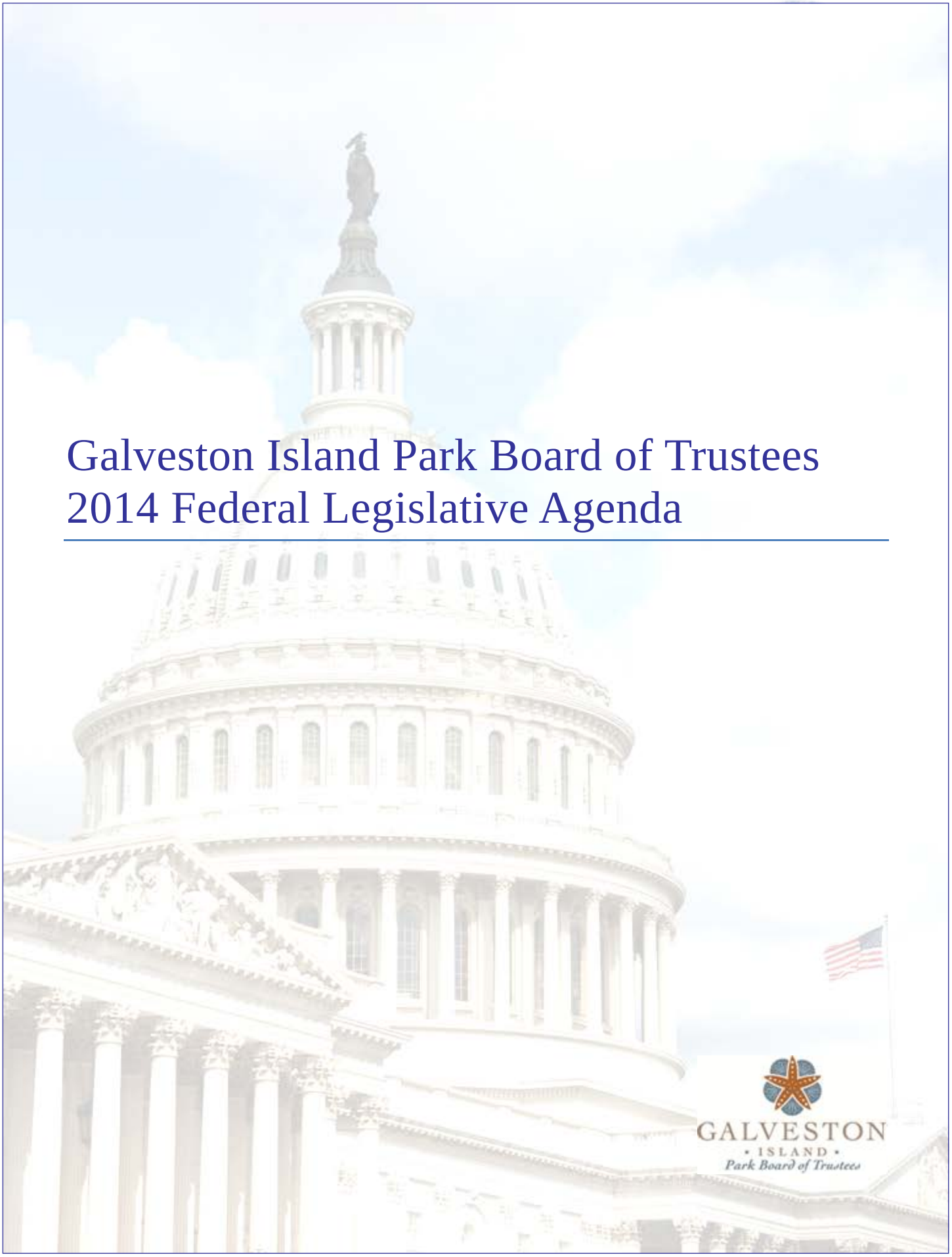
Galveston Island Park Board of Trustees
2014 Federal Legislative Agenda



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January 2014

Galveston Island Park Board of Trustees
2014 Federal Legislative Agenda

Federal Engagement in Beach Management

Galveston Island Sand Management Plan/Planning Assistance to States Program
Support if necessary additional Corps of Engineers Planning Assistance to States funding to complete the Galveston Island Sand Management Plan.

