112TH CONGRESS
2D SESSION

H. R. 5652

AN ACT

To provide for reconciliation pursuant to section 201 of the concurrent resolution on the budget for fiscal year 2013.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Sequester Replacement Reconciliation Act of 2012".

SEC. 2. TABLE OF CONTENTS.

The table of contents is as follows:

TITLE I—AGRICULTURE

SEC. 101. SHORT TITLE.

This title may be cited as the ''Agricultural Reconciliation Act of 2012''.

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

Section 101(a)(2) of division A of the American Recovery and Reinvestment Act of 2009 (Public Law 111–5; 123 Stat. 120) is amended by striking ''October 31, 2013'' and inserting ''June 30, 2012''.

SEC. 103. CATEGORICAL ELIGIBILITY LIMITED TO CASH ASSISTANCE.

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

(1) in the 2d sentence of subsection (a) by striking ''households in which each member receives benefits'' and inserting ''households in which each member receives cash assistance'', and

(2) in subsection (j) by striking ''or who receives benefits under a State program'' and inserting ''or who receives cash assistance under a State program''.

SEC. 104. STANDARD UTILITY ALLOWANCES BASED ON THE RECEIPT OF ENERGY ASSISTANCE PAYMENTS.

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

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

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

"(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—For purposes of subsection (d)(1), a payment made under a State law (other than a law referred to in paragraph (2)(G)) to provide energy assistance to a household shall be considered money payable directly to the household.".

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

(1) by striking "and for purposes of determining any excess shelter expense deduction under section 5(e) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(e))", and

(2) in subparagraph (A) by inserting before the semicolon the following: ", except that such payments or allowances shall not be deemed to be ex-

pended for purposes of determining any excess shelter expense deduction under section 5(e)(6) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(e)(6))''.

SEC. 105. EMPLOYMENT AND TRAINING; WORKFARE.

(a) ADMINISTRATIVE COST-SHARING FOR EMPLOYMENT AND TRAINING PROGRAMS.—

(1) IN GENERAL.—Section 16 of the Food and Nutrition Act of 2008 (7 U.S.C. 2025) is amended—

(A) in subsection (a) by inserting ''(other than a program carried out under section 6(d)(4) or section 20)'' after ''supplemental nutrition assistance program'' the 1st place it appears, and

(B) in subsection (h)—

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

(ii) by redesignating paragraphs (4) and (5) as paragraphs (2) and (3), respectively.

(2) CONFORMING AMENDMENTS.—

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

(B) Section 22(d)(1)(B)(ii) of the Food and Nutrition Act of 2008 (7 U.S.C. 2031(d)(1)(B)(ii)) is amended is amended by striking ", (g), (h)(2), and (h)(3)" and inserting "and (g)".

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

SEC. 106. END STATE BONUS PROGRAM FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.

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

SEC. 107. FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.

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

SEC. 108. TURN OFF INDEXING FOR NUTRITION EDUCATION AND OBESITY PREVENTION.

Section 28(d) of the Food and Nutrition Act of 2008 (7 U.S.C. 2037(d)) is amended by striking "years—" and all that follows through the period at the end, and inserting "years, $375,000,000.".

SEC. 109. EXTENSION OF AUTHORIZATION OF FOOD AND NUTRITION ACT OF 2008.

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

SEC. 110. EFFECTIVE DATES AND APPLICATION OF AMENDMENTS.

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

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

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.

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

(b) RESCISSION OF UNOBLIGATED FUNDS.—Of the funds made available under such section 1311(a), the unobligated balance is rescinded.

SEC. 202. REPEALING PREVENTION AND PUBLIC HEALTH FUND.

(a) IN GENERAL.—Section 4002 of the Patient Protection and Affordable Care Act (42 U.S.C. 300u–11) is repealed.

(b) RESCISSION OF UNOBLIGATED FUNDS.—Of the funds made available by such section 4002, the unobligated balance is rescinded.

SEC. 203. RESCINDING UNOBLIGATED BALANCES FOR CO-OP PROGRAM.

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

Subtitle B—Medicaid

SEC. 211. REVISION OF PROVIDER TAX INDIRECT GUARANTEE THRESHOLD.

Section 1903(w)(4)(C)(ii) of the Social Security Act (42 U.S.C. 1396b(w)(4)(C)(ii)) is amended by inserting ‘‘and for portions of fiscal years beginning on or after October 1, 2012,’’ after ‘‘October 1, 2011,’’.

SEC. 212. REBASING OF STATE DSH ALLOTMENTS FOR FISCAL YEAR 2022.

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

(1) by redesignating paragraph (9) as paragraph (10);

(2) in paragraph (3)(A) by striking ‘‘paragraphs (6), (7), and (8)’’ and inserting ‘‘paragraphs (6), (7), (8), and (9)’’; and

(3) by inserting after paragraph (8) the following new paragraph:

‘‘(9) REBASING OF STATE DSH ALLOTMENTS FOR FISCAL YEAR 2022.—With respect to fiscal 2022, for purposes of applying paragraph (3)(A) to determine the DSH allotment for a State, the amount of the DSH allotment for the State under paragraph (3) for fiscal year 2021 shall be treated as if it were such amount as reduced under paragraph (7).''.

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

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

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

(1) by striking subparagraph (A);

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

(3) in the paragraph heading, by striking ''CONTINUATION OF ELIGIBILITY STANDARDS FOR CHILDREN UNTIL OCTOBER 1, 2019'' and inserting ''CONTINUITY OF COVERAGE''.

(c) CONFORMING AMENDMENTS.—

(1) Section 1902(a) of the Social Security Act (42 U.S.C. 1396a(a)) is amended by striking paragraph (74).

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

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

SEC. 214. MEDICAID PAYMENTS TO TERRITORIES.

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

(1) in paragraph (2)—

(A) by striking ‘‘paragraphs (3) and (5)’’; and

(B) by inserting ‘‘paragraph (3)’’ after ‘‘and subject to’’;

(2) in paragraph (4), by striking ‘‘(3), and’’ and all that follows through ‘‘of this subsection’’ and inserting ‘‘and (3) of this subsection’’; and

(3) by striking paragraph (5).

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

SEC. 215. REPEALING BONUS PAYMENTS FOR ENROLLMENT UNDER MEDICAID AND CHIP.

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

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

(c) CONFORMING CHANGES.—

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

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

(A) in subparagraph (A)—

(i) in clause (i), by inserting ‘‘or’’ after the semicolon at the end; and

(ii) by striking clause (ii); and

(B) by striking subparagraph (C).

TITLE III—FINANCIAL SERVICES

SEC. 301. TABLE OF CONTENTS.

The table of contents for this title is as follows:

Subtitle A—Orderly Liquidation Fund

SEC. 311. REPEAL OF LIQUIDATION AUTHORITY.

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

(b) CONFORMING AMENDMENTS.—

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

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

(B) in section 165(d)(6), by striking ‘‘, a receiver appointed under title II,’’;

(C) in section 716(g), by striking ‘‘or a covered financial company under title II’’;

(D) in section 1105(e)(5), by striking "amount of any securities issued under that chapter 31 for such purpose shall be treated in the same manner as securities issued under section 208(n)(5)(E)" and inserting "issuances of such securities under that chapter 31 for such purpose shall by treated as public debt transactions of the United States, and the proceeds from the sale of any obligations acquired by the Secretary under this paragraph shall be deposited into the Treasury of the United States as miscellaneous receipts"; and

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

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

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

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

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

(A) in subparagraph (B)—

(i) in clause (ii), by striking '', resolution under title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or'' and inserting ''or is subject to resolution under''; and

(ii) in clause (iii), by striking '', resolution under title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or'' and inserting ''or resolution under''; and

(B) by striking subparagraph (E).

Subtitle B—Home Affordable Modification Program

SEC. 321. SHORT TITLE.

This subtitle may be cited as the ''HAMP Termination Act of 2012''.

SEC. 322. CONGRESSIONAL FINDINGS.

The Congress finds the following:

(1) According to the Department of the Treasury—

(A) the Home Affordable Modification Program (HAMP) is designed to ''help as many as 3 to 4 million financially struggling homeowners avoid foreclosure by modifying loans to a level that is affordable for borrowers now and sustainable over the long term''; and

(B) as of February 2012, only 782,609 active permanent mortgage modifications were made under HAMP.

(2) Many homeowners whose HAMP modifications were canceled suffered because they made futile payments and some of those homeowners were even forced into foreclosure.

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

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

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

SEC. 323. TERMINATION OF AUTHORITY.

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

"(c) TERMINATION OF AUTHORITY TO PROVIDE NEW ASSISTANCE UNDER THE HOME AFFORDABLE MODIFICATION PROGRAM.—

"(1) IN GENERAL.—Except as provided under paragraph (2), after the date of the enactment of this subsection the Secretary may not provide any assistance under the Home Affordable Modification Program under the Making Home Affordable initiative of the Secretary, authorized under this Act, on behalf of any homeowner.

"(2) PROTECTION OF EXISTING OBLIGATIONS ON BEHALF OF HOMEOWNERS ALREADY EXTENDED AN OFFER TO PARTICIPATE IN THE PROGRAM.—Paragraph (1) shall not apply with respect to assistance provided on behalf of a homeowner who, before the date of the enactment of this subsection, was extended an offer to participate in the Home Affordable Modification Program on a trial or permanent basis.

"(3) DEFICIT REDUCTION.—

"(A) USE OF UNOBLIGATED FUNDS.—Notwithstanding any other provision of this title, the amounts described in subparagraph (B) shall not be available after the date of the enactment of this subsection for obligation or expenditure under the Home Affordable Modification Program of the Secretary, but should be covered into the General Fund of the Treasury and should be used only for reducing the budget deficit of the Federal Government.

"(B) IDENTIFICATION OF UNOBLIGATED FUNDS.—The amounts described in this subparagraph are any amounts made available under title I of the Emergency Economic Stabilization Act of 2008 that—

"(i) have been allocated for use, but not yet obligated as of the date of the enactment of this subsection, under the Home Affordable Modification Program of the Secretary; and

"(ii) are not necessary for providing assistance under such Program on behalf of homeowners who, pursuant to paragraph (2), may be provided assistance after the date of the enactment of this subsection.

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

"(A) STUDY.—The Secretary shall conduct a study to determine the extent of usage of the Home Affordable Modification Program by, and the impact of such Program on, covered homeowners.

"(B) REPORT.—Not later than the expiration of the 90-day period beginning on the date of the enactment of this subsection, the Secretary shall submit to the Congress a report setting forth the results of the study under subparagraph (A) and identifying best practices, derived from studying the Home Affordable Modification Program, that could be applied to existing mortgage assistance programs available to covered homeowners.

"(C) COVERED HOMEOWNER.—For purposes of this subsection, the term 'covered homeowner' means a homeowner who is—

"(i) a member of the Armed Forces of the United States on active duty or the spouse or parent of such a member;

"(ii) a veteran, as such term is defined in section 101 of title 38, United States Code; or

"(iii) eligible to receive a Gold Star lapel pin under section 1126 of title 10, United States Code, as a widow, parent, or next of kin of a member of the Armed Forces person who died in a manner described in subsection (a) of such section.

"(5) PUBLICATION OF MEMBER AVAILABILITY FOR ASSISTANCE.—Not later than 5 days after the date of the enactment of this subsection, the Secretary of the Treasury shall publish to its Website on the World Wide Web in a prominent location, large point font, and boldface type the following statement: 'The Home Affordable Modification Program (HAMP) has been terminated. If you are having trouble paying your mortgage and need help contacting your lender or servicer for purposes of negotiating or acquiring a loan modification, please contact your Member of Congress to assist you in contacting your lender or servicer for the purpose of negotiating or acquiring a loan modification.'.

"(6) NOTIFICATION TO HAMP APPLICANTS REQUIRED.—Not later than 30 days after the date of the enactment of this subsection, the Secretary of the Treasury shall inform each individual who applied for the Home Affordable Modification Program and will not be considered for a modification under such Program due to termination of such Program under this subsection—

"(A) that such Program has been terminated;

"(B) that loan modifications under such Program are no longer available;

"(C) of the name and contact information of such individual's Member of Congress; and

"(D) that the individual should contact his or her Member of Congress to assist the individual in contacting the individual's lender or servicer for the purpose of negotiating or acquiring a loan modification.".

SEC. 324. SENSE OF CONGRESS.

The Congress encourages banks to work with homeowners to provide loan modifications to those that are eligible. The Congress also encourages banks to work and assist homeowners and prospective homeowners with foreclosure prevention programs and information on loan modifications.

Subtitle C—Bureau of Consumer Financial Protection

SEC. 331. BRINGING THE BUREAU OF CONSUMER FINANCIAL PROTECTION INTO THE REGULAR APPROPRIATIONS PROCESS.

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

(1) in subsection (a)—

(A) by amending the heading of such subsection to read as follows: "BUDGET, FINANCIAL MANAGEMENT, AND AUDIT.—";

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

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

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

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

(3) by redesignating subsection (e) as subsection (b); and

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

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

"(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated

$200,000,000 to carry out this title for each of fiscal years 2012 and 2013.''; and

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

Subtitle D—Flood Insurance Reform

SEC. 341. SHORT TITLE.

This subtitle may be cited as the ''Flood Insurance Reform Act of 2012''.

SEC. 342. EXTENSIONS.

(a) EXTENSION OF PROGRAM.—Section 1319 of the National Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended by striking ''the earlier of the date of the enactment into law of an Act that specifically amends the date specified in this section or May 31, 2012'' and inserting ''September 30, 2016''.

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

SEC. 343. MANDATORY PURCHASE.

(a) AUTHORITY TO TEMPORARILY SUSPEND MANDATORY PURCHASE REQUIREMENT.—

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

"(i) AUTHORITY TO TEMPORARILY SUSPEND MANDATORY PURCHASE REQUIREMENT.—

"(1) FINDING BY ADMINISTRATOR THAT AREA IS AN ELIGIBLE AREA.—For any area, upon a request submitted to the Administrator by a local government authority having jurisdiction over any portion of the area, the Administrator shall make a finding of whether the area is an eligible area under paragraph (3). If the Administrator finds that such area is an eligible area, the Administrator shall, in the discretion of the Administrator, designate a period during which such finding shall be effective, which shall not be longer in duration than 12 months.

"(2) SUSPENSION OF MANDATORY PURCHASE REQUIREMENT.—If the Administrator makes a finding under paragraph (1) that an area is an eligible area under paragraph (3), during the period specified in the finding, the designation of such eligible area as an area having special flood hazards shall not be effective for purposes of subsections (a), (b), and (e) of this section, and section 202(a) of this Act. Nothing in this paragraph may be construed to prevent any lender, servicer, regulated lending institution, Federal agency lender, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation, at the discretion of such entity, from requiring the purchase of flood insurance coverage in connection with the making, increasing, extending, or renewing of a loan secured by improved real estate or a mobile home located or to be located in such eligible area during such period or a lender or servicer from purchasing coverage on behalf of a borrower pursuant to subsection (e).

