consumer Protection Act is
14 amended—

15 (A) in the table of contents for such Act,
16 by striking all items relating to title II;

17 (B) in section 165(d)(6), by striking “, a
18 receiver appointed under title II,”;

19 (C) in section 716(g), by striking “or a
20 covered financial company under title II”;

1 (D) in section 1105(e)(5), by striking
2 “amount of any securities issued under that
3 chapter 31 for such purpose shall be treated in
4 the same manner as securities issued under sec-
5 tion 208(n)(5)(E)” and inserting “issuances of
6 such securities under that chapter 31 for such
7 purpose shall by treated as public debt trans-
8 actions of the United States, and the proceeds
9 from the sale of any obligations acquired by the
10 Secretary under this paragraph shall be depos-
11 ited into the Treasury of the United States as
12 miscellaneous receipts”; and

13 (E) in section 1106(c)(2), by amending
14 subparagraph (A) to read as follows:

15 “(A) require the company to file a petition
16 for bankruptcy under section 301 of title 11,
17 United States Code; or”.

18 (2) FEDERAL DEPOSIT INSURANCE ACT.—Sec-
19 tion 10(b)(3) of the Federal Deposit Insurance Act
20 (12 U.S.C. 1820(b)(3)) is amended by striking “, or
21 of such nonbank financial company supervised by
22 the Board of Governors or bank holding company
23 described in section 165(a) of the Financial Stability
24 Act of 2010, for the purpose of implementing its au-

1 thority to provide for orderly liquidation of any such
2 company under title II of that Act”.

3 (3) FEDERAL RESERVE ACT.—Section 13(3) of
4 the Federal Reserve Act is amended—

5 (A) in subparagraph (B)—

6 (i) in clause (ii), by striking “, resolu-
7 tion under title II of the Dodd-Frank Wall
8 Street Reform and Consumer Protection
9 Act, or” and inserting “or is subject to
10 resolution under”; and

11 (ii) in clause (iii), by striking “, reso-
12 lution under title II of the Dodd-Frank
13 Wall Street Reform and Consumer Protec-
14 tion Act, or” and inserting “or resolution
15 under”; and

16 (B) by striking subparagraph (E).

17 **Subtitle B—Home Affordable**
18 **Modification Program**

19 **SEC. 321. SHORT TITLE.**

20 This subtitle may be cited as the “HAMP Termi-
21 nation Act of 2012”.

22 **SEC. 322. CONGRESSIONAL FINDINGS.**

23 The Congress finds the following:

24 (1) According to the Department of the Treas-
25 ury—

1 (A) the Home Affordable Modification Pro-
2 gram (HAMP) is designed to “help as many as
3 3 to 4 million financially struggling homeowners
4 avoid foreclosure by modifying loans to a level
5 that is affordable for borrowers now and sus-
6 tainable over the long term”; and

7 (B) as of February 2012, only 782,609 ac-
8 tive permanent mortgage modifications were
9 made under HAMP.

10 (2) Many homeowners whose HAMP modifica-
11 tions were canceled suffered because they made fu-
12 tile payments and some of those homeowners were
13 even forced into foreclosure.

14 (3) The Special Inspector General for TARP
15 reported that HAMP “benefits only a small portion
16 of distressed homeowners, offers others little more
17 than false hope, and in certain cases causes more
18 harm than good”.

19 (4) Approximately \$30 billion was obligated by
20 the Department of the Treasury to HAMP, however,
21 approximately only \$2.54 billion has been disbursed.

22 (5) Terminating HAMP would save American
23 taxpayers approximately \$2.84 billion, according to
24 the Congressional Budget Office.

1 **SEC. 323. TERMINATION OF AUTHORITY.**

2 Section 120 of the Emergency Economic Stabilization
3 Act of 2008 (12 U.S.C. 5230) is amended by adding at
4 the end the following new subsection:

5 “(c) **TERMINATION OF AUTHORITY TO PROVIDE**
6 **NEW ASSISTANCE UNDER THE HOME AFFORDABLE**
7 **MODIFICATION PROGRAM.—**

8 “(1) **IN GENERAL.—**Except as provided under
9 paragraph (2), after the date of the enactment of
10 this subsection the Secretary may not provide any
11 assistance under the Home Affordable Modification
12 Program under the Making Home Affordable initia-
13 tive of the Secretary, authorized under this Act, on
14 behalf of any homeowner.

15 “(2) **PROTECTION OF EXISTING OBLIGATIONS**
16 **ON BEHALF OF HOMEOWNERS ALREADY EXTENDED**
17 **AN OFFER TO PARTICIPATE IN THE PROGRAM.—**
18 Paragraph (1) shall not apply with respect to assist-
19 ance provided on behalf of a homeowner who, before
20 the date of the enactment of this subsection, was ex-
21 tended an offer to participate in the Home Afford-
22 able Modification Program on a trial or permanent
23 basis.

24 “(3) **DEFICIT REDUCTION.—**

25 “(A) **USE OF UNOBLIGATED FUNDS.—**Not-
26 withstanding any other provision of this title,

1 the amounts described in subparagraph (B)
2 shall not be available after the date of the en-
3 actment of this subsection for obligation or ex-
4 penditure under the Home Affordable Modifica-
5 tion Program of the Secretary, but should be
6 covered into the General Fund of the Treasury
7 and should be used only for reducing the budg-
8 et deficit of the Federal Government.

9 “(B) IDENTIFICATION OF UNOBLIGATED
10 FUNDS.—The amounts described in this sub-
11 paragraph are any amounts made available
12 under title I of the Emergency Economic Sta-
13 bilization Act of 2008 that—

14 “(i) have been allocated for use, but
15 not yet obligated as of the date of the en-
16 actment of this subsection, under the
17 Home Affordable Modification Program of
18 the Secretary; and

19 “(ii) are not necessary for providing
20 assistance under such Program on behalf
21 of homeowners who, pursuant to para-
22 graph (2), may be provided assistance
23 after the date of the enactment of this sub-
24 section.

1 “(4) STUDY OF USE OF PROGRAM BY MEMBERS
2 OF THE ARMED FORCES, VETERANS, AND GOLD
3 STAR RECIPIENTS.—

4 “(A) STUDY.—The Secretary shall conduct
5 a study to determine the extent of usage of the
6 Home Affordable Modification Program by, and
7 the impact of such Program on, covered home-
8 owners.

9 “(B) REPORT.—Not later than the expira-
10 tion of the 90-day period beginning on the date
11 of the enactment of this subsection, the Sec-
12 retary shall submit to the Congress a report
13 setting forth the results of the study under sub-
14 paragraph (A) and identifying best practices,
15 derived from studying the Home Affordable
16 Modification Program, that could be applied to
17 existing mortgage assistance programs available
18 to covered homeowners.

19 “(C) COVERED HOMEOWNER.—For pur-
20 poses of this subsection, the term ‘covered
21 homeowner’ means a homeowner who is—

22 “(i) a member of the Armed Forces of
23 the United States on active duty or the
24 spouse or parent of such a member;

1 “(ii) a veteran, as such term is de-
2 fined in section 101 of title 38, United
3 States Code; or

4 “(iii) eligible to receive a Gold Star
5 lapel pin under section 1126 of title 10,
6 United States Code, as a widow, parent, or
7 next of kin of a member of the Armed
8 Forces person who died in a manner de-
9 scribed in subsection (a) of such section.

10 “(5) PUBLICATION OF MEMBER AVAILABILITY
11 FOR ASSISTANCE.—Not later than 5 days after the
12 date of the enactment of this subsection, the Sec-
13 retary of the Treasury shall publish to its Website
14 on the World Wide Web in a prominent location,
15 large point font, and boldface type the following
16 statement: ‘The Home Affordable Modification Pro-
17 gram (HAMP) has been terminated. If you are hav-
18 ing trouble paying your mortgage and need help con-
19 tacting your lender or servicer for purposes of nego-
20 tiating or acquiring a loan modification, please con-
21 tact your Member of Congress to assist you in con-
22 tacting your lender or servicer for the purpose of ne-
23 gotiating or acquiring a loan modification.’.

24 “(6) NOTIFICATION TO HAMP APPLICANTS RE-
25 QUIRED.—Not later than 30 days after the date of

1 the enactment of this subsection, the Secretary of
2 the Treasury shall inform each individual who ap-
3 plied for the Home Affordable Modification Program
4 and will not be considered for a modification under
5 such Program due to termination of such Program
6 under this subsection—

7 “(A) that such Program has been termi-
8 nated;

9 “(B) that loan modifications under such
10 Program are no longer available;

11 “(C) of the name and contact information
12 of such individual’s Member of Congress; and

13 “(D) that the individual should contact his
14 or her Member of Congress to assist the indi-
15 vidual in contacting the individual’s lender or
16 servicer for the purpose of negotiating or ac-
17 quiring a loan modification.”.

18 **SEC. 324. SENSE OF CONGRESS.**

19 The Congress encourages banks to work with home-
20 owners to provide loan modifications to those that are eli-
21 gible. The Congress also encourages banks to work and
22 assist homeowners and prospective homeowners with fore-
23 closure prevention programs and information on loan
24 modifications.

1 **Subtitle C—Bureau of Consumer**
2 **Financial Protection**

3 **SEC. 331. BRINGING THE BUREAU OF CONSUMER FINAN-**
4 **CIAL PROTECTION INTO THE REGULAR AP-**
5 **PROPRIATIONS PROCESS.**

6 Section 1017 of the Consumer Financial Protection
7 Act of 2010 is amended—

8 (1) in subsection (a)—

9 (A) by amending the heading of such sub-
10 section to read as follows: “BUDGET, FINAN-
11 CIAL MANAGEMENT, AND AUDIT.—”;

12 (B) by striking paragraphs (1), (2), and
13 (3);

14 (C) by redesignating paragraphs (4) and
15 (5) as paragraphs (1) and (2), respectively; and

16 (D) by striking subparagraphs (E) and (F)
17 of paragraph (1), as so redesignated;

18 (2) by striking subsections (b), (c), and (d);

19 (3) by redesignating subsection (e) as sub-
20 section (b); and

21 (4) in subsection (b), as so redesignated—

22 (A) by striking paragraphs (1), (2), and
23 (3) and inserting the following:

24 “(1) AUTHORIZATION OF APPROPRIATIONS.—

25 There is authorized to be appropriated

1 \$200,000,000 to carry out this title for each of fiscal
2 years 2012 and 2013.”; and

3 (B) by redesignating paragraph (4) as
4 paragraph (2).

5 **Subtitle D—Flood Insurance**
6 **Reform**

7 **SEC. 341. SHORT TITLE.**

8 This subtitle may be cited as the “Flood Insurance
9 Reform Act of 2012”.

10 **SEC. 342. EXTENSIONS.**

11 (a) **EXTENSION OF PROGRAM.**—Section 1319 of the
12 National Flood Insurance Act of 1968 (42 U.S.C. 4026)
13 is amended by striking “the earlier of the date of the en-
14 actment into law of an Act that specifically amends the
15 date specified in this section or May 31, 2012” and insert-
16 ing “September 30, 2016”.

17 (b) **EXTENSION OF FINANCING.**—Section 1309(a) of
18 such Act (42 U.S.C. 4016(a)) is amended by striking “the
19 earlier of the date of the enactment into law of an Act
20 that specifically amends the date specified in this section
21 or May 31, 2012” and inserting “September 30, 2016”.

22 **SEC. 343. MANDATORY PURCHASE.**

23 (a) **AUTHORITY TO TEMPORARILY SUSPEND MANDA-**
24 **TORY PURCHASE REQUIREMENT.**—

1 (1) IN GENERAL.—Section 102 of the Flood
2 Disaster Protection Act of 1973 (42 U.S.C. 4012a)
3 is amended by adding at the end the following new
4 subsection:

5 “(i) AUTHORITY TO TEMPORARILY SUSPEND MAN-
6 DATORY PURCHASE REQUIREMENT.—

7 “(1) FINDING BY ADMINISTRATOR THAT AREA
8 IS AN ELIGIBLE AREA.—For any area, upon a re-
9 quest submitted to the Administrator by a local gov-
10 ernment authority having jurisdiction over any por-
11 tion of the area, the Administrator shall make a
12 finding of whether the area is an eligible area under
13 paragraph (3). If the Administrator finds that such
14 area is an eligible area, the Administrator shall, in
15 the discretion of the Administrator, designate a pe-
16 riod during which such finding shall be effective,
17 which shall not be longer in duration than 12
18 months.

19 “(2) SUSPENSION OF MANDATORY PURCHASE
20 REQUIREMENT.—If the Administrator makes a find-
21 ing under paragraph (1) that an area is an eligible
22 area under paragraph (3), during the period speci-
23 fied in the finding, the designation of such eligible
24 area as an area having special flood hazards shall
25 not be effective for purposes of subsections (a), (b),

1 and (e) of this section, and section 202(a) of this
2 Act. Nothing in this paragraph may be construed to
3 prevent any lender, servicer, regulated lending insti-
4 tution, Federal agency lender, the Federal National
5 Mortgage Association, or the Federal Home Loan
6 Mortgage Corporation, at the discretion of such enti-
7 ty, from requiring the purchase of flood insurance
8 coverage in connection with the making, increasing,
9 extending, or renewing of a loan secured by im-
10 proved real estate or a mobile home located or to be
11 located in such eligible area during such period or
12 a lender or servicer from purchasing coverage on be-
13 half of a borrower pursuant to subsection (e).

14 “(3) ELIGIBLE AREAS.—An eligible area under
15 this paragraph is an area that is designated or will,
16 pursuant to any issuance, revision, updating, or
17 other change in flood insurance maps that takes ef-
18 fect on or after the date of the enactment of the
19 Flood Insurance Reform Act of 2012, become des-
20 ignated as an area having special flood hazards and
21 that meets any one of the following 3 requirements:

22 “(A) AREAS WITH NO HISTORY OF SPE-
23 CIAL FLOOD HAZARDS.—The area does not in-
24 clude any area that has ever previously been

1 designated as an area having special flood haz-
2 ards.

3 “(B) AREAS WITH FLOOD PROTECTION
4 SYSTEMS UNDER IMPROVEMENTS.—The area
5 was intended to be protected by a flood protec-
6 tion system—

7 “(i) that has been decertified, or is re-
8 quired to be certified, as providing protec-
9 tion for the 100-year frequency flood
10 standard;

11 “(ii) that is being improved, con-
12 structed, or reconstructed; and

13 “(iii) for which the Administrator has
14 determined measurable progress toward
15 completion of such improvement, construc-
16 tion, reconstruction is being made and to-
17 ward securing financial commitments suffi-
18 cient to fund such completion.

19 “(C) AREAS FOR WHICH APPEAL HAS
20 BEEN FILED.—An area for which a community
21 has appealed designation of the area as having
22 special flood hazards in a timely manner under
23 section 1363.

24 “(4) EXTENSION OF DELAY.—Upon a request
25 submitted by a local government authority having

1 jurisdiction over any portion of the eligible area, the
2 Administrator may extend the period during which a
3 finding under paragraph (1) shall be effective, ex-
4 cept that—

5 “(A) each such extension under this para-
6 graph shall not be for a period exceeding 12
7 months; and

8 “(B) for any area, the cumulative number
9 of such extensions may not exceed 2.

10 “(5) ADDITIONAL EXTENSION FOR COMMU-
11 NITIES MAKING MORE THAN ADEQUATE PROGRESS
12 ON FLOOD PROTECTION SYSTEM.—

13 “(A) EXTENSION.—

14 “(i) AUTHORITY.—Except as provided
15 in subparagraph (B), in the case of an eli-
16 gible area for which the Administrator has,
17 pursuant to paragraph (4), extended the
18 period of effectiveness of the finding under
19 paragraph (1) for the area, upon a request
20 submitted by a local government authority
21 having jurisdiction over any portion of the
22 eligible area, if the Administrator finds
23 that more than adequate progress has been
24 made on the construction of a flood protec-
25 tion system for such area, as determined in

1 accordance with the last sentence of sec-
2 tion 1307(e) of the National Flood Insur-
3 ance Act of 1968 (42 U.S.C. 4014(e)), the
4 Administrator may, in the discretion of the
5 Administrator, further extend the period
6 during which the finding under paragraph
7 (1) shall be effective for such area for an
8 additional 12 months.

9 “(ii) LIMIT.— For any eligible area,
10 the cumulative number of extensions under
11 this subparagraph may not exceed 2.

12 “(B) EXCLUSION FOR NEW MORTGAGES.—

13 “(i) EXCLUSION.—Any extension
14 under subparagraph (A) of this paragraph
15 of a finding under paragraph (1) shall not
16 be effective with respect to any excluded
17 property after the origination, increase, ex-
18 tension, or renewal of the loan referred to
19 in clause (ii)(II) for the property.

20 “(ii) EXCLUDED PROPERTIES.—For
21 purposes of this subparagraph, the term
22 ‘excluded property’ means any improved
23 real estate or mobile home—

24 “(I) that is located in an eligible
25 area; and

1 “(II) for which, during the period
2 that any extension under subpara-
3 graph (A) of this paragraph of a find-
4 ing under paragraph (1) is otherwise
5 in effect for the eligible area in which
6 such property is located—

7 “(aa) a loan that is secured
8 by the property is originated; or

9 “(bb) any existing loan that
10 is secured by the property is in-
11 creased, extended, or renewed.

12 “(6) RULE OF CONSTRUCTION.—Nothing in
13 this subsection may be construed to affect the appli-
14 cability of a designation of any area as an area hav-
15 ing special flood hazards for purposes of the avail-
16 ability of flood insurance coverage, criteria for land
17 management and use, notification of flood hazards,
18 eligibility for mitigation assistance, or any other pur-
19 pose or provision not specifically referred to in para-
20 graph (2).

21 “(7) REPORTS.—The Administrator shall, in
22 each annual report submitted pursuant to section
23 1320, include information identifying each finding
24 under paragraph (1) by the Administrator during
25 the preceding year that an area is an area having

1 special flood hazards, the basis for each such find-
2 ing, any extensions pursuant to paragraph (4) of the
3 periods of effectiveness of such findings, and the
4 reasons for such extensions.”.

5 (2) NO REFUNDS.—Nothing in this subsection
6 or the amendments made by this subsection may be
7 construed to authorize or require any payment or re-
8 fund for flood insurance coverage purchased for any
9 property that covered any period during which such
10 coverage is not required for the property pursuant to
11 the applicability of the amendment made by para-
12 graph (1).

13 (b) TERMINATION OF FORCE-PLACED INSURANCE.—
14 Section 102(e) of the Flood Disaster Protection Act of
15 1973 (42 U.S.C. 4012a(e)) is amended—

16 (1) in paragraph (2), by striking “insurance.”
17 and inserting “insurance, including premiums or
18 fees incurred for coverage beginning on the date on
19 which flood insurance coverage lapsed or did not
20 provide a sufficient coverage amount.”;

21 (2) by redesignating paragraphs (3) and (4) as
22 paragraphs (5) and 6), respectively; and

23 (3) by inserting after paragraph (2) the fol-
24 lowing new paragraphs:

1 “(3) TERMINATION OF FORCE-PLACED INSUR-
2 ANCE.—Within 30 days of receipt by the lender or
3 servicer of a confirmation of a borrower’s existing
4 flood insurance coverage, the lender or servicer
5 shall—

6 “(A) terminate the force-placed insurance;
7 and

8 “(B) refund to the borrower all force-
9 placed insurance premiums paid by the bor-
10 rower during any period during which the bor-
11 rower’s flood insurance coverage and the force-
12 placed flood insurance coverage were each in ef-
13 fect, and any related fees charged to the bor-
14 rower with respect to the force-placed insurance
15 during such period.

16 “(4) SUFFICIENCY OF DEMONSTRATION.—For
17 purposes of confirming a borrower’s existing flood
18 insurance coverage, a lender or servicer for a loan
19 shall accept from the borrower an insurance policy
20 declarations page that includes the existing flood in-
21 surance policy number and the identity of, and con-
22 tact information for, the insurance company or
23 agent.”.