Federal Shore Protection Feasibility Studies
Support continued Federal funding via the Corps of Engineers' General Investigations Account for the Sabine Pass to Galveston Bay feasibility study to ultimately develop specific beach nourishment projects for Galveston Island. ***Support*** the Administration's FY 2014 recommendation of $100,000 for the Coastal Texas Ecosystem Protection and Restoration reconnaissance study.

Coastal Restoration

RESTORE Act
Monitor the resolution of the civil trial between BP and the Department of Justice, including allocation of fines via the Clean Water Act or Natural Resource Damage Assessment processes. ***Monitor*** Federal implementation of the RESTORE Act to ensure continued benefit to Galveston Island. ***Support*** efforts to secure funding for the Galveston Island Park Board of Trustees.

Offshore Oil and Gas Revenue Sharing
Support passage of a new offshore oil and gas drilling revenue sharing program to replace the Coastal Impact Assistance Program. ***Support*** increased and expedited funding to states and coastal political subdivisions via adjustments to GOMESA.

Tourism Promotion

Hotel Occupancy Taxes
Oppose legislation that would exempt Internet travel brokers from paying taxes on the full room rate paid by the consumer, thereby costing the Galveston Park Board the opportunity to collect the appropriate Hotel Occupancy Taxes from visitors to the region.

Tourism Legislation
Support legislation that is aimed at increasing tourism in the United States, including provisions like those provided in the Jobs Originating through Launching Travel "JOLT" Act or reauthorizing Brand USA.

Other Issues

National Flood Insurance Program
Monitor FEMA's implementation of the reauthorization of the National Flood Insurance Program. ***Support*** the delay of all rate increases as proposed by Biggert-Waters 2012. Support options to improve the NFIP for the benefit of policyholders.

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FEDERAL ISSUE: Galveston Island Sand Management Plan/Planning Assistance to States Program

BACKGROUND; HOW IT MAY AFFECT THE GALVESTON PARK BOARD: The Galveston Island Park Board of Trustees has sought the assistance of the U.S. Army Corps of Engineers to develop the Galveston Island Sand Management Plan via the Corps' Planning Assistance to States program. Once completed, the plan will help the Island better understand how to address its sand deficit and develop solutions to its unique erosion challenges.

Galveston Island is the second most popular tourist destination in Texas. More than 6 million people visit Galveston Island annually, generating an estimated $880 million economic impact to the Island's tourism industry. 32 percent of all jobs on the Island are sustained by tourism and state and local tourism tax receipts offset the average household tax burden by nearly $3,000 per household.

Galveston Island is a roughly 32-mile long barrier island with a long history of utilizing engineered solutions to combat its chronic erosion issues. The island conditions range from accreting on the east end, adjacent to the ship canal and south jetty area that provides access to the ports of Galveston, Houston, and Texas City, to the central portion where sand is trapped in a groin field, to the south end of the Island, where sand is lost through the San Luis Pass inlet. Furthermore, there are sporadic areas of higher erosion along the island with losses of 8 feet per year, which endangers primary evacuation routes, and public and private infrastructure.

In June 2012, the Park Board sent a letter to the Army Corps' Galveston District requesting that they initiate a study for a comprehensive sand management plan for Galveston Island's coastline under the Planning Assistance to States (PAS) program. Across the country, entities work with the Corps of Engineers to complete studies through the PAS program in order to better understand a wide variety of water resource challenges.

In October of 2012, the Park Board entered into a cost-sharing agreement with the Galveston District which outlined that the Park Board would pay for 50 percent of the expected $200,000 cost of the PAS study, with the Corps paying for the remaining 50 percent. Once initiated, the study is expected to be completed within 12 months, assuming adequate funding.