"(3) ELIGIBLE AREAS.—An eligible area under this paragraph is an area that is designated or will, pursuant to any issuance, revision, updating, or other change in flood insurance maps that takes effect on or after the date of the enactment of the Flood Insurance Reform Act of 2012, become designated as an area having special flood hazards and that meets any one of the following 3 requirements:

"(A) AREAS WITH NO HISTORY OF SPECIAL FLOOD HAZARDS.—The area does not include any area that has ever previously been designated as an area having special flood hazards.

"(B) AREAS WITH FLOOD PROTECTION SYSTEMS UNDER IMPROVEMENTS.—The area was intended to be protected by a flood protection system—

"(i) that has been decertified, or is required to be certified, as providing protection for the 100-year frequency flood standard;

"(ii) that is being improved, constructed, or reconstructed; and

"(iii) for which the Administrator has determined measurable progress toward completion of such improvement, construction, reconstruction is being made and toward securing financial commitments sufficient to fund such completion.

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

"(4) EXTENSION OF DELAY.—Upon a request submitted by a local government authority having jurisdiction over any portion of the eligible area, the Administrator may extend the period during which a finding under paragraph (1) shall be effective, except that—

"(A) each such extension under this paragraph shall not be for a period exceeding 12 months; and

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

"(5) ADDITIONAL EXTENSION FOR COMMUNITIES MAKING MORE THAN ADEQUATE PROGRESS ON FLOOD PROTECTION SYSTEM.—

"(A) EXTENSION.—

"(i) AUTHORITY.—Except as provided in subparagraph (B), in the case of an eligible area for which the Administrator has, pursuant to paragraph (4), extended the period of effectiveness of the finding under paragraph (1) for the area, upon a request submitted by a local government authority having jurisdiction over any portion of the eligible area, if the Administrator finds that more than adequate progress has been made on the construction of a flood protection system for such area, as determined in accordance with the last sentence of section 1307(e) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(e)), the Administrator may, in the discretion of the Administrator, further extend the period during which the finding under paragraph (1) shall be effective for such area for an additional 12 months.

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

"(B) EXCLUSION FOR NEW MORTGAGES.—

"(i) EXCLUSION.—Any extension under subparagraph (A) of this paragraph of a finding under paragraph (1) shall not be effective with respect to any excluded property after the origination, increase, extension, or renewal of the loan referred to in clause (ii)(II) for the property.

"(ii) EXCLUDED PROPERTIES.—For purposes of this subparagraph, the term 'excluded property' means any improved real estate or mobile home—

"(I) that is located in an eligible area; and

"(II) for which, during the period that any extension under subparagraph (A) of this paragraph of a finding under paragraph (1) is otherwise in effect for the eligible area in which such property is located—

"(aa) a loan that is secured by the property is originated; or

"(bb) any existing loan that is secured by the property is increased, extended, or renewed.

"(6) RULE OF CONSTRUCTION.—Nothing in this subsection may be construed to affect the applicability of a designation of any area as an area having special flood hazards for purposes of the availability of flood insurance coverage, criteria for land management and use, notification of flood hazards, eligibility for mitigation assistance, or any other purpose or provision not specifically referred to in paragraph (2).

"(7) REPORTS.—The Administrator shall, in each annual report submitted pursuant to section 1320, include information identifying each finding under paragraph (1) by the Administrator during the preceding year that an area is an area having special flood hazards, the basis for each such finding, any extensions pursuant to paragraph (4) of the periods of effectiveness of such findings, and the reasons for such extensions.''.

(2) NO REFUNDS.—Nothing in this subsection or the amendments made by this subsection may be construed to authorize or require any payment or refund for flood insurance coverage purchased for any property that covered any period during which such coverage is not required for the property pursuant to the applicability of the amendment made by paragraph (1).

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

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

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

(3) by inserting after paragraph (2) the following new paragraphs:

"(3) TERMINATION OF FORCE-PLACED INSURANCE.—Within 30 days of receipt by the lender or servicer of a confirmation of a borrower's existing flood insurance coverage, the lender or servicer shall—

"(A) terminate the force-placed insurance; and

"(B) refund to the borrower all force-placed insurance premiums paid by the borrower during any period during which the borrower's flood insurance coverage and the force-placed flood insurance coverage were each in effect, and any related fees charged to the borrower with respect to the force-placed insurance during such period.

"(4) SUFFICIENCY OF DEMONSTRATION.—For purposes of confirming a borrower's existing flood insurance coverage, a lender or servicer for a loan shall accept from the borrower an insurance policy declarations page that includes the existing flood insurance policy number and the identity of, and contact information for, the insurance company or agent.".

(c) USE OF PRIVATE INSURANCE TO SATISFY MANDATORY PURCHASE REQUIREMENT.—Section 102(b) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(b)) is amended—

(1) in paragraph (1)—

(A) by striking ‘‘lending institutions not to make’’ and inserting ‘‘lending institutions—

‘‘(A) not to make’’;

(B) in subparagraph (A), as designated by subparagraph (A) of this paragraph, by striking ‘‘less.’’ and inserting ‘‘less; and’’; and

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

‘‘(B) to accept private flood insurance as satisfaction of the flood insurance coverage requirement under subparagraph (A) if the coverage provided by such private flood insurance meets the requirements for coverage under such subparagraph.’’;

(2) in paragraph (2), by inserting after ‘‘provided in paragraph (1).’’ the following new sentence: ‘‘Each Federal agency lender shall accept private flood insurance as satisfaction of the flood insurance coverage requirement under the preceding sentence if the flood insurance coverage provided by such private flood insurance meets the requirements for coverage under such sentence.’’;

(3) in paragraph (3), in the matter following subparagraph (B), by adding at the end the following new sentence: ''The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation shall accept private flood insurance as satisfaction of the flood insurance coverage requirement under the preceding sentence if the flood insurance coverage provided by such private flood insurance meets the requirements for coverage under such sentence.''; and

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

''(5) PRIVATE FLOOD INSURANCE DEFINED.—In this subsection, the term 'private flood insurance' means a contract for flood insurance coverage allowed for sale under the laws of any State.''.

SEC. 344. REFORMS OF COVERAGE TERMS.

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

(1) by striking ''The Director is'' and inserting the following: ''(a) IN GENERAL.—The Administrator is''; and

(2) by adding at the end the following:

''(b) MINIMUM ANNUAL DEDUCTIBLES.—

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

"(2) ACTUARIAL RATE PROPERTIES.—For any structure that is covered by flood insurance under this title, for which the chargeable rate for such coverage is not less than the applicable estimated risk premium rate under section 1307(a)(1) for the area (or subdivision thereof) in which such structure is located, the minimum annual deductible for damage to or loss of such structure shall be $1,000.".

(b) CLARIFICATION OF RESIDENTIAL AND COMMERCIAL COVERAGE LIMITS.—Section 1306(b) of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(b)) is amended—

(1) in paragraph (2)—

(A) by striking "in the case of any residential property" and inserting "in the case of any residential building designed for the occupancy of from one to four families"; and

(B) by striking ''shall be made available to every insured upon renewal and every applicant for insurance so as to enable such insured or applicant to receive coverage up to a total amount (including such limits specified in paragraph (1)(A)(i)) of $250,000'' and inserting ''shall be made available, with respect to any single such building, up to an aggregate liability (including such limits specified in paragraph (1)(A)(i)) of $250,000''; and

(2) in paragraph (4)—

(A) by striking ''in the case of any nonresidential property, including churches,'' and inserting ''in the case of any nonresidential building, including a church,''; and

(B) by striking ''shall be made available to every insured upon renewal and every applicant for insurance, in respect to any single structure, up to a total amount (including such limit specified in subparagraph (B) or (C) of paragraph (1), as applicable) of $500,000 for each structure and $500,000 for any contents related to each structure'' and inserting ''shall be made available with respect to any single such building, up to an aggregate liability (including such limits specified in subparagraph (B) or (C) of paragraph (1), as applicable) of $500,000, and coverage shall be made available up to a total of $500,000 aggregate liability for contents owned by the building owner and $500,000 aggregate liability for each unit within the building for contents owned by the tenant''.

(c) INDEXING OF MAXIMUM COVERAGE LIMITS.—Subsection (b) of section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(b)) is amended—

(1) in paragraph (4), by striking ''and'' at the end;

(2) in paragraph (5), by striking the period at the end and inserting ''; and'';

(3) by redesignating paragraph (5) as paragraph (7); and

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

''(8) each of the dollar amount limitations under paragraphs (2), (3), (4), (5), and (6) shall be adjusted effective on the date of the enactment of the Flood Insurance Reform Act of 2012, such adjustments shall be calculated using the percentage change, over the period beginning on September 30, 1994, and ending on such date of enactment, in such inflationary index as the Administrator shall, by regulation, specify, and the dollar amount of such adjustment shall be rounded to the next lower dollar; and the Administrator shall cause to be published in the Federal Register the adjustments under this paragraph to such dollar amount limitations; except that in the case of coverage for a property that is made available, pursuant to this paragraph, in an amount that exceeds the limitation otherwise applicable to such coverage as specified in paragraph (2), (3), (4), (5), or (6), the total of such coverage shall be made available only at chargeable rates that are not less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1).''.

(d) OPTIONAL COVERAGE FOR LOSS OF USE OF PERSONAL RESIDENCE AND BUSINESS INTERRUPTION.—Subsection (b) of section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(b)), as amended by the preceding provisions of this section, is further amended by inserting after paragraph (4) the following new paragraphs:

''(5) the Administrator may provide that, in the case of any residential property, each renewal or new contract for flood insurance coverage may provide not more than $5,000 aggregate liability per dwelling unit for any necessary increases in living expenses incurred by the insured when losses from a flood make the residence unfit to live in, except that—

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

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

“(C) the Administrator may make such coverage available only if the Administrator makes a determination and causes notice of such determination to be published in the Federal Register that—

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

“(ii) the national flood insurance program has the capacity to make such coverage available without borrowing funds from the Secretary of the Treasury under section 1309 or otherwise;

''(6) the Administrator may provide that, in the case of any commercial property or other residential property, including multifamily rental property, coverage for losses resulting from any partial or total interruption of the insured's business caused by damage to, or loss of, such property from a flood may be made available to every insured upon renewal and every applicant, up to a total amount of $20,000 per property, except that—

''(A) purchase of such coverage shall be at the option of the insured;

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

''(C) the Administrator may make such coverage available only if the Administrator makes a determination and causes notice of such determination to be published in the Federal Register that—

''(i) a competitive private insurance market for such coverage does not exist; and "(ii) the national flood insurance program has the capacity to make such coverage available without borrowing funds from the Secretary of the Treasury under section 1309 or otherwise;".

(e) PAYMENT OF PREMIUMS IN INSTALLMENTS FOR RESIDENTIAL PROPERTIES.—Section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013) is amended by adding at the end the following new subsection:

"(d) PAYMENT OF PREMIUMS IN INSTALLMENTS FOR RESIDENTIAL PROPERTIES.—

"(1) AUTHORITY.—In addition to any other terms and conditions under subsection (a), such regulations shall provide that, in the case of any residential property, premiums for flood insurance coverage made available under this title for such property may be paid in installments.

"(2) LIMITATIONS.—In implementing the authority under paragraph (1), the Administrator may establish increased chargeable premium rates and surcharges, and deny coverage and establish such other sanctions, as the Administrator considers necessary to ensure that insureds purchase, pay for, and maintain coverage for the full term of a contract for flood insurance coverage or to prevent insureds from purchasing coverage only for periods during a year when risk of flooding is comparatively higher or canceling coverage for periods when such risk is comparatively lower.''.

(f) EFFECTIVE DATE OF POLICIES COVERING PROPERTIES AFFECTED BY FLOODS IN PROGRESS.—Paragraph (1) of section 1306(c) of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(c)) is amended by adding after the period at the end the following: ''With respect to any flood that has commenced or is in progress before the expiration of such 30-day period, such flood insurance coverage for a property shall take effect upon the expiration of such 30-day period and shall cover damage to such property occurring after the expiration of such period that results from such flood, but only if the property has not suffered damage or loss as a result of such flood before the expiration of such 30-day period.''.

SEC. 345. REFORMS OF PREMIUM RATES.

(a) INCREASE IN ANNUAL LIMITATION ON PREMIUM INCREASES.—Section 1308(e) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(e)) is amended by striking ''10 percent'' and inserting ''20 percent''.

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

(1) IN GENERAL.—Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015) is amended—

(A) in subsection (a), in the matter preceding paragraph (1), by inserting "or notice" after "prescribe by regulation";

(B) in subsection (c), by inserting "and subsection (g)" before the first comma; and

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

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

"(1) 5-YEAR PHASE-IN PERIOD.—Notwithstanding subsection (c) or any other provision of law relating to chargeable risk premium rates for flood insurance coverage under this title, in the case of any area that was not previously designated as an area having special flood hazards and that, pursuant to any issuance, revision, updating, or other change in flood insurance maps, becomes designated as such an area, during the 5-year period that begins, except as provided in paragraph (2), upon the date that such maps, as issued, revised, updated, or otherwise changed, become effective, the chargeable premium rate for flood insurance under this title with respect to any covered property that is located within such area shall be the rate described in paragraph (3).

"(2) APPLICABILITY TO PREFERRED RISK RATE AREAS.—In the case of any area described in paragraph (1) that consists of or includes an area that, as of date of the effectiveness of the flood insurance maps for such area referred to in paragraph (1) as so issued, revised, updated, or changed, is eligible for any reason for preferred risk rate method premiums for flood insurance coverage and was eligible for such premiums as of the enactment of the Flood Insurance Reform Act of 2012, the 5-year period referred to in paragraph (1) for such area eligible for preferred risk rate method premiums shall begin upon the expiration of the period during which such area is eligible for such preferred risk rate method premiums.

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

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

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

"(ii) in the case of any property that, as of the beginning of such first year, is eligible for preferred risk rate method premiums for flood insurance coverage, such preferred risk rate method premium for the property;

"(B) for the second year of such 5-year period, 40 percent of the chargeable risk premium rate otherwise applicable under this title to the property;

"(C) for the third year of such 5-year period, 60 percent of the chargeable risk premium rate otherwise applicable under this title to the property;

"(D) for the fourth year of such 5-year period, 80 percent of the chargeable risk premium rate otherwise applicable under this title to the property; and

"(E) for the fifth year of such 5-year period, 100 percent of the chargeable risk premium rate otherwise applicable under this title to the property.

"(4) COVERED PROPERTIES.—For purposes of the subsection, the term 'covered property' means any residential property occupied by its owner or a bona fide tenant as a primary residence.".

(2) REGULATION OR NOTICE.—The Administrator of the Federal Emergency Management Agency shall issue an interim final rule or notice to implement this subsection and the amendments made by this subsection as soon as practicable after the date of the enactment of this Act.

