

Proposal 9: Means-Tested Assistance Program – Establishes a means-tested assistance program offering a graduated discount benefit to current and potential policyholders who meet the Department of Housing and Urban Development’s definition of low- and moderate-income household (household income at or below 120% of Area Median Income).

Legislative text:

SEC. ____ TARGETED MEANS-TESTED ASSISTANCE.

(a) IN GENERAL.—Chapter I of the National Flood Insurance Act of 1968 is amended by inserting after section 1308A (42 U.S.C. 4015a) the following:

“SEC. 1308B. FLOOD INSURANCE ASSISTANCE.

“(a) DEFINITIONS.—In this section:

“(1) COVERED PROPERTY.—The term ‘covered property’ means—

“(A) a primary residential dwelling designed for the occupancy of from 1 to 4 families; or

“(B) personal property located in a primary residential dwelling.

“(2) ELIGIBLE POLICYHOLDER.—The term ‘eligible policyholder’ means a policyholder with a household income that is not more than 120 percent of the area median income for the area in which the property to which the policy applies is located, and whose household income is not more than 400 percent of the federal poverty guidelines.

“(3) INSURANCE COSTS.—The term ‘insurance costs’ means, with respect to a covered property for a year—

“(A) risk premiums and fees estimated and charged under section 1307 (42 U.S.C. 4014) and section 1308 (42 U.S.C. 4015);

“(B) surcharges assessed under sections 1304 (42 U.S.C. 4011) and 1308A (42 U.S.C. 4015A); and

“(C) any amount established under section 1310A (42 U.S.C. 4017A).

“(b) AUTHORITY.—Subject to the availability of appropriations, the Administrator is authorized to carry out a means-tested program under which the Administrator provides assistance to eligible policyholders in the form of graduated discounts for insurance costs with respect to covered properties.

“(c) ELIGIBILITY.—To determine eligibility for means-tested assistance under this section, the Administrator may accept any of the following with respect to an eligible policyholder:

“(1) Income verification from the Secretary of the Treasury established under Section 6103(1)(23) of the Internal Revenue Code of 1986 (26 U.S.C. 6103(1)(23));

“(2) Income verification from the National Directory of New Hires established under section 453(i) of the Social Security Act (42 U.S.C. 653(i));

“(3) A self-certification of eligibility by the eligible policyholder that is provided under penalty of perjury pursuant to section 1746 of title 28, United States Code; and

“(4) Any other information or method identified by the Administrator in establishing a pilot program, or a final rule, issued under subsection (e).

“(d) DISCOUNT.—The Administrator shall establish graduated discounts available to eligible policyholders under this section, which may be based on the following factors:

“(1) The percentage by which the household income of the eligible policyholder is equal to, or less than, 120 percent of the area median income for the area in which the property to which the policy applies is located;

“(2) The number of eligible policyholders participating in the program established under this section;

“(3) The availability of funding; and

“(4) Any other factor that the Administrator finds reasonable and necessary to carry out the purposes of this section.

“(e) IMPLEMENTATION.—

“(1) IN GENERAL.—The Administrator shall implement this section by regulation.

“(2) PILOT PROGRAM.—

“(A) IN GENERAL.—Notwithstanding subsection (e)(1), until such time as the Administrator promulgates regulations to implement this section, the Administrator may waive notice and comment rulemaking, if the Administrator determines the waiver is necessary to expeditiously implement this section, and may carry out alternative procedures under this section as a pilot program. In establishing a pilot program under this subsection the Administrator shall include—

“(i) a description of how the Administrator will determine—

“(I) eligibility for households to participate in the program established under this section; and

“(II) assistance levels for eligible households to which assistance is provided under this section;

“(ii) the methodology that the Administrator will use to determine the amount of assistance provided to eligible households under this section; and

“(iii) any requirements to which eligible policyholders to which assistance is provided under this section will be subject.

“(3) REQUIREMENT ON TIMING.—Not later than 24 months after the date of the enactment of this section, the Administrator shall implement this subsection which shall expire on

the later of—

“(A) the date that is 60 months after the date of the enactment of this section; or

“(B) the date on which a final rule issued to implement this subsection takes effect.

“(4) REPORTING. – Not less than 15 months after the implementation of a program under this section, and biennially thereafter, the Administrator shall report to the House Committee on Financial Services and the Senate Committee on Banking, Housing, and Urban Affairs on the program authorized under this section, including the number of assisted policyholders, distribution of income levels of assisted policyholders, average amount of assistance, and cost of assistance provided.

“(f) FUNDING.—

“(1) APPROPRIATIONS.—There is hereby appropriated to the Administrator, out of any money not otherwise appropriated, such sums as are necessary for each fiscal year to carry out this section to be available until expended.