In Fiscal Year (FY) 2012, Congress provided the Corps with $5.284 million in funding for the PAS program. In FY 2013, the program was left with $5,019,800 after sequestration. In FY 2014, the Administration proposed $4 million for the PAS program. If funding were distributed equally among all Districts, at FY 2013 levels the Southwest Division would have about $625,000 in funding to work on PAS studies. Generally, the number of ongoing and new PAS studies is higher than appropriated funds, and all studies cannot be accommodated immediately. However, when the Corps released it FY 2013 work plan in June, the Corps provided more than $1 million more for the PAS program than in FY 2012, funding it at $6,076,536.

From these PAS funds, $100,000 was allocated to the Corps' Galveston District in July 2013 to initiate the study of the Galveston Island Sand Management Plan.

RECOMMENDED POSITION: ***Support*** if necessary additional Corps of Engineers Planning Assistance to States funding to complete the Galveston Island Sand Management Plan.

FEDERAL ISSUE: Federal Shore Protection Feasibility Studies

BACKGROUND; HOW IT MAY AFFECT THE GALVESTON PARK BOARD: The **Sabine Pass to Galveston Bay** feasibility study began in 2000 as a monumental, 90 plus mile review of the upper Gulf coast of Texas from the Sabine-Neches Waterway (Sabine Pass) to the west end of Galveston County. The study area was at the time the second largest feasibility study in the country under review by the Corps, originally encompassing all of Jefferson County, the small shoreline of Chambers County, and all of Galveston County, including the Bolivar Peninsula, the entrance to Galveston Bay, and Galveston Island to San Luis Pass.

The original intent of the study in Galveston County was address how best to manage and protect the shoreline from the effects of erosion due to tropical storms and hurricanes. That effort changed once Hurricane Ike hit Galveston in September 2008.

Hurricane Ike was the costliest storm in Texas' history and reshaped the Galveston coastline when it hit. Unfortunately, the damage from Hurricane Ike significantly altered many of the conditions present in the Corps' original work on the Sabine Pass to Galveston Bay feasibility study. This necessitated its suspension to revisit their original findings to take into account current conditions.

The Corps has re-scoped the study to reinitiate a multi-purpose effort to include projects to reduce storm surge damage, manage flood risk and protect the environment. The local sponsor is the Texas General Land Office, and in addition to Galveston and Jefferson, it will involve the areas of Orange, Chambers, Harris, and Brazoria counties. The Galveston Park Board's interest in the Sabine Pass to Galveston Bay study is generally related to providing a Federal beach nourishment project for Galveston Island.

The Corps has estimated that it will cost roughly $2 million to collect the new data in order to bring the study back to its pre-storm condition. The remaining study costs after this point were estimated to total $3.6 million. However, under the Corps' new effort to speed up the feasibility process, they have initiated their SMART (Specific, Measurable, Attainable, Risk Informed, Timely) planning program where to move forward, feasibility studies are to take no more than 3 years for completion, cost no more than $3 million, and involve all three levels of the Corps in the process (District, Division and Headquarters).

This project continues to be in the Administration budget. In Fiscal Year (FY) 2012 and 2013, the Administration provided $200,000, and proposed the same for FY 2014. The FY 2015 Administration budget is expected in February of 2014.

Meanwhile, in FY2014, the Administration proposed $100,000 from the Corps of Engineers' General Investigations program to begin the **Coastal Texas Ecosystem Protection and Restoration** reconnaissance study. This study, if funded by Congress, would determine the Federal interest in conducting feasibility studies to identify potential shoreline erosion control, storm damage reduction, environmental restoration and protection, and related improvements along the Texas Gulf Coast, from the mouth of the Sabine River to the Rio Grande. It is unclear at this point whether Congress will approve funding for this initiative or whether the Administration will recommend additional funding should Congress at first reject it.

RECOMMENDED POSITION: ***Support*** continued Federal funding via the Corps of Engineers' General Investigations Account for the Sabine Pass to Galveston Bay feasibility study to ultimately develop specific beach nourishment projects for Galveston Island. ***Support*** the Administration's FY 2014 recommendation of $100,000 for the Coastal Texas Ecosystem Protection and Restoration reconnaissance study.