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

(1) IN GENERAL.—Section 1308(c) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(c)) is amended—

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

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

"(2) COMMERCIAL PROPERTIES.—Any nonresidential property.

"(3) SECOND HOMES AND VACATION HOMES.—Any residential property that is not the primary residence of any individual.

"(4) HOMES SOLD TO NEW OWNERS.—Any single family property that—

"(A) has been constructed or substantially improved and for which such construction or improvement was started, as determined by the Administrator, before December 31, 1974, or before the effective date of the initial rate map published by the Administrator under paragraph (2) of section 1360(a) for the area in which such property is located, whichever is later; and

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

"(5) HOMES DAMAGED OR IMPROVED.—Any property that, on or after the date of the enactment of the Flood Insurance Reform Act of 2012, has experienced or sustained—

"(A) substantial flood damage exceeding 50 percent of the fair market value of such property; or

"(B) substantial improvement exceeding 30 percent of the fair market value of such property.

"(6) HOMES WITH MULTIPLE CLAIMS.—Any severe repetitive loss property (as such term is defined in section 1366(j)).".

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

(A) in subsection (c)—

(i) in the matter preceding paragraph (1), by striking "the limitations provided under paragraphs (1) and (2)" and inserting "subsection (e)"; and

(ii) in paragraph (1), by striking ", except" and all that follows through "subsection (e)"; and

(B) in subsection (e), by striking "paragraph (2) or (3)" and inserting "paragraph (7)".

(3) EFFECTIVE DATE AND TRANSITION.—

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

(B) TRANSITION FOR PROPERTIES COVERED BY FLOOD INSURANCE UPON EFFECTIVE DATE.—

(i) INCREASE OF RATES OVER TIME.— In the case of any property described in paragraph (2), (3), (4), (5), or (6) of section 1308(c) of the National Flood Insurance Act of 1968, as amended by paragraph (1) of this subsection, that, as of the effective date under subparagraph (A) of this paragraph, is covered under a policy for flood insurance made available under the national flood insurance program for which the chargeable premium rates are less than the applicable estimated risk premium rate under section 1307(a)(1) of such Act for the area in which the property is located, the Administrator of the Federal Emergency Management Agency shall increase the chargeable premium rates for such property over time to such applicable estimated risk premium rate under section 1307(a)(1).

(ii) AMOUNT OF ANNUAL INCREASE.— Such increase shall be made by increasing the chargeable premium rates for the property (after application of any increase in the premium rates otherwise applicable to such property), once during the 12-month period that begins upon the effective date under subparagraph (A) of this paragraph and once every 12 months thereafter until such increase is accomplished, by 20 percent (or such lesser amount as may be necessary so that the chargeable rate does not exceed such applicable estimated risk premium rate or to comply with clause (iii)).

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

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

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

(1) in subsection (e), by inserting ''or subsection (h)'' after ''subsection (c)''; and

(2) by adding at the end the following new subsection:

''(h) PROHIBITION OF EXTENSION OF SUBSIDIZED RATES TO LAPSED POLICIES.—Notwithstanding any other provision of law relating to chargeable risk premium rates for flood insurance coverage under this title, the Administrator shall not provide flood insurance coverage under this title for any property for which a policy for such coverage for the property has previously lapsed in coverage as a result of the deliberate choice of the holder of such policy, at a rate less than the applicable estimated risk premium rates for the area (or subdivision thereof) in which such property is located.''.

(e) RECOGNITION OF STATE AND LOCAL FUNDING FOR CONSTRUCTION, RECONSTRUCTION, AND IMPROVEMENT OF FLOOD PROTECTION SYSTEMS IN DETERMINATION OF RATES.—

(1) IN GENERAL.—Section 1307 of the National Flood Insurance Act of 1968 (42 U.S.C. 4014) is amended—

(A) in subsection (e)—

(i) in the first sentence, by striking ''construction of a flood protection system'' and inserting ''construction, reconstruction, or improvement of a flood protection system (without respect to the level of Federal investment or participation)''; and

(ii) in the second sentence—

(I) by striking ''construction of a flood protection system'' and inserting ''construction, reconstruction, or improvement of a flood protection system''; and

(II) by inserting ''based on the present value of the completed system'' after ''has been expended''; and

(B) in subsection (f)—

(i) in the first sentence in the matter preceding paragraph (1), by inserting "(without respect to the level of Federal investment or participation)" before the period at the end;

(ii) in the third sentence in the matter preceding paragraph (1), by inserting ", whether coastal or riverine," after "special flood hazard"; and

(iii) in paragraph (1), by striking "a Federal agency in consultation with the local project sponsor" and inserting "the entity or entities that own, operate, maintain, or repair such system".

(2) REGULATIONS.—The Administrator of the Federal Emergency Management Agency shall promulgate regulations to implement this subsection and the amendments made by this subsection as soon as practicable, but not more than 18 months after the date of the enactment of this Act. Paragraph (3) may not be construed to annul, alter, affect, authorize any waiver of, or establish any exception to, the requirement under the preceding sentence.

SEC. 346. TECHNICAL MAPPING ADVISORY COUNCIL.

(a) ESTABLISHMENT.—There is established a council to be known as the Technical Mapping Advisory Council (in this section referred to as the ''Council'').

(b) MEMBERSHIP.—

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

(A) the Administrator of the Federal Emergency Management Agency (in this section referred to as the ''Administrator''), or the designee thereof;

(B) the Director of the United States Geological Survey of the Department of the Interior, or the designee thereof;

(C) the Under Secretary of Commerce for Oceans and Atmosphere, or the designee thereof;

(D) the commanding officer of the United States Army Corps of Engineers, or the designee thereof;

(E) the chief of the Natural Resources Conservation Service of the Department of Agriculture, or the designee thereof;

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

(G) the Assistant Administrator for Fisheries of the National Oceanic and Atmospheric Administration of the Department of Commerce, or the designee thereof; and

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

(i) an expert in data management;

(ii) an expert in real estate;

(iii) an expert in insurance;

(iv) a member of a recognized regional flood and storm water management organization;

(v) a representative of a State emergency management agency or association or organization for such agencies;

(vi) a member of a recognized professional surveying association or organization;

(vii) a member of a recognized professional mapping association or organization;

(viii) a member of a recognized professional engineering association or organization;

(ix) a member of a recognized professional association or organization representing flood hazard determination firms;

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

(xi) representatives of two local governments, at least one of whom is a local levee flood manager or executive, designated by the Federal Emergency Management Agency as Cooperating Technical Partners; and

(xii) representatives of two State governments designated by the Federal Emergency Management Agency as Cooperating Technical States.

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

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

(c) DUTIES.—

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

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

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

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

(D) determine the best ways to include in such flood insurance rate maps levees, decertified levees, and areas located below dams, including determining a methodology for ensuring that decertified levees and other protections are included in flood insurance rate maps and their corresponding flood zones reflect the level of protection conferred;

(E) consider how to incorporate restored wetlands and other natural buffers into flood insurance rate maps, which may include wetlands, groundwater recharge areas, erosion zones, meander belts, endangered species habitat, barrier islands and shoreline buffer features, riparian forests, and other features;

(F) consider whether to use vertical positioning (as defined by the Administrator) for flood insurance rate maps;

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

(H) ensure that flood insurance rate maps take into consideration the best scientific data and potential future conditions (including projections for sea level rise); and

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

(2) ONGOING DUTIES.—The Council shall, on an ongoing basis, review the mapping protocols developed pursuant to paragraph (1), and make recommendations to the Administrator when the Council determines that mapping protocols should be altered.

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

nually, and shall seek input of all stakeholder interests including State and local representatives, environmental and conservation organizations, insurance industry representatives, advocacy groups, planning organizations, and mapping organizations.

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

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

(f) STAFF.—

(1) FEMA.—Upon the request of the Council, the Administrator may detail, on a nonreimbursable basis, personnel of the Federal Emergency Management Agency to assist the Council in carrying out its duties.

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

(g) POWERS.—In carrying out this section, the Council may hold hearings, receive evidence and assistance, provide information, and conduct research, as the Council considers appropriate.

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

(i) MORATORIUM ON FLOOD MAP CHANGES.—

(1) MORATORIUM.—Except as provided in paragraph (2) and notwithstanding any other provision of this subtitle, the National Flood Insurance Act of 1968, or the Flood Disaster Protection Act of 1973, during the period beginning upon the date of the enactment of this Act and ending upon the submission by the Council to the Administrator and the Congress of the proposed new mapping standards required under subsection (c)(1), the Administrator may not make effective any new or updated rate maps for flood insurance coverage under the national flood insurance program that were not in effect for such program as of such date of enactment, or otherwise revise, update, or change the flood insurance rate maps in effect for such program as of such date.

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

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

SEC. 347. FEMA INCORPORATION OF NEW MAPPING PROTOCOLS.

(a) NEW RATE MAPPING STANDARDS.—Not later than the expiration of the 6-month period beginning upon submission by the Technical Mapping Advisory Council under section 346 of the proposed new mapping standards for flood insurance rate maps used under the national flood insurance program developed by the Council pursuant to section 346(c), the Administrator of the Federal Emergency Management Agency (in this section referred to as the ''Administrator'') shall establish new standards for such rate maps based on such proposed new standards and the recommendations of the Council.

(b) REQUIREMENTS.—The new standards for flood insurance rate maps established by the Administrator pursuant to subsection (a) shall—

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

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

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

(2) ensure that any such rate maps—

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

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

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

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

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

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

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

(c) REPORT.—If, in establishing new standards for flood insurance rate maps pursuant to subsection (a) of this section, the Administrator does not implement all of the recommendations of the Council made under the proposed new mapping standards developed by the Council pursuant to section 346(c), upon establishment of the new standards the Administrator shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate specifying which such recommendations were not adopted and explaining the reasons such recommendations were not adopted.

(d) IMPLEMENTATION.—The Administrator shall, not later than the expiration of the 6-month period beginning upon establishment of the new standards for flood insurance rate maps pursuant to subsection (a) of this section, commence use of the new standards and updating of flood insurance rate maps in accordance with the new standards. Not later than the expiration of the 10-year period beginning upon the establishment of such new standards, the Administrator shall complete updating of all flood insurance rate maps in accordance with the new standards, subject to the availability of sufficient amounts for such activities provided in appropriation Acts.

(e) TEMPORARY SUSPENSION OF MANDATORY PURCHASE REQUIREMENT FOR CERTAIN PROPERTIES.—

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

(2) REVIEW OF CERTIFICATE.—The Administrator shall accept as conclusive each elevation certificate submitted under paragraph (1) unless the Administrator conducts a subsequent elevation survey and determines that the lowest level of the primary residence on the property in question is not at an elevation that is at least three feet higher than the elevation of the 100-year flood plain. The Administrator shall provide any such subsequent elevation survey to the owner of such property.

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

(A) EXPEDITED DETERMINATION.—In the case of any survey for a property submitted to the Administrator pursuant to paragraph (1) showing that a portion of the property is located within an area having special flood hazards and that a structure located on the property is not located within such area having special flood hazards, the Administrator shall expeditiously process any request made by an owner of the property for a determination pursuant to paragraph (2) or a determination of whether the structure is located within the area having special flood hazards.

(B) PROHIBITION OF FEE.—If the Administrator determines pursuant to subparagraph (A) that the structure on the property is not located within the area having special flood hazards, the Administrator shall not charge a fee for reviewing the flood hazard data and shall not require the owner to provide any additional elevation data.

(C) SIMPLIFICATION OF REVIEW PROCESS.—The Administrator shall collaborate with private sector flood insurers to simplify the review process for properties described in subparagraph (A) and to ensure that the review process provides for accurate determinations.

(4) TERMINATION OF AUTHORITY.—This subsection shall cease to apply to a property on the date on which the Administrator updates the flood insurance rate map that applies to such property in accordance with the requirements of subsection (d).

SEC. 348. TREATMENT OF LEVEES.

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

''(k) TREATMENT OF LEVEES.—The Administrator may not issue flood insurance maps, or make effective updated flood insurance maps, that omit or disregard the actual protection afforded by an existing levee, floodwall, pump or other flood protection feature, regardless of the accreditation status of such feature.''.

SEC. 349. PRIVATIZATION INITIATIVES.

(a) FEMA AND GAO REPORTS.—Not later than the expiration of the 18-month period beginning on the date of the enactment of this Act, the Administrator of the Federal Emergency Management Agency and the Comptroller General of the United States shall each conduct a separate study to assess a broad range of options, methods, and strategies for privatizing the national flood insurance program and shall each submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate with recommendations for the best manner to accomplish such privatization.

(b) PRIVATE RISK-MANAGEMENT INITIATIVES.—

(1) AUTHORITY.—The Administrator of the Federal Emergency Management Agency may carry out such private risk-management initiatives under the national flood insurance program as the Administrator considers appropriate to determine the capacity of private insurers, reinsurers, and financial markets to assist communities, on a voluntary basis only, in managing the full range of financial risks associated with flooding.

(2) ASSESSMENT.—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Administrator shall assess the capacity of the private reinsurance, capital, and financial markets by seeking proposals to assume a portion of the program's insurance risk and submit to the Congress a report describing the response to such request for proposals and the results of such assessment.

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

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

(1) in section 1331(a)(2) (42 U.S.C. 4051(a)(2)), by inserting ", including as reinsurance of insurance coverage provided by the flood insurance program" before ", on such terms";

(2) in section 1332(c)(2) (42 U.S.C. 4052(c)(2)), by inserting "or reinsurance" after "flood insurance coverage";

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

(A) by inserting "(1)" after "(a)"; and

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

"(2) The Administrator is authorized to secure reinsurance coverage of coverage provided by the flood insurance program from private market insurance, reinsurance, and capital market sources at rates and on terms determined by the Administrator to be reasonable and appropriate in an amount sufficient to maintain the ability of the program to pay claims and that minimizes the likelihood that the program will utilize the borrowing authority provided under section 1309.'';

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

(A) in the matter preceding paragraph (1), by inserting '', or for purposes of securing reinsurance of insurance coverage provided by the program,'' before ''of any or all of'';

(B) in paragraph (1)—

(i) by striking ''estimating'' and inserting ''Estimating''; and

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

(C) in paragraph (2)—

(i) by striking ''receiving'' and inserting ''Receiving''; and

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

(D) in paragraph (3)—

(i) by striking ''making'' and inserting ''Making''; and

(ii) by striking ''; and'' and inserting a period;

(E) in paragraph (4)—

(i) by striking ''otherwise'' and inserting ''Otherwise''; and

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

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

"(4) Placing reinsurance coverage on insurance provided by such program."; and

(5) in section 1370(a)(3) (42 U.S.C. 4121(a)(3)), by inserting before the semicolon at the end the following: ", is subject to the reporting requirements of the Securities Exchange Act of 1934, pursuant to section 13(a) or 15(d) of such Act (15 U.S.C. 78m(a), 78o(d)), or is authorized by the Administrator to assume reinsurance on risks insured by the flood insurance program".