“(2) DISTRIBUTION OF PREMIUM.—With respect to the amount of the discounts provided under this section in a fiscal year, and any administrative expenses incurred in carrying out this section for that fiscal year, the Administrator shall, from amounts made available to carry out this section for that fiscal year, deposit in the National Flood Insurance Fund established under section 1310 (42 U.S.C. 4017) an amount equal to those discounts and administrative expenses, except to the extent that section 1310A (42 U.S.C. 4017A) applies to any portion of those discounts or administrative expenses, in which case the Administrator shall deposit an amount equal to those amounts to which section 1310A applies in the National Flood Insurance Reserve Fund established under section 1310A (42 U.S.C. 4017A).”.

(b) ADDITIONAL AMENDMENTS TO THE NATIONAL FLOOD INSURANCE ACT OF 1968.—The National Flood Insurance Act of 1968 is amended—

(1) in section 1308(e) (42 U.S.C. 4015(e))—

(A) in paragraph (1)—

(i) in subparagraph (B), by striking “or” at the end;

(ii) in subparagraph (C)(iii), by inserting “or” at the end; and

(iii) by adding at the end the following:

“(D) in the case of a property with respect to which assistance is provided under section 1308B, if—

“(i) the applicable policyholder is no longer eligible to receive assistance under that section;

“(ii) the assistance so provided has been decreased under that section; or
“(iii) the Administrator is not authorized, or lacks appropriated funds, to carry out that section;” and

(B) in paragraph (3), by striking “period; and” and inserting the following: “period, except in the case of a property with respect to which assistance is provided under section 1308B if a condition described in clause (i), (ii), or (iii) of paragraph (1)(D) is applicable; and”; and
(2) in section 1366 (42 U.S.C. 4104c)—

(A) in subsection (a)—

(i) in paragraph (2), by striking “and” at the end;

(ii) in paragraph (3), by striking the period at the end and inserting “; and”; and

(iii) by adding at the end the following:

“(4) to a private nonprofit organization, in the form of grants under this section for carrying out mitigation activities.”;

(B) in subsection (d)—

(i) by redesignating paragraph (3) as paragraph (4); and

(ii) by inserting after paragraph (2) the following:

“(3) FLOOD INSURANCE ASSISTANCE.—In the case of mitigation activities to structures insured by policyholders that are eligible for assistance under section 1308B, in an amount up to 100 percent of all eligible costs.”; and

(C) in subsection (h)—

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

(ii) by inserting after paragraph (1) the following:

“(2) PRIVATE NONPROFIT ORGANIZATION.—The term ‘private nonprofit organization’ means any nongovernmental agency or entity—

“(A) currently has:

“(i) an effective ruling letter from the Internal Revenue Service granting an exemption from taxation under subsection (c), (d), or (e) of section 501 of the Internal Revenue Code of 1986; or

“(ii) satisfactory evidence from a State that the organization or

entity is a nonprofit organization organized or doing business under the laws of that State; and

“(B) meet any other criteria that the administrator considers appropriate.”

(c) Section 453(j) of the Social Security Act (42 U.S.C. 653(j)) is amended by adding at the end the following:

“(12) INFORMATION COMPARISONS FOR FLOOD INSURANCE ASSISTANCE.—

“(A) FURNISHING OF INFORMATION BY FEMA.—The Administrator of the Federal Emergency Management Agency (in this paragraph, referred to as the ‘Administrator’) shall furnish to the Secretary, on such periodic basis as determined by the Administrator in consultation with the Secretary, information in the custody of the Administrator for comparison with information in the National Directory of New Hires, in order to obtain information in such Directory with respect to individuals who are applying for, or receiving benefits under, section 1308B of the National Flood Insurance Act of 1968.

“(B) REQUIREMENT TO SEEK MINIMUM INFORMATION.—The Administrator shall seek information pursuant to this paragraph only to the extent necessary to verify the employment and income of individuals described in subparagraph (A).

“(C) DUTIES OF THE SECRETARY.—

“(i) INFORMATION DISCLOSURE.—The Secretary, in cooperation with the Administrator, shall compare information in the National Directory of New Hires with information provided by the Administrator with respect to individuals described in subparagraph (A), and shall disclose information in such Directory regarding such individuals to the Administrator, in accordance with this paragraph, for the purposes specified in this paragraph.

“(ii) CONDITION ON DISCLOSURE.—The Secretary shall make disclosures in accordance with clause (i) only to the extent that the Secretary determines that such disclosures do not interfere with the effective operation of the program under this part.

“(D) USE OF INFORMATION BY FEMA.—The Administrator may use information resulting from a data match pursuant to this paragraph only—

“(i) for the purpose of verifying the employment and income of individuals described in subparagraph (A); and

“(ii) after removal of personal identifiers, to conduct analyses of the employment and income reporting of individuals described in subparagraph (A).