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FEDERAL ISSUE: RESTORE Act

BACKGROUND; HOW IT MAY AFFECT THE GALVESTON PARK BOARD: In April 2010, an explosion at the Deepwater Horizon oil rig caused the worst oil spill in U.S. history with almost 5 million barrels of oil spilling into the Gulf of Mexico. BP has largely been held responsible for the spill.

In the summer of 2012, Congress passed the RESTORE Act, which mandated that 80 percent of Clean Water Act civil damages from the spill be allocated directly to the five impacted states, including Texas.

Since the spill, BP has settled with the Federal government for $4.5 billion to resolve criminal charges against it. The company has also estimated that it will spend nearly $8 billion to provide compensation for economic damages. Finally, BP has agreed to provide an interim payment of $1 billion to repair natural resources via the Natural Resource Damage Assessment (NRDA) process. Based on the law, this last payment is tax-deductible for the company.

BP and the Department of Justice (DOJ) have attempted to negotiate a settlement to civil charges, but to no avail. A civil trial began in February 2013 and could take up to a decade or more to resolve.

In November 2012 the Environmental Protection Agency suspended BP's ability to secure new Federal contracts for its "lack of business integrity." BP is the largest supplier of fuel to the U.S. military. Losing out on new contracts, as well as being unable to compete for new oil and gas leases on Federal lands, is thought to be a significant financial blow to the company.

BP could face fines ranging from $5 billion to roughly $20 billion under the Clean Water Act, funds from which would then flow to Gulf States via the RESTORE Act. The amount of the fine is dependent on whether BP was "grossly" negligent or not. However, if DOJ and BP settle civil charges or if the lawsuit is resolved under the NRDA process, the authority to spend the fines would remain with Federal agencies, not the states. BP would also receive a tax deduction for the amount of the fines. Nearly all Gulf Senators and many members of Congress have been united in their objection to a government settlement with BP under the NRDA process.

If the lawsuit is resolved via Clean Water Act fines, the Department of the Treasury has been tasked with implementing the RESTORE legislation. The Treasury has drafted regulations to guide the delivery of any funds to the Gulf region, but they have yet to be finalized. The Park Board commented on these draft regulations.

Meanwhile, DOJ in January 2013 settled a suit with Transocean for their role in the Deepwater Horizon Oil Spill. As a result of the agreement, Transocean will pay the government $1 billion in Clean Water Act fines, resulting in the first allocation of funding, expected to be $800 million, to be distributed via the RESTORE Act.

RECOMMENDED POSITION: ***Monitor*** the resolution of the civil trial between BP and the Department of Justice, including allocation of fines via the Clean Water Act or Natural Resource Damage Assessment processes. ***Monitor*** Federal implementation of the RESTORE Act to ensure continued benefit to Galveston Island. ***Support*** efforts to secure funding for the Galveston Island Park Board of Trustees.

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FEDERAL ISSUE: Offshore Oil and Gas Revenue Sharing

BACKGROUND; HOW IT MAY AFFECT THE GALVESTON PARK BOARD: There has been a decade-long history of providing revenue to states and local governments derived from oil and gas drilling in Federal waters off the coast of those government entities.

For example, the second iteration of the Coastal Impact Assistance Program (CIAP) was created by Congress in the Energy Policy Act of 2005 and collected royalties from outer-continental shelf oil and gas production activities from Fiscal Year 2007 to 2010. These funds were then made available to oil-producing states and political subdivisions for environmental mitigation, conservation, protection, or restoration projects for coastal areas, as well as for planning activities related to such projects. Unfortunately, due to the expiration of its authorization, as of September 30, 2010, CIAP ceased collecting revenue, though the need for the program has arguably increased.