(d) ASSESSMENT OF CLAIMS-PAYING ABILITY.—

(1) ASSESSMENT.—Not later than September 30 of each year, the Administrator of the Federal Emergency Management Agency shall conduct an assessment of the claims-paying ability of the national flood insurance program, including the program's utilization of private sector reinsurance and reinsurance equivalents, with and without reliance on borrowing authority under section 1309 of the National Flood Insurance Act of 1968 (42 U.S.C. 4016). In conducting the assessment, the Adminis-

trator shall take into consideration regional concentrations of coverage written by the program, peak flood zones, and relevant mitigation measures.

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

SEC. 350. FEMA ANNUAL REPORT ON INSURANCE PROGRAM.

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

(1) in the section heading, by striking ‘‘REPORT TO THE PRESIDENT’’ and inserting ‘‘ANNUAL REPORT TO CONGRESS’’;

(2) in subsection (a)—

(A) by striking ‘‘biennially’’;

(B) by striking ‘‘the President for submission to’’; and

(C) by inserting ‘‘not later than June 30 of each year’’ before the period at the end;

(3) in subsection (b), by striking ‘‘biennial’’ and inserting ‘‘annual’’; and

(4) by adding at the end the following new subsection:

"(c) FINANCIAL STATUS OF PROGRAM.—The report under this section for each year shall include information regarding the financial status of the national flood insurance program under this title, including a description of the financial status of the National Flood Insurance Fund and current and projected levels of claims, premium receipts, expenses, and borrowing under the program.".

SEC. 351. MITIGATION ASSISTANCE.

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

(1) in subsection (a), by striking the last sentence and inserting the following: "Such financial assistance shall be made available—

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

"(2) to States and communities in the form of grants under this section for carrying out mitigation activities that reduce flood damage to severe repetitive loss structures; and

"(3) to property owners in the form of direct grants under this section for carrying out mitigation activities that reduce flood damage to individual structures for which 2 or more claim payments for losses have been made under flood insurance coverage under this title if the Administrator, after consultation with the State and community, determines that neither the State nor community in which such a structure is located has the capacity to manage such grants.''.

(2) by striking subsection (b);

(3) in subsection (c)—

(A) by striking ''flood risk'' and inserting ''multi-hazard'';

(B) by striking ''provides protection against'' and inserting ''examines reduction of''; and

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

(4) by striking subsection (d);

(5) in subsection (e)—

(A) in paragraph (1), by striking the paragraph designation and all that follows through the end of the first sentence and inserting the following:

''(1) REQUIREMENT OF CONSISTENCY WITH APPROVED MITIGATION PLAN.—Amounts provided under this section may be used only for mitigation activities that are consistent with mitigation plans that are approved by the Administrator and identified under subparagraph (4).'';

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

''(2) REQUIREMENTS OF TECHNICAL FEASIBILITY, COST EFFECTIVENESS, AND INTEREST OF NFIF.—The Administrator may approve only mitigation activities that the Administrator determines are technically feasible and cost-effective and in the interest of, and represent savings to, the National Flood Insurance Fund. In making such determinations, the Administrator shall take into consideration recognized benefits that are difficult to quantify.

''(3) PRIORITY FOR MITIGATION ASSISTANCE.—In providing grants under this section for mitigation activities, the Administrator shall give priority for funding to activities that the Administrator determines will result in the greatest savings to the National Flood Insurance Fund, including activities for—

''(A) severe repetitive loss structures;

''(B) repetitive loss structures; and

''(C) other subsets of structures as the Administrator may establish.'';

(C) in paragraph (5)—

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

"(4) ELIGIBLE ACTIVITIES.—Eligible activities may include—";

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

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

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

"(D) elevation, relocation, and floodproofing of utilities (including equipment that serve structures);";

(v) by inserting after subparagraph (E), as so redesignated by clause (iii) of this subparagraph, the following new subparagraph:

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

$50,000 for any mitigation plan of a State or $25,000 for any mitigation plan of a local government or Indian tribe;'';

(vi) in subparagraph (H); as so redesignated by clause (iii) of this subparagraph, by striking ''and'' at the end; and

(vii) by adding at the end the following new subparagraphs:

''(I) other mitigation activities not described in subparagraphs (A) through (G) or the regulations issued under subparagraph (H), that are described in the mitigation plan of a State, community, or Indian tribe; and

''(J) personnel costs for State staff that provide technical assistance to communities to identify eligible activities, to develop grant applications, and to implement grants awarded under this section, not to exceed $50,000 per State in any Federal fiscal year, so long as the State applied for and was awarded at least $1,000,000 in grants available under this section in the prior Federal fiscal year; the requirements of subsections (d)(1) and (d)(2) shall not apply to the activity under this subparagraph.'';

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

"(6) ELIGIBILITY OF DEMOLITION AND REBUILDING OF PROPERTIES.—The Administrator shall consider as an eligible activity the demolition and rebuilding of properties to at least base flood elevation or greater, if required by the Administrator or if required by any State regulation or local ordinance, and in accordance with criteria established by the Administrator."; and

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

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

"(d) MATCHING REQUIREMENT.—The Administrator may provide grants for eligible mitigation activities as follows:

"(1) SEVERE REPETITIVE LOSS STRUCTURES.—In the case of mitigation activities to severe repetitive loss structures, in an amount up to 100 percent of all eligible costs.

"(2) REPETITIVE LOSS STRUCTURES.—In the case of mitigation activities to repetitive loss structures, in an amount up to 90 percent of all eligible costs.

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

(7) in subsection (i)—

(A) in paragraph (2)—

(i) by striking "certified under subsection (g)" and inserting "required under subsection (d)"; and

(ii) by striking "3 times the amount" and inserting "the amount"; and

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

(8) in subsection (j)—

(A) by striking "Riegle Community Development and Regulatory Improvement Act of 1994" and inserting "Flood Insurance Reform Act of 2012";

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

(9) by striking subsections (k) and (m) and inserting the following new subsections:

"(g) FAILURE TO MAKE GRANT AWARD WITHIN 5 YEARS.—For any application for a grant under this section for which the Administrator fails to make a grant award within 5 years of the date of application, the grant application shall be considered to be denied and any funding amounts allocated for such grant applications shall remain in the National Flood Mitigation Fund under section 1367 of this title and shall be made available for grants under this section.

''(h) LIMITATION ON FUNDING FOR MITIGATION ACTIVITIES FOR SEVERE REPETITIVE LOSS STRUCTURES.—The amount used pursuant to section 1310(a)(8) in any fiscal year may not exceed $40,000,000 and shall remain available until expended.

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

''(1) COMMUNITY.—The term 'community' means—

''(A) a political subdivision that—

''(i) has zoning and building code jurisdiction over a particular area having special flood hazards, and

''(ii) is participating in the national flood insurance program; or

''(B) a political subdivision of a State, or other authority, that is designated by political subdivisions, all of which meet the requirements of subparagraph (A), to administer grants for mitigation activities for such political subdivisions.

"(2) REPETITIVE LOSS STRUCTURE.—The term 'repetitive loss structure' has the meaning given such term in section 1370.

"(3) SEVERE REPETITIVE LOSS STRUCTURE.—The term 'severe repetitive loss structure' means a structure that—

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

"(B) has incurred flood-related damage—

"(i) for which 4 or more separate claims payments have been made under flood insurance coverage under this title, with the amount of each such claim exceeding $15,000, and with the cumulative amount of such claims payments exceeding $60,000; or

"(ii) for which at least 2 separate claims payments have been made under such coverage, with the cumulative amount of such claims exceeding the value of the insured structure.".

(b) ELIMINATION OF GRANTS PROGRAM FOR REPETITIVE INSURANCE CLAIMS PROPERTIES.—Chapter I of the National Flood Insurance Act of 1968 is amended by striking section 1323 (42 U.S.C. 4030).

(c) ELIMINATION OF PILOT PROGRAM FOR MITIGATION OF SEVERE REPETITIVE LOSS PROPERTIES.—Chapter III of the National Flood Insurance Act of 1968 is amended by striking section 1361A (42 U.S.C. 4102a).

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

(1) in paragraph (7), by inserting ''and'' after the semicolon; and

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

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

(1) in subsection (b)—

(A) by striking paragraph (1) and inserting the following new paragraph:

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

''(A) not more than $40,000,000 shall be available pursuant to subsection (a) of this section only for assistance described in section 1366(a)(1);

"(B) not more than $40,000,000 shall be available pursuant to subsection (a) of this section only for assistance described in section 1366(a)(2); and

"(C) not more than $10,000,000 shall be available pursuant to subsection (a) of this section only for assistance described in section 1366(a)(3).".

(B) in paragraph (3), by striking "section 1366(i)" and inserting "section 1366(e)";

(2) in subsection (c), by striking "sections 1366 and 1323" and inserting "section 1366";

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

(4) by inserting after subsection (c) the following new subsections:

"(d) PROHIBITION ON OFFSETTING COLLECTIONS.—Notwithstanding any other provision of this title, amounts made available pursuant to this section shall not be subject to offsetting collections through premium rates for flood insurance coverage under this title.

"(e) CONTINUED AVAILABILITY AND REALLOCATION.—Any amounts made available pursuant to subparagraph (A), (B), or (C) of subsection (b)(1) that are not used in any fiscal year shall continue to be available for the purposes specified in such subparagraph of subsection (b)(1) pursuant to which such amounts were made available, unless the Administrator determines that reallocation of such unused amounts to meet demonstrated need for other mitigation activities under section 1366 is in the best interest of the National Flood Insurance Fund.''.

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

(1) by striking subparagraph (B); and

(2) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively.

SEC. 352. NOTIFICATION TO HOMEOWNERS REGARDING MANDATORY PURCHASE REQUIREMENT APPLICABILITY AND RATE PHASE-INS.

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

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

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

"(2) of the geographical boundaries of such area;

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

"(4) of the provisions of section 102 requiring purchase of flood insurance coverage for properties located in such an area, including the date on which such provisions apply with respect to such area, taking into consideration section 102(i); and

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

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

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

"(l) NOTIFICATION TO MEMBERS OF CONGRESS OF MAP MODERNIZATION.—Upon any revision or update of any floodplain area or flood-risk zone pursuant to subsection (f), any decision pursuant to subsection (f)(1) that such revision or update is necessary, any issuance of preliminary maps for such revision or updating, or any other significant action relating to any such revision or update, the Administrator shall notify the Senators for each State affected, and each Member of the House of Representatives for each congressional district affected, by such revision or update in writing of the action taken.''.

SEC. 354. NOTIFICATION AND APPEAL OF MAP CHANGES; NOTIFICATION TO COMMUNITIES OF ESTABLISHMENT OF FLOOD ELEVATIONS.

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

''SEC. 1363. (a) In establishing projected flood elevations for land use purposes with respect to any community pursuant to section 1361, the Administrator shall first propose such determinations—

''(1) by providing the chief executive officer of each community affected by the proposed elevations, by certified mail, with a return receipt requested, notice of the elevations, including a copy of the maps for the elevations for such community and a statement explaining the process under this section to appeal for changes in such elevations;

"(2) by causing notice of such elevations to be published in the Federal Register, which notice shall include information sufficient to identify the elevation determinations and the communities affected, information explaining how to obtain copies of the elevations, and a statement explaining the process under this section to appeal for changes in the elevations;

"(3) by publishing in a prominent local newspaper the elevations, a description of the appeals process for flood determinations, and the mailing address and telephone number of a person the owner may contact for more information or to initiate an appeal;

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

"(A) the status of such property, both prior to and after the effective date of the proposed determination, with respect to flood zone and flood insurance requirements under this Act and the Flood Disaster Protection Act of 1973;

"(B) the process under this section to appeal a flood elevation determination; and

"(C) the mailing address and phone number of a person the owner may contact for more information or to initiate an appeal; and".

SEC. 355. NOTIFICATION TO TENANTS OF AVAILABILITY OF CONTENTS INSURANCE.

The National Flood Insurance Act of 1968 is amended by inserting after section 1308 (42 U.S.C. 4015) the following new section:

"SEC. 1308A. NOTIFICATION TO TENANTS OF AVAILABILITY OF CONTENTS INSURANCE.

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

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

"(2) require the insured to provide a copy of the notice, or otherwise provide notification of the information under subsection (b) in the manner that the manager or landlord deems most appropriate, to each such tenant and to each new tenant upon commencement of such a tenancy.

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

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

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

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

"(4) of where to obtain information regarding how to obtain such coverage, including a telephone number, mailing address, and Internet site of the Administrator where such information is available.".

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

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

"SEC. 1349. NOTIFICATION TO POLICY HOLDERS REGARDING DIRECT MANAGEMENT OF POLICY BY FEMA.

"(a) NOTIFICATION.—Not later than 60 days before the date on which a transferred flood insurance policy expires, and annually thereafter until such time as the Federal Emergency Management Agency is no longer directly administering such policy, the Administrator shall notify the holder of such policy that—

"(1) the Federal Emergency Management Agency is directly administering the policy;

"(2) such holder may purchase flood insurance that is directly administered by an insurance company; and

"(3) purchasing flood insurance offered under the National Flood Insurance Program that is directly administered by an insurance company will not alter the coverage provided or the premiums charged to such holder that otherwise would be provided or charged if the policy was directly administered by the Federal Emergency Management Agency.

"(b) DEFINITION.—In this section, the term 'transferred flood insurance policy' means a flood insurance policy that—

"(1) was directly administered by an insurance company at the time the policy was originally purchased by the policy holder; and

"(2) at the time of renewal of the policy, direct administration of the policy was or will be transferred to the Federal Emergency Management Agency.".

SEC. 357. NOTICE OF AVAILABILITY OF FLOOD INSURANCE AND ESCROW IN RESPA GOOD FAITH ESTIMATE.

Subsection (c) of section 5 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2604(c)) is amended by adding at the end the following new sentence: "Each such good faith estimate shall include the following conspicuous statements and information: (1) that flood insurance coverage for residential real estate is generally available under the national flood insurance program whether or not the real estate is located in an area having special flood hazards and that, to obtain such coverage, a home owner or purchaser should contact the national flood insurance program; (2) a telephone number and a location on the Internet by which a home owner or purchaser can contact the national flood insurance program; and (3) that the escrowing of flood insurance payments is required for many loans under section 102(d) of the

Flood Disaster Protection Act of 1973, and may be a convenient and available option with respect to other loans.''.

SEC. 358. REIMBURSEMENT FOR COSTS INCURRED BY HOMEOWNERS AND COMMUNITIES OBTAINING LETTERS OF MAP AMENDMENT OR REVISION.