“(E) DISCLOSURE OF INFORMATION BY FEMA.—

“(i) PURPOSE OF DISCLOSURE.—The Administrator may make a disclosure under this subparagraph only for the purpose of verifying the employment and income of individuals described in subparagraph (A).

“(ii) DISCLOSURES PERMITTED.—Subject to clause (iii), the Administrator may disclose information resulting from a data match pursuant to this paragraph only to contractors of the Federal Emergency Management Agency, private insurance companies participating in the Write Your Own Program of the Federal Emergency Management Agency, the Inspector General of the Department of Homeland Security, and the Attorney General, in connection with the administration of a program described in subparagraph (A). Information obtained by the Administrator pursuant to this paragraph shall not be made available under section 552 of title 5, United States Code.

“(iii) CONDITIONS ON DISCLOSURE.—Disclosures under this paragraph shall be—

“(I) made in accordance with data security and control policies established by the Administrator and approved by the Secretary;

“(II) subject to audit in a manner satisfactory to the Secretary; and “(III) subject to the sanctions under subsection (1)(2).

“(iv) RESTRICTIONS ON REDISCLOSURE.—A person or entity to which information is disclosed under this subparagraph may use or disclose such information only as needed for verifying the employment and income of individuals described in subparagraph (A), subject to the

conditions in clause (iii) and such additional conditions as agreed to by the Secretary and the Administrator.

“(F) REIMBURSEMENT OF HHS COSTS.—The Administrator shall reimburse the Secretary, in accordance with subsection (k)(3), for the costs incurred by the Secretary in furnishing the information requested under this paragraph.

“(G) Consent.—The Administrator shall not seek, use, or disclose information under this paragraph relating to an individual without the prior written consent of such individual (or of a person legally authorized to consent on behalf of such individual).”.

(d) AUTHORIZING DISCLOSURES TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY. Section 6103(l) of the Internal Revenue Code of 1986 (26 U.S.C. 6103(l)) is amended by inserting at the end the following new paragraph:

“(23) Disclosure of return information to Federal Emergency Management Agency to carry out Section 1308B of the National Flood Insurance Act. —

“(A) The Secretary, upon written request from the Administrator of the Federal Emergency Management Agency (FEMA), shall disclose to officers, employees, and contractors of FEMA return information of any taxpayer, for the taxable years specified in the request, for the purposes of and to the extent necessary in administering the means-tested assistance program requiring a determination of household income eligibility under section 1308B of the National Flood Insurance Act. Such return information shall be limited to:

“(i) taxpayer identity information;

“(ii) adjusted gross income;

“(iii) the taxable year with respect to which the preceding information relates; and

“(iv) if applicable, the fact that such information is not available.

“(B) RESTRICTION ON USE OF DISCLOSED INFORMATION. Return information disclosed under subparagraph (A) may be used by officers, employees, and contractors of FEMA only for the purposes of, and to the extent

necessary in, determining eligibility for the program described in subparagraph (A).

“(C) REDISCLOSURE. Officers, employees, and contractors of FEMA may redisclose return information of a taxpayer obtained under subparagraph (A) of this subsection to that taxpayer or contractors of FEMA, private insurance companies participating in the Write Your Own Program of FEMA, the Inspector General of the Department of Homeland Security, and the Attorney General, only for the purposes of, and to the extent necessary: (1) in verifying household income; (2) determining eligibility; (3) informing the taxpayer of their eligibility for the program described in subparagraph (A); or (4) in connection with the administration of the program described in subparagraph (A). Information obtained by the Administrator pursuant to subparagraph (A) shall not be made available under section 552 of title 5, United States Code.”

(e) CONFORMING AMENDMENTS. —

(1) Section 6103 of the Internal Revenue Code of 1986 (26 U.S.C. 6103) is amended —

(A) in subsection (a)(3) is amended by striking “or (21)” and inserting “(21), or (23)”; and

(B) in subsection (p)(4)—

(i) by striking “or (22)” in each place it appears and inserting “(22) or (23)”; and

(ii) by striking “or (16)” in each place it appears and inserting “(16), or (23)”; and

(iii) by striking “or (20)” in each place it appears and inserting “(20), or (23)”.

(2) Section 7213(a)(2) of the Internal Revenue Code of 1986 (26 U.S.C. 7213(a)(2)) is amended by striking “or (21)” and inserting “(21), or (23)”.