24 (c) USE OF PRIVATE INSURANCE TO SATISFY MAN-
25 DATORY PURCHASE REQUIREMENT.—Section 102(b) of

1 the Flood Disaster Protection Act of 1973 (42 U.S.C.
2 4012a(b)) is amended—

3 (1) in paragraph (1)—

4 (A) by striking “lending institutions not to
5 make” and inserting “lending institutions—

6 “(A) not to make”;

7 (B) in subparagraph (A), as designated by
8 subparagraph (A) of this paragraph, by striking
9 “less.” and inserting “less; and”; and

10 (C) by adding at the end the following new
11 subparagraph:

12 “(B) to accept private flood insurance as
13 satisfaction of the flood insurance coverage re-
14 quirement under subparagraph (A) if the cov-
15 erage provided by such private flood insurance
16 meets the requirements for coverage under such
17 subparagraph.”;

18 (2) in paragraph (2), by inserting after “pro-
19 vided in paragraph (1).” the following new sentence:
20 “Each Federal agency lender shall accept private
21 flood insurance as satisfaction of the flood insurance
22 coverage requirement under the preceding sentence
23 if the flood insurance coverage provided by such pri-
24 vate flood insurance meets the requirements for cov-
25 erage under such sentence.”;

1 (3) in paragraph (3), in the matter following
2 subparagraph (B), by adding at the end the fol-
3 lowing new sentence: “The Federal National Mort-
4 gage Association and the Federal Home Loan Mort-
5 gage Corporation shall accept private flood insurance
6 as satisfaction of the flood insurance coverage re-
7 quirement under the preceding sentence if the flood
8 insurance coverage provided by such private flood in-
9 surance meets the requirements for coverage under
10 such sentence.”; and

11 (4) by adding at the end the following new
12 paragraph:

13 “(5) PRIVATE FLOOD INSURANCE DEFINED.—
14 In this subsection, the term ‘private flood insurance’
15 means a contract for flood insurance coverage al-
16 lowed for sale under the laws of any State.”.

17 **SEC. 344. REFORMS OF COVERAGE TERMS.**

18 (a) MINIMUM DEDUCTIBLES FOR CLAIMS.—Section
19 1312 of the National Flood Insurance Act of 1968 (42
20 U.S.C. 4019) is amended—

21 (1) by striking “The Director is” and inserting
22 the following: “(a) IN GENERAL.—The Adminis-
23 trator is”; and

24 (2) by adding at the end the following:

25 “(b) MINIMUM ANNUAL DEDUCTIBLES.—

1 “(1) SUBSIDIZED RATE PROPERTIES.—For any
2 structure that is covered by flood insurance under
3 this title, and for which the chargeable rate for such
4 coverage is less than the applicable estimated risk
5 premium rate under section 1307(a)(1) for the area
6 (or subdivision thereof) in which such structure is
7 located, the minimum annual deductible for damage
8 to or loss of such structure shall be \$2,000.

9 “(2) ACTUARIAL RATE PROPERTIES.—For any
10 structure that is covered by flood insurance under
11 this title, for which the chargeable rate for such cov-
12 erage is not less than the applicable estimated risk
13 premium rate under section 1307(a)(1) for the area
14 (or subdivision thereof) in which such structure is
15 located, the minimum annual deductible for damage
16 to or loss of such structure shall be \$1,000.”.

17 (b) CLARIFICATION OF RESIDENTIAL AND COMMER-
18 CIAL COVERAGE LIMITS.—Section 1306(b) of the Na-
19 tional Flood Insurance Act of 1968 (42 U.S.C. 4013(b))
20 is amended—

21 (1) in paragraph (2)—

22 (A) by striking “in the case of any residen-
23 tial property” and inserting “in the case of any
24 residential building designed for the occupancy
25 of from one to four families”; and

1 (B) by striking “shall be made available to
2 every insured upon renewal and every applicant
3 for insurance so as to enable such insured or
4 applicant to receive coverage up to a total
5 amount (including such limits specified in para-
6 graph (1)(A)(i)) of \$250,000” and inserting
7 “shall be made available, with respect to any
8 single such building, up to an aggregate liability
9 (including such limits specified in paragraph
10 (1)(A)(i)) of \$250,000”; and

11 (2) in paragraph (4)—

12 (A) by striking “in the case of any nonresi-
13 dential property, including churches,” and in-
14 serting “in the case of any nonresidential build-
15 ing, including a church,”; and

16 (B) by striking “shall be made available to
17 every insured upon renewal and every applicant
18 for insurance, in respect to any single structure,
19 up to a total amount (including such limit spec-
20 ified in subparagraph (B) or (C) of paragraph
21 (1), as applicable) of \$500,000 for each struc-
22 ture and \$500,000 for any contents related to
23 each structure” and inserting “shall be made
24 available with respect to any single such build-
25 ing, up to an aggregate liability (including such

1 limits specified in subparagraph (B) or (C) of
2 paragraph (1), as applicable) of \$500,000, and
3 coverage shall be made available up to a total
4 of \$500,000 aggregate liability for contents
5 owned by the building owner and \$500,000 ag-
6 gregate liability for each unit within the build-
7 ing for contents owned by the tenant”.

8 (c) INDEXING OF MAXIMUM COVERAGE LIMITS.—

9 Subsection (b) of section 1306 of the National Flood In-
10 surance Act of 1968 (42 U.S.C. 4013(b)) is amended—

11 (1) in paragraph (4), by striking “and” at the
12 end;

13 (2) in paragraph (5), by striking the period at
14 the end and inserting “; and”;

15 (3) by redesignating paragraph (5) as para-
16 graph (7); and

17 (4) by adding at the end the following new
18 paragraph:

19 “(8) each of the dollar amount limitations
20 under paragraphs (2), (3), (4), (5), and (6) shall be
21 adjusted effective on the date of the enactment of
22 the Flood Insurance Reform Act of 2012, such ad-
23 justments shall be calculated using the percentage
24 change, over the period beginning on September 30,
25 1994, and ending on such date of enactment, in

1 such inflationary index as the Administrator shall,
2 by regulation, specify, and the dollar amount of such
3 adjustment shall be rounded to the next lower dollar;
4 and the Administrator shall cause to be published in
5 the Federal Register the adjustments under this
6 paragraph to such dollar amount limitations; except
7 that in the case of coverage for a property that is
8 made available, pursuant to this paragraph, in an
9 amount that exceeds the limitation otherwise appli-
10 cable to such coverage as specified in paragraph (2),
11 (3), (4), (5), or (6), the total of such coverage shall
12 be made available only at chargeable rates that are
13 not less than the estimated premium rates for such
14 coverage determined in accordance with section
15 1307(a)(1).”.

16 (d) OPTIONAL COVERAGE FOR LOSS OF USE OF PER-
17 SONAL RESIDENCE AND BUSINESS INTERRUPTION.—Sub-
18 section (b) of section 1306 of the National Flood Insur-
19 ance Act of 1968 (42 U.S.C. 4013(b)), as amended by
20 the preceding provisions of this section, is further amend-
21 ed by inserting after paragraph (4) the following new
22 paragraphs:

23 “(5) the Administrator may provide that, in the
24 case of any residential property, each renewal or new
25 contract for flood insurance coverage may provide

1 not more than \$5,000 aggregate liability per dwell-
2 ing unit for any necessary increases in living ex-
3 penses incurred by the insured when losses from a
4 flood make the residence unfit to live in, except
5 that—

6 “(A) purchase of such coverage shall be at
7 the option of the insured;

8 “(B) any such coverage shall be made
9 available only at chargeable rates that are not
10 less than the estimated premium rates for such
11 coverage determined in accordance with section
12 1307(a)(1); and

13 “(C) the Administrator may make such
14 coverage available only if the Administrator
15 makes a determination and causes notice of
16 such determination to be published in the Fed-
17 eral Register that—

18 “(i) a competitive private insurance
19 market for such coverage does not exist;
20 and

21 “(ii) the national flood insurance pro-
22 gram has the capacity to make such cov-
23 erage available without borrowing funds
24 from the Secretary of the Treasury under
25 section 1309 or otherwise;

1 “(6) the Administrator may provide that, in the
2 case of any commercial property or other residential
3 property, including multifamily rental property, cov-
4 erage for losses resulting from any partial or total
5 interruption of the insured’s business caused by
6 damage to, or loss of, such property from a flood
7 may be made available to every insured upon re-
8 newal and every applicant, up to a total amount of
9 \$20,000 per property, except that—

10 “(A) purchase of such coverage shall be at
11 the option of the insured;

12 “(B) any such coverage shall be made
13 available only at chargeable rates that are not
14 less than the estimated premium rates for such
15 coverage determined in accordance with section
16 1307(a)(1); and

17 “(C) the Administrator may make such
18 coverage available only if the Administrator
19 makes a determination and causes notice of
20 such determination to be published in the Fed-
21 eral Register that—

22 “(i) a competitive private insurance
23 market for such coverage does not exist;
24 and

1 “(ii) the national flood insurance pro-
2 gram has the capacity to make such cov-
3 erage available without borrowing funds
4 from the Secretary of the Treasury under
5 section 1309 or otherwise;”.

6 (e) PAYMENT OF PREMIUMS IN INSTALLMENTS FOR
7 RESIDENTIAL PROPERTIES.—Section 1306 of the Na-
8 tional Flood Insurance Act of 1968 (42 U.S.C. 4013) is
9 amended by adding at the end the following new sub-
10 section:

11 “(d) PAYMENT OF PREMIUMS IN INSTALLMENTS FOR
12 RESIDENTIAL PROPERTIES.—

13 “(1) AUTHORITY.—In addition to any other
14 terms and conditions under subsection (a), such reg-
15 ulations shall provide that, in the case of any resi-
16 dential property, premiums for flood insurance cov-
17 erage made available under this title for such prop-
18 erty may be paid in installments.

19 “(2) LIMITATIONS.—In implementing the au-
20 thority under paragraph (1), the Administrator may
21 establish increased chargeable premium rates and
22 surcharges, and deny coverage and establish such
23 other sanctions, as the Administrator considers nec-
24 essary to ensure that insureds purchase, pay for,
25 and maintain coverage for the full term of a contract

1 for flood insurance coverage or to prevent insureds
2 from purchasing coverage only for periods during a
3 year when risk of flooding is comparatively higher or
4 canceling coverage for periods when such risk is
5 comparatively lower.”.

6 (f) EFFECTIVE DATE OF POLICIES COVERING PROP-
7 erties affected by floods in progress.—Para-
8 graph (1) of section 1306(c) of the National Flood Insur-
9 ance Act of 1968 (42 U.S.C. 4013(c)) is amended by add-
10 ing after the period at the end the following: “With respect
11 to any flood that has commenced or is in progress before
12 the expiration of such 30-day period, such flood insurance
13 coverage for a property shall take effect upon the expira-
14 tion of such 30-day period and shall cover damage to such
15 property occurring after the expiration of such period that
16 results from such flood, but only if the property has not
17 suffered damage or loss as a result of such flood before
18 the expiration of such 30-day period.”.

19 **SEC. 345. REFORMS OF PREMIUM RATES.**

20 (a) INCREASE IN ANNUAL LIMITATION ON PREMIUM
21 INCREASES.—Section 1308(e) of the National Flood In-
22 surance Act of 1968 (42 U.S.C. 4015(e)) is amended by
23 striking “10 percent” and inserting “20 percent”.

24 (b) PHASE-IN OF RATES FOR CERTAIN PROPERTIES
25 IN NEWLY MAPPED AREAS.—

1 (1) IN GENERAL.—Section 1308 of the Na-
2 tional Flood Insurance Act of 1968 (42 U.S.C.
3 4015) is amended—

4 (A) in subsection (a), in the matter pre-
5 ceding paragraph (1), by inserting “or notice”
6 after “prescribe by regulation”;

7 (B) in subsection (c), by inserting “and
8 subsection (g)” before the first comma; and

9 (C) by adding at the end the following new
10 subsection:

11 “(g) 5-YEAR PHASE-IN OF FLOOD INSURANCE
12 RATES FOR CERTAIN PROPERTIES IN NEWLY MAPPED
13 AREAS.—

14 “(1) 5-YEAR PHASE-IN PERIOD.—Notwith-
15 standing subsection (c) or any other provision of law
16 relating to chargeable risk premium rates for flood
17 insurance coverage under this title, in the case of
18 any area that was not previously designated as an
19 area having special flood hazards and that, pursuant
20 to any issuance, revision, updating, or other change
21 in flood insurance maps, becomes designated as such
22 an area, during the 5-year period that begins, except
23 as provided in paragraph (2), upon the date that
24 such maps, as issued, revised, updated, or otherwise
25 changed, become effective, the chargeable premium

1 rate for flood insurance under this title with respect
2 to any covered property that is located within such
3 area shall be the rate described in paragraph (3).

4 “(2) APPLICABILITY TO PREFERRED RISK RATE
5 AREAS.—In the case of any area described in para-
6 graph (1) that consists of or includes an area that,
7 as of date of the effectiveness of the flood insurance
8 maps for such area referred to in paragraph (1) as
9 so issued, revised, updated, or changed, is eligible
10 for any reason for preferred risk rate method pre-
11 miums for flood insurance coverage and was eligible
12 for such premiums as of the enactment of the Flood
13 Insurance Reform Act of 2012, the 5-year period re-
14 ferred to in paragraph (1) for such area eligible for
15 preferred risk rate method premiums shall begin
16 upon the expiration of the period during which such
17 area is eligible for such preferred risk rate method
18 premiums.

19 “(3) PHASE-IN OF FULL ACTUARIAL RATES.—
20 With respect to any area described in paragraph (1),
21 the chargeable risk premium rate for flood insurance
22 under this title for a covered property that is located
23 in such area shall be—

24 “(A) for the first year of the 5-year period
25 referred to in paragraph (1), the greater of—

1 “(i) 20 percent of the chargeable risk
2 premium rate otherwise applicable under
3 this title to the property; and

4 “(ii) in the case of any property that,
5 as of the beginning of such first year, is el-
6 igible for preferred risk rate method pre-
7 miums for flood insurance coverage, such
8 preferred risk rate method premium for
9 the property;

10 “(B) for the second year of such 5-year pe-
11 riod, 40 percent of the chargeable risk premium
12 rate otherwise applicable under this title to the
13 property;

14 “(C) for the third year of such 5-year pe-
15 riod, 60 percent of the chargeable risk premium
16 rate otherwise applicable under this title to the
17 property;

18 “(D) for the fourth year of such 5-year pe-
19 riod, 80 percent of the chargeable risk premium
20 rate otherwise applicable under this title to the
21 property; and

22 “(E) for the fifth year of such 5-year pe-
23 riod, 100 percent of the chargeable risk pre-
24 mium rate otherwise applicable under this title
25 to the property.

1 “(4) COVERED PROPERTIES.—For purposes of
2 the subsection, the term ‘covered property’ means
3 any residential property occupied by its owner or a
4 bona fide tenant as a primary residence.”.

5 (2) REGULATION OR NOTICE.—The Adminis-
6 trator of the Federal Emergency Management Agen-
7 cy shall issue an interim final rule or notice to im-
8 plement this subsection and the amendments made
9 by this subsection as soon as practicable after the
10 date of the enactment of this Act.

11 (c) PHASE-IN OF ACTUARIAL RATES FOR CERTAIN
12 PROPERTIES.—

13 (1) IN GENERAL.—Section 1308(c) of the Na-
14 tional Flood Insurance Act of 1968 (42 U.S.C.
15 4015(c)) is amended—

16 (A) by redesignating paragraph (2) as
17 paragraph (7); and

18 (B) by inserting after paragraph (1) the
19 following new paragraphs:

20 “(2) COMMERCIAL PROPERTIES.—Any nonresi-
21 dential property.

22 “(3) SECOND HOMES AND VACATION HOMES.—
23 Any residential property that is not the primary res-
24 idence of any individual.

1 “(4) HOMES SOLD TO NEW OWNERS.—Any sin-
2 gle family property that—

3 “(A) has been constructed or substantially
4 improved and for which such construction or
5 improvement was started, as determined by the
6 Administrator, before December 31, 1974, or
7 before the effective date of the initial rate map
8 published by the Administrator under para-
9 graph (2) of section 1360(a) for the area in
10 which such property is located, whichever is
11 later; and

12 “(B) is purchased after the effective date
13 of this paragraph, pursuant to section
14 345(c)(3)(A) of the Flood Insurance Reform
15 Act of 2012.

16 “(5) HOMES DAMAGED OR IMPROVED.—Any
17 property that, on or after the date of the enactment
18 of the Flood Insurance Reform Act of 2012, has ex-
19 perienced or sustained—

20 “(A) substantial flood damage exceeding
21 50 percent of the fair market value of such
22 property; or

23 “(B) substantial improvement exceeding
24 30 percent of the fair market value of such
25 property.

1 “(6) HOMES WITH MULTIPLE CLAIMS.—Any se-
2 vere repetitive loss property (as such term is defined
3 in section 1366(j)).”.

4 (2) TECHNICAL AMENDMENTS.—Section 1308
5 of the National Flood Insurance Act of 1968 (42
6 U.S.C. 4015) is amended—

7 (A) in subsection (c)—

8 (i) in the matter preceding paragraph
9 (1), by striking “the limitations provided
10 under paragraphs (1) and (2)” and insert-
11 ing “subsection (e)”; and

12 (ii) in paragraph (1), by striking “,
13 except” and all that follows through “sub-
14 section (e)”; and

15 (B) in subsection (e), by striking “para-
16 graph (2) or (3)” and inserting “paragraph
17 (7)”.

18 (3) EFFECTIVE DATE AND TRANSITION.—

19 (A) EFFECTIVE DATE.—The amendments
20 made by paragraphs (1) and (2) shall apply be-
21 ginning upon the expiration of the 12-month
22 period that begins on the date of the enactment
23 of this Act, except as provided in subparagraph
24 (B) of this paragraph.

1 (B) TRANSITION FOR PROPERTIES COV-
2 ERED BY FLOOD INSURANCE UPON EFFECTIVE
3 DATE.—

4 (i) INCREASE OF RATES OVER TIME.—

5 In the case of any property described in
6 paragraph (2), (3), (4), (5), or (6) of sec-
7 tion 1308(c) of the National Flood Insur-
8 ance Act of 1968, as amended by para-
9 graph (1) of this subsection, that, as of the
10 effective date under subparagraph (A) of
11 this paragraph, is covered under a policy
12 for flood insurance made available under
13 the national flood insurance program for
14 which the chargeable premium rates are
15 less than the applicable estimated risk pre-
16 mium rate under section 1307(a)(1) of
17 such Act for the area in which the prop-
18 erty is located, the Administrator of the
19 Federal Emergency Management Agency
20 shall increase the chargeable premium
21 rates for such property over time to such
22 applicable estimated risk premium rate
23 under section 1307(a)(1).

24 (ii) AMOUNT OF ANNUAL INCREASE.—

25 Such increase shall be made by increasing

1 the chargeable premium rates for the prop-
2 erty (after application of any increase in
3 the premium rates otherwise applicable to
4 such property), once during the 12-month
5 period that begins upon the effective date
6 under subparagraph (A) of this paragraph
7 and once every 12 months thereafter until
8 such increase is accomplished, by 20 per-
9 cent (or such lesser amount as may be nec-
10 essary so that the chargeable rate does not
11 exceed such applicable estimated risk pre-
12 mium rate or to comply with clause (iii)).

13 (iii) PROPERTIES SUBJECT TO PHASE-
14 IN AND ANNUAL INCREASES.—In the case
15 of any pre-FIRM property (as such term is
16 defined in section 578(b) of the National
17 Flood Insurance Reform Act of 1974), the
18 aggregate increase, during any 12-month
19 period, in the chargeable premium rate for
20 the property that is attributable to this
21 subparagraph or to an increase described
22 in section 1308(e) of the National Flood
23 Insurance Act of 1968 may not exceed 20
24 percent.

1 (iv) FULL ACTUARIAL RATES.—The
2 provisions of paragraphs (2), (3), (4), (5),
3 and (6) of such section 1308(c) shall apply
4 to such a property upon the accomplish-
5 ment of the increase under this subpara-
6 graph and thereafter.

7 (d) PROHIBITION OF EXTENSION OF SUBSIDIZED
8 RATES TO LAPSED POLICIES.—Section 1308 of the Na-
9 tional Flood Insurance Act of 1968 (42 U.S.C. 4015), as
10 amended by the preceding provisions of this subtitle, is
11 further amended—

12 (1) in subsection (e), by inserting “or sub-
13 section (h)” after “subsection (c)”; and

14 (2) by adding at the end the following new sub-
15 section:

16 “(h) PROHIBITION OF EXTENSION OF SUBSIDIZED
17 RATES TO LAPSED POLICIES.—Notwithstanding any
18 other provision of law relating to chargeable risk premium
19 rates for flood insurance coverage under this title, the Ad-
20 ministrator shall not provide flood insurance coverage
21 under this title for any property for which a policy for
22 such coverage for the property has previously lapsed in
23 coverage as a result of the deliberate choice of the holder
24 of such policy, at a rate less than the applicable estimated

1 risk premium rates for the area (or subdivision thereof)
2 in which such property is located.”.