(a) IN GENERAL.—Section 1360 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101), as amended by the preceding provisions of this subtitle, is further amended by adding at the end the following new subsection:

''(m) REIMBURSEMENT.—

''(1) REQUIREMENT UPON BONA FIDE ERROR.—If an owner of any property located in an area described in section 102(i)(3) of the Flood Disaster Protection Act of 1973, or a community in which such a property is located, obtains a letter of map amendment, or a letter of map revision, due to a bona fide error on the part of the Administrator of the Federal Emergency Management Agency, the Administrator shall reimburse such owner, or such entity or jurisdiction acting on such owner's behalf, or such community, as applicable, for any reasonable costs incurred in obtaining such letter.

"(2) REASONABLE COSTS.—The Administrator shall, by regulation or notice, determine a reasonable amount of costs to be reimbursed under paragraph (1), except that such costs shall not include legal or attorneys fees. In determining the reasonableness of costs, the Administrator shall only consider the actual costs to the owner or community, as applicable, of utilizing the services of an engineer, surveyor, or similar services.".

(b) REGULATIONS.—Not later than 90 days after the date of the enactment of this Act, the Administrator of the Federal Emergency Management Agency shall issue the regulations or notice required under section 1360(m)(2) of the National Flood Insurance Act of 1968, as added by the amendment made by subsection (a) of this section.

SEC. 359. ENHANCED COMMUNICATION WITH CERTAIN COMMUNITIES DURING MAP UPDATING PROCESS.

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

"(n) ENHANCED COMMUNICATION WITH CERTAIN COMMUNITIES DURING MAP UPDATING PROCESS.—In updating flood insurance maps under this section, the Administrator shall communicate with communities located in areas where flood insurance rate maps have not been updated in 20 years or more and the appropriate State emergency agencies to resolve outstanding issues, provide technical assistance, and disseminate all necessary information to reduce the prevalence of outdated maps in flood-prone areas.''.

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

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

``(o) NOTIFICATION TO RESIDENTS NEWLY INCLUDED IN FLOOD HAZARD AREA.—In revising or updating any areas having special flood hazards, the Administrator shall provide to each owner of a property to be newly included in such a special flood hazard area, at the time of issuance of such proposed revised or updated flood insurance maps, a copy of the proposed revised or updated flood insurance maps together with information regarding the appeals process under section 1363 (42 U.S.C. 4104).''.

SEC. 361. TREATMENT OF SWIMMING POOL ENCLOSURES OUTSIDE OF HURRICANE SEASON.

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

"SEC. 1325. TREATMENT OF SWIMMING POOL ENCLOSURES OUTSIDE OF HURRICANE SEASON.

''In the case of any property that is otherwise in compliance with the coverage and building requirements of the national flood insurance program, the presence of an enclosed swimming pool located at ground level or in the space below the lowest floor of a building after November 30 and before June 1 of any year shall have no effect on the terms of coverage or the ability to receive coverage for such building under the national flood insurance program established pursuant to this title, if the pool is enclosed with non-supporting breakaway walls.''.

SEC. 362. INFORMATION REGARDING MULTIPLE PERILS CLAIMS.

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

''(d) INFORMATION REGARDING MULTIPLE PERILS CLAIMS.—

''(1) IN GENERAL.—Subject to paragraph (2), if an insured having flood insurance coverage under a policy issued under the program under this title by the Administrator or a company, insurer, or entity offering flood insurance coverage under such program (in this subsection referred to as a 'participating company') has wind or other homeowners coverage from any company, insurer, or other entity covering property covered by such flood insurance, in the case of damage to such property that may have been caused by flood or by wind, the Administrator and the participating company, upon the request of the insured, shall provide to the insured, within 30 days of such request—

"(A) a copy of the estimate of structure damage;

"(B) proofs of loss;

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

"(D) the Administrator's or the participating company's final determination on the claim.

"(2) TIMING.—Paragraph (1) shall apply only with respect to a request described in such paragraph made by an insured after the Administrator or the participating company, or both, as applicable, have issued a final decision on the flood claim involved and resolution of all appeals with respect to such claim.''.

SEC. 363. FEMA AUTHORITY TO REJECT TRANSFER OF POLICIES.

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

''(e) FEMA AUTHORITY TO REJECT TRANSFER OF POLICIES.—Notwithstanding any other provision of this Act, the Administrator may, at the discretion of the Administrator, refuse to accept the transfer of the administration of policies for coverage under the flood insurance program under this title that are written and administered by any insurance company or other insurer, or any insurance agent or broker.''.

SEC. 364. APPEALS.

(a) TELEVISION AND RADIO ANNOUNCEMENT.—Section 1363 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104), as amended by the preceding provisions of this subtitle, is further amended—

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

"(5) by notifying a local television and radio station,"; and

(2) in the first sentence of subsection (b), by inserting before the period at the end the following: "and shall notify a local television and radio station at least once during the same 10-day period".

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

(1) by striking "(b) The Director" and inserting "(b)(1) The Administrator"; and

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

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

"(A) believes there are property owners or lessees in the community who are unaware of such period for appeals; and

"(B) will utilize the extension under this paragraph to notify property owners or lessees who are affected by the proposed flood elevation determinations of the period for appeals and the opportunity to appeal the determinations proposed by the Administrator.''.

(c) APPLICABILITY.—The amendments made by subsections (a) and (b) shall apply with respect to any flood elevation determination for any area in a community that has not, as of the date of the enactment of this Act, been issued a Letter of Final Determination for such determination under the flood insurance map modernization process.

SEC. 365. RESERVE FUND.

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

''SEC. 1310A. RESERVE FUND.

''(a) ESTABLISHMENT OF RESERVE FUND.—In carrying out the flood insurance program authorized by this title, the Administrator shall establish in the Treasury of the United States a National Flood Insurance Reserve Fund (in this section referred to as the 'Reserve Fund') which shall—

''(1) be an account separate from any other accounts or funds available to the Administrator; and

''(2) be available for meeting the expected future obligations of the flood insurance program.

"(b) RESERVE RATIO.—Subject to the phase-in requirements under subsection (d), the Reserve Fund shall maintain a balance equal to—

"(1) 1 percent of the sum of the total potential loss exposure of all outstanding flood insurance policies in force in the prior fiscal year; or

"(2) such higher percentage as the Administrator determines to be appropriate, taking into consideration any circumstance that may raise a significant risk of substantial future losses to the Reserve Fund.

"(c) MAINTENANCE OF RESERVE RATIO.—

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

"(A) to maintain the reserve ratio required under subsection (b); and

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

"(2) CONSIDERATIONS.—In exercising the authority under paragraph (1), the Administrator shall consider—

"(A) the expected operating expenses of the Reserve Fund;

"(B) the insurance loss expenditures under the flood insurance program;

"(C) any investment income generated under the flood insurance program; and

"(D) any other factor that the Administrator determines appropriate.

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

"(d) PHASE-IN REQUIREMENTS.—The phase-in requirements under this subsection are as follows:

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

"(2) AMOUNT SATISFIED.—As soon as the ratio required under subsection (b) is achieved, and except as provided in paragraph (3), the Administrator shall not be required to set aside any amounts for the Reserve Fund.

"(3) EXCEPTION.—If at any time after the ratio required under subsection (b) is achieved, the Reserve Fund falls below the required ratio under subsection (b), the Administrator shall place in the Reserve Fund for that fiscal year an amount equal to not less than 7.5 percent of the reserve ratio required under subsection (b).

"(e) LIMITATION ON RESERVE RATIO.—In any given fiscal year, if the Administrator determines that the reserve ratio required under subsection (b) cannot be achieved, the Administrator shall submit a report to the Congress that—

"(1) describes and details the specific concerns of the Administrator regarding such consequences;

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

"(3) indicates the maximum attainable reserve ratio for that particular fiscal year.

"(f) AVAILABILITY OF AMOUNTS.—The reserve ratio requirements under subsection (b) and the phase-in requirements under subsection (d) shall be subject to the availability of amounts in the National Flood Insurance

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

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

''(10) for transfers to the National Flood Insurance Reserve Fund under section 1310A, in accordance with such section.''.

SEC. 366. CDBG ELIGIBILITY FOR FLOOD INSURANCE OUTREACH ACTIVITIES AND COMMUNITY BUILDING CODE ADMINISTRATION GRANTS.

Section 105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)) is amended—

(1) in paragraph (24), by striking ''and'' at the end;

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

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

''(26) supplementing existing State or local funding for administration of building code enforcement by local building code enforcement departments, including for increasing staffing, providing staff training, increasing staff competence and professional qualifications, and supporting individual certification or departmental accreditation, and for capital expenditures specifically dedicated to the administration of the building code enforcement department, except that, to be eligible to use amounts as provided in this paragraph—

''(A) a building code enforcement department shall provide matching, non-Federal funds to be used in conjunction with amounts used under this paragraph in an amount—

''(i) in the case of a building code enforcement department serving an area with a population of more than 50,000, equal to not less than 50 percent of the total amount of any funds made available under this title that are used under this paragraph;

''(ii) in the case of a building code enforcement department serving an area with a population of between 20,001 and 50,000, equal to not less than 25 percent of the total amount of any funds made available under this title that are used under this paragraph; and "(iii) in the case of a building code enforcement department serving an area with a population of less than 20,000, equal to not less than 12.5 percent of the total amount of any funds made available under this title that are used under this paragraph,

except that the Secretary may waive the matching fund requirements under this subparagraph, in whole or in part, based upon the level of economic distress of the jurisdiction in which is located the local building code enforcement department that is using amounts for purposes under this paragraph, and shall waive such matching fund requirements in whole for any recipient jurisdiction that has dedicated all building code permitting fees to the conduct of local building code enforcement; and

"(B) any building code enforcement department using funds made available under this title for purposes under this paragraph shall empanel a code administration and enforcement team consisting of at least 1 full-time building code enforcement officer, a city planner, and a health planner or similar officer; and

"(27) provision of assistance to local governmental agencies responsible for floodplain management activities (including such agencies of Indians tribes, as such term is defined in section 4 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103)) in communities that participate in the national flood insurance program under the National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.), only for carrying out outreach activities to encourage and facilitate the purchase of flood insurance protection under such Act by owners and renters of properties in such communities and to promote educational activities that increase awareness of flood risk reduction; except that—

"(A) amounts used as provided under this paragraph shall be used only for activities designed to—

"(i) identify owners and renters of properties in communities that participate in the national flood insurance program, including owners of residential and commercial properties;

"(ii) notify such owners and renters when their properties become included in, or when they are excluded from, an area having special flood hazards and the effect of such inclusion or exclusion on the applicability of the mandatory flood insurance purchase requirement under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) to such properties;

"(iii) educate such owners and renters regarding the flood risk and reduction of this risk in their community, including the continued flood risks to areas that are no longer subject to the flood insurance mandatory purchase requirement;

"(iv) educate such owners and renters regarding the benefits and costs of maintaining or acquiring flood insurance, including, where applicable, lower-cost preferred risk policies under this title for such properties and the contents of such properties;

"(v) encourage such owners and renters to maintain or acquire such coverage;

"(vi) notify such owners of where to obtain information regarding how to obtain such coverage, including a telephone number, mailing address, and Internet site of the Administrator of the Federal Emergency Management Agency (in this paragraph referred to as the 'Administrator') where such information is available; and

"(vii) educate local real estate agents in communities participating in the national flood insurance program regarding the program and the availability of coverage under the program for owners and renters of properties in such communities, and establish coordination and liaisons with such real estate agents to facilitate purchase of coverage under the National Flood Insurance Act of 1968 and increase awareness of flood risk reduction;

"(B) in any fiscal year, a local governmental agency may not use an amount under this paragraph that exceeds 3 times the amount that the agency certifies, as the Secretary, in consultation with the Administrator, shall require, that the agency will contribute from non-Federal funds to be used with such amounts used under this paragraph only for carrying out activities described in subparagraph (A); and for purposes of this subparagraph, the term 'non-Federal funds' includes State or local government agency amounts, in-kind contributions, any salary paid to staff to carry out the eligible activities of the local governmental agency involved, the value of the time and services contributed by volunteers to carry out such services (at a rate determined by the Secretary), and the value of any donated material or building and the value of any lease on a building;

"(C) a local governmental agency that uses amounts as provided under this paragraph may coordinate or contract with other agencies and entities having particular capacities, specialties, or experience with respect to certain populations or constituencies, including elderly or disabled families or persons, to carry out activities described in subparagraph (A) with respect to such populations or constituencies; and

"(D) each local government agency that uses amounts as provided under this paragraph shall submit a report to the Secretary and the Administrator, not later than 12 months after such amounts are first received, which shall include such information as the Secretary and the

Administrator jointly consider appropriate to describe the activities conducted using such amounts and the effect of such activities on the retention or acquisition of flood insurance coverage.''.

SEC. 367. TECHNICAL CORRECTIONS.

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

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

(2) in section 201(b) (42 U.S.C. 4105(b)), by striking ''Director's'' and inserting ''Administrator's''.

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

(1) by striking ''Director'' each place such term appears and inserting ''Administrator''; and

(2) in section 1363 (42 U.S.C. 4104), by striking ''Director's'' each place such term appears and inserting ''Administrator's''.

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

(42 U.S.C. 2414(e)) is amended by striking "Director" each place such term appears and inserting "Administrator".

SEC. 368. REQUIRING COMPETITION FOR NATIONAL FLOOD INSURANCE PROGRAM POLICIES.

(a) REPORT.—Not later than the expiration of the 90-day period beginning upon the date of the enactment of this Act, the Administrator of the Federal Emergency Management Agency, in consultation with insurance companies, insurance agents and other organizations with which the Administrator has contracted, shall submit to the Congress a report describing procedures and policies that the Administrator shall implement to limit the percentage of policies for flood insurance coverage under the national flood insurance program that are directly managed by the Agency to not more than 10 percent of the aggregate number of flood insurance policies in force under such program.

(b) IMPLEMENTATION.—Upon submission of the report under subsection (a) to the Congress, the Administrator shall implement the policies and procedures described in the report. The Administrator shall, not later than the expiration of the 12-month period beginning upon submission of such report, reduce the number of policies for flood insurance coverage that are directly managed by the Agency, or by the Agency's direct servicing contractor that is not an insurer, to not more than 10 percent of the aggregate number of flood insurance policies in force as of the expiration of such 12-month period.

(c) CONTINUATION OF CURRENT AGENT RELATIONSHIPS.—In carrying out subsection (b), the Administrator shall ensure that—

(1) agents selling or servicing policies described in such subsection are not prevented from continuing to sell or service such policies; and

(2) insurance companies are not prevented from waiving any limitation such companies could otherwise enforce to limit any such activity.

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

(a) STUDIES.—The Administrator of the Federal Emergency Management Agency and the Comptroller General of the United States shall each conduct a separate study to assess options, methods, and strategies for offering voluntary community-based flood insurance policy options and incorporating such options into the national flood insurance program. Such studies shall take into consideration and analyze how the policy options would affect communities having varying economic bases, geographic locations, flood hazard characteristics or classifications, and flood management approaches.