Analysis:

This legislative proposal would establish a targeted means-tested assistance program for 1-4 family primary residences where the household income is such that federal flood insurance under the National Flood Insurance Program (NFIP) is unattainable and to provide financial assistance for policyholders who

cannot afford flood insurance. The Department of Housing and Urban Development (HUD) defines households earning 80 percent or less than area median income as “low income” and households earning 120 percent or less than area median income as “moderate income.” Eligibility is capped at 400% of the Federal Poverty Guideline. This would create an upper limit on eligibility. This targeted assistance program would serve to offer low- and moderate- income current and prospective NFIP policyholders a graduated risk premium discount benefit. The graduation of discount 1) ensures that the amount of benefit scales with need and 2) guards against a benefits cliff.

Since establishing the NFIP, Congress has sought to achieve multiple, and sometimes conflicting, goals including: ensuring reasonable insurance premiums for all policyholders; determining NFIP risk-based premiums to inform households of their property’s flood risk and the resulting cost of flood insurance; promoting awareness of the consequences of development in floodplains; securing widespread community participation in the program; encouraging insurance policy purchases by property owners; and earning premium and fee income to cover claims paid and program expenses over time. These goals have been in constant tension over the past 50 years. When premiums increased to reflect risk-based rates for discounted and subsidized properties as they did under the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12), some policyholders objected that the rates were unaffordable, and others dropped their coverage. The Federal Emergency Management Agency (FEMA) would implement the program such that eligible low- and moderate-income policyholders see both the full-risk price and the means-tested assistance they receive so they understand their true flood risk. FEMA anticipates there will be administrative costs, which will be paid out of the program appropriations.

FEMA considers the market for flood insurance to be all potential flood insurance purchasers, regardless of their mortgage status or location within or outside of Special Flood Hazard Areas (SFHAs). This is because a significant portion of flood losses occur outside SFHAs.

In its current structure, the NFIP makes rates “reasonable” by offering discounts and cross subsidies primarily based on a building’s age, map changes at a building’s location, or by considering mitigation activities undertaken by the property owner or community. The NFIP does not offer means-tested discounts or consider the ability to pay when rates are established. Building- specific and community-wide mitigation activities such as elevating a home or other types of flood proofing can change the risk of flooding and should result in a change to the price of insurance.

The price of a flood insurance policy is an important signal to a homeowner, renter, or business about the flood risk they face. Property owners, families and communities who do not recognize their true flood risk due to discounted insurance rates may not take necessary mitigation actions to prepare for and protect themselves against flood events. Risk-based flood insurance premiums are appropriately expensive in areas that have the highest flood risk.

Comparative type:

NATIONAL FLOOD INSURANCE ACT OF 1968

* * * * *

CHAPTER I—THE NATIONAL FLOOD INSURANCE PROGRAM

SEC. 1308B. FLOOD INSURANCE ASSISTANCE

(a) DEFINITIONS.—In this section:

(1) COVERED PROPERTY.—The term ‘covered property’ means—

(A) a primary residential dwelling designed for the occupancy of from 1 to 4 families; or

(B) personal property located in a primary residential dwelling.

(2) ELIGIBLE POLICYHOLDER.—The term ‘eligible policyholder’ means a policyholder with a household income that is not more than 120 percent of the area median income for the area in which the property to which the policy applies is located, and whose household income is not more than 400 percent of the federal poverty guidelines.

(3) INSURANCE COSTS.—The term ‘insurance costs’ means, with respect to a covered property for a year—

(A) risk premiums and fees estimated and charged under section 1307 (42 U.S.C. 4014) and section 1308 (42 U.S.C. 4015);

(B) surcharges assessed under sections 1304 (42 U.S.C. 4011) and 1308A (42 U.S.C. 4015A); and

(C) any amount established under section 1310A (42 U.S.C. 4017A).

(b) AUTHORITY.—Subject to the availability of appropriations, the Administrator is authorized to carry out a means-tested program under which the Administrator provides assistance to eligible policyholders in the form of graduated discounts for insurance costs with respect to covered properties.

(c) ELIGIBILITY.—To determine eligibility for means-tested assistance under this section, the Administrator may accept any of the following with respect to an eligible policyholder:

(1) Income verification from the Secretary of the Treasury under section 6103(l)(23) of the Internal Revenue Code of 1986 (26 U.S.C. 6103(l)(23));

(2) Income verification from the National Directory of New Hires established under section 453(i) of the Social Security Act (42 U.S.C. 653(i));

(3) A self-certification of eligibility by the eligible policyholder that is provided under penalty of perjury pursuant to section 1746 of title 28, United States Code; and

(4) Any other information or method identified by the Administrator in establishing a pilot program, or a final rule, issued under subsection (e).

(d) DISCOUNT.—The Administrator shall establish graduated discounts available to eligible policyholders under this section, which may be based on the following factors:

(1) The percentage by which the household income of the eligible policyholder is equal to, or less than, 120 percent of the area median income for the area in which the property to which the policy applies is located;

(2) The number of eligible policyholders participating in the program established under this section;

(3) The availability of funding; and

(4) Any other factor that the Administrator finds reasonable and necessary to carry out the purposes of this section.