3 (e) RECOGNITION OF STATE AND LOCAL FUNDING
4 FOR CONSTRUCTION, RECONSTRUCTION, AND IMPROVE-
5 MENT OF FLOOD PROTECTION SYSTEMS IN DETERMINA-
6 TION OF RATES.—

7 (1) IN GENERAL.—Section 1307 of the Na-
8 tional Flood Insurance Act of 1968 (42 U.S.C.
9 4014) is amended—

10 (A) in subsection (e)—

11 (i) in the first sentence, by striking
12 “construction of a flood protection system”
13 and inserting “construction, reconstruc-
14 tion, or improvement of a flood protection
15 system (without respect to the level of Fed-
16 eral investment or participation)”; and

17 (ii) in the second sentence—

18 (I) by striking “construction of a
19 flood protection system” and inserting
20 “construction, reconstruction, or im-
21 provement of a flood protection sys-
22 tem”; and

23 (II) by inserting “based on the
24 present value of the completed sys-
25 tem” after “has been expended”; and

1 (B) in subsection (f)—

2 (i) in the first sentence in the matter
3 preceding paragraph (1), by inserting
4 “(without respect to the level of Federal
5 investment or participation)” before the
6 period at the end;

7 (ii) in the third sentence in the matter
8 preceding paragraph (1), by inserting “,
9 whether coastal or riverine,” after “special
10 flood hazard”; and

11 (iii) in paragraph (1), by striking “a
12 Federal agency in consultation with the
13 local project sponsor” and inserting “the
14 entity or entities that own, operate, main-
15 tain, or repair such system”.

16 (2) REGULATIONS.—The Administrator of the
17 Federal Emergency Management Agency shall pro-
18 mulgate regulations to implement this subsection
19 and the amendments made by this subsection as
20 soon as practicable, but not more than 18 months
21 after the date of the enactment of this Act. Para-
22 graph (3) may not be construed to annul, alter, af-
23 fect, authorize any waiver of, or establish any excep-
24 tion to, the requirement under the preceding sen-
25 tence.

1 **SEC. 346. TECHNICAL MAPPING ADVISORY COUNCIL.**

2 (a) ESTABLISHMENT.—There is established a council
3 to be known as the Technical Mapping Advisory Council
4 (in this section referred to as the “Council”).

5 (b) MEMBERSHIP.—

6 (1) IN GENERAL.—The Council shall consist
7 of—

8 (A) the Administrator of the Federal
9 Emergency Management Agency (in this section
10 referred to as the “Administrator”), or the des-
11 ignee thereof;

12 (B) the Director of the United States Geo-
13 logical Survey of the Department of the Inte-
14 rior, or the designee thereof;

15 (C) the Under Secretary of Commerce for
16 Oceans and Atmosphere, or the designee there-
17 of;

18 (D) the commanding officer of the United
19 States Army Corps of Engineers, or the des-
20 ignee thereof;

21 (E) the chief of the Natural Resources
22 Conservation Service of the Department of Ag-
23 riculture, or the designee thereof;

24 (F) the Director of the United States Fish
25 and Wildlife Service of the Department of the
26 Interior, or the designee thereof;

1 (G) the Assistant Administrator for Fish-
2 eries of the National Oceanic and Atmospheric
3 Administration of the Department of Com-
4 merce, or the designee thereof; and

5 (H) 14 additional members to be appointed
6 by the Administrator of the Federal Emergency
7 Management Agency, who shall be—

8 (i) an expert in data management;

9 (ii) an expert in real estate;

10 (iii) an expert in insurance;

11 (iv) a member of a recognized regional
12 flood and storm water management organi-
13 zation;

14 (v) a representative of a State emer-
15 gency management agency or association
16 or organization for such agencies;

17 (vi) a member of a recognized profes-
18 sional surveying association or organiza-
19 tion;

20 (vii) a member of a recognized profes-
21 sional mapping association or organization;

22 (viii) a member of a recognized pro-
23 fessional engineering association or organi-
24 zation;

1 (ix) a member of a recognized profes-
2 sional association or organization rep-
3 resenting flood hazard determination firms;

4 (x) a representative of State national
5 flood insurance coordination offices;

6 (xi) representatives of two local gov-
7 ernments, at least one of whom is a local
8 levee flood manager or executive, des-
9 ignated by the Federal Emergency Man-
10 agement Agency as Cooperating Technical
11 Partners; and

12 (xii) representatives of two State gov-
13 ernments designated by the Federal Emer-
14 gency Management Agency as Cooperating
15 Technical States.

16 (2) QUALIFICATIONS.—Members of the Council
17 shall be appointed based on their demonstrated
18 knowledge and competence regarding surveying, car-
19 tography, remote sensing, geographic information
20 systems, or the technical aspects of preparing and
21 using flood insurance rate maps. In appointing
22 members under paragraph (1)(H), the Administrator
23 shall ensure that the membership of the Council has
24 a balance of Federal, State, local, and private mem-
25 bers, and includes an adequate number of represent-

1 atives from the States with coastline on the Gulf of
2 Mexico and other States containing areas identified
3 by the Administrator of the Federal Emergency
4 Management Agency as at high-risk for flooding or
5 special flood hazard areas.

6 (c) DUTIES.—

7 (1) NEW MAPPING STANDARDS.—Not later than
8 the expiration of the 12-month period beginning
9 upon the date of the enactment of this Act, the
10 Council shall develop and submit to the Adminis-
11 trator and the Congress proposed new mapping
12 standards for 100-year flood insurance rate maps
13 used under the national flood insurance program
14 under the National Flood Insurance Act of 1968. In
15 developing such proposed standards the Council
16 shall—

17 (A) ensure that the flood insurance rate
18 maps reflect true risk, including graduated risk
19 that better reflects the financial risk to each
20 property; such reflection of risk should be at
21 the smallest geographic level possible (but not
22 necessarily property-by-property) to ensure that
23 communities are mapped in a manner that
24 takes into consideration different risk levels
25 within the community;

1 (B) ensure the most efficient generation,
2 display, and distribution of flood risk data,
3 models, and maps where practicable through
4 dynamic digital environments using spatial
5 database technology and the Internet;

6 (C) ensure that flood insurance rate maps
7 reflect current hydrologic and hydraulic data,
8 current land use, and topography, incorporating
9 the most current and accurate ground and
10 bathymetric elevation data;

11 (D) determine the best ways to include in
12 such flood insurance rate maps levees, decerti-
13 fied levees, and areas located below dams, in-
14 cluding determining a methodology for ensuring
15 that decertified levees and other protections are
16 included in flood insurance rate maps and their
17 corresponding flood zones reflect the level of
18 protection conferred;

19 (E) consider how to incorporate restored
20 wetlands and other natural buffers into flood
21 insurance rate maps, which may include wet-
22 lands, groundwater recharge areas, erosion
23 zones, meander belts, endangered species habi-
24 tat, barrier islands and shoreline buffer fea-
25 tures, riparian forests, and other features;

1 (F) consider whether to use vertical posi-
2 tioning (as defined by the Administrator) for
3 flood insurance rate maps;

4 (G) ensure that flood insurance rate maps
5 differentiate between a property that is located
6 in a flood zone and a structure located on such
7 property that is not at the same risk level for
8 flooding as such property due to the elevation
9 of the structure;

10 (H) ensure that flood insurance rate maps
11 take into consideration the best scientific data
12 and potential future conditions (including pro-
13 jections for sea level rise); and

14 (I) consider how to incorporate the new
15 standards proposed pursuant to this paragraph
16 in existing mapping efforts.

17 (2) ONGOING DUTIES.—The Council shall, on
18 an ongoing basis, review the mapping protocols de-
19 veloped pursuant to paragraph (1), and make rec-
20 ommendations to the Administrator when the Coun-
21 cil determines that mapping protocols should be al-
22 tered.

23 (3) MEETINGS.—In carrying out its duties
24 under this section, the Council shall consult with
25 stakeholders through at least 4 public meetings an-

1 nually, and shall seek input of all stakeholder inter-
2 ests including State and local representatives, envi-
3 ronmental and conservation organizations, insurance
4 industry representatives, advocacy groups, planning
5 organizations, and mapping organizations.

6 (d) PROHIBITION ON COMPENSATION.—Members of
7 the Council shall receive no additional compensation by
8 reason of their service on the Council.

9 (e) CHAIRPERSON.—The Administrator shall serve as
10 the Chairperson of the Council.

11 (f) STAFF.—

12 (1) FEMA.—Upon the request of the Council,
13 the Administrator may detail, on a nonreimbursable
14 basis, personnel of the Federal Emergency Manage-
15 ment Agency to assist the Council in carrying out its
16 duties.

17 (2) OTHER FEDERAL AGENCIES.—Upon request
18 of the Council, any other Federal agency that is a
19 member of the Council may detail, on a non-reim-
20 bursable basis, personnel to assist the Council in
21 carrying out its duties.

22 (g) POWERS.—In carrying out this section, the Coun-
23 cil may hold hearings, receive evidence and assistance, pro-
24 vide information, and conduct research, as the Council
25 considers appropriate.

1 (h) TERMINATION.—The Council shall terminate
2 upon the expiration of the 5-year period beginning on the
3 date of the enactment of this Act.

4 (i) MORATORIUM ON FLOOD MAP CHANGES.—

5 (1) MORATORIUM.—Except as provided in para-
6 graph (2) and notwithstanding any other provision
7 of this subtitle, the National Flood Insurance Act of
8 1968, or the Flood Disaster Protection Act of 1973,
9 during the period beginning upon the date of the en-
10 actment of this Act and ending upon the submission
11 by the Council to the Administrator and the Con-
12 gress of the proposed new mapping standards re-
13 quired under subsection (c)(1), the Administrator
14 may not make effective any new or updated rate
15 maps for flood insurance coverage under the na-
16 tional flood insurance program that were not in ef-
17 fect for such program as of such date of enactment,
18 or otherwise revise, update, or change the flood in-
19 surance rate maps in effect for such program as of
20 such date.

21 (2) LETTERS OF MAP CHANGE.—During the pe-
22 riod described in paragraph (1), the Administrator
23 may revise, update, and change the flood insurance
24 rate maps in effect for the national flood insurance
25 program only pursuant to a letter of map change

1 (including a letter of map amendment, letter of map
2 revision, and letter of map revision based on fill).

3 **SEC. 347. FEMA INCORPORATION OF NEW MAPPING PROTO-**
4 **COLS.**

5 (a) NEW RATE MAPPING STANDARDS.—Not later
6 than the expiration of the 6-month period beginning upon
7 submission by the Technical Mapping Advisory Council
8 under section 346 of the proposed new mapping standards
9 for flood insurance rate maps used under the national
10 flood insurance program developed by the Council pursu-
11 ant to section 346(e), the Administrator of the Federal
12 Emergency Management Agency (in this section referred
13 to as the “Administrator”) shall establish new standards
14 for such rate maps based on such proposed new standards
15 and the recommendations of the Council.

16 (b) REQUIREMENTS.—The new standards for flood
17 insurance rate maps established by the Administrator pur-
18 suant to subsection (a) shall—

19 (1) delineate and include in any such rate
20 maps—

21 (A) all areas located within the 100-year
22 flood plain; and

23 (B) areas subject to graduated and other
24 risk levels, to the maximum extent possible;

25 (2) ensure that any such rate maps—

1 (A) include levees, including decertified levees,
2 and the level of protection they confer;

3 (B) reflect current land use and topography
4 and incorporate the most current and accurate
5 ground level data;

6 (C) take into consideration the impacts
7 and use of fill and the flood risks associated
8 with altered hydrology;

9 (D) differentiate between a property that
10 is located in a flood zone and a structure located
11 on such property that is not at the same
12 risk level for flooding as such property due to
13 the elevation of the structure;

14 (E) identify and incorporate natural features
15 and their associated flood protection benefits
16 into mapping and rates; and

17 (F) identify, analyze, and incorporate the
18 impact of significant changes to building and
19 development throughout any river or costal
20 water system, including all tributaries, which
21 may impact flooding in areas downstream; and

22 (3) provide that such rate maps are developed
23 on a watershed basis.

24 (c) REPORT.—If, in establishing new standards for
25 flood insurance rate maps pursuant to subsection (a) of

1 this section, the Administrator does not implement all of
2 the recommendations of the Council made under the pro-
3 posed new mapping standards developed by the Council
4 pursuant to section 346(c), upon establishment of the new
5 standards the Administrator shall submit a report to the
6 Committee on Financial Services of the House of Rep-
7 resentatives and the Committee on Banking, Housing, and
8 Urban Affairs of the Senate specifying which such rec-
9 ommendations were not adopted and explaining the rea-
10 sons such recommendations were not adopted.

11 (d) IMPLEMENTATION.—The Administrator shall, not
12 later than the expiration of the 6-month period beginning
13 upon establishment of the new standards for flood insur-
14 ance rate maps pursuant to subsection (a) of this section,
15 commence use of the new standards and updating of flood
16 insurance rate maps in accordance with the new stand-
17 ards. Not later than the expiration of the 10-year period
18 beginning upon the establishment of such new standards,
19 the Administrator shall complete updating of all flood in-
20 surance rate maps in accordance with the new standards,
21 subject to the availability of sufficient amounts for such
22 activities provided in appropriation Acts.

23 (e) TEMPORARY SUSPENSION OF MANDATORY PUR-
24 CHASE REQUIREMENT FOR CERTAIN PROPERTIES.—

1 (1) SUBMISSION OF ELEVATION CERTIFI-
2 CATE.—Subject to paragraphs (2) and (3) of this
3 subsection, subsections (a), (b), and (e) of section
4 102 of the Flood Disaster Protection Act of 1973
5 (42 U.S.C. 4012a), and section 202(a) of such Act,
6 shall not apply to a property located in an area des-
7 ignated as having a special flood hazard if the owner
8 of such property submits to the Administrator an
9 elevation certificate for such property showing that
10 the lowest level of the primary residence on such
11 property is at an elevation that is at least three feet
12 higher than the elevation of the 100-year flood plain.

13 (2) REVIEW OF CERTIFICATE.—The Adminis-
14 trator shall accept as conclusive each elevation cer-
15 tificate submitted under paragraph (1) unless the
16 Administrator conducts a subsequent elevation sur-
17 vey and determines that the lowest level of the pri-
18 mary residence on the property in question is not at
19 an elevation that is at least three feet higher than
20 the elevation of the 100-year flood plain. The Ad-
21 ministrators shall provide any such subsequent ele-
22 vation survey to the owner of such property.

23 (3) DETERMINATIONS FOR PROPERTIES ON
24 BORDERS OF SPECIAL FLOOD HAZARD AREAS.—

1 (A) EXPEDITED DETERMINATION.—In the
2 case of any survey for a property submitted to
3 the Administrator pursuant to paragraph (1)
4 showing that a portion of the property is lo-
5 cated within an area having special flood haz-
6 ards and that a structure located on the prop-
7 erty is not located within such area having spe-
8 cial flood hazards, the Administrator shall expe-
9 ditiously process any request made by an owner
10 of the property for a determination pursuant to
11 paragraph (2) or a determination of whether
12 the structure is located within the area having
13 special flood hazards.

14 (B) PROHIBITION OF FEE.—If the Admin-
15 istrator determines pursuant to subparagraph
16 (A) that the structure on the property is not lo-
17 cated within the area having special flood haz-
18 ards, the Administrator shall not charge a fee
19 for reviewing the flood hazard data and shall
20 not require the owner to provide any additional
21 elevation data.

22 (C) SIMPLIFICATION OF REVIEW PROC-
23 ESS.—The Administrator shall collaborate with
24 private sector flood insurers to simplify the re-
25 view process for properties described in sub-

1 paragraph (A) and to ensure that the review
2 process provides for accurate determinations.

3 (4) **TERMINATION OF AUTHORITY.**—This sub-
4 section shall cease to apply to a property on the date
5 on which the Administrator updates the flood insur-
6 ance rate map that applies to such property in ac-
7 cordance with the requirements of subsection (d).

8 **SEC. 348. TREATMENT OF LEVEES.**

9 Section 1360 of the National Flood Insurance Act of
10 1968 (42 U.S.C. 4101) is amended by adding at the end
11 the following new subsection:

12 “(k) **TREATMENT OF LEVEES.**—The Administrator
13 may not issue flood insurance maps, or make effective up-
14 dated flood insurance maps, that omit or disregard the
15 actual protection afforded by an existing levee, floodwall,
16 pump or other flood protection feature, regardless of the
17 accreditation status of such feature.”.

18 **SEC. 349. PRIVATIZATION INITIATIVES.**

19 (a) **FEMA AND GAO REPORTS.**—Not later than the
20 expiration of the 18-month period beginning on the date
21 of the enactment of this Act, the Administrator of the
22 Federal Emergency Management Agency and the Comp-
23 troller General of the United States shall each conduct a
24 separate study to assess a broad range of options, meth-
25 ods, and strategies for privatizing the national flood insur-

1 ance program and shall each submit a report to the Com-
2 mittee on Financial Services of the House of Representa-
3 tives and the Committee on Banking, Housing, and Urban
4 Affairs of the Senate with recommendations for the best
5 manner to accomplish such privatization.

6 (b) PRIVATE RISK-MANAGEMENT INITIATIVES.—

7 (1) AUTHORITY.—The Administrator of the
8 Federal Emergency Management Agency may carry
9 out such private risk-management initiatives under
10 the national flood insurance program as the Admin-
11 istrator considers appropriate to determine the ca-
12 pacity of private insurers, reinsurers, and financial
13 markets to assist communities, on a voluntary basis
14 only, in managing the full range of financial risks
15 associated with flooding.

16 (2) ASSESSMENT.—Not later than the expira-
17 tion of the 12-month period beginning on the date
18 of the enactment of this Act, the Administrator shall
19 assess the capacity of the private reinsurance, cap-
20 ital, and financial markets by seeking proposals to
21 assume a portion of the program's insurance risk
22 and submit to the Congress a report describing the
23 response to such request for proposals and the re-
24 sults of such assessment.

1 (3) PROTOCOL FOR RELEASE OF DATA.—The
2 Administrator shall develop a protocol to provide for
3 the release of data sufficient to conduct the assess-
4 ment required under paragraph (2).

5 (c) REINSURANCE.—The National Flood Insurance
6 Act of 1968 is amended—

7 (1) in section 1331(a)(2) (42 U.S.C.
8 4051(a)(2)), by inserting “, including as reinsurance
9 of insurance coverage provided by the flood insur-
10 ance program” before “, on such terms”;

11 (2) in section 1332(c)(2) (42 U.S.C.
12 4052(c)(2)), by inserting “or reinsurance” after
13 “flood insurance coverage”;

14 (3) in section 1335(a) (42 U.S.C. 4055(a))—

15 (A) by inserting “(1)” after “(a)”; and

16 (B) by adding at the end the following new
17 paragraph:

18 “(2) The Administrator is authorized to secure rein-
19 surance coverage of coverage provided by the flood insur-
20 ance program from private market insurance, reinsurance,
21 and capital market sources at rates and on terms deter-
22 mined by the Administrator to be reasonable and appro-
23 priate in an amount sufficient to maintain the ability of
24 the program to pay claims and that minimizes the likeli-

1 hood that the program will utilize the borrowing authority
2 provided under section 1309.”;

3 (4) in section 1346(a) (12 U.S.C. 4082(a))—

4 (A) in the matter preceding paragraph (1),
5 by inserting “, or for purposes of securing rein-
6 surance of insurance coverage provided by the
7 program,” before “of any or all of”;

8 (B) in paragraph (1)—

9 (i) by striking “estimating” and in-
10 sserting “Estimating”; and

11 (ii) by striking the semicolon at the
12 end and inserting a period;

13 (C) in paragraph (2)—

14 (i) by striking “receiving” and insert-
15 ing “Receiving”; and

16 (ii) by striking the semicolon at the
17 end and inserting a period;

18 (D) in paragraph (3)—

19 (i) by striking “making” and inserting
20 “Making”; and

21 (ii) by striking “; and” and inserting
22 a period;

23 (E) in paragraph (4)—

24 (i) by striking “otherwise” and insert-
25 ing “Otherwise”; and

1 (ii) by redesignating such paragraph
2 as paragraph (5); and

3 (F) by inserting after paragraph (3) the
4 following new paragraph:

5 “(4) Placing reinsurance coverage on insurance
6 provided by such program.”; and

7 (5) in section 1370(a)(3) (42 U.S.C.
8 4121(a)(3)), by inserting before the semicolon at the
9 end the following: “, is subject to the reporting re-
10 quirements of the Securities Exchange Act of 1934,
11 pursuant to section 13(a) or 15(d) of such Act (15
12 U.S.C. 78m(a), 78o(d)), or is authorized by the Ad-
13 ministrator to assume reinsurance on risks insured
14 by the flood insurance program”.

15 (d) ASSESSMENT OF CLAIMS-PAYING ABILITY.—

16 (1) ASSESSMENT.—Not later than September
17 30 of each year, the Administrator of the Federal
18 Emergency Management Agency shall conduct an
19 assessment of the claims-paying ability of the na-
20 tional flood insurance program, including the pro-
21 gram’s utilization of private sector reinsurance and
22 reinsurance equivalents, with and without reliance
23 on borrowing authority under section 1309 of the
24 National Flood Insurance Act of 1968 (42 U.S.C.
25 4016). In conducting the assessment, the Adminis-

1 trator shall take into consideration regional con-
2 centrations of coverage written by the program, peak
3 flood zones, and relevant mitigation measures.