(b) REPORTS.—Not later than the expiration of the 18-month period beginning on the date of the enactment of this Act, the Administrator of the Federal Emergency Management Agency and the Comptroller General of the United States shall each submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on the results and conclusions of the study such agency conducted under subsection (a), and each such report shall include recommendations for the best manner to incorporate voluntary community-based flood insurance options into the national flood insurance program and for a strategy to implement such options that would encourage communities to undertake flood mitigation activities.

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

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

Urban Affairs of the Senate regarding the impact, effectiveness, and feasibility of amending section 1361 of the National Flood Insurance Act of 1968 (42 U.S.C. 4102) to include widely used and nationally recognized building codes as part of the floodplain management criteria developed under such section, and shall determine—

(1) the regulatory, financial, and economic impacts of such a building code requirement on homeowners, States and local communities, local land use policies, and the Federal Emergency Management Agency;

(2) the resources required of State and local communities to administer and enforce such a building code requirement;

(3) the effectiveness of such a building code requirement in reducing flood-related damage to buildings and contents;

(4) the impact of such a building code requirement on the actuarial soundness of the National Flood Insurance Program;

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

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

ance coverage under such Act for structures meeting whichever of such widely used and nationally recognized building code or any applicable local building code provides greater protection from flood damage;

(7) the impact of such a building code requirement on rural communities with different building code challenges than more urban environments; and

(8) the impact of such a building code requirement on Indian reservations.

SEC. 371. STUDY ON GRADUATED RISK.

(a) STUDY.—The National Academy of Sciences shall conduct a study exploring methods for understanding graduated risk behind levees and the associated land development, insurance, and risk communication dimensions, which shall—

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

(2) rank such practices based on their best value, balancing cost, scientific integrity, and the inherent uncertainties associated with all aspects of the loss estimate, including geotechnical engineering, flood frequency estimates, economic value, and direct damages;

(3) research, review, and identify current best floodplain management and land use practices behind levees that effectively balance social, economic, and environmental considerations as part of an overall flood risk management strategy;

(4) identify examples where such practices have proven effective and recommend methods and processes by which they could be applied more broadly across the United States, given the variety of different flood risks, State and local legal frameworks, and evolving judicial opinions;

(5) research, review, and identify a variety of flood insurance pricing options for flood hazards behind levees which are actuarially sound and based on the flood risk data developed using the top three best value approaches identified pursuant to paragraph (1);

(6) evaluate and recommend methods to reduce insurance costs through creative arrangements between insureds and insurers while keeping a clear accounting of how much financial risk is being borne by various parties such that the entire risk is accounted for, including establishment of explicit limits on disaster aid or other assistance in the event of a flood; and

(7) taking into consideration the recommendations pursuant to paragraphs (1) through (3), recommend approaches to communicating the associated risks to community officials, homeowners, and other residents.

(b) REPORT.—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the National Academy of Sciences shall submit a report to the Committees on Financial Services and Science, Space, and Technology of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and Commerce, Science and Transportation of the Senate on the study under subsection (a) including the information and recommendations required under such subsection.

SEC. 372. REPORT ON FLOOD-IN-PROGRESS DETERMINATION.

The Administrator of the Federal Emergency Management Agency shall review the processes and procedures for determining that a flood event has commenced or is in progress for purposes of flood insurance coverage made available under the national flood insurance program under the National Flood Insurance Act of 1968 and for providing public notification that such an event has commenced or is in progress. In such review, the Administrator shall take into consideration the effects and implications that weather conditions, such as rainfall, snowfall, projected snowmelt, existing water levels, and other conditions have on the determination that a flood event has commenced or is in progress. Not later than the expiration of the 6-month period beginning upon the date of the enactment of this Act, the Administrator shall submit a report to the Congress setting forth the results and conclusions of the review undertaken pursuant to this section and any actions undertaken or proposed actions to be taken to provide for a more precise and technical determination that a flooding event has commenced or is in progress.

SEC. 373. STUDY ON REPAYING FLOOD INSURANCE DEBT.

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

SEC. 374. NO CAUSE OF ACTION.

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

SEC. 375. AUTHORITY FOR THE CORPS OF ENGINEERS TO PROVIDE SPECIALIZED OR TECHNICAL SERVICES.

(a) IN GENERAL.—Notwithstanding any other provision of law, upon the request of a State or local government, the Secretary of the Army may evaluate a levee system that was designed or constructed by the Secretary for the purposes of the National Flood Insurance Program established under chapter 1 of the National Flood Insurance Act of 1968 (42 U.S.C. 4011 et seq.).

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

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

(2) be carried out in accordance with such procedures as the Secretary, in consultation with the Administrator of the Federal Emergency Management Agency, may establish; and

(3) be carried out only if the State or local government agrees to reimburse the Secretary for all

cost associated with the performance of the activities.

Subtitle E—Repeal of the Office of Financial Research

SEC. 381. REPEAL OF THE OFFICE OF FINANCIAL RESEARCH.

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

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

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

(2) in section 111—

(A) in subsection (b)(2)—

(i) by striking subparagraph (A); and

(ii) by redesignating subparagraphs (B), (C), (D), and (E) as subparagraphs (A), (B), (C), and (D), respectively;

(B) in subsection (c)(1), by striking "subparagraphs (C), (D), and (E)" and inserting "subparagraphs (B), (C), and (D)";

(3) in section 112—

(A) in subsection (a)(2)—

(i) in subparagraph (A), by striking "direct the Office of Financial Research to";

(ii) by striking subparagraph (B); and

(iii) by redesignating subparagraphs (C), (D), (E), (F), (G), (H), (I), (J), (K), (L), (M), and (N) as subparagraphs (B), (C), (D), (E), (F), (G), (H), (I), (J), (K), (L), and (M), respectively; and

(B) in subsection (d)—

(i) in paragraph (1), by striking "the Office of Financial Research, member agencies, and" and inserting "member agencies and";

(ii) in paragraph (2), by striking "the Office of Financial Research, any member agency, and" and inserting "any member agency and";

(iii) in paragraph (3)—

(I) by striking ", acting through the Office of Financial Research," each place it appears; and

(II) in subparagraph (B), by striking "the Office of Financial Research or"; and

(iv) in paragraph (5)(A), by striking ", the Office of Financial Research,";

(4) in section 116, by striking ", acting through the Office of Financial Research," each place it appears; and

(5) by striking section 118.

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

"(a) DESIGNATION AS AN INDEPENDENT AGENCY.—Section 3502(5) of subchapter I of chapter 35 of title 44, United States Code (commonly known as the Paperwork Reduction Act) is amended by inserting 'the Bureau of Consumer Financial Protection,' after 'the Securities and Exchange Commission,'.".

(d) TECHNICAL AMENDMENTS.—The table of contents for the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended—

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

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

TITLE IV—COMMITTEE ON THE JUDICIARY

SEC. 401. SHORT TITLE.

This title may be cited as the ''Help Efficient, Accessible, Low-cost, Timely Healthcare (HEALTH) Act of 2011''.

SEC. 402. ENCOURAGING SPEEDY RESOLUTION OF CLAIMS.

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

(1) upon proof of fraud;

(2) intentional concealment; or

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

Actions by a minor shall be commenced within 3 years from the date of the alleged manifestation of injury except that actions by a minor under the full age of 6 years shall be commenced within 3 years of manifestation of injury or prior to the minor's 8th birthday, whichever provides a longer period. Such time limitation shall be tolled for minors for any period during which a parent or guardian and a health care provider or health care organization have committed fraud or collusion in the failure to bring an action on behalf of the injured minor.

SEC. 403. COMPENSATING PATIENT INJURY.

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

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

(c) NO DISCOUNT OF AWARD FOR NONECONOMIC DAMAGES.—For purposes of applying the limitation in subsection (b), future noneconomic damages shall not be discounted to present value. The jury shall not be informed about the maximum award for noneconomic damages. An award for noneconomic damages in excess of $250,000 shall be reduced either before the entry of judgment, or by amendment of the judgment after entry of judgment, and such reduction shall be made before accounting for any other reduction in damages required by law. If separate awards are rendered for past and future noneconomic damages and the combined awards exceed $250,000, the future noneconomic damages shall be reduced first.

(d) FAIR SHARE RULE.—In any health care lawsuit, each party shall be liable for that party's several share of any damages only and not for the share of any other person. Each party shall be liable only for the amount of damages allocated to such party in direct proportion to such party's percentage of responsibility. Whenever a judgment of liability is rendered as to any party, a separate judgment shall be rendered against each such party for the amount allocated to such party. For purposes of this section, the trier of fact shall determine the proportion of responsibility of each party for the claimant's harm.

SEC. 404. MAXIMIZING PATIENT RECOVERY.

(a) COURT SUPERVISION OF SHARE OF DAMAGES ACTUALLY PAID TO CLAIMANTS.—In any health care lawsuit, the court shall supervise the arrangements for payment of damages to protect against conflicts of interest that may have the effect of reducing the amount of damages awarded that are actually paid to claimants. In particular, in any health care lawsuit in which the attorney for a party claims a financial stake in the outcome by virtue of a contingent fee, the court shall have the power to restrict the payment of a claimant's damage recovery to such attorney, and to redirect such damages to the claimant based upon the interests of justice and principles of equity. In no event shall the total of all contingent fees for representing all claimants in a health care lawsuit exceed the following limits:

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

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

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

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

(b) APPLICABILITY.—The limitations in this section shall apply whether the recovery is by judgment, settlement, mediation, arbitration, or any other form of alternative dispute resolution. In a health care lawsuit involving a minor or incompetent person, a court retains the authority to authorize or approve a fee that is less than the maximum permitted under this section. The requirement for court supervision in the first two sentences of subsection (a) applies only in civil actions.

SEC. 405. PUNITIVE DAMAGES.

(a) IN GENERAL.—Punitive damages may, if otherwise permitted by applicable State or Federal law, be awarded against any person in a health care lawsuit only if it is proven by clear and convincing evidence that such person acted with malicious intent to injure the claimant, or that such person deliberately failed to avoid unnecessary injury that such person knew the claimant was substantially certain to suffer. In any health care lawsuit where no judgment for compensatory damages is rendered against such person, no punitive damages may be awarded with respect to the claim in such lawsuit. No demand for punitive damages shall be included in a health care lawsuit as initially filed. A court may allow a claimant to file an amended pleading for punitive damages only upon a motion by the claimant and after a finding by the court, upon review of supporting and opposing affidavits or after a hearing, after weighing the evidence, that the claimant has established by a substantial probability that the claimant will prevail on the claim for punitive damages. At the request of any party in a health care lawsuit, the trier of fact shall consider in a separate proceeding—

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

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

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

(b) DETERMINING AMOUNT OF PUNITIVE DAMAGES.—

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

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

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

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

(D) the number of products sold or medical procedures rendered for compensation, as the case may be, by such party, of the kind causing the harm complained of by the claimant;

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

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

(2) MAXIMUM AWARD.—The amount of punitive damages, if awarded, in a health care lawsuit may be as much as $250,000 or as much as two times the amount of economic damages awarded, whichever is greater. The jury shall not be informed of this limitation.

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

(1) IN GENERAL.—

(A) No punitive damages may be awarded against the manufacturer or distributor of a medical product, or a supplier of any component or raw material of such medical product, based on a claim that such product caused the claimant's harm where—

(i)(I) such medical product was subject to premarket approval, clearance, or licensure by the Food and Drug Administration with respect to the safety of the formulation or performance of the aspect of such medical product which caused the claimant's harm or the adequacy of the packaging or labeling of such medical product; and

(II) such medical product was so approved, cleared, or licensed; or

(ii) such medical product is generally recognized among qualified experts as safe and effective pursuant to conditions established by the Food and Drug Administration and applicable Food and Drug Administration regulations, including without limitation those related to packaging and labeling, unless the Food and Drug Administration has determined that such medical product was not manufactured or distributed in substantial compliance with applicable Food and Drug Administration statutes and regulations.

(B) RULE OF CONSTRUCTION.—Subparagraph (A) may not be construed as establishing the obligation of the Food and Drug Administration to demonstrate affirmatively that a manufacturer, distributor, or supplier referred to in such subparagraph meets any of the conditions described in such subparagraph.

(2) LIABILITY OF HEALTH CARE PROVIDERS.—A health care provider who prescribes, or who dispenses pursuant to a prescription, a medical product approved, licensed, or cleared by the Food and Drug Administration shall not be named as a party to a product liability lawsuit involving such product and shall not be liable to a claimant in a class action lawsuit against the manufacturer, distributor, or seller of such product. Nothing in this paragraph prevents a court from consolidating cases involving health care providers and cases involving products liability claims against the manufacturer, distributor, or product seller of such medical product.

(3) PACKAGING.—In a health care lawsuit for harm which is alleged to relate to the adequacy of the packaging or labeling of a drug which is required to have tamper-resistant packaging under regulations of the Secretary of Health and Human Services (including labeling regulations related to such packaging), the manufacturer or product seller of the drug shall not be held liable for punitive dam-

ages unless such packaging or labeling is found by the trier of fact by clear and convincing evidence to be substantially out of compliance with such regulations.

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

(A) a person, before or after premarket approval, clearance, or licensure of such medical product, knowingly misrepresented to or withheld from the Food and Drug Administration information that is required to be submitted under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.) or section 351 of the Public Health Service Act (42 U.S.C. 262) that is material and is causally related to the harm which the claimant allegedly suffered

(B) a person made an illegal payment to an official of the Food and Drug Administration for the purpose of either securing or maintaining approval, clearance, or licensure of such medical product; or

(C) the defendant caused the medical product which caused the claimant's harm to be misbranded or adulterated (as such terms are used in chapter V of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 351 et seq.)).

SEC. 406. AUTHORIZATION OF PAYMENT OF FUTURE DAMAGES TO CLAIMANTS IN HEALTH CARE LAWSUITS.

(a) IN GENERAL.—In any health care lawsuit, if an award of future damages, without reduction to present value, equaling or exceeding $50,000 is made against a party with sufficient insurance or other assets to fund a periodic payment of such a judgment, the court shall, at the request of any party, enter a judgment ordering that the future damages be paid by periodic payments, in accordance with the Uniform Periodic Payment of Judgments Act promulgated by the National Conference of Commissioners on Uniform State Laws.

(b) APPLICABILITY.—This section applies to all actions which have not been first set for trial or retrial before the effective date of this title.

SEC. 407. DEFINITIONS.

In this title:

(1) ALTERNATIVE DISPUTE RESOLUTION SYSTEM; ADR.—The term ''alternative dispute resolution system'' or ''ADR'' means a system that provides for the resolution of health care lawsuits in a man-

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

(2) CLAIMANT.—The term ''claimant'' means any person who brings a health care lawsuit, including a person who asserts or claims a right to legal or equitable contribution, indemnity, or subrogation, arising out of a health care liability claim or action, and any person on whose behalf such a claim is asserted or such an action is brought, whether deceased, incompetent, or a minor.