(e) IMPLEMENTATION.—

(1) IN GENERAL.—The Administrator shall issue final rules to implement this section.

(2) PILOT PROGRAM.—

(A) IN GENERAL.— Notwithstanding subsection (e)(1), until such time as the Administrator promulgates regulations to implement this section, the

Administrator may waive notice and comment rulemaking, if the Administrator determines the waiver is necessary to expeditiously implement this section, and may carry out alternative procedures under this section as a pilot program. In establishing a pilot program under this subsection the Administrator shall include—

(i) a description of how the Administrator will determine—

(I) eligibility for households to participate in the program established under this section; and

(II) assistance levels for eligible households to which assistance is provided under this section;

(ii) the methodology that the Administrator will use to determine the amount of assistance provided to eligible households under this section; and

(iii) any requirements to which eligible policyholders to which assistance is provided under this section will be subject.

(3) REQUIREMENT OF TIMING.—Not later than 24 months after the date of the enactment of this section, the Administrator shall implement this subsection which shall expire on the later of—

(A) the date that is 60 months after the date of the enactment of this section; or

(B) the date on which a final rule issued to implement this subsection takes effect.

(4) REPORTING. – Not less than 15 months after the implementation of a program under this section, and biennially thereafter, the Administrator shall report to the House Committee on Financial Services and the Senate Committee on Banking, Housing, and Urban Affairs on the program authorized under this section, including the number of assisted policyholders, distribution of income levels of assisted policyholders, average amount of assistance, and cost of assistance provided.

(f) FUNDING.—

(1) APPROPRIATIONS.—There is hereby appropriated to the Administrator, out of any money not otherwise appropriated, such sums as are necessary for each fiscal year to carry out this section to be available until expended.

(2) DISTRIBUTION OF PREMIUM.—With respect to the amount of the discounts provided under this section in a fiscal year, and any administrative expenses incurred in carrying out this section for that fiscal year, the Administrator shall, from amounts made available to carry out this section for that fiscal year, deposit in the National Flood Insurance Fund established under section 1310 (42 U.S.C. 4017) an amount equal to those discounts and administrative expenses, except to the extent that section 1310A (42 U.S.C. 4017A) applies to any portion of those discounts or administrative expenses, in which case the Administrator shall deposit an amount equal to those amounts to which section 1310A applies in the National Flood Insurance Reserve Fund established under section 1310A (42 U.S.C. 4017A).

* * * * *

SEC. 1308. CHARGEABLE PREMIUM RATES.

(a)-(d) * * * * *

(e) ANNUAL LIMITATION ON PREMIUM INCREASES.—Except with respect to properties described under paragraph (2) of subsection (c), and notwithstanding any other provision of this chapter—

(1) the chargeable risk premium rate for flood insurance under this chapter for any property may not be increased by more than 18 percent each year, except-

- (A) as provided in paragraph (4);
- (B) in the case of property identified under section 4014(g) of this title;

[or]

(C) in the case of property that—

(i) is located in the community that has experienced a rating downgrade under the community rating system program carried out under section 4022(b) of this title;

(ii) is covered by a policy with respect to which the policyholder has—

(I) decreased the amount of the deductible; or

(II) increased the amount of coverage

(iii) was misrated; **or**

(D) in the case of a property with respect to which assistance is provided under section 1308B, if—

(i) the applicable policyholder is no longer eligible to receive assistance under that section;

(ii) the assistance so provided has been decreased under that section; or

(iii) the Administrator is not authorized, or lacks appropriate funds, to carry out that section

(2) * * * * *

(3) the chargeable risk premium rates for flood insurance under this chapter for any properties within any single risk classification may not be increased by an amount that would result in the average of such rate increases for properties within the risk classification during any 12-month period exceeding 15 percent of the average of the risk premium rates for properties within the risk classification upon the commencement of such 12-month **[period; and] period, except in the case of a property with respect to which assistance is provided under section 1308B if a condition described in clause (i), (ii), or (iii) of subparagraph (1)(D) is applicable; and**

(4)-(5) * * * * *

* * * * *

CHAPTER III—COORDINATION OF FLOOD INSURANCE WITH LAND-MANAGEMENT PRORAMS IN FLOOD-PRONE AREAS

* * * * *

SEC. 1366. MITIGATION ASSISTANCE. (42 U.S.C. 4104c)

(a) Authority.—The Administrator shall carry out a program to provide financial assistance to States and communities, using amounts made available from the National Flood

Mitigation Fund under section 4104d of this title, for planning and carrying out activities designed to reduce the risk of flood damage to structures covered under contracts for flood insurance under this chapter. 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 chapter 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[.]; **and**

(4) to a private nonprofit organization, in the form of grants under this section for carrying out mitigation services;

(b)-(c) * * * * *

(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—

(A) 100 percent of all eligible costs, if the activities are approved under subsection (c)(2)(A)(i); or

(B) the expected savings to the National Flood Insurance Fund from expected avoided damages through acquisition or relocation activities, if the activities are approved under subsection (c)(2)(A)(ii).