4 (2) REPORT.—The Administrator shall submit
5 a report to the Congress of the results of each such
6 assessment, and make such report available to the
7 public, not later than 30 days after completion of
8 the assessment.

9 **SEC. 350. FEMA ANNUAL REPORT ON INSURANCE PRO-**
10 **GRAM.**

11 Section 1320 of the National Flood Insurance Act of
12 1968 (42 U.S.C. 4027) is amended—

13 (1) in the section heading, by striking “REPORT
14 TO THE PRESIDENT” and inserting “ANNUAL RE-
15 PORT TO CONGRESS”;

16 (2) in subsection (a)—

17 (A) by striking “biennially”;

18 (B) by striking “the President for submis-
19 sion to”; and

20 (C) by inserting “not later than June 30
21 of each year” before the period at the end;

22 (3) in subsection (b), by striking “biennial” and
23 inserting “annual”; and

24 (4) by adding at the end the following new sub-
25 section:

1 “(c) FINANCIAL STATUS OF PROGRAM.—The report
2 under this section for each year shall include information
3 regarding the financial status of the national flood insur-
4 ance program under this title, including a description of
5 the financial status of the National Flood Insurance Fund
6 and current and projected levels of claims, premium re-
7 cepts, expenses, and borrowing under the program.”.

8 **SEC. 351. MITIGATION ASSISTANCE.**

9 (a) MITIGATION ASSISTANCE GRANTS.—Section
10 1366 of the National Flood Insurance Act of 1968 (42
11 U.S.C. 4104c) is amended—

12 (1) in subsection (a), by striking the last sen-
13 tence and inserting the following: “Such financial
14 assistance shall be made available—

15 “(1) to States and communities in the form of
16 grants under this section for carrying out mitigation
17 activities;

18 “(2) to States and communities in the form of
19 grants under this section for carrying out mitigation
20 activities that reduce flood damage to severe repet-
21 itive loss structures; and

22 “(3) to property owners in the form of direct
23 grants under this section for carrying out mitigation
24 activities that reduce flood damage to individual
25 structures for which 2 or more claim payments for

1 losses have been made under flood insurance cov-
2 erage under this title if the Administrator, after con-
3 sultation with the State and community, determines
4 that neither the State nor community in which such
5 a structure is located has the capacity to manage
6 such grants.”.

7 (2) by striking subsection (b);

8 (3) in subsection (c)—

9 (A) by striking “flood risk” and inserting
10 “multi-hazard”;

11 (B) by striking “provides protection
12 against” and inserting “examines reduction of”;
13 and

14 (C) by redesignating such subsection as
15 subsection (b);

16 (4) by striking subsection (d);

17 (5) in subsection (e)—

18 (A) in paragraph (1), by striking the para-
19 graph designation and all that follows through
20 the end of the first sentence and inserting the
21 following:

22 “(1) REQUIREMENT OF CONSISTENCY WITH AP-
23 PROVED MITIGATION PLAN.—Amounts provided
24 under this section may be used only for mitigation
25 activities that are consistent with mitigation plans

1 that are approved by the Administrator and identi-
2 fied under subparagraph (4).”;

3 (B) by striking paragraphs (2), (3), and
4 (4) and inserting the following new paragraphs:

5 “(2) REQUIREMENTS OF TECHNICAL FEASI-
6 BILITY, COST EFFECTIVENESS, AND INTEREST OF
7 NFIF.—The Administrator may approve only mitiga-
8 tion activities that the Administrator determines are
9 technically feasible and cost-effective and in the in-
10 terest of, and represent savings to, the National
11 Flood Insurance Fund. In making such determina-
12 tions, the Administrator shall take into consideration
13 recognized benefits that are difficult to quantify.

14 “(3) PRIORITY FOR MITIGATION ASSISTANCE.—
15 In providing grants under this section for mitigation
16 activities, the Administrator shall give priority for
17 funding to activities that the Administrator deter-
18 mines will result in the greatest savings to the Na-
19 tional Flood Insurance Fund, including activities
20 for—

21 “(A) severe repetitive loss structures;

22 “(B) repetitive loss structures; and

23 “(C) other subsets of structures as the Ad-
24 ministrator may establish.”;

25 (C) in paragraph (5)—

1 (i) by striking all of the matter that
2 precedes subparagraph (A) and inserting
3 the following:

4 “(4) ELIGIBLE ACTIVITIES.—Eligible activities
5 may include—”;

6 (ii) by striking subparagraphs (E) and
7 (H);

8 (iii) by redesignating subparagraphs
9 (D), (F), and (G) as subparagraphs (E),
10 (G), and (H);

11 (iv) by inserting after subparagraph
12 (C) the following new subparagraph:

13 “(D) elevation, relocation, and
14 floodproofing of utilities (including equipment
15 that serve structures);”;

16 (v) by inserting after subparagraph
17 (E), as so redesignated by clause (iii) of
18 this subparagraph, the following new sub-
19 paragraph:

20 “(F) the development or update of State,
21 local, or Indian tribal mitigation plans which
22 meet the planning criteria established by the
23 Administrator, except that the amount from
24 grants under this section that may be used
25 under this subparagraph may not exceed

1 \$50,000 for any mitigation plan of a State or
2 \$25,000 for any mitigation plan of a local gov-
3 ernment or Indian tribe;”;

4 (vi) in subparagraph (H); as so reded-
5 ignated by clause (iii) of this subpara-
6 graph, by striking “and” at the end; and

7 (vii) by adding at the end the fol-
8 lowing new subparagraphs:

9 “(I) other mitigation activities not de-
10 scribed in subparagraphs (A) through (G) or
11 the regulations issued under subparagraph (H),
12 that are described in the mitigation plan of a
13 State, community, or Indian tribe; and

14 “(J) personnel costs for State staff that
15 provide technical assistance to communities to
16 identify eligible activities, to develop grant ap-
17 plications, and to implement grants awarded
18 under this section, not to exceed \$50,000 per
19 State in any Federal fiscal year, so long as the
20 State applied for and was awarded at least
21 \$1,000,000 in grants available under this sec-
22 tion in the prior Federal fiscal year; the re-
23 quirements of subsections (d)(1) and (d)(2)
24 shall not apply to the activity under this sub-
25 paragraph.”;

1 (D) by adding at the end the following new
2 paragraph:

3 “(6) ELIGIBILITY OF DEMOLITION AND RE-
4 BUILDING OF PROPERTIES.—The Administrator
5 shall consider as an eligible activity the demolition
6 and rebuilding of properties to at least base flood
7 elevation or greater, if required by the Administrator
8 or if required by any State regulation or local ordi-
9 nance, and in accordance with criteria established by
10 the Administrator.”; and

11 (E) by redesignating such subsection as
12 subsection (c);

13 (6) by striking subsections (f), (g), and (h) and
14 inserting the following new subsection:

15 “(d) MATCHING REQUIREMENT.—The Administrator
16 may provide grants for eligible mitigation activities as fol-
17 lows:

18 “(1) SEVERE REPETITIVE LOSS STRUCTURES.—
19 In the case of mitigation activities to severe repet-
20 itive loss structures, in an amount up to 100 percent
21 of all eligible costs.

22 “(2) REPETITIVE LOSS STRUCTURES.—In the
23 case of mitigation activities to repetitive loss struc-
24 tures, in an amount up to 90 percent of all eligible
25 costs.

1 “(3) OTHER MITIGATION ACTIVITIES.— In the
2 case of all other mitigation activities, in an amount
3 up to 75 percent of all eligible costs.”;

4 (7) in subsection (i)—

5 (A) in paragraph (2)—

6 (i) by striking “certified under sub-
7 section (g)” and inserting “required under
8 subsection (d)”;

9 (ii) by striking “3 times the amount”
10 and inserting “the amount”;

11 (B) by redesignating such subsection as
12 subsection (e);

13 (8) in subsection (j)—

14 (A) by striking “Riegle Community Devel-
15 opment and Regulatory Improvement Act of
16 1994” and inserting “Flood Insurance Reform
17 Act of 2012”;

18 (B) by redesignating such subsection as
19 subsection (f); and

20 (9) by striking subsections (k) and (m) and in-
21 serting the following new subsections:

22 “(g) FAILURE TO MAKE GRANT AWARD WITHIN 5
23 YEARS.—For any application for a grant under this sec-
24 tion for which the Administrator fails to make a grant
25 award within 5 years of the date of application, the grant

1 application shall be considered to be denied and any fund-
2 ing amounts allocated for such grant applications shall re-
3 main in the National Flood Mitigation Fund under section
4 1367 of this title and shall be made available for grants
5 under this section.

6 “(h) LIMITATION ON FUNDING FOR MITIGATION AC-
7 TIVITIES FOR SEVERE REPETITIVE LOSS STRUCTURES.—
8 The amount used pursuant to section 1310(a)(8) in any
9 fiscal year may not exceed \$40,000,000 and shall remain
10 available until expended.

11 “(i) DEFINITIONS.—For purposes of this section, the
12 following definitions shall apply:

13 “(1) COMMUNITY.—The term ‘community’
14 means—

15 “(A) a political subdivision that—

16 “(i) has zoning and building code ju-
17 risdiction over a particular area having
18 special flood hazards, and

19 “(ii) is participating in the national
20 flood insurance program; or

21 “(B) a political subdivision of a State, or
22 other authority, that is designated by political
23 subdivisions, all of which meet the requirements
24 of subparagraph (A), to administer grants for

1 mitigation activities for such political subdivi-
2 sions.

3 “(2) REPETITIVE LOSS STRUCTURE.—The term
4 ‘repetitive loss structure’ has the meaning given
5 such term in section 1370.

6 “(3) SEVERE REPETITIVE LOSS STRUCTURE.—
7 The term ‘severe repetitive loss structure’ means a
8 structure that—

9 “(A) is covered under a contract for flood
10 insurance made available under this title; and

11 “(B) has incurred flood-related damage—

12 “(i) for which 4 or more separate
13 claims payments have been made under
14 flood insurance coverage under this title,
15 with the amount of each such claim ex-
16 ceeding \$15,000, and with the cumulative
17 amount of such claims payments exceeding
18 \$60,000; or

19 “(ii) for which at least 2 separate
20 claims payments have been made under
21 such coverage, with the cumulative amount
22 of such claims exceeding the value of the
23 insured structure.”.

24 (b) ELIMINATION OF GRANTS PROGRAM FOR REPET-
25 ITIVE INSURANCE CLAIMS PROPERTIES.—Chapter I of

1 the National Flood Insurance Act of 1968 is amended by
2 striking section 1323 (42 U.S.C. 4030).

3 (c) ELIMINATION OF PILOT PROGRAM FOR MITIGA-
4 TION OF SEVERE REPETITIVE LOSS PROPERTIES.—Chap-
5 ter III of the National Flood Insurance Act of 1968 is
6 amended by striking section 1361A (42 U.S.C. 4102a).

7 (d) NATIONAL FLOOD INSURANCE FUND.—Section
8 1310(a) of the National Flood Insurance Act of 1968 (42
9 U.S.C. 4017(a)) is amended—

10 (1) in paragraph (7), by inserting “and” after
11 the semicolon; and

12 (2) by striking paragraphs (8) and (9).

13 (e) NATIONAL FLOOD MITIGATION FUND.—Section
14 1367 of the National Flood Insurance Act of 1968 (42
15 U.S.C. 4104d) is amended—

16 (1) in subsection (b)—

17 (A) by striking paragraph (1) and insert-
18 ing the following new paragraph:

19 “(1) in each fiscal year, from the National
20 Flood Insurance Fund in amounts not exceeding
21 \$90,000,000 to remain available until expended, of
22 which—

23 “(A) not more than \$40,000,000 shall be
24 available pursuant to subsection (a) of this sec-

1 tion only for assistance described in section
2 1366(a)(1);

3 “(B) not more than \$40,000,000 shall be
4 available pursuant to subsection (a) of this sec-
5 tion only for assistance described in section
6 1366(a)(2); and

7 “(C) not more than \$10,000,000 shall be
8 available pursuant to subsection (a) of this sec-
9 tion only for assistance described in section
10 1366(a)(3).”.

11 (B) in paragraph (3), by striking “section
12 1366(i)” and inserting “section 1366(e)”;

13 (2) in subsection (c), by striking “sections 1366
14 and 1323” and inserting “section 1366”;

15 (3) by redesignating subsections (d) and (e) as
16 subsections (f) and (g), respectively; and

17 (4) by inserting after subsection (c) the fol-
18 lowing new subsections:

19 “(d) PROHIBITION ON OFFSETTING COLLECTIONS.—
20 Notwithstanding any other provision of this title, amounts
21 made available pursuant to this section shall not be sub-
22 ject to offsetting collections through premium rates for
23 flood insurance coverage under this title.

24 “(e) CONTINUED AVAILABILITY AND REALLOCA-
25 TION.—Any amounts made available pursuant to subpara-

1 graph (A), (B), or (C) of subsection (b)(1) that are not
2 used in any fiscal year shall continue to be available for
3 the purposes specified in such subparagraph of subsection
4 (b)(1) pursuant to which such amounts were made avail-
5 able, unless the Administrator determines that realloca-
6 tion of such unused amounts to meet demonstrated need
7 for other mitigation activities under section 1366 is in the
8 best interest of the National Flood Insurance Fund.”.

9 (f) INCREASED COST OF COMPLIANCE COVERAGE.—
10 Section 1304(b)(4) of the National Flood Insurance Act
11 of 1968 (42 U.S.C. 4011(b)(4)) is amended—

12 (1) by striking subparagraph (B); and

13 (2) by redesignating subparagraphs (C), (D),
14 and (E) as subparagraphs (B), (C), and (D), respec-
15 tively.

16 **SEC. 352. NOTIFICATION TO HOMEOWNERS REGARDING**
17 **MANDATORY PURCHASE REQUIREMENT AP-**
18 **PLICABILITY AND RATE PHASE-INS.**

19 Section 201 of the Flood Disaster Protection Act of
20 1973 (42 U.S.C. 4105) is amended by adding at the end
21 the following new subsection:

22 “(f) ANNUAL NOTIFICATION.—The Administrator, in
23 consultation with affected communities, shall establish and
24 carry out a plan to notify residents of areas having special
25 flood hazards, on an annual basis—

1 “(1) that they reside in such an area;

2 “(2) of the geographical boundaries of such
3 area;

4 “(3) of whether section 1308(g) of the National
5 Flood Insurance Act of 1968 applies to properties
6 within such area;

7 “(4) of the provisions of section 102 requiring
8 purchase of flood insurance coverage for properties
9 located in such an area, including the date on which
10 such provisions apply with respect to such area, tak-
11 ing into consideration section 102(i); and

12 “(5) of a general estimate of what similar
13 homeowners in similar areas typically pay for flood
14 insurance coverage, taking into consideration section
15 1308(g) of the National Flood Insurance Act of
16 1968.”.

17 **SEC. 353. NOTIFICATION TO MEMBERS OF CONGRESS OF**
18 **FLOOD MAP REVISIONS AND UPDATES.**

19 Section 1360 of the National Flood Insurance Act of
20 1968 (42 U.S.C. 4101), as amended by the preceding pro-
21 visions of this subtitle, is further amended by adding at
22 the end the following new subsection:

23 “(1) NOTIFICATION TO MEMBERS OF CONGRESS OF
24 MAP MODERNIZATION.—Upon any revision or update of
25 any floodplain area or flood-risk zone pursuant to sub-

1 section (f), any decision pursuant to subsection (f)(1) that
2 such revision or update is necessary, any issuance of pre-
3 liminary maps for such revision or updating, or any other
4 significant action relating to any such revision or update,
5 the Administrator shall notify the Senators for each State
6 affected, and each Member of the House of Representa-
7 tives for each congressional district affected, by such revi-
8 sion or update in writing of the action taken.”.

9 **SEC. 354. NOTIFICATION AND APPEAL OF MAP CHANGES;**

10 **NOTIFICATION TO COMMUNITIES OF ESTAB-**
11 **LISHMENT OF FLOOD ELEVATIONS.**

12 Section 1363 of the National Flood Insurance Act of
13 1968 (42 U.S.C. 4104) is amended by striking the section
14 designation and all that follows through the end of sub-
15 section (a) and inserting the following:

16 “SEC. 1363. (a) In establishing projected flood ele-
17 vations for land use purposes with respect to any commu-
18 nity pursuant to section 1361, the Administrator shall
19 first propose such determinations—

20 “(1) by providing the chief executive officer of
21 each community affected by the proposed elevations,
22 by certified mail, with a return receipt requested,
23 notice of the elevations, including a copy of the maps
24 for the elevations for such community and a state-

1 ment explaining the process under this section to ap-
2 peal for changes in such elevations;

3 “(2) by causing notice of such elevations to be
4 published in the Federal Register, which notice shall
5 include information sufficient to identify the ele-
6 vation determinations and the communities affected,
7 information explaining how to obtain copies of the
8 elevations, and a statement explaining the process
9 under this section to appeal for changes in the ele-
10 vations;

11 “(3) by publishing in a prominent local news-
12 paper the elevations, a description of the appeals
13 process for flood determinations, and the mailing ad-
14 dress and telephone number of a person the owner
15 may contact for more information or to initiate an
16 appeal;

17 “(4) by providing written notification, by first
18 class mail, to each owner of real property affected by
19 the proposed elevations of—

20 “(A) the status of such property, both
21 prior to and after the effective date of the pro-
22 posed determination, with respect to flood zone
23 and flood insurance requirements under this
24 Act and the Flood Disaster Protection Act of
25 1973;

1 “(B) the process under this section to ap-
2 peal a flood elevation determination; and

3 “(C) the mailing address and phone num-
4 ber of a person the owner may contact for more
5 information or to initiate an appeal; and”.

6 **SEC. 355. NOTIFICATION TO TENANTS OF AVAILABILITY OF**
7 **CONTENTS INSURANCE.**

8 The National Flood Insurance Act of 1968 is amend-
9 ed by inserting after section 1308 (42 U.S.C. 4015) the
10 following new section:

11 **“SEC. 1308A. NOTIFICATION TO TENANTS OF AVAILABILITY**
12 **OF CONTENTS INSURANCE.**

13 “(a) IN GENERAL.—The Administrator shall, upon
14 entering into a contract for flood insurance coverage under
15 this title for any property—

16 “(1) provide to the insured sufficient copies of
17 the notice developed pursuant to subsection (b); and

18 “(2) require the insured to provide a copy of
19 the notice, or otherwise provide notification of the
20 information under subsection (b) in the manner that
21 the manager or landlord deems most appropriate, to
22 each such tenant and to each new tenant upon com-
23 mencement of such a tenancy.

1 “(b) NOTICE.—Notice to a tenant of a property in
2 accordance with this subsection is written notice that
3 clearly informs a tenant—

4 “(1) whether the property is located in an area
5 having special flood hazards;

6 “(2) that flood insurance coverage is available
7 under the national flood insurance program under
8 this title for contents of the unit or structure leased
9 by the tenant;

10 “(3) of the maximum amount of such coverage
11 for contents available under this title at that time;
12 and

13 “(4) of where to obtain information regarding
14 how to obtain such coverage, including a telephone
15 number, mailing address, and Internet site of the
16 Administrator where such information is available.”.

17 **SEC. 356. NOTIFICATION TO POLICY HOLDERS REGARDING**
18 **DIRECT MANAGEMENT OF POLICY BY FEMA.**

19 Part C of chapter II of the National Flood Insurance
20 Act of 1968 (42 U.S.C. 4081 et seq.) is amended by add-
21 ing at the end the following new section:

1 **“SEC. 1349. NOTIFICATION TO POLICY HOLDERS REGARD-**
2 **ING DIRECT MANAGEMENT OF POLICY BY**
3 **FEMA.**

4 “(a) NOTIFICATION.—Not later than 60 days before
5 the date on which a transferred flood insurance policy ex-
6 pires, and annually thereafter until such time as the Fed-
7 eral Emergency Management Agency is no longer directly
8 administering such policy, the Administrator shall notify
9 the holder of such policy that—

10 “(1) the Federal Emergency Management
11 Agency is directly administering the policy;

12 “(2) such holder may purchase flood insurance
13 that is directly administered by an insurance com-
14 pany; and

15 “(3) purchasing flood insurance offered under
16 the National Flood Insurance Program that is di-
17 rectly administered by an insurance company will
18 not alter the coverage provided or the premiums
19 charged to such holder that otherwise would be pro-
20 vided or charged if the policy was directly adminis-
21 tered by the Federal Emergency Management Agen-
22 cy.

23 “(b) DEFINITION.—In this section, the term ‘trans-
24 ferred flood insurance policy’ means a flood insurance pol-
25 icy that—

1 “(1) was directly administered by an insurance
2 company at the time the policy was originally pur-
3 chased by the policy holder; and

4 “(2) at the time of renewal of the policy, direct
5 administration of the policy was or will be trans-
6 ferred to the Federal Emergency Management Agen-
7 cy.”.