(3) COMPENSATORY DAMAGES.—The term ''compensatory damages'' means objectively verifiable monetary losses incurred as a result of the provision of, use of, or payment for (or failure to provide, use, or pay for) health care services or medical products, such as past and future medical expenses, loss of past and future earnings, cost of obtaining domestic services, loss of employment, and loss of business or employment opportunities, damages for physical and emotional pain, suffering, inconvenience, physical impairment, mental anguish, disfigurement, loss of enjoyment of life, loss of society and companionship, loss of consortium (other than loss of domestic service), hedonic damages, injury to reputation, and all other nonpecuniary losses

of any kind or nature. The term ‘‘compensatory damages’’ includes economic damages and non-economic damages, as such terms are defined in this section.

(4) CONTINGENT FEE.—The term ‘‘contingent fee’’ includes all compensation to any person or persons which is payable only if a recovery is effected on behalf of one or more claimants.

(5) ECONOMIC DAMAGES.—The term ‘‘economic damages’’ means objectively verifiable monetary losses incurred as a result of the provision of, use of, or payment for (or failure to provide, use, or pay for) health care services or medical products, such as past and future medical expenses, loss of past and future earnings, cost of obtaining domestic services, loss of employment, and loss of business or employment opportunities.

(6) HEALTH CARE LAWSUIT.—The term ‘‘health care lawsuit’’ means any health care liability claim concerning the provision of health care goods or services or any medical product affecting interstate commerce, or any health care liability action concerning the provision of health care goods or services or any medical product affecting interstate commerce, brought in a State or Federal court or

pursuant to an alternative dispute resolution system, against a health care provider, a health care organization, or the manufacturer, distributor, supplier, marketer, promoter, or seller of a medical product, regardless of the theory of liability on which the claim is based, or the number of claimants, plaintiffs, defendants, or other parties, or the number of claims or causes of action, in which the claimant alleges a health care liability claim. Such term does not include a claim or action which is based on criminal liability; which seeks civil fines or penalties paid to Federal, State, or local government; or which is grounded in antitrust.

(7) HEALTH CARE LIABILITY ACTION.—The term ''health care liability action'' means a civil action brought in a State or Federal court or pursuant to an alternative dispute resolution system, against a health care provider, a health care organization, or the manufacturer, distributor, supplier, marketer, promoter, or seller of a medical product, regardless of the theory of liability on which the claim is based, or the number of plaintiffs, defendants, or other parties, or the number of causes of action, in which the claimant alleges a health care liability claim.

(8) HEALTH CARE LIABILITY CLAIM.—The term ''health care liability claim'' means a demand by any person, whether or not pursuant to ADR, against a health care provider, health care organization, or the manufacturer, distributor, supplier, marketer, promoter, or seller of a medical product, including, but not limited to, third-party claims, cross-claims, counter-claims, or contribution claims, which are based upon the provision of, use of, or payment for (or the failure to provide, use, or pay for) health care services or medical products, regardless of the theory of liability on which the claim is based, or the number of plaintiffs, defendants, or other parties, or the number of causes of action.

(9) HEALTH CARE ORGANIZATION.—The term ''health care organization'' means any person or entity which is obligated to provide or pay for health benefits under any health plan, including any person or entity acting under a contract or arrangement with a health care organization to provide or administer any health benefit.

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

care services, and being either so licensed, registered, or certified, or exempted from such requirement by other statute or regulation.

(11) HEALTH CARE GOODS OR SERVICES.—The term ''health care goods or services'' means any goods or services provided by a health care organization, provider, or by any individual working under the supervision of a health care provider, that relates to the diagnosis, prevention, or treatment of any human disease or impairment, or the assessment or care of the health of human beings.

(12) MALICIOUS INTENT TO INJURE.—The term ''malicious intent to injure'' means intentionally causing or attempting to cause physical injury other than providing health care goods or services.

(13) MEDICAL PRODUCT.—The term ''medical product'' means a drug, device, or biological product intended for humans, and the terms ''drug'', ''device'', and ''biological product'' have the meanings given such terms in sections 201(g)(1) and 201(h) of the Federal Food, Drug and Cosmetic Act (21 U.S.C. 321(g)(1) and (h)) and section 351(a) of the Public Health Service Act (42 U.S.C. 262(a)), re-

spectively, including any component or raw material used therein, but excluding health care services.

(14) NONECONOMIC DAMAGES.—The term ‘‘noneconomic damages’’ means damages for physical and emotional pain, suffering, inconvenience, physical impairment, mental anguish, disfigurement, loss of enjoyment of life, loss of society and companionship, loss of consortium (other than loss of domestic service), hedonic damages, injury to reputation, and all other nonpecuniary losses of any kind or nature.

(15) PUNITIVE DAMAGES.—The term ‘‘punitive damages’’ means damages awarded, for the purpose of punishment or deterrence, and not solely for compensatory purposes, against a health care provider, health care organization, or a manufacturer, distributor, or supplier of a medical product. Punitive damages are neither economic nor noneconomic damages.

(16) RECOVERY.—The term ‘‘recovery’’ means the net sum recovered after deducting any disbursements or costs incurred in connection with prosecution or settlement of the claim, including all costs paid or advanced by any person. Costs of health care incurred by the plaintiff and the attorneys’ office

overhead costs or charges for legal services are not deductible disbursements or costs for such purpose.

(17) STATE.—The term ‘‘State’’ means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States, or any political subdivision thereof.

SEC. 408. EFFECT ON OTHER LAWS.

(a) VACCINE INJURY.—

(1) To the extent that title XXI of the Public Health Service Act establishes a Federal rule of law applicable to a civil action brought for a vaccine-related injury or death—

(A) this title does not affect the application of the rule of law to such an action; and

(B) any rule of law prescribed by this title in conflict with a rule of law of such title XXI shall not apply to such action.

(2) If there is an aspect of a civil action brought for a vaccine-related injury or death to which a Federal rule of law under title XXI of the Public Health Service Act does not apply, then this title or otherwise applicable law (as determined

under this title) will apply to such aspect of such action.

(b) OTHER FEDERAL LAW.—Except as provided in this section, nothing in this title shall be deemed to affect any defense available to a defendant in a health care lawsuit or action under any other provision of Federal law.

SEC. 409. STATE FLEXIBILITY AND PROTECTION OF STATES' RIGHTS.

(a) HEALTH CARE LAWSUITS.—The provisions governing health care lawsuits set forth in this title preempt, subject to subsections (b) and (c), State law to the extent that State law prevents the application of any provisions of law established by or under this title. The provisions governing health care lawsuits set forth in this title supersede chapter 171 of title 28, United States Code, to the extent that such chapter—

(1) provides for a greater amount of damages or contingent fees, a longer period in which a health care lawsuit may be commenced, or a reduced applicability or scope of periodic payment of future damages, than provided in this title; or

(2) prohibits the introduction of evidence regarding collateral source benefits, or mandates or permits subrogation or a lien on collateral source benefits.

(b) PROTECTION OF STATES' RIGHTS AND OTHER LAWS.—(1) Any issue that is not governed by any provision of law established by or under this title (including State standards of negligence) shall be governed by otherwise applicable State or Federal law.

(2) This title shall not preempt or supersede any State or Federal law that imposes greater procedural or substantive protections for health care providers and health care organizations from liability, loss, or damages than those provided by this title or create a cause of action.

(c) STATE FLEXIBILITY.—No provision of this title shall be construed to preempt—

(1) any State law (whether effective before, on, or after the date of the enactment of this Act) that specifies a particular monetary amount of compensatory or punitive damages (or the total amount of damages) that may be awarded in a health care lawsuit, regardless of whether such monetary amount is greater or lesser than is provided for under this title, notwithstanding section 303(a); or

(2) any defense available to a party in a health care lawsuit under any other provision of State or Federal law.

SEC. 410. APPLICABILITY; EFFECTIVE DATE.

This title shall apply to any health care lawsuit brought in a Federal or State court, or subject to an alternative dispute resolution system, that is initiated on or after the date of the enactment of this Act, except that any health care lawsuit arising from an injury occurring prior to the date of the enactment of this Act shall be governed by the applicable statute of limitations provisions in effect at the time the injury occurred.

TITLE V—COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

SEC. 501. RETIREMENT CONTRIBUTIONS.

(a) CIVIL SERVICE RETIREMENT SYSTEM.—

(1) INDIVIDUAL CONTRIBUTIONS.—Section 8334(c) of title 5, United States Code, is amended—

(A) by striking ''(c) Each'' and inserting ''(c)(1) Each''; and

(B) by adding at the end the following:

''(2) Notwithstanding any other provision of this subsection, the applicable percentage of basic pay under this subsection shall—

''(A) except as provided in subparagraph (B) or (C), for purposes of computing an amount—

''(i) for a period in calendar year 2013, be equal to the applicable percentage under this subsection for calendar year 2012, plus an additional 1.5 percentage points;

"(ii) for a period in calendar year 2014, be equal to the applicable percentage under this subsection for calendar year 2013 (as determined under clause (i)), plus an additional 0.5 percentage point;

"(iii) for a period in calendar year 2015, 2016, or 2017, be equal to the applicable percentage under this subsection for the preceding calendar year (as determined under clause (ii) or this clause, as the case may be), plus an additional 1.0 percentage point; and

"(iv) for a period in any calendar year after 2017, be equal to the applicable percentage under this subsection for calendar year 2017 (as determined under clause (iii));

"(B) for purposes of computing an amount with respect to a Member for Member service—

"(i) for a period in calendar year 2013, be equal to the applicable percentage under this subsection for calendar year 2012, plus an additional 2.5 percentage points;

"(ii) for a period in calendar year 2014, 2015, 2016, or 2017, be equal to the applicable percentage under this subsection for the preceding calendar year (as determined under clause (i) or this clause, as the case may be), plus an additional 1.5 percentage points; and

"(iii) for a period in any calendar year after 2017, be equal to the applicable percentage under this subsection for calendar year 2017 (as determined under clause (ii)); and

"(C) for purposes of computing an amount with respect to a Member or employee for Congressional employee service—

"(i) for a period in calendar year 2013, be equal to the applicable percentage under this subsection for calendar year 2012, plus an additional 2.5 percentage points;

"(ii) for a period in calendar year 2014, 2015, 2016, or 2017, be equal to the applicable percentage under this subsection for the preceding calendar year (as determined under clause (i) or this clause, as the case may be), plus an additional 1.5 percentage points; and

"(iii) for a period in any calendar year after 2017, be equal to the applicable percentage under this subsection for calendar year 2017 (as determined under clause (ii)).

"(3)(A) Notwithstanding subsection (a)(2), any excess contributions under subsection (a)(1)(A) (including the portion of any deposit under this subsection allocable to excess contributions) shall, if made by an employee of the United States Postal Service or the Postal Regulatory Commission, be deposited to the credit of the Postal Service Fund under section 2003 of title 39, rather than the Civil Service Retirement and Disability Fund.

"(B) For purposes of this paragraph, the term 'excess contributions', as used with respect to contributions made under subsection (a)(1)(A) by an employee of the United States Postal Service or the Postal Regulatory Commission, means the amount by which—

"(i) deductions from basic pay of such employee which are made under subsection (a)(1)(A), exceed

"(ii) deductions from basic pay of such employee which would have been so made if paragraph (2) had not been enacted.".

(2) GOVERNMENT CONTRIBUTIONS.—Section 8334(a)(1)(B) of title 5, United States Code, is amended—

(A) in clause (i), by striking "Except as provided in clause (ii)," and inserting "Except as provided in clause (ii) or (iii),"; and

(B) by adding at the end the following:

"(iii) The amount to be contributed under clause (i) shall, with respect to a period in any year beginning after December 31, 2012, be equal to—

"(I) the amount which would otherwise apply under clause (i) with respect to such period, reduced by

"(II) the amount by which, with respect to such period, the withholding under subparagraph (A) exceeds the amount which would otherwise have been withheld from the basic pay of the employee or elected official involved under subparagraph (A) based on the percentage applicable under subsection (c) for calendar year 2012.".

(b) FEDERAL EMPLOYEES' RETIREMENT SYSTEM.—

(1) INDIVIDUAL CONTRIBUTIONS.—Section 8422(a)(3) of title 5, United States Code, is amended—

(A) by redesignating subparagraph (B) as subparagraph (C);

(B) by inserting after subparagraph (A) the following:

"(B) Notwithstanding any other provision of this paragraph, the applicable percentage under this paragraph for civilian service by employees or Members other than revised annuity employees shall—

"(i) except as provided in clause (ii) or (iii), for purposes of computing an amount—

"(I) for a period in calendar year 2013, be equal to the applicable percentage under this paragraph for calendar year 2012, plus an additional 1.5 percentage points;

"(II) for a period in calendar year 2014, be equal to the applicable percentage under this paragraph for calendar year 2013 (as determined under subclause (I)), plus an additional 0.5 percentage point;

"(III) for a period in calendar year 2015, 2016, or 2017, be equal to the applicable percentage under this paragraph for the preceding calendar year (as determined under subclause (II) or this subclause, as the case may be), plus an additional 1.0 percentage point; and

"(IV) for a period in any calendar year after 2017, be equal to the applicable percentage under this paragraph for calendar year 2017 (as determined under subclause (III));

"(ii) for purposes of computing an amount with respect to a Member—

"(I) for a period in calendar year 2013, be equal to the applicable percentage under this paragraph for calendar year 2012, plus an additional 2.5 percentage points;

"(II) for a period in calendar year 2014, 2015, 2016, or 2017, be equal to the applicable percentage under this paragraph for the preceding calendar year (as determined under subclause (I) or this subclause, as the case may be), plus an additional 1.5 percentage points; and

"(III) for a period in any calendar year after 2017, be equal to the applicable percentage under this paragraph for calendar year 2017 (as determined under subclause (II)); and

"(iii) for purposes of computing an amount with respect to a Congressional employee—

"(I) for a period in calendar year 2013, 2014, 2015, 2016, or 2017, be equal to the applicable percentage under this paragraph for the preceding calendar year (including as increased under this subclause, if applicable), plus an additional 1.5 percentage points; and

"(II) for a period in any calendar year after 2017, be equal to the applicable percentage under this paragraph for calendar year

2017 (as determined under subclause (I)).''; and

(C) in subparagraph (C) (as so redesignated by subparagraph (A))—

(i) by striking ''9.3'' each place it appears and inserting ''12''; and

(ii) by striking ''9.8'' each place it appears and inserting ''12.5''.

(2) GOVERNMENT CONTRIBUTIONS.—Section 8423(a)(2) of title 5, United States Code, is amended—

(A) by striking ''(2)'' and inserting ''(2)(A)''; and

(B) by adding at the end the following:

''(B)(i) Subject to clauses (ii) and (iii), for purposes of any period in any year beginning after December 31, 2012, the normal-cost percentage under this subsection shall be determined and applied as if section 501(b)(1) of the Sequester Replacement Reconciliation Act of 2012 had not been enacted.