(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) FLOOD INSURANCE ASSISTANCE.—In the case of mitigation activities to structures insured by policyholders that are eligible for assistance under section 1308B, in an amount up to 100 percent of all eligible costs.

~~[(3)]~~**(4) OTHER MITIGATION ACTIVITIES.**—In the case of other mitigation activities, in an amount up to 75 percent of all eligible costs.

(e)-(g) * * * * *

(h) 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) Private nonprofit organization.—The term ‘private nonprofit organization’ means any nongovernmental agency or entity that—

(A) currently has:

(i) an effective ruling letter from the Internal Revenue Service

granting an exemption from taxation under subsection (c), (d), or (e) of Section 501 of the Internal Revenue Code of 1986; or

(ii) satisfactory evidence from a State that the organization or entity is a nonprofit organization organized or doing business under the laws of that State; and

(B) meet any other criteria that the Administrator considers appropriate.

[(2)](3) Repetitive loss structure.—The term "repetitive loss structure" has the meaning given such term in section 4121 of this title.

[(3)](4) 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 chapter; 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 chapter, with the amount of each such claim exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000; 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.

* * * * *

SOCIAL SECURITY ACT

* * * * *

SEC. 453. FEDERAL PARENT LOCATOR SERVICE. (42 U.S.C. 653)

(a)-(i) * * * * *

(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.

(1)-(11) * * * * *

(12) INFORMATION COMPARISONS FOR FLOOD INSURANCE ASSISTANCE.—

(A) FURNISHING OF INFORMATION BY FEMA.—The Administrator of the Federal Emergency Management Agency (in this paragraph, referred to as the ‘Administrator’) shall furnish to the Secretary, on such periodic basis as determined by the Administrator in consultation with the Secretary, information in the custody of the Administrator for comparison with information in the National Directory of New Hires, in order to obtain information in such Directory with respect to individuals who are applying for, or receiving benefits under, section 1308B of the National Flood Insurance Act of 1968.

(B) REQUIREMENT TO SEEK MINIMUM INFORMATION.—The Administrator shall seek information pursuant to this paragraph only to the extent necessary to verify the employment and income of individuals described in subparagraph (A).

(C) DUTIES OF THE SECRETARY.—

(i) INFORMATION DISCLOSURE.—The Secretary, in cooperation

with the Administrator, shall compare information in the National Directory of New Hires with information provided by the Administrator with respect to individuals described in subparagraph (A), and shall disclose information in such Directory regarding such individuals to the Administrator, in accordance with this paragraph, for the purposes specified in this paragraph.

(ii) CONDITION ON DISCLOSURE.—The Secretary shall make disclosures in accordance with clause (i) only to the extent that the Secretary determines that such disclosures do not interfere with the effective operation of the program under this part.

(D) USE OF INFORMATION BY FEMA.—The Administrator may use information resulting from a data match pursuant to this paragraph only—

(i) for the purpose of verifying the employment and income of individuals described in subparagraph (A); and

(ii) after removal of personal identifiers, to conduct analyses of the employment and income reporting of individuals described in subparagraph (A).

(E) DISCLOSURE OF INFORMATION BY FEMA.--

(i) PURPOSE OF DISCLOSURE.—The Administrator may make a disclosure under this subparagraph only for the purpose of verifying the employment and income of individuals described in subparagraph (A).

(ii) DISCLOSURES PERMITTED.—Subject to clause (iii), the Administrator may disclose information resulting from a data match pursuant to this paragraph only to contractors of the Federal Emergency Management Agency, private insurance companies participating in the Write Your Own Program of the Federal Emergency Management Agency, the Inspector General of the Department of Homeland Security, and the Attorney General, in connection with the administration of a program described in subparagraph (A). Information obtained by the Administrator pursuant to this paragraph shall not be made available under section 552 of title 5, United States Code.

(iii) CONDITIONS ON DISCLOSURE.--Disclosures under this paragraph shall be—

(I) made in accordance with data security and control policies established by the Administrator and approved by the Secretary;

(II) subject to audit in a manner satisfactory to the Secretary; and

(III) subject to the sanctions under subsection (l)(2).

(iv) RESTRICTIONS ON REDISCLOSURE.—A person or entity to which information is disclosed under this subparagraph may use or disclose such information only as needed for verifying the employment and income of individuals described in subparagraph (A), subject to the conditions in clause (iii) and such additional conditions as agreed to by the Secretary and the Administrator.