8 **SEC. 357. NOTICE OF AVAILABILITY OF FLOOD INSURANCE**
9 **AND ESCROW IN RESPA GOOD FAITH ESTI-**
10 **MATE.**

11 Subsection (c) of section 5 of the Real Estate Settle-
12 ment Procedures Act of 1974 (12 U.S.C. 2604(c)) is
13 amended by adding at the end the following new sentence:
14 “Each such good faith estimate shall include the following
15 conspicuous statements and information: (1) that flood in-
16 surance coverage for residential real estate is generally
17 available under the national flood insurance program
18 whether or not the real estate is located in an area having
19 special flood hazards and that, to obtain such coverage,
20 a home owner or purchaser should contact the national
21 flood insurance program; (2) a telephone number and a
22 location on the Internet by which a home owner or pur-
23 chaser can contact the national flood insurance program;
24 and (3) that the escrowing of flood insurance payments
25 is required for many loans under section 102(d) of the

1 Flood Disaster Protection Act of 1973, and may be a con-
2 venient and available option with respect to other loans.”.

3 **SEC. 358. REIMBURSEMENT FOR COSTS INCURRED BY**
4 **HOMEOWNERS AND COMMUNITIES OBTAIN-**
5 **ING LETTERS OF MAP AMENDMENT OR REVI-**
6 **SION.**

7 (a) IN GENERAL.—Section 1360 of the National
8 Flood Insurance Act of 1968 (42 U.S.C. 4101), as amend-
9 ed by the preceding provisions of this subtitle, is further
10 amended by adding at the end the following new sub-
11 section:

12 “(m) REIMBURSEMENT.—

13 “(1) REQUIREMENT UPON BONA FIDE
14 ERROR.—If an owner of any property located in an
15 area described in section 102(i)(3) of the Flood Dis-
16 aster Protection Act of 1973, or a community in
17 which such a property is located, obtains a letter of
18 map amendment, or a letter of map revision, due to
19 a bona fide error on the part of the Administrator
20 of the Federal Emergency Management Agency, the
21 Administrator shall reimburse such owner, or such
22 entity or jurisdiction acting on such owner’s behalf,
23 or such community, as applicable, for any reasonable
24 costs incurred in obtaining such letter.

1 updating flood insurance maps under this section, the Ad-
2 ministrator shall communicate with communities located
3 in areas where flood insurance rate maps have not been
4 updated in 20 years or more and the appropriate State
5 emergency agencies to resolve outstanding issues, provide
6 technical assistance, and disseminate all necessary infor-
7 mation to reduce the prevalence of outdated maps in flood-
8 prone areas.”.

9 **SEC. 360. NOTIFICATION TO RESIDENTS NEWLY INCLUDED**
10 **IN FLOOD HAZARD AREAS.**

11 Section 1360 of the National Flood Insurance Act of
12 1968 (42 U.S.C. 4101), as amended by the preceding pro-
13 visions of this subtitle, is further amended by adding at
14 the end the following new subsection:

15 “(o) NOTIFICATION TO RESIDENTS NEWLY IN-
16 CLUDED IN FLOOD HAZARD AREA.—In revising or updat-
17 ing any areas having special flood hazards, the Adminis-
18 trator shall provide to each owner of a property to be
19 newly included in such a special flood hazard area, at the
20 time of issuance of such proposed revised or updated flood
21 insurance maps, a copy of the proposed revised or updated
22 flood insurance maps together with information regarding
23 the appeals process under section 1363 (42 U.S.C.
24 4104).”.

1 **SEC. 361. TREATMENT OF SWIMMING POOL ENCLOSURES**
2 **OUTSIDE OF HURRICANE SEASON.**

3 Chapter I of the National Flood Insurance Act of
4 1968 (42 U.S.C. 4001 et seq.) is amended by adding at
5 the end the following new section:

6 **“SEC. 1325. TREATMENT OF SWIMMING POOL ENCLOSURES**
7 **OUTSIDE OF HURRICANE SEASON.**

8 “In the case of any property that is otherwise in com-
9 pliance with the coverage and building requirements of the
10 national flood insurance program, the presence of an en-
11 closed swimming pool located at ground level or in the
12 space below the lowest floor of a building after November
13 30 and before June 1 of any year shall have no effect on
14 the terms of coverage or the ability to receive coverage
15 for such building under the national flood insurance pro-
16 gram established pursuant to this title, if the pool is en-
17 closed with non-supporting breakaway walls.”.

18 **SEC. 362. INFORMATION REGARDING MULTIPLE PERILS**
19 **CLAIMS.**

20 Section 1345 of the National Flood Insurance Act of
21 1968 (42 U.S.C. 4081) is amended by adding at the end
22 the following new subsection:

23 “(d) **INFORMATION REGARDING MULTIPLE PERILS**
24 **CLAIMS.—**

25 “(1) **IN GENERAL.—**Subject to paragraph (2),
26 if an insured having flood insurance coverage under

1 a policy issued under the program under this title by
2 the Administrator or a company, insurer, or entity
3 offering flood insurance coverage under such pro-
4 gram (in this subsection referred to as a ‘partici-
5 pating company’) has wind or other homeowners
6 coverage from any company, insurer, or other entity
7 covering property covered by such flood insurance, in
8 the case of damage to such property that may have
9 been caused by flood or by wind, the Administrator
10 and the participating company, upon the request of
11 the insured, shall provide to the insured, within 30
12 days of such request—

13 “(A) a copy of the estimate of structure
14 damage;

15 “(B) proofs of loss;

16 “(C) any expert or engineering reports or
17 documents commissioned by or relied upon by
18 the Administrator or participating company in
19 determining whether the damage was caused by
20 flood or any other peril; and

21 “(D) the Administrator’s or the partici-
22 pating company’s final determination on the
23 claim.

24 “(2) TIMING.—Paragraph (1) shall apply only
25 with respect to a request described in such para-

1 graph made by an insured after the Administrator
2 or the participating company, or both, as applicable,
3 have issued a final decision on the flood claim in-
4 volved and resolution of all appeals with respect to
5 such claim.”.

6 **SEC. 363. FEMA AUTHORITY TO REJECT TRANSFER OF**
7 **POLICIES.**

8 Section 1345 of the National Flood Insurance Act of
9 1968 (42 U.S.C. 4081) is amended by adding at the end
10 the following new subsection:

11 “(e) **FEMA AUTHORITY TO REJECT TRANSFER OF**
12 **POLICIES.**—Notwithstanding any other provision of this
13 Act, the Administrator may, at the discretion of the Ad-
14 ministrator, refuse to accept the transfer of the adminis-
15 tration of policies for coverage under the flood insurance
16 program under this title that are written and administered
17 by any insurance company or other insurer, or any insur-
18 ance agent or broker.”.

19 **SEC. 364. APPEALS.**

20 (a) **TELEVISION AND RADIO ANNOUNCEMENT.**—Sec-
21 tion 1363 of the National Flood Insurance Act of 1968
22 (42 U.S.C. 4104), as amended by the preceding provisions
23 of this subtitle, is further amended—

24 (1) in subsection (a), by adding at the end the
25 following new paragraph:

1 “(5) by notifying a local television and radio
2 station,”; and

3 (2) in the first sentence of subsection (b), by in-
4 serting before the period at the end the following:
5 “and shall notify a local television and radio station
6 at least once during the same 10-day period”.

7 (b) EXTENSION OF APPEALS PERIOD.—Subsection
8 (b) of section 1363 of the National Flood Insurance Act
9 of 1968 (42 U.S.C. 4104(b)) is amended—

10 (1) by striking “(b) The Director” and insert-
11 ing “(b)(1) The Administrator”; and

12 (2) by adding at the end the following new
13 paragraph:

14 “(2) The Administrator shall grant an extension of
15 the 90-day period for appeals referred to in paragraph (1)
16 for 90 additional days if an affected community certifies
17 to the Administrator, after the expiration of at least 60
18 days of such period, that the community—

19 “(A) believes there are property owners or les-
20 sees in the community who are unaware of such pe-
21 riod for appeals; and

22 “(B) will utilize the extension under this para-
23 graph to notify property owners or lessees who are
24 affected by the proposed flood elevation determina-
25 tions of the period for appeals and the opportunity

1 to appeal the determinations proposed by the Ad-
2 ministrator.”.

3 (c) APPLICABILITY.—The amendments made by sub-
4 sections (a) and (b) shall apply with respect to any flood
5 elevation determination for any area in a community that
6 has not, as of the date of the enactment of this Act, been
7 issued a Letter of Final Determination for such deter-
8 mination under the flood insurance map modernization
9 process.

10 **SEC. 365. RESERVE FUND.**

11 (a) ESTABLISHMENT.—Chapter I of the National
12 Flood Insurance Act of 1968 is amended by inserting after
13 section 1310 (42 U.S.C. 4017) the following new section:

14 **“SEC. 1310A. RESERVE FUND.**

15 “(a) ESTABLISHMENT OF RESERVE FUND.—In car-
16 rying out the flood insurance program authorized by this
17 title, the Administrator shall establish in the Treasury of
18 the United States a National Flood Insurance Reserve
19 Fund (in this section referred to as the ‘Reserve Fund’)
20 which shall—

21 “(1) be an account separate from any other ac-
22 counts or funds available to the Administrator; and

23 “(2) be available for meeting the expected fu-
24 ture obligations of the flood insurance program.

1 “(b) RESERVE RATIO.—Subject to the phase-in re-
2 quirements under subsection (d), the Reserve Fund shall
3 maintain a balance equal to—

4 “(1) 1 percent of the sum of the total potential
5 loss exposure of all outstanding flood insurance poli-
6 cies in force in the prior fiscal year; or

7 “(2) such higher percentage as the Adminis-
8 trator determines to be appropriate, taking into con-
9 sideration any circumstance that may raise a signifi-
10 cant risk of substantial future losses to the Reserve
11 Fund.

12 “(c) MAINTENANCE OF RESERVE RATIO.—

13 “(1) IN GENERAL.—The Administrator shall
14 have the authority to establish, increase, or decrease
15 the amount of aggregate annual insurance premiums
16 to be collected for any fiscal year necessary—

17 “(A) to maintain the reserve ratio required
18 under subsection (b); and

19 “(B) to achieve such reserve ratio, if the
20 actual balance of such reserve is below the
21 amount required under subsection (b).

22 “(2) CONSIDERATIONS.—In exercising the au-
23 thority under paragraph (1), the Administrator shall
24 consider—

1 “(A) the expected operating expenses of
2 the Reserve Fund;

3 “(B) the insurance loss expenditures under
4 the flood insurance program;

5 “(C) any investment income generated
6 under the flood insurance program; and

7 “(D) any other factor that the Adminis-
8 trator determines appropriate.

9 “(3) LIMITATIONS.—In exercising the authority
10 under paragraph (1), the Administrator shall be
11 subject to all other provisions of this Act, including
12 any provisions relating to chargeable premium rates
13 and annual increases of such rates.

14 “(d) PHASE-IN REQUIREMENTS.—The phase-in re-
15 quirements under this subsection are as follows:

16 “(1) IN GENERAL.—Beginning in fiscal year
17 2012 and not ending until the fiscal year in which
18 the ratio required under subsection (b) is achieved,
19 in each such fiscal year the Administrator shall
20 place in the Reserve Fund an amount equal to not
21 less than 7.5 percent of the reserve ratio required
22 under subsection (b).

23 “(2) AMOUNT SATISFIED.—As soon as the ratio
24 required under subsection (b) is achieved, and except
25 as provided in paragraph (3), the Administrator

1 shall not be required to set aside any amounts for
2 the Reserve Fund.

3 “(3) EXCEPTION.—If at any time after the
4 ratio required under subsection (b) is achieved, the
5 Reserve Fund falls below the required ratio under
6 subsection (b), the Administrator shall place in the
7 Reserve Fund for that fiscal year an amount equal
8 to not less than 7.5 percent of the reserve ratio re-
9 quired under subsection (b).

10 “(e) LIMITATION ON RESERVE RATIO.—In any given
11 fiscal year, if the Administrator determines that the re-
12 serve ratio required under subsection (b) cannot be
13 achieved, the Administrator shall submit a report to the
14 Congress that—

15 “(1) describes and details the specific concerns
16 of the Administrator regarding such consequences;

17 “(2) demonstrates how such consequences
18 would harm the long-term financial soundness of the
19 flood insurance program; and

20 “(3) indicates the maximum attainable reserve
21 ratio for that particular fiscal year.

22 “(f) AVAILABILITY OF AMOUNTS.—The reserve ratio
23 requirements under subsection (b) and the phase-in re-
24 quirements under subsection (d) shall be subject to the
25 availability of amounts in the National Flood Insurance

1 Fund for transfer under section 1310(a)(10), as provided
2 in section 1310(f).”.

3 (b) FUNDING.—Subsection (a) of section 1310 of the
4 National Flood Insurance Act of 1968 (42 U.S.C.
5 4017(a)), as amended by the preceding provisions of this
6 Act, is further amended by adding at the end the following
7 new paragraph:

8 “(10) for transfers to the National Flood Insur-
9 ance Reserve Fund under section 1310A, in accord-
10 ance with such section.”.

11 **SEC. 366. CDBG ELIGIBILITY FOR FLOOD INSURANCE OUT-**
12 **REACH ACTIVITIES AND COMMUNITY BUILD-**
13 **ING CODE ADMINISTRATION GRANTS.**

14 Section 105(a) of the Housing and Community De-
15 velopment Act of 1974 (42 U.S.C. 5305(a)) is amended—

16 (1) in paragraph (24), by striking “and” at the
17 end;

18 (2) in paragraph (25), by striking the period at
19 the end and inserting a semicolon; and

20 (3) by adding at the end the following new
21 paragraphs:

22 “(26) supplementing existing State or local
23 funding for administration of building code enforce-
24 ment by local building code enforcement depart-
25 ments, including for increasing staffing, providing

1 staff training, increasing staff competence and pro-
2 fessional qualifications, and supporting individual
3 certification or departmental accreditation, and for
4 capital expenditures specifically dedicated to the ad-
5 ministration of the building code enforcement de-
6 partment, except that, to be eligible to use amounts
7 as provided in this paragraph—

8 “(A) a building code enforcement depart-
9 ment shall provide matching, non-Federal funds
10 to be used in conjunction with amounts used
11 under this paragraph in an amount—

12 “(i) in the case of a building code en-
13 forcement department serving an area with
14 a population of more than 50,000, equal to
15 not less than 50 percent of the total
16 amount of any funds made available under
17 this title that are used under this para-
18 graph;

19 “(ii) in the case of a building code en-
20 forcement department serving an area with
21 a population of between 20,001 and
22 50,000, equal to not less than 25 percent
23 of the total amount of any funds made
24 available under this title that are used
25 under this paragraph; and

1 “(iii) in the case of a building code
2 enforcement department serving an area
3 with a population of less than 20,000,
4 equal to not less than 12.5 percent of the
5 total amount of any funds made available
6 under this title that are used under this
7 paragraph,

8 except that the Secretary may waive the match-
9 ing fund requirements under this subparagraph,
10 in whole or in part, based upon the level of eco-
11 nomic distress of the jurisdiction in which is lo-
12 cated the local building code enforcement de-
13 partment that is using amounts for purposes
14 under this paragraph, and shall waive such
15 matching fund requirements in whole for any
16 recipient jurisdiction that has dedicated all
17 building code permitting fees to the conduct of
18 local building code enforcement; and

19 “(B) any building code enforcement de-
20 partment using funds made available under this
21 title for purposes under this paragraph shall
22 empanel a code administration and enforcement
23 team consisting of at least 1 full-time building
24 code enforcement officer, a city planner, and a
25 health planner or similar officer; and

1 “(27) provision of assistance to local govern-
2 mental agencies responsible for floodplain manage-
3 ment activities (including such agencies of Indians
4 tribes, as such term is defined in section 4 of the
5 Native American Housing Assistance and Self-De-
6 termination Act of 1996 (25 U.S.C. 4103)) in com-
7 munities that participate in the national flood insur-
8 ance program under the National Flood Insurance
9 Act of 1968 (42 U.S.C. 4001 et seq.), only for car-
10 rying out outreach activities to encourage and facili-
11 tate the purchase of flood insurance protection
12 under such Act by owners and renters of properties
13 in such communities and to promote educational ac-
14 tivities that increase awareness of flood risk reduc-
15 tion; except that—

16 “(A) amounts used as provided under this
17 paragraph shall be used only for activities de-
18 signed to—

19 “(i) identify owners and renters of
20 properties in communities that participate
21 in the national flood insurance program,
22 including owners of residential and com-
23 mercial properties;

24 “(ii) notify such owners and renters
25 when their properties become included in,

1 or when they are excluded from, an area
2 having special flood hazards and the effect
3 of such inclusion or exclusion on the appli-
4 cability of the mandatory flood insurance
5 purchase requirement under section 102 of
6 the Flood Disaster Protection Act of 1973
7 (42 U.S.C. 4012a) to such properties;

8 “(iii) educate such owners and renters
9 regarding the flood risk and reduction of
10 this risk in their community, including the
11 continued flood risks to areas that are no
12 longer subject to the flood insurance man-
13 datory purchase requirement;

14 “(iv) educate such owners and renters
15 regarding the benefits and costs of main-
16 taining or acquiring flood insurance, in-
17 cluding, where applicable, lower-cost pre-
18 ferred risk policies under this title for such
19 properties and the contents of such prop-
20 erties;

21 “(v) encourage such owners and rent-
22 ers to maintain or acquire such coverage;

23 “(vi) notify such owners of where to
24 obtain information regarding how to obtain
25 such coverage, including a telephone num-

1 ber, mailing address, and Internet site of
2 the Administrator of the Federal Emer-
3 gency Management Agency (in this para-
4 graph referred to as the ‘Administrator’)
5 where such information is available; and

6 “(vii) educate local real estate agents
7 in communities participating in the na-
8 tional flood insurance program regarding
9 the program and the availability of cov-
10 erage under the program for owners and
11 renters of properties in such communities,
12 and establish coordination and liaisons
13 with such real estate agents to facilitate
14 purchase of coverage under the National
15 Flood Insurance Act of 1968 and increase
16 awareness of flood risk reduction;

17 “(B) in any fiscal year, a local govern-
18 mental agency may not use an amount under
19 this paragraph that exceeds 3 times the amount
20 that the agency certifies, as the Secretary, in
21 consultation with the Administrator, shall re-
22 quire, that the agency will contribute from non-
23 Federal funds to be used with such amounts
24 used under this paragraph only for carrying out
25 activities described in subparagraph (A); and

1 for purposes of this subparagraph, the term
2 ‘non-Federal funds’ includes State or local gov-
3 ernment agency amounts, in-kind contributions,
4 any salary paid to staff to carry out the eligible
5 activities of the local governmental agency in-
6 volved, the value of the time and services con-
7 tributed by volunteers to carry out such services
8 (at a rate determined by the Secretary), and
9 the value of any donated material or building
10 and the value of any lease on a building;

11 “(C) a local governmental agency that uses
12 amounts as provided under this paragraph may
13 coordinate or contract with other agencies and
14 entities having particular capacities, specialties,
15 or experience with respect to certain popu-
16 lations or constituencies, including elderly or
17 disabled families or persons, to carry out activi-
18 ties described in subparagraph (A) with respect
19 to such populations or constituencies; and

20 “(D) each local government agency that
21 uses amounts as provided under this paragraph
22 shall submit a report to the Secretary and the
23 Administrator, not later than 12 months after
24 such amounts are first received, which shall in-
25 clude such information as the Secretary and the

1 Administrator jointly consider appropriate to
2 describe the activities conducted using such
3 amounts and the effect of such activities on the
4 retention or acquisition of flood insurance cov-
5 erage.”.

6 **SEC. 367. TECHNICAL CORRECTIONS.**

7 (a) FLOOD DISASTER PROTECTION ACT OF 1973.—
8 The Flood Disaster Protection Act of 1973 (42 U.S.C.
9 4002 et seq.) is amended—

10 (1) by striking “Director” each place such term
11 appears, except in section 102(f)(3) (42 U.S.C.
12 4012a(f)(3)), and inserting “Administrator”; and

13 (2) in section 201(b) (42 U.S.C. 4105(b)), by
14 striking “Director’s” and inserting “Administra-
15 tor’s”.

16 (b) NATIONAL FLOOD INSURANCE ACT OF 1968.—
17 The National Flood Insurance Act of 1968 (42 U.S.C.
18 4001 et seq.) is amended—

19 (1) by striking “Director” each place such term
20 appears and inserting “Administrator”; and

21 (2) in section 1363 (42 U.S.C. 4104), by strik-
22 ing “Director’s” each place such term appears and
23 inserting “Administrator’s”.