''(ii) Any contributions under this subsection in excess of the amounts which (but for clause (i)) would otherwise have been payable shall be applied toward reducing the unfunded liability of the Civil Service Retirement System.

“(iii) After the unfunded liability of the Civil Service Retirement System has been eliminated, as determined by the Office, Government contributions under this subsection shall be determined and made disregarding this subparagraph.

“(iv) The preceding provisions of this subparagraph shall be disregarded for purposes of determining the contributions payable by the United States Postal Service and the Postal Regulatory Commission.”.

SEC. 502. ANNUITY SUPPLEMENT.

Section 8421(a) of title 5, United States Code, is amended—

(1) in paragraph (1), by striking “paragraph (3)” and inserting “paragraphs (3) and (4)”;

(2) in paragraph (2), by striking “paragraph (3)” and inserting “paragraphs (3) and (4)”; and

(3) by adding at the end the following:

“(4)(A) Except as provided in subparagraph (B), no annuity supplement under this section shall be payable in the case of an individual who first becomes subject to this chapter after December 31, 2012.

“(B) Nothing in this paragraph applies in the case of an individual separating under subsection (d) or (e) of section 8412.”.

SEC. 503. CONTRIBUTIONS TO THRIFT SAVINGS FUND OF PAYMENTS FOR ACCRUED OR ACCUMULATED LEAVE.

(a) AMENDMENTS RELATING TO CSRS.—Section 8351(b) of title 5, United States Code, is amended—

(1) by striking paragraph (2)(A) and inserting the following:

''(2)(A) An employee or Member may contribute to the Thrift Savings Fund in any pay period any amount of such employee's or Member's basic pay for such pay period, and may contribute (by direct transfer to the Fund) any part of any payment that the employee or Member receives for accumulated and accrued annual or vacation leave under section 5551 or 5552. Notwithstanding section 2105(e), in this paragraph the term 'employee' includes an employee of the United States Postal Service or of the Postal Regulatory Commission.'';

(2) by striking subparagraph (B) of paragraph (2); and

(3) by redesignating subparagraph (C) of paragraph (2) as subparagraph (B).

(b) AMENDMENTS RELATING TO FERS.—Section 8432(a) of title 5, United States Code, is amended—

(1) by striking all that precedes paragraph (3) and inserting the following:

''(a)(1) An employee or Member—

"(A) may contribute to the Thrift Savings Fund in any pay period, pursuant to an election under subsection (b), any amount of such employee's or Member's basic pay for such pay period; and

"(B) may contribute (by direct transfer to the Fund) any part of any payment that the employee or Member receives for accumulated and accrued annual or vacation leave under section 5551 or 5552.

"(2) Contributions made under paragraph (1)(A) pursuant to an election under subsection (b) shall, with respect to each pay period for which such election remains in effect, be made in accordance with a program of regular contributions provided in regulations prescribed by the Executive Director."; and

(2) by adding at the end the following:

"(4) Notwithstanding section 2105(e), in this subsection the term 'employee' includes an employee of the United States Postal Service or of the Postal Regulatory Commission.".

(c) REGULATIONS.—The Executive Director of the Federal Retirement Thrift Investment Board shall promulgate regulations to carry out the amendments made by this section.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect 1 year after the date of the enactment of this Act.

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.

(a) IN GENERAL.—Paragraph (2) of section 36B(f) of the Internal Revenue Code of 1986 is amended by striking subparagraph (B).

(b) CONFORMING AMENDMENT.—So much of paragraph (2) of section 36B(f) of such Code, as amended by subsection (a), as precedes ''advance payments'' is amended to read as follows:

''(2) EXCESS ADVANCE PAYMENTS.—If the''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 2013.

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.

(a) IN GENERAL.—Subsection (d) of section 24 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(5) IDENTIFICATION REQUIREMENT WITH RESPECT TO TAXPAYER.—

"(A) IN GENERAL.—Paragraph (1) shall not apply to any taxpayer for any taxable year unless the taxpayer includes the taxpayer's Social Security number on the return of tax for such taxable year.

"(B) JOINT RETURNS.—In the case of a joint return, the requirement of subparagraph (A) shall be treated as met if the Social Security number of either spouse is included on such return.

"(C) LIMITATION.—Subparagraph (A) shall not apply to the extent the tentative minimum tax (as defined in section 55(b)(1)(A)) exceeds the credit allowed under section 32.''.

(b) OMISSION TREATED AS MATHEMATICAL OR CLERICAL ERROR.—Subparagraph (I) of section 6213(g)(2) of such Code is amended to read as follows:

''(I) an omission of a correct Social Security number required under section 24(d)(5) (relating to refundable portion of child tax credit), or a correct TIN under section 24(e) (relating to child tax credit), to be included on a return,''.

(c) CONFORMING AMENDMENT.—Subsection (e) of section 24 of such Code is amended by inserting ''WITH RESPECT TO QUALIFYING CHILDREN'' after ''IDENTIFICATION REQUIREMENT'' in the heading thereof.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

Subtitle C—Human Resources Provisions

SEC. 621. REPEAL OF THE PROGRAM OF BLOCK GRANTS TO STATES FOR SOCIAL SERVICES.

(a) REPEALS.—Sections 2001 through 2007 of the Social Security Act (42 U.S.C. 1397–1397f) are repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 404(d) of the Social Security Act (42 U.S.C. 604(d)) is amended—

(A) in paragraph (1), by striking "any or all of the following provisions of law:" and all that follows through "The" and inserting "the";

(B) in paragraph (3)—

(i) by striking "RULES" and all that follows through "any amount paid" and inserting "RULES.—Any amount paid";

(ii) by striking "a provision of law specified in paragraph (1)" and inserting "the Child Care and Development Block Grant Act of 1990"; and

(iii) by striking subparagraph (B); and

(C) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2).

(2) Section 422(b) of the Social Security Act (42 U.S.C. 622(b)) is amended—

(A) in paragraph (1)(A)—

(i) by striking "administers or supervises" and inserting "administered or supervised"; and

(ii) by striking ''subtitle 1 of title XX'' and inserting ''subtitle A of title XX (as in effect before the repeal of such subtitle)''; and

(B) in paragraph (2), by striking ''under subtitle 1 of title XX,''.

(3) Section 471(a) of the Social Security Act (42 U.S.C. 671(a)) is amended—

(A) in paragraph (4), by striking '', under subtitle 1 of title XX of this Act,''; and

(B) in paragraph (8), by striking ''XIX, or XX'' and inserting ''or XIX''.

(4) Section 472(h)(1) of the Social Security Act (42 U.S.C. 672(h)(1)) is amended by striking the 2nd sentence.

(5) Section 473(b) of the Social Security Act (42 U.S.C. 673(b)) is amended—

(A) in paragraph (1), by striking ''(3)'' and inserting ''(2)'';

(B) in paragraph (4), by striking ''paragraphs (1) and (2)'' and inserting ''paragraph (1)''; and

(C) by striking paragraph (2) and redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(6) Section 504(b)(6) of the Social Security Act (42 U.S.C. 704(b)(6)) is amended in each of subparagraphs (A) and (B) by striking ‘‘XIX, or XX’’ and inserting ‘‘or XIX’’.

(7) Section 1101(a)(1) of the Social Security Act (42 U.S.C. 1301(a)(1)) is amended by striking the penultimate sentence.

(8) Section 1128(h) of the Social Security Act (42 U.S.C. 1320a–7(h)) is amended—

(A) by adding ‘‘or’’ at the end of paragraph (2); and

(B) by striking paragraph (3) and redesignating paragraph (4) as paragraph (3).

(9) Section 1128A(i)(1) of the Social Security Act (42 U.S.C. 1320a–7a(i)(1)) is amended by striking ‘‘or subtitle 1 of title XX’’.

(10) Section 1132(a)(1) of the Social Security Act (42 U.S.C. 1320b–2(a)(1)) is amended by striking ‘‘XIX, or XX’’ and inserting ‘‘or XIX’’.

(11) Section 1902(e)(13)(F)(iii) of the Social Security Act (42 U.S.C. 1396a(e)(13)(F)(iii)) is amended—

(A) by striking ‘‘EXCLUSIONS’’ and inserting ‘‘EXCLUSION’’; and

(B) by striking ''an agency that determines eligibility for a program established under the Social Services Block Grant established under title XX or''.

(12) The heading for title XX of the Social Security Act is amended by striking ''BLOCK GRANTS TO STATES FOR SOCIAL SERVICES'' and inserting ''HEALTH PROFESSIONS DEMONSTRATIONS AND ENVIRONMENTAL HEALTH CONDITION DETECTION''.

(13) The heading for subtitle A of title XX of the Social Security Act is amended by striking ''**Block Grants to States for Social Services**'' and inserting ''**Health Professions Demonstrations and Environmental Health Condition Detection**''.

(14) Section 16(k)(5)(B)(i) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(k)(5)(B)(i)) is amended by striking '', or title XX,''.

(15) Section 402(b)(3) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(3)) is amended by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B).

(16) Section 245A(h)(4)(I) of the Immigration Reform and Control Act of 1986 (8 U.S.C. 1255a(h)(4)(I)) is amended by striking ‘‘, XVI, and XX’’ and inserting ‘‘and XVI’’.

(17) Section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766) is amended—

(A) in subsection (a)(2)—

(i) in subparagraph (B)—

(I) by striking ‘‘—’’ and all that follows through ‘‘(i)’’;

(II) by striking ‘‘or’’ at the end of clause (i); and

(III) by striking clause (ii); and

(ii) in subparagraph (D)(ii), by striking ‘‘or title XX’’; and

(B) in subsection (o)(2)(B)—

(i) by striking ‘‘or title XX’’ each place it appears; and

(ii) by striking ‘‘or XX’’.

(18) Section 201(b) of the Indian Child Welfare Act of 1978 (25 U.S.C. 1931(b)) is amended by striking ‘‘titles IV–B and XX’’ each place it appears and inserting ‘‘part B of title IV’’.

(19) Section 3803(c)(2)(C) of title 31, United States Code, is amended by striking clause (vi) and redesignating clauses (vii) through (xvi) as clauses (vi) through (xv), respectively.

(20) Section 14502(d)(3) of title 40, United States Code, is amended—

(A) by striking ''and title XX''; and

(B) by striking '', 1397 et seq.''.

(21) Section 2006(a)(15) of the Public Health Service Act (42 U.S.C. 300z–5(a)(15)) is amended by striking ''and title XX''.

(22) Section 203(b)(3) of the Older Americans Act of 1965 (42 U.S.C. 3013(b)(3)) is amended by striking ''XIX, and XX'' and inserting ''and XIX''.

(23) Section 213 of the Older Americans Act of 1965 (42 U.S.C. 3020d) is amended by striking ''or title XX''.

(24) Section 306(d) of the Older Americans Act of 1965 (42 U.S.C. 3026(d)) is amended in each of paragraphs (1) and (2) by striking ''titles XIX and XX'' and inserting ''title XIX''.

(25) Section 2605 of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624) is amended in each of subsections (b)(4) and (j) by

striking "under title XX of the Social Security Act,".

(26) Section 602 of the Child Development Associate Scholarship Assistance Act of 1985 (42 U.S.C. 10901) is repealed.

(27) Section 3(d)(1) of the Assisted Suicide Funding Restriction Act of 1997 (42 U.S.C. 14402(d)(1)) is amended by striking subparagraph (C) and redesignating subparagraphs (D) through (K) as subparagraphs (C) through (J), respectively.

(c) EFFECTIVE DATE.—The repeals and amendments made by this section shall take effect on October 1, 2012.

TITLE VII—SEQUESTER REPLACEMENT

SEC. 701. SHORT TITLE.

This title may be cited as the "Sequester Replacement Act of 2012".

SEC. 702. PROTECTING VETERANS PROGRAMS FROM SEQUESTER.

Section 256(e)(2)(E) of the Balanced Budget and Emergency Deficit Control Act of 1985 is repealed.

SEC. 703. ACHIEVING $19 BILLION IN DISCRETIONARY SAVINGS.

(a) REVISED 2013 DISCRETIONARY SPENDING LIMIT.—Paragraph (2) of section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

"(2) with respect to fiscal year 2013, for the discretionary category, $1,047,000,000,000 in new budget authority;".

(b) DISCRETIONARY SAVINGS.—Section 251A(7)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

"(A) FISCAL YEAR 2013.—

"(i) FISCAL YEAR 2013 ADJUSTMENT.—On January 2, 2013, the discretionary category set forth in section 251(c)(2) shall be decreased by $19,104,000,000 in budget authority.

"(ii) SUPPLEMENTAL SEQUESTRATION ORDER.—On January 15, 2013, OMB shall issue a supplemental sequestration report for fiscal year 2013 and take the form of a final sequestration report as set forth in section 254(f)(2) and using the procedures set forth in section 253(f), to eliminate any discretionary spending breach of the spending limit set forth in section 251(c)(2) as adjusted by clause (i), and the President shall order a sequestration, if any, as required by such report.''.

SEC. 704. CONFORMING AMENDMENTS TO SECTION 314 OF THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974.

Section 314(a) of the Congressional Budget Act of 1974 is amended to read as follows:

''(a) ADJUSTMENTS.—

''(1) IN GENERAL.—The chair of the Committee on the Budget of the House of Representatives or the Senate may make adjustments as set forth in paragraph (2) for a bill or joint resolution, amendment thereto or conference report thereon, by the amount of new budget authority and outlays flowing therefrom in the same amount as required by section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985.

''(2) MATTERS TO BE ADJUSTED.—The chair of the Committee on the Budget of the House of Representatives or the Senate may make the adjustments referred to in paragraph (1) to—

"(A) the allocations made pursuant to the appropriate concurrent resolution on the budget pursuant to section 302(a);

"(B) the budgetary aggregates as set forth in the appropriate concurrent resolution on the budget; and

"(C) the discretionary spending limits, if any, set forth in the appropriate concurrent resolution on the budget.".

SEC. 705. TREATMENT FOR PAYGO PURPOSES.

The budgetary effects of this Act and any amendment made by it shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010.

SEC. 706. ELIMINATION OF THE FISCAL YEAR 2013 SEQUESTRATION FOR DEFENSE DIRECT SPENDING.

Any sequestration order issued by the President under the Balanced Budget and Emergency Deficit Control Act of 1985 to carry out reductions to direct spending for the defense function (050) for fiscal year 2013 pursuant to section 251A of such Act shall have no force or effect.

Passed the House of Representatives May 10, 2012.

Attest:

Clerk.

112TH CONGRESS
2D SESSION

H. R. 5652

AN ACT

To provide for reconciliation pursuant to section 201 of the concurrent resolution on the budget for fiscal year 2013.