(F) REIMBURSEMENT OF HHS COSTS.—The Administrator shall reimburse the Secretary, in accordance with subsection (k)(3), for the costs

incurred by the Secretary in furnishing the information requested under this paragraph.

(G) CONSENT.—The Administrator shall not seek, use, or disclose information under this paragraph relating to an individual without the prior written consent of such individual (or of a person legally authorized to consent on behalf of such individual).

* * * * *

INTERNAL REVENUE CODE OF 1986

* * * * *

SEC. 6103. CONFIDENTIALITY AND DISLCOSUR OF RETURNS AND RETURN INFORMATION. (26 U.S.C. 6103)

(a) GENERAL RULE.--Returns and return information shall be confidential, and except as authorized by this title-

(1)-(2) * * * * *

(3) no other person (or officer or employee thereof) who has or had access to returns or return information under subsection (c), subsection (e)(1)(D)(iii), paragraph (10), (13), (14), or (15) of subsection (k), paragraph (6), (10), (12), (13) (other than subparagraphs (D)(v) and (D)(vi) thereof), (16), (19), (20), [**or (21),] (21), or (23)** of subsection (l), paragraph (2) or (4)(B) of subsection (m), or subsection (n), shall disclose any return or return information obtained by him in any manner in connection with his service as such an officer or an employee or otherwise or under the provisions of this section. For purposes of this subsection, the term "officer or employee" includes a former officer or employee.

(b)-(k) * * * * *

(l) DISCLOSURE OF RETURNS AND RETURN INFORMATION FOR PURPOSES OTHER THAN TAX ADMINISTRATION.—The Secretary may, upon return request, disclose returns and return information with respect to—

(1)-(22) * * * * *

(23) DISCLOSURE OF RETURN INFORMATION TO FEDERAL EMERGENCY MANAGEMENT AGENCY TO CARRY OUT THE NATIONAL FLOOD INSURANCE PROGRAM.

(A) The Secretary, upon written request from the Administrator of the Federal Emergency Management Agency (FEMA), shall disclose to officers, employees, and contractors of FEMA return information of any taxpayer, for the taxable years specified in the request, for the purposes of and to the extent necessary in administering the means-tested assistance program requiring a determination of household income eligibility under section 1308B of the National Flood Insurance Act. Such return information shall be limited to:

(i) taxpayer identity information;

(ii) adjusted gross income;

(iii) the taxable year with respect to which the preceding information relates; and

(iv) if applicable, the fact that such information is not available.

(B) RESTRICTION ON USE OF DISCLOSED INFORMATION. Return information disclosed under subparagraph (A) may be used by officers, employees, and contractors of FEMA only for the purposes of, and to the extent necessary in, determining eligibility for the program described in subparagraph (A).

(C) REDISCLOSURE. Officers, employees, and contractors of FEMA may redisclose return information of a taxpayer obtained under subparagraph (A) of this subsection to that taxpayer or contractors of FEMA, private insurance companies participating in the Write Your Own Program of FEMA, the Inspector General of the Department of Homeland Security, and the Attorney General, only for the purposes of, and to the extent necessary: (1) in verifying household income; (2) determining eligibility; (3) informing the taxpayer of their eligibility for the program described in subparagraph (A); or (4) in connection with the administration of the program described in subparagraph (A). Information obtained by the Administrator pursuant to subparagraph (A) shall not be made available under section 552 of title 5, United States Code.

(m)-(n) * * * * *

(p) PROCEDURE AND RECORDKEEPING.

(1)-(3) * * * * *

(4) SAFEGUARDS.--Any Federal agency described in subsection (h)(2), (h)(5), (i)(1), (2), (3), (5), or (7), (j)(1), (2), or (5), (k)(8), (10), (11), or (15), (l)(1), (2), (3), (5), (10), (11), (13)(A), (13)(B), (13)(C), (13)(D)(i), (14), (17), **[or (22)] (22), or (23)**, (o)(1)(A), or (o)(3), the Government Accountability Office, the Congressional Budget Office, or any agency, body, or commission described in subsection (d), (i)(1)(C), (3)(B)(i), or (7)(A)(ii), or (k)(10), (l)(6), (7), (8), (9), (12), (15), **[or](16)] (16), or (23)**, any appropriate State officer (as defined in section 6104(c)), or any other person described in subsection (k)(10) or (15), subsection (l)(10), (13)(A), (13)(B), (13)(C), (13)(D)(i), (16), (18), (19), **[or (20)] (20), or (23)**, or any entity described in subsection (l)(21), shall, as a condition for receiving returns or return information—