24 (c) FEDERAL FLOOD INSURANCE ACT OF 1956.—
25 Section 15(e) of the Federal Flood Insurance Act of 1956

1 (42 U.S.C. 2414(e)) is amended by striking “Director”
2 each place such term appears and inserting “Adminis-
3 trator”.

4 **SEC. 368. REQUIRING COMPETITION FOR NATIONAL FLOOD**
5 **INSURANCE PROGRAM POLICIES.**

6 (a) REPORT.—Not later than the expiration of the
7 90-day period beginning upon the date of the enactment
8 of this Act, the Administrator of the Federal Emergency
9 Management Agency, in consultation with insurance com-
10 panies, insurance agents and other organizations with
11 which the Administrator has contracted, shall submit to
12 the Congress a report describing procedures and policies
13 that the Administrator shall implement to limit the per-
14 centage of policies for flood insurance coverage under the
15 national flood insurance program that are directly man-
16 aged by the Agency to not more than 10 percent of the
17 aggregate number of flood insurance policies in force
18 under such program.

19 (b) IMPLEMENTATION.—Upon submission of the re-
20 port under subsection (a) to the Congress, the Adminis-
21 trator shall implement the policies and procedures de-
22 scribed in the report. The Administrator shall, not later
23 than the expiration of the 12-month period beginning
24 upon submission of such report, reduce the number of
25 policies for flood insurance coverage that are directly man-

1 aged by the Agency, or by the Agency's direct servicing
2 contractor that is not an insurer, to not more than 10
3 percent of the aggregate number of flood insurance poli-
4 cies in force as of the expiration of such 12-month period.

5 (c) CONTINUATION OF CURRENT AGENT RELATION-
6 SHIPS.—In carrying out subsection (b), the Administrator
7 shall ensure that—

8 (1) agents selling or servicing policies described
9 in such subsection are not prevented from con-
10 tinuing to sell or service such policies; and

11 (2) insurance companies are not prevented from
12 waiving any limitation such companies could other-
13 wise enforce to limit any such activity.

14 **SEC. 369. STUDIES OF VOLUNTARY COMMUNITY-BASED**
15 **FLOOD INSURANCE OPTIONS.**

16 (a) STUDIES.—The Administrator of the Federal
17 Emergency Management Agency and the Comptroller
18 General of the United States shall each conduct a separate
19 study to assess options, methods, and strategies for offer-
20 ing voluntary community-based flood insurance policy op-
21 tions and incorporating such options into the national
22 flood insurance program. Such studies shall take into con-
23 sideration and analyze how the policy options would affect
24 communities having varying economic bases, geographic

1 locations, flood hazard characteristics or classifications,
2 and flood management approaches.

3 (b) REPORTS.—Not later than the expiration of the
4 18-month period beginning on the date of the enactment
5 of this Act, the Administrator of the Federal Emergency
6 Management Agency and the Comptroller General of the
7 United States shall each submit a report to the Committee
8 on Financial Services of the House of Representatives and
9 the Committee on Banking, Housing, and Urban Affairs
10 of the Senate on the results and conclusions of the study
11 such agency conducted under subsection (a), and each
12 such report shall include recommendations for the best
13 manner to incorporate voluntary community-based flood
14 insurance options into the national flood insurance pro-
15 gram and for a strategy to implement such options that
16 would encourage communities to undertake flood mitiga-
17 tion activities.

18 **SEC. 370. REPORT ON INCLUSION OF BUILDING CODES IN**
19 **FLOODPLAIN MANAGEMENT CRITERIA.**

20 Not later than the expiration of the 6-month period
21 beginning on the date of the enactment of this Act, the
22 Administrator of the Federal Emergency Management
23 Agency shall conduct a study and submit a report to the
24 Committee on Financial Services of the House of Rep-
25 resentatives and the Committee on Banking, Housing, and

1 Urban Affairs of the Senate regarding the impact, effec-
2 tiveness, and feasibility of amending section 1361 of the
3 National Flood Insurance Act of 1968 (42 U.S.C. 4102)
4 to include widely used and nationally recognized building
5 codes as part of the floodplain management criteria devel-
6 oped under such section, and shall determine—

7 (1) the regulatory, financial, and economic im-
8 pacts of such a building code requirement on home-
9 owners, States and local communities, local land use
10 policies, and the Federal Emergency Management
11 Agency;

12 (2) the resources required of State and local
13 communities to administer and enforce such a build-
14 ing code requirement;

15 (3) the effectiveness of such a building code re-
16 quirement in reducing flood-related damage to build-
17 ings and contents;

18 (4) the impact of such a building code require-
19 ment on the actuarial soundness of the National
20 Flood Insurance Program;

21 (5) the effectiveness of nationally recognized
22 codes in allowing innovative materials and systems
23 for flood-resistant construction;

24 (6) the feasibility and effectiveness of providing
25 an incentive in lower premium rates for flood insur-

1 ance coverage under such Act for structures meeting
2 whichever of such widely used and nationally recog-
3 nized building code or any applicable local building
4 code provides greater protection from flood damage;

5 (7) the impact of such a building code require-
6 ment on rural communities with different building
7 code challenges than more urban environments; and

8 (8) the impact of such a building code require-
9 ment on Indian reservations.

10 **SEC. 371. STUDY ON GRADUATED RISK.**

11 (a) STUDY.—The National Academy of Sciences shall
12 conduct a study exploring methods for understanding
13 graduated risk behind levees and the associated land de-
14 velopment, insurance, and risk communication dimensions,
15 which shall—

16 (1) research, review, and recommend current
17 best practices for estimating direct annualized flood
18 losses behind levees for residential and commercial
19 structures;

20 (2) rank such practices based on their best
21 value, balancing cost, scientific integrity, and the in-
22 herent uncertainties associated with all aspects of
23 the loss estimate, including geotechnical engineering,
24 flood frequency estimates, economic value, and direct
25 damages;

1 (3) research, review, and identify current best
2 floodplain management and land use practices be-
3 hind levees that effectively balance social, economic,
4 and environmental considerations as part of an over-
5 all flood risk management strategy;

6 (4) identify examples where such practices have
7 proven effective and recommend methods and proc-
8 esses by which they could be applied more broadly
9 across the United States, given the variety of dif-
10 ferent flood risks, State and local legal frameworks,
11 and evolving judicial opinions;

12 (5) research, review, and identify a variety of
13 flood insurance pricing options for flood hazards be-
14 hind levees which are actuarially sound and based on
15 the flood risk data developed using the top three
16 best value approaches identified pursuant to para-
17 graph (1);

18 (6) evaluate and recommend methods to reduce
19 insurance costs through creative arrangements be-
20 tween insureds and insurers while keeping a clear
21 accounting of how much financial risk is being borne
22 by various parties such that the entire risk is ac-
23 counted for, including establishment of explicit limits
24 on disaster aid or other assistance in the event of a
25 flood; and

1 trator shall take into consideration the effects and implica-
2 tions that weather conditions, such as rainfall, snowfall,
3 projected snowmelt, existing water levels, and other condi-
4 tions have on the determination that a flood event has
5 commenced or is in progress. Not later than the expiration
6 of the 6-month period beginning upon the date of the en-
7 actment of this Act, the Administrator shall submit a re-
8 port to the Congress setting forth the results and conclu-
9 sions of the review undertaken pursuant to this section
10 and any actions undertaken or proposed actions to be
11 taken to provide for a more precise and technical deter-
12 mination that a flooding event has commenced or is in
13 progress.

14 **SEC. 373. STUDY ON REPAYING FLOOD INSURANCE DEBT.**

15 Not later than the expiration of the 6-month period
16 beginning on the date of the enactment of this Act, the
17 Administrator of the Federal Emergency Management
18 Agency shall submit a report to the Congress setting forth
19 a plan for repaying within 10 years all amounts, including
20 any amounts previously borrowed but not yet repaid, owed
21 pursuant to clause (2) of subsection (a) of section 1309
22 of the National Flood Insurance Act of 1968 (42 U.S.C.
23 4016(a)(2)).

1 **SEC. 374. NO CAUSE OF ACTION.**

2 No cause of action shall exist and no claim may be
3 brought against the United States for violation of any no-
4 tification requirement imposed upon the United States by
5 this subtitle or any amendment made by this subtitle.

6 **SEC. 375. AUTHORITY FOR THE CORPS OF ENGINEERS TO**
7 **PROVIDE SPECIALIZED OR TECHNICAL SERV-**
8 **ICES.**

9 (a) **IN GENERAL.**—Notwithstanding any other provi-
10 sion of law, upon the request of a State or local govern-
11 ment, the Secretary of the Army may evaluate a levee sys-
12 tem that was designed or constructed by the Secretary for
13 the purposes of the National Flood Insurance Program es-
14 tablished under chapter 1 of the National Flood Insurance
15 Act of 1968 (42 U.S.C. 4011 et seq.).

16 (b) **REQUIREMENTS.**—A levee system evaluation
17 under subsection (a) shall—

18 (1) comply with applicable regulations related
19 to areas protected by a levee system;

20 (2) be carried out in accordance with such pro-
21 cedures as the Secretary, in consultation with the
22 Administrator of the Federal Emergency Manage-
23 ment Agency, may establish; and

24 (3) be carried out only if the State or local gov-
25 ernment agrees to reimburse the Secretary for all

1 cost associated with the performance of the activi-
2 ties.

3 **Subtitle E—Repeal of the Office of**
4 **Financial Research**

5 **SEC. 381. REPEAL OF THE OFFICE OF FINANCIAL RE-**
6 **SEARCH.**

7 (a) IN GENERAL.—Subtitle B of title I of the Dodd-
8 Frank Wall Street Reform and Consumer Protection Act
9 is hereby repealed.

10 (b) CONFORMING AMENDMENTS TO THE DODD-
11 FRANK ACT.—The Dodd-Frank Wall Street Reform and
12 Consumer Protection Act is amended—

13 (1) in section 102(a), by striking paragraph
14 (5);

15 (2) in section 111—

16 (A) in subsection (b)(2)—

17 (i) by striking subparagraph (A); and

18 (ii) by redesignating subparagraphs

19 (B), (C), (D), and (E) as subparagraphs

20 (A), (B), (C), and (D), respectively;

21 (B) in subsection (c)(1), by striking “sub-
22 paragraphs (C), (D), and (E)” and inserting
23 “subparagraphs (B), (C), and (D)”;

24 (3) in section 112—

25 (A) in subsection (a)(2)—

- 1 (i) in subparagraph (A), by striking
2 “direct the Office of Financial Research
3 to”;
- 4 (ii) by striking subparagraph (B); and
5 (iii) by redesignating subparagraphs
6 (C), (D), (E), (F), (G), (H), (I), (J), (K),
7 (L), (M), and (N) as subparagraphs (B),
8 (C), (D), (E), (F), (G), (H), (I), (J), (K),
9 (L), and (M), respectively; and
10 (B) in subsection (d)—
- 11 (i) in paragraph (1), by striking “the
12 Office of Financial Research, member
13 agencies, and” and inserting “member
14 agencies and”;
- 15 (ii) in paragraph (2), by striking “the
16 Office of Financial Research, any member
17 agency, and” and inserting “any member
18 agency and”;
- 19 (iii) in paragraph (3)—
- 20 (I) by striking “, acting through
21 the Office of Financial Research,”
22 each place it appears; and
23 (II) in subparagraph (B), by
24 striking “the Office of Financial Re-
25 search or”; and

1 (iv) in paragraph (5)(A), by striking
2 “, the Office of Financial Research,”;

3 (4) in section 116, by striking “, acting through
4 the Office of Financial Research,” each place it ap-
5 pears; and

6 (5) by striking section 118.

7 (c) CONFORMING AMENDMENT TO THE PAPERWORK
8 REDUCTION ACT.—Effective as of the date specified in
9 section 1100H of the Dodd-Frank Wall Street Reform and
10 Consumer Protection Act, section 1100D(a) of such Act
11 is amended to read as follows:

12 “(a) DESIGNATION AS AN INDEPENDENT AGENCY.—
13 Section 3502(5) of subchapter I of chapter 35 of title 44,
14 United States Code (commonly known as the Paperwork
15 Reduction Act) is amended by inserting ‘the Bureau of
16 Consumer Financial Protection,’ after ‘the Securities and
17 Exchange Commission,’.”

18 (d) TECHNICAL AMENDMENTS.—The table of con-
19 tents for the Dodd-Frank Wall Street Reform and Con-
20 sumer Protection Act is amended—

21 (1) by striking the item relating to section 118;

22 and

23 (2) by striking the items relating to subtitle B
24 of title I.

1 **TITLE IV—COMMITTEE ON THE**
2 **JUDICIARY**

3 **SEC. 401. SHORT TITLE.**

4 This title may be cited as the “Help Efficient, Acces-
5 sible, Low-cost, Timely Healthcare (HEALTH) Act of
6 2011”.

7 **SEC. 402. ENCOURAGING SPEEDY RESOLUTION OF CLAIMS.**

8 The time for the commencement of a health care law-
9 suit shall be 3 years after the date of manifestation of
10 injury or 1 year after the claimant discovers, or through
11 the use of reasonable diligence should have discovered, the
12 injury, whichever occurs first. In no event shall the time
13 for commencement of a health care lawsuit exceed 3 years
14 after the date of manifestation of injury unless tolled for
15 any of the following—

16 (1) upon proof of fraud;

17 (2) intentional concealment; or

18 (3) the presence of a foreign body, which has no
19 therapeutic or diagnostic purpose or effect, in the
20 person of the injured person.

21 Actions by a minor shall be commenced within 3 years
22 from the date of the alleged manifestation of injury except
23 that actions by a minor under the full age of 6 years shall
24 be commenced within 3 years of manifestation of injury
25 or prior to the minor’s 8th birthday, whichever provides

1 a longer period. Such time limitation shall be tolled for
2 minors for any period during which a parent or guardian
3 and a health care provider or health care organization
4 have committed fraud or collusion in the failure to bring
5 an action on behalf of the injured minor.

6 **SEC. 403. COMPENSATING PATIENT INJURY.**

7 (a) UNLIMITED AMOUNT OF DAMAGES FOR ACTUAL
8 ECONOMIC LOSSES IN HEALTH CARE LAWSUITS.—In any
9 health care lawsuit, nothing in this title shall limit a claim-
10 ant's recovery of the full amount of the available economic
11 damages, notwithstanding the limitation in subsection (b).

12 (b) ADDITIONAL NONECONOMIC DAMAGES.—In any
13 health care lawsuit, the amount of noneconomic damages,
14 if available, may be as much as \$250,000, regardless of
15 the number of parties against whom the action is brought
16 or the number of separate claims or actions brought with
17 respect to the same injury.

18 (c) NO DISCOUNT OF AWARD FOR NONECONOMIC
19 DAMAGES.—For purposes of applying the limitation in
20 subsection (b), future noneconomic damages shall not be
21 discounted to present value. The jury shall not be in-
22 formed about the maximum award for noneconomic dam-
23 ages. An award for noneconomic damages in excess of
24 \$250,000 shall be reduced either before the entry of judg-
25 ment, or by amendment of the judgment after entry of

1 judgment, and such reduction shall be made before ac-
2 counting for any other reduction in damages required by
3 law. If separate awards are rendered for past and future
4 noneconomic damages and the combined awards exceed
5 \$250,000, the future noneconomic damages shall be re-
6 duced first.

7 (d) FAIR SHARE RULE.—In any health care lawsuit,
8 each party shall be liable for that party's several share
9 of any damages only and not for the share of any other
10 person. Each party shall be liable only for the amount of
11 damages allocated to such party in direct proportion to
12 such party's percentage of responsibility. Whenever a
13 judgment of liability is rendered as to any party, a sepa-
14 rate judgment shall be rendered against each such party
15 for the amount allocated to such party. For purposes of
16 this section, the trier of fact shall determine the propor-
17 tion of responsibility of each party for the claimant's
18 harm.

19 **SEC. 404. MAXIMIZING PATIENT RECOVERY.**

20 (a) COURT SUPERVISION OF SHARE OF DAMAGES
21 ACTUALLY PAID TO CLAIMANTS.—In any health care law-
22 suit, the court shall supervise the arrangements for pay-
23 ment of damages to protect against conflicts of interest
24 that may have the effect of reducing the amount of dam-
25 ages awarded that are actually paid to claimants. In par-

1 ticular, in any health care lawsuit in which the attorney
2 for a party claims a financial stake in the outcome by vir-
3 tue of a contingent fee, the court shall have the power
4 to restrict the payment of a claimant's damage recovery
5 to such attorney, and to redirect such damages to the
6 claimant based upon the interests of justice and principles
7 of equity. In no event shall the total of all contingent fees
8 for representing all claimants in a health care lawsuit ex-
9 ceed the following limits:

10 (1) Forty percent of the first \$50,000 recovered
11 by the claimant(s).

12 (2) Thirty-three and one-third percent of the
13 next \$50,000 recovered by the claimant(s).

14 (3) Twenty-five percent of the next \$500,000
15 recovered by the claimant(s).

16 (4) Fifteen percent of any amount by which the
17 recovery by the claimant(s) is in excess of \$600,000.

18 (b) APPLICABILITY.—The limitations in this section
19 shall apply whether the recovery is by judgment, settle-
20 ment, mediation, arbitration, or any other form of alter-
21 native dispute resolution. In a health care lawsuit involv-
22 ing a minor or incompetent person, a court retains the
23 authority to authorize or approve a fee that is less than
24 the maximum permitted under this section. The require-

1 ment for court supervision in the first two sentences of
2 subsection (a) applies only in civil actions.

3 **SEC. 405. PUNITIVE DAMAGES.**

4 (a) IN GENERAL.—Punitive damages may, if other-
5 wise permitted by applicable State or Federal law, be
6 awarded against any person in a health care lawsuit only
7 if it is proven by clear and convincing evidence that such
8 person acted with malicious intent to injure the claimant,
9 or that such person deliberately failed to avoid unneces-
10 sary injury that such person knew the claimant was sub-
11 stantially certain to suffer. In any health care lawsuit
12 where no judgment for compensatory damages is rendered
13 against such person, no punitive damages may be awarded
14 with respect to the claim in such lawsuit. No demand for
15 punitive damages shall be included in a health care lawsuit
16 as initially filed. A court may allow a claimant to file an
17 amended pleading for punitive damages only upon a mo-
18 tion by the claimant and after a finding by the court, upon
19 review of supporting and opposing affidavits or after a
20 hearing, after weighing the evidence, that the claimant has
21 established by a substantial probability that the claimant
22 will prevail on the claim for punitive damages. At the re-
23 quest of any party in a health care lawsuit, the trier of
24 fact shall consider in a separate proceeding—

1 (1) whether punitive damages are to be award-
2 ed and the amount of such award; and

3 (2) the amount of punitive damages following a
4 determination of punitive liability.

5 If a separate proceeding is requested, evidence relevant
6 only to the claim for punitive damages, as determined by
7 applicable State law, shall be inadmissible in any pro-
8 ceeding to determine whether compensatory damages are
9 to be awarded.

10 (b) DETERMINING AMOUNT OF PUNITIVE DAM-
11 AGES.—

12 (1) FACTORS CONSIDERED.—In determining
13 the amount of punitive damages, if awarded, in a
14 health care lawsuit, the trier of fact shall consider
15 only the following—

16 (A) the severity of the harm caused by the
17 conduct of such party;

18 (B) the duration of the conduct or any
19 concealment of it by such party;

20 (C) the profitability of the conduct to such
21 party;

22 (D) the number of products sold or med-
23 ical procedures rendered for compensation, as
24 the case may be, by such party, of the kind

1 causing the harm complained of by the claim-
2 ant;

3 (E) any criminal penalties imposed on such
4 party, as a result of the conduct complained of
5 by the claimant; and

6 (F) the amount of any civil fines assessed
7 against such party as a result of the conduct
8 complained of by the claimant.

9 (2) MAXIMUM AWARD.—The amount of punitive
10 damages, if awarded, in a health care lawsuit may
11 be as much as \$250,000 or as much as two times
12 the amount of economic damages awarded, which-
13 ever is greater. The jury shall not be informed of
14 this limitation.

15 (c) NO PUNITIVE DAMAGES FOR PRODUCTS THAT
16 COMPLY WITH FDA STANDARDS.—

17 (1) IN GENERAL.—

18 (A) No punitive damages may be awarded
19 against the manufacturer or distributor of a
20 medical product, or a supplier of any compo-
21 nent or raw material of such medical product,
22 based on a claim that such product caused the
23 claimant's harm where—

24 (i)(I) such medical product was sub-
25 ject to premarket approval, clearance, or li-

1 censure by the Food and Drug Administra-
2 tion with respect to the safety of the for-
3 mulation or performance of the aspect of
4 such medical product which caused the
5 claimant's harm or the adequacy of the
6 packaging or labeling of such medical
7 product; and

8 (II) such medical product was so ap-
9 proved, cleared, or licensed; or

10 (ii) such medical product is generally
11 recognized among qualified experts as safe
12 and effective pursuant to conditions estab-
13 lished by the Food and Drug Administra-
14 tion and applicable Food and Drug Admin-
15 istration regulations, including without
16 limitation those related to packaging and
17 labeling, unless the Food and Drug Admin-
18 istration has determined that such medical
19 product was not manufactured or distrib-
20 uted in substantial compliance with appli-
21 cable Food and Drug Administration stat-
22 utes and regulations.