(A)-(E) * * * * *

(F) upon completion of such returns or information—

(i) in the case of an agency, body, or commission described in subsection (d), (i)(3)(B)(i), (k)(10), or (l)(6), (7), (8), (9), **[or (16)] (16), or (23)**, any appropriate State officer (as defined in section 6104(c)), or any other person described in subsection (k)(10) or (15) or subsection (l)(10), (13)(A), (13)(B), (13)(C), (13)(D)(i), (16), (18), (19), **[or (20)] (20), or (23)** return to the Secretary such returns or return information (along with any copies made therefrom) or make such returns or return information undisclosable in any manner and furnish a written report to the Secretary describing such manner,

(ii) in the case of an agency described in subsection (h)(2), (h)(5), (i)(1), (2), (3), (5) or (7), (j)(1), (2), or (5), (k)(8), (10), (11), or (15), (l)(1),

(2), (3), (5), (10), (11), (12), (13)(A), (13)(B), (13)(C), (13)(D)(i), (14), (15), (17), **[or (22)] (22), or (23)**, (o)(1)(A), or (o)(3) or any entity described in subsection (l)(21), the Government Accountability Office, or the Congressional Budget Office, either—

(I) return to the Secretary such returns or return information (along with any copies made therefrom),

(II) otherwise make such returns or return information undisclosable, or

(III) to the extent not so returned or made undisclosable, ensure that the conditions of subparagraphs (A), (B), (C), (D), and (E) of this paragraph continue to be met with respect to such returns or return information, and

(iii) in the case of the Department of Health and Human Services for purposes of subsection (m)(6), destroy all such return information upon completion of its use in providing the notification for which the information was obtained, so as to make such information undisclosable;

except that the conditions of subparagraphs (A), (B), (C), (D), and (E) shall cease to apply with respect to any return or return information if, and to the extent that, such return or return information is disclosed in the course of any judicial or administrative proceeding and made a part of the public record thereof. If the Secretary determines that any such agency, body, or commission, including an agency, an appropriate State officer (as defined in section 6104(c)), or any other person described in subsection (k)(10) or (15) or subsection (l)(10), (13)(A), (13)(B), (13)(C), (13)(D)(i), (16), (18), (19), **[or (20)] (20), or (23)** or any entity described in subsection (l)(21), or the Government Accountability Office or the Congressional Budget Office, has failed to, or does not, meet the requirements of this paragraph, he may, after any proceedings for review established under paragraph (7), take such actions as are necessary to ensure such requirements are met, including refusing to disclose returns or return information to such agency, body, or commission, including an agency, an appropriate State officer (as defined in section 6104(c)), or any other person described in subsection (k)(10) or (15) or subsection (l)(10), (13)(A), (13)(B), (13)(C), (13)(D)(i), (16), (18), (19), **[or (20)] (20), or (23)**, or any entity described in subsection (l)(21), or the Government Accountability Office or the Congressional Budget Office, until he determines that such requirements have been or will be met. In the case of any agency which receives any mailing address under paragraph (2), (4), (6), or (7) of subsection (m) and which discloses any such mailing address to any agent or which receives any information under paragraph (6)(A), (10), (12)(B), **[or (16)] (16), or (23)** of subsection (l) and which discloses any such information to any agent, or any person including an agent described in subsection (l)(10), (13)(A), (13)(B), (13)(C), (13)(D)(i), **[or (16)] (16), or (23)**, this paragraph shall apply to such agency and each such agent or other person (except that, in the case of an agent, or any person including an agent described in subsection (l)(10), (13)(A), (13)(B), (13)(C),

(13)(D)(i), **[or (16)] (16), or (23)**, any report to the Secretary or other action with respect to the Secretary shall be made or taken through such agency). For purposes of applying this paragraph in any case to which subsection (m)(6) applies, the term "return information" includes related blood donor records (as defined in section 1141(h)(2) of the Social Security Act).

* * * * *

SEC. 7213. UNAUTHORIZED DICLOSURE OF INFORMATION.

(a) RETURNS AND RETURN INFORMATION.

(1) * * * * *

(2) STATE AND OTHER EMPLOYEES.-- It shall be unlawful for any person (not described in paragraph (1)) willfully to disclose to any person, except as authorized in this title, any return or return information (as defined in section 6103(b)) acquired by him or another person under subsection (d), (i)(1)(C), (3)(B)(i), or (7)(A)(ii), (k)(10), (13), (14), or (15), (1)(6), (7), (8), (9), (10), (12), (15), (16), (19), (20), **[or (21)] (21), or (23)** or (m)(2), (4), (5), (6), or (7) of section 6103 or under section 6104(c). Any violation of this paragraph shall be a felony punishable by a fine in any amount not exceeding \$5,000, or imprisonment of not more than 5 years, or both, together with the costs of prosecution.

* * * * *