23 (B) RULE OF CONSTRUCTION.—Subpara-
24 graph (A) may not be construed as establishing
25 the obligation of the Food and Drug Adminis-

1 tration to demonstrate affirmatively that a
2 manufacturer, distributor, or supplier referred
3 to in such subparagraph meets any of the con-
4 ditions described in such subparagraph.

5 (2) LIABILITY OF HEALTH CARE PROVIDERS.—

6 A health care provider who prescribes, or who dis-
7 penses pursuant to a prescription, a medical product
8 approved, licensed, or cleared by the Food and Drug
9 Administration shall not be named as a party to a
10 product liability lawsuit involving such product and
11 shall not be liable to a claimant in a class action
12 lawsuit against the manufacturer, distributor, or
13 seller of such product. Nothing in this paragraph
14 prevents a court from consolidating cases involving
15 health care providers and cases involving products li-
16 ability claims against the manufacturer, distributor,
17 or product seller of such medical product.

18 (3) PACKAGING.—In a health care lawsuit for
19 harm which is alleged to relate to the adequacy of
20 the packaging or labeling of a drug which is required
21 to have tamper-resistant packaging under regula-
22 tions of the Secretary of Health and Human Serv-
23 ices (including labeling regulations related to such
24 packaging), the manufacturer or product seller of
25 the drug shall not be held liable for punitive dam-

1 ages unless such packaging or labeling is found by
2 the trier of fact by clear and convincing evidence to
3 be substantially out of compliance with such regula-
4 tions.

5 (4) EXCEPTION.—Paragraph (1) shall not
6 apply in any health care lawsuit in which—

7 (A) a person, before or after premarket ap-
8 proval, clearance, or licensure of such medical
9 product, knowingly misrepresented to or with-
10 held from the Food and Drug Administration
11 information that is required to be submitted
12 under the Federal Food, Drug, and Cosmetic
13 Act (21 U.S.C. 301 et seq.) or section 351 of
14 the Public Health Service Act (42 U.S.C. 262)
15 that is material and is causally related to the
16 harm which the claimant allegedly suffered

17 (B) a person made an illegal payment to
18 an official of the Food and Drug Administra-
19 tion for the purpose of either securing or main-
20 taining approval, clearance, or licensure of such
21 medical product; or

22 (C) the defendant caused the medical prod-
23 uct which caused the claimant's harm to be
24 misbranded or adulterated (as such terms are

1 used in chapter V of the Federal Food, Drug,
2 and Cosmetic Act (21 U.S.C. 351 et seq.)).

3 **SEC. 406. AUTHORIZATION OF PAYMENT OF FUTURE DAM-**
4 **AGES TO CLAIMANTS IN HEALTH CARE LAW-**
5 **SUITS.**

6 (a) IN GENERAL.—In any health care lawsuit, if an
7 award of future damages, without reduction to present
8 value, equaling or exceeding \$50,000 is made against a
9 party with sufficient insurance or other assets to fund a
10 periodic payment of such a judgment, the court shall, at
11 the request of any party, enter a judgment ordering that
12 the future damages be paid by periodic payments, in ac-
13 cordance with the Uniform Periodic Payment of Judg-
14 ments Act promulgated by the National Conference of
15 Commissioners on Uniform State Laws.

16 (b) APPLICABILITY.—This section applies to all ac-
17 tions which have not been first set for trial or retrial be-
18 fore the effective date of this title.

19 **SEC. 407. DEFINITIONS.**

20 In this title:

21 (1) ALTERNATIVE DISPUTE RESOLUTION SYS-
22 TEM; ADR.—The term “alternative dispute resolution
23 system” or “ADR” means a system that provides
24 for the resolution of health care lawsuits in a man-

1 ner other than through a civil action brought in a
2 State or Federal court.

3 (2) CLAIMANT.—The term “claimant” means
4 any person who brings a health care lawsuit, includ-
5 ing a person who asserts or claims a right to legal
6 or equitable contribution, indemnity, or subrogation,
7 arising out of a health care liability claim or action,
8 and any person on whose behalf such a claim is as-
9 serted or such an action is brought, whether de-
10 ceased, incompetent, or a minor.

11 (3) COMPENSATORY DAMAGES.—The term
12 “compensatory damages” means objectively
13 verifiable monetary losses incurred as a result of the
14 provision of, use of, or payment for (or failure to
15 provide, use, or pay for) health care services or med-
16 ical products, such as past and future medical ex-
17 penses, loss of past and future earnings, cost of ob-
18 taining domestic services, loss of employment, and
19 loss of business or employment opportunities, dam-
20 ages for physical and emotional pain, suffering, in-
21 convenience, physical impairment, mental anguish,
22 disfigurement, loss of enjoyment of life, loss of soci-
23 ety and companionship, loss of consortium (other
24 than loss of domestic service), hedonic damages, in-
25 jury to reputation, and all other nonpecuniary losses

1 of any kind or nature. The term “compensatory
2 damages” includes economic damages and non-
3 economic damages, as such terms are defined in this
4 section.

5 (4) CONTINGENT FEE.—The term “contingent
6 fee” includes all compensation to any person or per-
7 sons which is payable only if a recovery is effected
8 on behalf of one or more claimants.

9 (5) ECONOMIC DAMAGES.—The term “economic
10 damages” means objectively verifiable monetary
11 losses incurred as a result of the provision of, use
12 of, or payment for (or failure to provide, use, or pay
13 for) health care services or medical products, such as
14 past and future medical expenses, loss of past and
15 future earnings, cost of obtaining domestic services,
16 loss of employment, and loss of business or employ-
17 ment opportunities.

18 (6) HEALTH CARE LAWSUIT.—The term
19 “health care lawsuit” means any health care liability
20 claim concerning the provision of health care goods
21 or services or any medical product affecting inter-
22 state commerce, or any health care liability action
23 concerning the provision of health care goods or
24 services or any medical product affecting interstate
25 commerce, brought in a State or Federal court or

1 pursuant to an alternative dispute resolution system,
2 against a health care provider, a health care organi-
3 zation, or the manufacturer, distributor, supplier,
4 marketer, promoter, or seller of a medical product,
5 regardless of the theory of liability on which the
6 claim is based, or the number of claimants, plain-
7 tiffs, defendants, or other parties, or the number of
8 claims or causes of action, in which the claimant al-
9 leges a health care liability claim. Such term does
10 not include a claim or action which is based on
11 criminal liability; which seeks civil fines or penalties
12 paid to Federal, State, or local government; or which
13 is grounded in antitrust.

14 (7) HEALTH CARE LIABILITY ACTION.—The
15 term “health care liability action” means a civil ac-
16 tion brought in a State or Federal court or pursuant
17 to an alternative dispute resolution system, against
18 a health care provider, a health care organization, or
19 the manufacturer, distributor, supplier, marketer,
20 promoter, or seller of a medical product, regardless
21 of the theory of liability on which the claim is based,
22 or the number of plaintiffs, defendants, or other par-
23 ties, or the number of causes of action, in which the
24 claimant alleges a health care liability claim.

1 (8) HEALTH CARE LIABILITY CLAIM.—The
2 term “health care liability claim” means a demand
3 by any person, whether or not pursuant to ADR,
4 against a health care provider, health care organiza-
5 tion, or the manufacturer, distributor, supplier, mar-
6 keter, promoter, or seller of a medical product, in-
7 cluding, but not limited to, third-party claims, cross-
8 claims, counter-claims, or contribution claims, which
9 are based upon the provision of, use of, or payment
10 for (or the failure to provide, use, or pay for) health
11 care services or medical products, regardless of the
12 theory of liability on which the claim is based, or the
13 number of plaintiffs, defendants, or other parties, or
14 the number of causes of action.

15 (9) HEALTH CARE ORGANIZATION.—The term
16 “health care organization” means any person or en-
17 tity which is obligated to provide or pay for health
18 benefits under any health plan, including any person
19 or entity acting under a contract or arrangement
20 with a health care organization to provide or admin-
21 ister any health benefit.

22 (10) HEALTH CARE PROVIDER.—The term
23 “health care provider” means any person or entity
24 required by State or Federal laws or regulations to
25 be licensed, registered, or certified to provide health

1 care services, and being either so licensed, reg-
2 istered, or certified, or exempted from such require-
3 ment by other statute or regulation.

4 (11) HEALTH CARE GOODS OR SERVICES.—The
5 term “health care goods or services” means any
6 goods or services provided by a health care organiza-
7 tion, provider, or by any individual working under
8 the supervision of a health care provider, that relates
9 to the diagnosis, prevention, or treatment of any
10 human disease or impairment, or the assessment or
11 care of the health of human beings.

12 (12) MALICIOUS INTENT TO INJURE.—The
13 term “malicious intent to injure” means inten-
14 tionally causing or attempting to cause physical in-
15 jury other than providing health care goods or serv-
16 ices.

17 (13) MEDICAL PRODUCT.—The term “medical
18 product” means a drug, device, or biological product
19 intended for humans, and the terms “drug”, “de-
20 vice”, and “biological product” have the meanings
21 given such terms in sections 201(g)(1) and 201(h)
22 of the Federal Food, Drug and Cosmetic Act (21
23 U.S.C. 321(g)(1) and (h)) and section 351(a) of the
24 Public Health Service Act (42 U.S.C. 262(a)), re-

1 spectively, including any component or raw material
2 used therein, but excluding health care services.

3 (14) NONECONOMIC DAMAGES.—The term
4 “noneconomic damages” means damages for phys-
5 ical and emotional pain, suffering, inconvenience,
6 physical impairment, mental anguish, disfigurement,
7 loss of enjoyment of life, loss of society and compan-
8 ionship, loss of consortium (other than loss of do-
9 mestic service), hedonic damages, injury to reputa-
10 tion, and all other nonpecuniary losses of any kind
11 or nature.

12 (15) PUNITIVE DAMAGES.—The term “punitive
13 damages” means damages awarded, for the purpose
14 of punishment or deterrence, and not solely for com-
15 pensatory purposes, against a health care provider,
16 health care organization, or a manufacturer, dis-
17 tributor, or supplier of a medical product. Punitive
18 damages are neither economic nor noneconomic
19 damages.

20 (16) RECOVERY.—The term “recovery” means
21 the net sum recovered after deducting any disburse-
22 ments or costs incurred in connection with prosecu-
23 tion or settlement of the claim, including all costs
24 paid or advanced by any person. Costs of health care
25 incurred by the plaintiff and the attorneys’ office

1 overhead costs or charges for legal services are not
2 deductible disbursements or costs for such purpose.

3 (17) STATE.—The term “State” means each of
4 the several States, the District of Columbia, the
5 Commonwealth of Puerto Rico, the Virgin Islands,
6 Guam, American Samoa, the Northern Mariana Is-
7 lands, the Trust Territory of the Pacific Islands, and
8 any other territory or possession of the United
9 States, or any political subdivision thereof.

10 **SEC. 408. EFFECT ON OTHER LAWS.**

11 (a) VACCINE INJURY.—

12 (1) To the extent that title XXI of the Public
13 Health Service Act establishes a Federal rule of law
14 applicable to a civil action brought for a vaccine-re-
15 lated injury or death—

16 (A) this title does not affect the application
17 of the rule of law to such an action; and

18 (B) any rule of law prescribed by this title
19 in conflict with a rule of law of such title XXI
20 shall not apply to such action.

21 (2) If there is an aspect of a civil action
22 brought for a vaccine-related injury or death to
23 which a Federal rule of law under title XXI of the
24 Public Health Service Act does not apply, then this
25 title or otherwise applicable law (as determined

1 under this title) will apply to such aspect of such ac-
2 tion.

3 (b) OTHER FEDERAL LAW.—Except as provided in
4 this section, nothing in this title shall be deemed to affect
5 any defense available to a defendant in a health care law-
6 suit or action under any other provision of Federal law.

7 **SEC. 409. STATE FLEXIBILITY AND PROTECTION OF**
8 **STATES' RIGHTS.**

9 (a) HEALTH CARE LAWSUITS.—The provisions gov-
10 erning health care lawsuits set forth in this title preempt,
11 subject to subsections (b) and (c), State law to the extent
12 that State law prevents the application of any provisions
13 of law established by or under this title. The provisions
14 governing health care lawsuits set forth in this title super-
15 sede chapter 171 of title 28, United States Code, to the
16 extent that such chapter—

17 (1) provides for a greater amount of damages
18 or contingent fees, a longer period in which a health
19 care lawsuit may be commenced, or a reduced appli-
20 cability or scope of periodic payment of future dam-
21 ages, than provided in this title; or

22 (2) prohibits the introduction of evidence re-
23 garding collateral source benefits, or mandates or
24 permits subrogation or a lien on collateral source
25 benefits.

1 (b) PROTECTION OF STATES' RIGHTS AND OTHER
2 LAWS.—(1) Any issue that is not governed by any provi-
3 sion of law established by or under this title (including
4 State standards of negligence) shall be governed by other-
5 wise applicable State or Federal law.

6 (2) This title shall not preempt or supersede any
7 State or Federal law that imposes greater procedural or
8 substantive protections for health care providers and
9 health care organizations from liability, loss, or damages
10 than those provided by this title or create a cause of ac-
11 tion.

12 (c) STATE FLEXIBILITY.—No provision of this title
13 shall be construed to preempt—

14 (1) any State law (whether effective before, on,
15 or after the date of the enactment of this Act) that
16 specifies a particular monetary amount of compen-
17 satory or punitive damages (or the total amount of
18 damages) that may be awarded in a health care law-
19 suit, regardless of whether such monetary amount is
20 greater or lesser than is provided for under this title,
21 notwithstanding section 303(a); or

22 (2) any defense available to a party in a health
23 care lawsuit under any other provision of State or
24 Federal law.

1 **SEC. 410. APPLICABILITY; EFFECTIVE DATE.**

2 This title shall apply to any health care lawsuit
3 brought in a Federal or State court, or subject to an alter-
4 native dispute resolution system, that is initiated on or
5 after the date of the enactment of this Act, except that
6 any health care lawsuit arising from an injury occurring
7 prior to the date of the enactment of this Act shall be
8 governed by the applicable statute of limitations provisions
9 in effect at the time the injury occurred.

10 **TITLE V—COMMITTEE ON OVER-**
11 **SIGHT AND GOVERNMENT RE-**
12 **FORM**

13 **SEC. 501. RETIREMENT CONTRIBUTIONS.**

14 (a) CIVIL SERVICE RETIREMENT SYSTEM.—

15 (1) INDIVIDUAL CONTRIBUTIONS.—Section
16 8334(e) of title 5, United States Code, is amended—

17 (A) by striking “(e) Each” and inserting
18 “(e)(1) Each”; and

19 (B) by adding at the end the following:

20 “(2) Notwithstanding any other provision of this sub-
21 section, the applicable percentage of basic pay under this
22 subsection shall—

23 “(A) except as provided in subparagraph (B) or
24 (C), for purposes of computing an amount—

25 “(i) for a period in calendar year 2013, be
26 equal to the applicable percentage under this

1 subsection for calendar year 2012, plus an ad-
2 ditional 1.5 percentage points;

3 “(ii) for a period in calendar year 2014, be
4 equal to the applicable percentage under this
5 subsection for calendar year 2013 (as deter-
6 mined under clause (i)), plus an additional 0.5
7 percentage point;

8 “(iii) for a period in calendar year 2015,
9 2016, or 2017, be equal to the applicable per-
10 centage under this subsection for the preceding
11 calendar year (as determined under clause (ii)
12 or this clause, as the case may be), plus an ad-
13 ditional 1.0 percentage point; and

14 “(iv) for a period in any calendar year
15 after 2017, be equal to the applicable percent-
16 age under this subsection for calendar year
17 2017 (as determined under clause (iii));

18 “(B) for purposes of computing an amount with
19 respect to a Member for Member service—

20 “(i) for a period in calendar year 2013, be
21 equal to the applicable percentage under this
22 subsection for calendar year 2012, plus an ad-
23 ditional 2.5 percentage points;

24 “(ii) for a period in calendar year 2014,
25 2015, 2016, or 2017, be equal to the applicable

1 percentage under this subsection for the pre-
2 ceding calendar year (as determined under
3 clause (i) or this clause, as the case may be),
4 plus an additional 1.5 percentage points; and

5 “(iii) for a period in any calendar year
6 after 2017, be equal to the applicable percent-
7 age under this subsection for calendar year
8 2017 (as determined under clause (ii)); and

9 “(C) for purposes of computing an amount with
10 respect to a Member or employee for Congressional
11 employee service—

12 “(i) for a period in calendar year 2013, be
13 equal to the applicable percentage under this
14 subsection for calendar year 2012, plus an ad-
15 ditional 2.5 percentage points;

16 “(ii) for a period in calendar year 2014,
17 2015, 2016, or 2017, be equal to the applicable
18 percentage under this subsection for the pre-
19 ceding calendar year (as determined under
20 clause (i) or this clause, as the case may be),
21 plus an additional 1.5 percentage points; and

22 “(iii) for a period in any calendar year
23 after 2017, be equal to the applicable percent-
24 age under this subsection for calendar year
25 2017 (as determined under clause (ii)).

1 “(3)(A) Notwithstanding subsection (a)(2), any ex-
2 cess contributions under subsection (a)(1)(A) (including
3 the portion of any deposit under this subsection allocable
4 to excess contributions) shall, if made by an employee of
5 the United States Postal Service or the Postal Regulatory
6 Commission, be deposited to the credit of the Postal Serv-
7 ice Fund under section 2003 of title 39, rather than the
8 Civil Service Retirement and Disability Fund.

9 “(B) For purposes of this paragraph, the term ‘ex-
10 cess contributions’, as used with respect to contributions
11 made under subsection (a)(1)(A) by an employee of the
12 United States Postal Service or the Postal Regulatory
13 Commission, means the amount by which—

14 “(i) deductions from basic pay of such employee
15 which are made under subsection (a)(1)(A), exceed

16 “(ii) deductions from basic pay of such em-
17 ployee which would have been so made if paragraph
18 (2) had not been enacted.”.

19 (2) GOVERNMENT CONTRIBUTIONS.—Section
20 8334(a)(1)(B) of title 5, United States Code, is
21 amended—

22 (A) in clause (i), by striking “Except as
23 provided in clause (ii),” and inserting “Except
24 as provided in clause (ii) or (iii),”; and

25 (B) by adding at the end the following:

1 “(iii) The amount to be contributed under clause (i)
2 shall, with respect to a period in any year beginning after
3 December 31, 2012, be equal to—

4 “(I) the amount which would otherwise apply
5 under clause (i) with respect to such period, reduced
6 by

7 “(II) the amount by which, with respect to such
8 period, the withholding under subparagraph (A) ex-
9 ceeds the amount which would otherwise have been
10 withheld from the basic pay of the employee or elect-
11 ed official involved under subparagraph (A) based on
12 the percentage applicable under subsection (c) for
13 calendar year 2012.”.

14 (b) FEDERAL EMPLOYEES’ RETIREMENT SYSTEM.—

15 (1) INDIVIDUAL CONTRIBUTIONS.—Section
16 8422(a)(3) of title 5, United States Code, is amend-
17 ed—

18 (A) by redesignating subparagraph (B) as
19 subparagraph (C);

20 (B) by inserting after subparagraph (A)
21 the following:

22 “(B) Notwithstanding any other provision of this
23 paragraph, the applicable percentage under this para-
24 graph for civilian service by employees or Members other
25 than revised annuity employees shall—

1 “(i) except as provided in clause (ii) or (iii), for
2 purposes of computing an amount—

3 “(I) for a period in calendar year 2013, be
4 equal to the applicable percentage under this
5 paragraph for calendar year 2012, plus an ad-
6 ditional 1.5 percentage points;

7 “(II) for a period in calendar year 2014,
8 be equal to the applicable percentage under this
9 paragraph for calendar year 2013 (as deter-
10 mined under subclause (I)), plus an additional
11 0.5 percentage point;

12 “(III) for a period in calendar year 2015,
13 2016, or 2017, be equal to the applicable per-
14 centage under this paragraph for the preceding
15 calendar year (as determined under subclause
16 (II) or this subclause, as the case may be), plus
17 an additional 1.0 percentage point; and

18 “(IV) for a period in any calendar year
19 after 2017, be equal to the applicable percent-
20 age under this paragraph for calendar year
21 2017 (as determined under subclause (III));

22 “(ii) for purposes of computing an amount with
23 respect to a Member—

24 “(I) for a period in calendar year 2013, be
25 equal to the applicable percentage under this

1 paragraph for calendar year 2012, plus an ad-
2 ditional 2.5 percentage points;

3 “(II) for a period in calendar year 2014,
4 2015, 2016, or 2017, be equal to the applicable
5 percentage under this paragraph for the pre-
6 ceding calendar year (as determined under sub-
7 clause (I) or this subclause, as the case may
8 be), plus an additional 1.5 percentage points;
9 and

10 “(III) for a period in any calendar year
11 after 2017, be equal to the applicable percent-
12 age under this paragraph for calendar year
13 2017 (as determined under subclause (II)); and

14 “(iii) for purposes of computing an amount
15 with respect to a Congressional employee—

16 “(I) for a period in calendar year 2013,
17 2014, 2015, 2016, or 2017, be equal to the ap-
18 plicable percentage under this paragraph for
19 the preceding calendar year (including as in-
20 creased under this subclause, if applicable), plus
21 an additional 1.5 percentage points; and

22 “(II) for a period in any calendar year
23 after 2017, be equal to the applicable percent-
24 age under this paragraph for calendar year

1 2017 (as determined under subclause (I)).”;
2 and

3 (C) in subparagraph (C) (as so redesign-
4 nated by subparagraph (A))—

5 (i) by striking “9.3” each place it ap-
6 pears and inserting “12”; and

7 (ii) by striking “9.8” each place it ap-
8 pears and inserting “12.5”.

9 (2) GOVERNMENT CONTRIBUTIONS.—Section
10 8423(a)(2) of title 5, United States Code, is amend-
11 ed—

12 (A) by striking “(2)” and inserting
13 “(2)(A)”; and

14 (B) by adding at the end the following:

15 “(B)(i) Subject to clauses (ii) and (iii), for purposes
16 of any period in any year beginning after December 31,
17 2012, the normal-cost percentage under this subsection
18 shall be determined and applied as if section 501(b)(1)
19 of the Sequester Replacement Reconciliation Act of 2012
20 had not been enacted.

21 “(ii) Any contributions under this subsection in ex-
22 cess of the amounts which (but for clause (i)) would other-
23 wise have been payable shall be applied toward reducing
24 the unfunded liability of the Civil Service Retirement Sys-
25 tem.

1 “(iii) After the unfunded liability of the Civil Service
2 Retirement System has been eliminated, as determined by
3 the Office, Government contributions under this sub-
4 section shall be determined and made disregarding this
5 subparagraph.

6 “(iv) The preceding provisions of this subparagraph
7 shall be disregarded for purposes of determining the con-
8 tributions payable by the United States Postal Service and
9 the Postal Regulatory Commission.”.

10 **SEC. 502. ANNUITY SUPPLEMENT.**

11 Section 8421(a) of title 5, United States Code, is
12 amended—

13 (1) in paragraph (1), by striking “paragraph
14 (3)” and inserting “paragraphs (3) and (4)”;

15 (2) in paragraph (2), by striking “paragraph
16 (3)” and inserting “paragraphs (3) and (4)”; and

17 (3) by adding at the end the following:

18 “(4)(A) Except as provided in subparagraph (B), no
19 annuity supplement under this section shall be payable in
20 the case of an individual who first becomes subject to this
21 chapter after December 31, 2012.

22 “(B) Nothing in this paragraph applies in the case
23 of an individual separating under subsection (d) or (e) of
24 section 8412.”.

1 **SEC. 503. CONTRIBUTIONS TO THRIFT SAVINGS FUND OF**
2 **PAYMENTS FOR ACCRUED OR ACCUMULATED**
3 **LEAVE.**

4 (a) AMENDMENTS RELATING TO CSRS.—Section
5 8351(b) of title 5, United States Code, is amended—

6 (1) by striking paragraph (2)(A) and inserting
7 the following:

8 “(2)(A) An employee or Member may contribute to
9 the Thrift Savings Fund in any pay period any amount
10 of such employee’s or Member’s basic pay for such pay
11 period, and may contribute (by direct transfer to the
12 Fund) any part of any payment that the employee or
13 Member receives for accumulated and accrued annual or
14 vacation leave under section 5551 or 5552. Notwith-
15 standing section 2105(e), in this paragraph the term ‘em-
16 ployee’ includes an employee of the United States Postal
17 Service or of the Postal Regulatory Commission.”;

18 (2) by striking subparagraph (B) of paragraph
19 (2); and

20 (3) by redesignating subparagraph (C) of para-
21 graph (2) as subparagraph (B).

22 (b) AMENDMENTS RELATING TO FERS.—Section
23 8432(a) of title 5, United States Code, is amended—

24 (1) by striking all that precedes paragraph (3)
25 and inserting the following:

26 “(a)(1) An employee or Member—

1 “(A) may contribute to the Thrift Savings
2 Fund in any pay period, pursuant to an election
3 under subsection (b), any amount of such employee’s
4 or Member’s basic pay for such pay period; and

5 “(B) may contribute (by direct transfer to the
6 Fund) any part of any payment that the employee
7 or Member receives for accumulated and accrued an-
8 nual or vacation leave under section 5551 or 5552.

9 “(2) Contributions made under paragraph (1)(A)
10 pursuant to an election under subsection (b) shall, with
11 respect to each pay period for which such election remains
12 in effect, be made in accordance with a program of regular
13 contributions provided in regulations prescribed by the
14 Executive Director.”; and

15 (2) by adding at the end the following:

16 “(4) Notwithstanding section 2105(e), in this sub-
17 section the term ‘employee’ includes an employee of the
18 United States Postal Service or of the Postal Regulatory
19 Commission.”.

20 (c) REGULATIONS.—The Executive Director of the
21 Federal Retirement Thrift Investment Board shall pro-
22 mulgate regulations to carry out the amendments made
23 by this section.

1 (d) EFFECTIVE DATE.—The amendments made by
2 subsections (a) and (b) shall take effect 1 year after the
3 date of the enactment of this Act.

4 **TITLE VI—COMMITTEE ON WAYS**
5 **AND MEANS**

6 **Subtitle A—Recapture of Overpay-**
7 **ments Resulting From Certain**
8 **Federally-subsidized Health In-**
9 **surance**

10 **SEC. 601. RECAPTURE OF OVERPAYMENTS RESULTING**
11 **FROM CERTAIN FEDERALLY-SUBSIDIZED**
12 **HEALTH INSURANCE.**

13 (a) IN GENERAL.—Paragraph (2) of section 36B(f)
14 of the Internal Revenue Code of 1986 is amended by strik-
15 ing subparagraph (B).

16 (b) CONFORMING AMENDMENT.—So much of para-
17 graph (2) of section 36B(f) of such Code, as amended by
18 subsection (a), as precedes “advance payments” is amend-
19 ed to read as follows:

20 “(2) EXCESS ADVANCE PAYMENTS.—If the”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years ending after De-
23 cember 31, 2013.

1 **Subtitle B—Social Security Num-**
2 **ber Required to Claim the Re-**
3 **fundable Portion of the Child**
4 **Tax Credit**

5 **SEC. 611. SOCIAL SECURITY NUMBER REQUIRED TO CLAIM**
6 **THE REFUNDABLE PORTION OF THE CHILD**
7 **TAX CREDIT.**

8 (a) IN GENERAL.—Subsection (d) of section 24 of the
9 Internal Revenue Code of 1986 is amended by adding at
10 the end the following new paragraph:

11 “(5) IDENTIFICATION REQUIREMENT WITH RE-
12 SPECT TO TAXPAYER.—

13 “(A) IN GENERAL.—Paragraph (1) shall
14 not apply to any taxpayer for any taxable year
15 unless the taxpayer includes the taxpayer’s So-
16 cial Security number on the return of tax for
17 such taxable year.

18 “(B) JOINT RETURNS.—In the case of a
19 joint return, the requirement of subparagraph
20 (A) shall be treated as met if the Social Secu-
21 rity number of either spouse is included on such
22 return.

23 “(C) LIMITATION.—Subparagraph (A)
24 shall not apply to the extent the tentative min-

1 imum tax (as defined in section 55(b)(1)(A))
2 exceeds the credit allowed under section 32.”.

3 (b) OMISSION TREATED AS MATHEMATICAL OR
4 CLERICAL ERROR.—Subparagraph (I) of section
5 6213(g)(2) of such Code is amended to read as follows:

6 “(I) an omission of a correct Social Secu-
7 rity number required under section 24(d)(5)
8 (relating to refundable portion of child tax cred-
9 it), or a correct TIN under section 24(e) (relat-
10 ing to child tax credit), to be included on a re-
11 turn,”.

12 (c) CONFORMING AMENDMENT.—Subsection (e) of
13 section 24 of such Code is amended by inserting “WITH
14 RESPECT TO QUALIFYING CHILDREN” after “IDENTI-
15 FICATION REQUIREMENT” in the heading thereof.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 the date of the enactment of this Act.

19 **Subtitle C—Human Resources** 20 **Provisions**

21 **SEC. 621. REPEAL OF THE PROGRAM OF BLOCK GRANTS TO** 22 **STATES FOR SOCIAL SERVICES.**

23 (a) REPEALS.—Sections 2001 through 2007 of the
24 Social Security Act (42 U.S.C. 1397–1397f) are repealed.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Section 404(d) of the Social Security Act
2 (42 U.S.C. 604(d)) is amended—

3 (A) in paragraph (1), by striking “any or
4 all of the following provisions of law:” and all
5 that follows through “The” and inserting
6 “the”;

7 (B) in paragraph (3)—

8 (i) by striking “RULES” and all that
9 follows through “any amount paid” and in-
10 serting “RULES.—Any amount paid”;

11 (ii) by striking “a provision of law
12 specified in paragraph (1)” and inserting
13 “the Child Care and Development Block
14 Grant Act of 1990”; and

15 (iii) by striking subparagraph (B);
16 and

17 (C) by striking paragraph (2) and redesignig-
18 nating paragraph (3) as paragraph (2).

19 (2) Section 422(b) of the Social Security Act
20 (42 U.S.C. 622(b)) is amended—

21 (A) in paragraph (1)(A)—

22 (i) by striking “administers or super-
23 vises” and inserting “administered or su-
24 pervised”; and

1 (ii) by striking “subtitle 1 of title
2 XX” and inserting “subtitle A of title XX
3 (as in effect before the repeal of such sub-
4 title)”; and

5 (B) in paragraph (2), by striking “under
6 subtitle 1 of title XX,”.

7 (3) Section 471(a) of the Social Security Act
8 (42 U.S.C. 671(a)) is amended—

9 (A) in paragraph (4), by striking “, under
10 subtitle 1 of title XX of this Act,”; and

11 (B) in paragraph (8), by striking “XIX, or
12 XX” and inserting “or XIX”.

13 (4) Section 472(h)(1) of the Social Security Act
14 (42 U.S.C. 672(h)(1)) is amended by striking the
15 2nd sentence.

16 (5) Section 473(b) of the Social Security Act
17 (42 U.S.C. 673(b)) is amended—

18 (A) in paragraph (1), by striking “(3)”
19 and inserting “(2)”;

20 (B) in paragraph (4), by striking “para-
21 graphs (1) and (2)” and inserting “paragraph
22 (1)”;

23 (C) by striking paragraph (2) and redesign-
24 ating paragraphs (3) and (4) as paragraphs
25 (2) and (3), respectively.

1 (6) Section 504(b)(6) of the Social Security Act
2 (42 U.S.C. 704(b)(6)) is amended in each of sub-
3 paragraphs (A) and (B) by striking “XIX, or XX”
4 and inserting “or XIX”.

5 (7) Section 1101(a)(1) of the Social Security
6 Act (42 U.S.C. 1301(a)(1)) is amended by striking
7 the penultimate sentence.

8 (8) Section 1128(h) of the Social Security Act
9 (42 U.S.C. 1320a-7(h)) is amended—

10 (A) by adding “or” at the end of para-
11 graph (2); and

12 (B) by striking paragraph (3) and redesignig-
13 nating paragraph (4) as paragraph (3).

14 (9) Section 1128A(i)(1) of the Social Security
15 Act (42 U.S.C. 1320a-7a(i)(1)) is amended by strik-
16 ing “or subtitle 1 of title XX”.

17 (10) Section 1132(a)(1) of the Social Security
18 Act (42 U.S.C. 1320b-2(a)(1)) is amended by strik-
19 ing “XIX, or XX” and inserting “or XIX”.

20 (11) Section 1902(e)(13)(F)(iii) of the Social
21 Security Act (42 U.S.C. 1396a(e)(13)(F)(iii)) is
22 amended—

23 (A) by striking “EXCLUSIONS” and insert-
24 ing “EXCLUSION”; and

1 (B) by striking “an agency that determines
2 eligibility for a program established under the
3 Social Services Block Grant established under
4 title XX or”.

5 (12) The heading for title XX of the Social Se-
6 curity Act is amended by striking “BLOCK
7 GRANTS TO STATES FOR SOCIAL SERVICES”
8 and inserting “HEALTH PROFESSIONS DEM-
9 ONSTRATIONS AND ENVIRONMENTAL
10 HEALTH CONDITION DETECTION”.

11 (13) The heading for subtitle A of title XX of
12 the Social Security Act is amended by striking
13 “**Block Grants to States for Social Serv-**
14 **ices**” and inserting “**Health Professions**
15 **Demonstrations and Environmental**
16 **Health Condition Detection**”.

17 (14) Section 16(k)(5)(B)(i) of the Food and
18 Nutrition Act of 2008 (7 U.S.C. 2025(k)(5)(B)(i))
19 is amended by striking “, or title XX,”.

20 (15) Section 402(b)(3) of the Personal Respon-
21 sibility and Work Opportunity Reconciliation Act of
22 1996 (8 U.S.C. 1612(b)(3)) is amended by striking
23 subparagraph (B) and redesignating subparagraph
24 (C) as subparagraph (B).

1 (16) Section 245A(h)(4)(I) of the Immigration
2 Reform and Control Act of 1986 (8 U.S.C.
3 1255a(h)(4)(I)) is amended by striking “, XVI, and
4 XX” and inserting “and XVI”.

5 (17) Section 17 of the Richard B. Russell Na-
6 tional School Lunch Act (42 U.S.C. 1766) is amend-
7 ed—

8 (A) in subsection (a)(2)—

9 (i) in subparagraph (B)—

10 (I) by striking “—” and all that
11 follows through “(i)”;

12 (II) by striking “or” at the end
13 of clause (i); and

14 (III) by striking clause (ii); and

15 (ii) in subparagraph (D)(ii), by strik-
16 ing “or title XX”; and

17 (B) in subsection (o)(2)(B)—

18 (i) by striking “or title XX” each
19 place it appears; and

20 (ii) by striking “or XX”.

21 (18) Section 201(b) of the Indian Child Welfare
22 Act of 1978 (25 U.S.C. 1931(b)) is amended by
23 striking “titles IV–B and XX” each place it appears
24 and inserting “part B of title IV”.

1 (19) Section 3803(e)(2)(C) of title 31, United
2 States Code, is amended by striking clause (vi) and
3 redesignating clauses (vii) through (xvi) as clauses
4 (vi) through (xv), respectively.

5 (20) Section 14502(d)(3) of title 40, United
6 States Code, is amended—

7 (A) by striking “and title XX”; and

8 (B) by striking “, 1397 et seq.”.

9 (21) Section 2006(a)(15) of the Public Health
10 Service Act (42 U.S.C. 300z-5(a)(15)) is amended
11 by striking “and title XX”.

12 (22) Section 203(b)(3) of the Older Americans
13 Act of 1965 (42 U.S.C. 3013(b)(3)) is amended by
14 striking “XIX, and XX” and inserting “and XIX”.

15 (23) Section 213 of the Older Americans Act of
16 1965 (42 U.S.C. 3020d) is amended by striking “or
17 title XX”.

18 (24) Section 306(d) of the Older Americans Act
19 of 1965 (42 U.S.C. 3026(d)) is amended in each of
20 paragraphs (1) and (2) by striking “titles XIX and
21 XX” and inserting “title XIX”.

22 (25) Section 2605 of the Low-Income Home
23 Energy Assistance Act of 1981 (42 U.S.C. 8624) is
24 amended in each of subsections (b)(4) and (j) by

1 striking “under title XX of the Social Security
2 Act,”.

3 (26) Section 602 of the Child Development As-
4 sociate Scholarship Assistance Act of 1985 (42
5 U.S.C. 10901) is repealed.

6 (27) Section 3(d)(1) of the Assisted Suicide
7 Funding Restriction Act of 1997 (42 U.S.C.
8 14402(d)(1)) is amended by striking subparagraph
9 (C) and redesignating subparagraphs (D) through
10 (K) as subparagraphs (C) through (J), respectively.

11 (c) EFFECTIVE DATE.—The repeals and amend-
12 ments made by this section shall take effect on October
13 1, 2012.

14 **TITLE VII—SEQUESTER** 15 **REPLACEMENT**

16 **SEC. 701. SHORT TITLE.**

17 This title may be cited as the “Sequester Replace-
18 ment Act of 2012”.

19 **SEC. 702. PROTECTING VETERANS PROGRAMS FROM SE-** 20 **QUESTER.**

21 Section 256(e)(2)(E) of the Balanced Budget and
22 Emergency Deficit Control Act of 1985 is repealed.

1 **SEC. 703. ACHIEVING \$19 BILLION IN DISCRETIONARY SAV-**
2 **INGS.**

3 (a) REVISED 2013 DISCRETIONARY SPENDING
4 LIMIT.—Paragraph (2) of section 251(c) of the Balanced
5 Budget and Emergency Deficit Control Act of 1985 is
6 amended to read as follows:

7 “(2) with respect to fiscal year 2013, for the
8 discretionary category, \$1,047,000,000,000 in new
9 budget authority;”.

10 (b) DISCRETIONARY SAVINGS.—Section 251A(7)(A)
11 of the Balanced Budget and Emergency Deficit Control
12 Act of 1985 is amended to read as follows:

13 “(A) FISCAL YEAR 2013.—

14 “(i) FISCAL YEAR 2013 ADJUST-
15 MENT.—On January 2, 2013, the discre-
16 tionary category set forth in section
17 251(c)(2) shall be decreased by
18 \$19,104,000,000 in budget authority.

19 “(ii) SUPPLEMENTAL SEQUESTRATION
20 ORDER.—On January 15, 2013, OMB
21 shall issue a supplemental sequestration
22 report for fiscal year 2013 and take the
23 form of a final sequestration report as set
24 forth in section 254(f)(2) and using the
25 procedures set forth in section 253(f), to
26 eliminate any discretionary spending

1 breach of the spending limit set forth in
2 section 251(c)(2) as adjusted by clause (i),
3 and the President shall order a sequestra-
4 tion, if any, as required by such report.”.

5 **SEC. 704. CONFORMING AMENDMENTS TO SECTION 314 OF**
6 **THE CONGRESSIONAL BUDGET AND IM-**
7 **POUNDMENT CONTROL ACT OF 1974.**

8 Section 314(a) of the Congressional Budget Act of
9 1974 is amended to read as follows:

10 “(a) ADJUSTMENTS.—

11 “(1) IN GENERAL.—The chair of the Committee
12 on the Budget of the House of Representatives or
13 the Senate may make adjustments as set forth in
14 paragraph (2) for a bill or joint resolution, amend-
15 ment thereto or conference report thereon, by the
16 amount of new budget authority and outlays flowing
17 therefrom in the same amount as required by section
18 251(b) of the Balanced Budget and Emergency Def-
19 icit Control Act of 1985.

20 “(2) MATTERS TO BE ADJUSTED.—The chair of
21 the Committee on the Budget of the House of Rep-
22 resentatives or the Senate may make the adjust-
23 ments referred to in paragraph (1) to—

1 “(A) the allocations made pursuant to the
2 appropriate concurrent resolution on the budget
3 pursuant to section 302(a);

4 “(B) the budgetary aggregates as set forth
5 in the appropriate concurrent resolution on the
6 budget; and

7 “(C) the discretionary spending limits, if
8 any, set forth in the appropriate concurrent res-
9 olution on the budget.”.

10 **SEC. 705. TREATMENT FOR PAYGO PURPOSES.**

11 The budgetary effects of this Act and any amendment
12 made by it shall not be entered on either PAYGO score-
13 card maintained pursuant to section 4(d) of the Statutory
14 Pay-As-You-Go Act of 2010.

15 **SEC. 706. ELIMINATION OF THE FISCAL YEAR 2013 SEQUES-**
16 **TRATION FOR DEFENSE DIRECT SPENDING.**

17 Any sequestration order issued by the President
18 under the Balanced Budget and Emergency Deficit Con-
19 trol Act of 1985 to carry out reductions to direct spending
20 for the defense function (050) for fiscal year 2013 pursu-
21 ant to section 251A of such Act shall have no force or
22 effect.