In 2006, Congress passed the Gulf of Mexico Energy Security Act (GOMESA) as a more permanent, albeit imperfect, solution to revenue sharing. GOMESA created revenue sharing provisions for the four Gulf oil and gas producing states of Alabama, Louisiana, Mississippi and Texas, and their coastal political subdivisions (CPS's). GOMESA funds are to be used for coastal conservation, restoration and hurricane protection. There are two phases of GOMESA revenue sharing:

> Phase I: Beginning in Fiscal Year (FY) 2007, 37.5 percent of all qualified OCS revenues, including bonus bids, rentals and production royalty, will be shared among the four States and their coastal political subdivisions from new leases issued in the 181 Area in the Eastern planning area (also known as the 224 Sale Area) and the 181 South Area. Additionally, 12.5 percent of revenues are allocated to the Land and Water Conservation Fund (LWCF).
>
> Phase II: The second phase of GOMESA revenue sharing will begin in FY 2017. It expands the definition of qualified OCS revenues to include receipts from Gulf leases issued either after December 20, 2006, in the 181 Call Area, or, in 2002–2007 GOM Planning Areas subject to withdrawal or moratoria restrictions. A revenue sharing cap of $500 million per year for the four Gulf producing States, their CPS's and the LWCF will apply from fiscal years 2016 through 2055. The $500 million cap does not apply to qualified revenues generated in those areas associated with Phase I of the GOMESA program.

Unfortunately, this limited revenue sharing, particularly before FY 2017, has left little funding for CPS's from GOMESA. For example, Galveston County only received $592 from GOMESA in FY 2013. This inadequate funding source is simply too little to support necessary protection and restoration activities to support the offshore drilling industry.

In the 112th Congress, during the consideration of domestic energy production bills in the House of Representatives, (now-former) Rep. Jeff Landry (LA) offered an amendment to legislation to increase the $500 million revenue cap. The Landry amendment aimed to modify GOMESA by boosting the cap on revenue sharing to $750 million per year between FY 2023 through FY 2055. It is estimated that Texas, Alabama, Mississippi and Louisiana would receive an additional $8 billion during that period on top of the approximately $16 billion that will be received under current law.

Opponents of the Landry amendment argued that GOMESA already provides enough money to the four energy-producing Gulf States, while proponents argue that these additional funds will allow for even more money to go towards environmental protection and restoration.

While this policy had some success in the House in the 112th Congress, it was not considered by the Senate, though it has some bipartisan support from the Gulf States.

In 2013, Senator Lisa Murkowski (AK), Ranking Member of the Energy and Natural Resources Committee, and Senator Landrieu (LA) introduced the Fixing America's Inequity with Revenues (FAIR) Act, S. 1273, which would gradually remove the $500 million GOMESA cap and move up the second phase of GOMESA revenue sharing from 2017 to 2013. As an enticement for renewable energy advocates, the bill also includes new revenue sharing for alternative energy production, such as wind or wave energy, on offshore and onshore Federal lands. States would receive 27.5 percent of royalties from offshore fossil or renewable energy, and an additional 10 percent if the state creates a fund to support clean energy and energy conservation programs. Currently, States receive 50 percent of royalties from onshore fossil fuels development on Federal lands; this revenue sharing program would also be expanded to include renewable energy. Additionally, revenue sharing under the FAIR Act would apply to all OCS revenue, unlike GOMESA which only applies to new leases. This could lead to a significant increase in revenue to coastal communities.

RECOMMENDED POSITION: ***Support*** passage of a new offshore oil and gas drilling revenue sharing program to replace the Coastal Impact Assistance Program. ***Support*** increased and expedited funding to states and coastal political subdivisions via adjustments to GOMESA.

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FEDERAL ISSUE: Hotel Occupancy Taxes

BACKGROUND; HOW IT MAY AFFECT THE GALVESTON PARK BOARD: In the 111th Congress, attempts were made by senior Senators to insert language into various pieces of legislation that would have exempted online travel brokers (Expedia, Travelocity, etc.) from remitting the full bed tax rate collected from consumers to the appropriate local government. For instance, if Expedia or a similar purveyor were to pay $60 for a room in Galveston and then sell that room to a consumer for $100, they would be able to, under the proposal, only remit $6 dollars to the local government instead of $10 (using a 10 percent bed tax for illustrative purposes).

In late September of 2012, the District of Columbia government won a suit where a judge ruled that online travel firms should pay taxes on the full retail price of hotel rooms they sell to consumers. Courts across the country have ruled differently on this issue over the past few years, which has led online travel purveyors to continue to seek Federal legislation that would codify their goal of not remitting taxes on the price of the hotel room paid by the consumer.

In 2012, several of the online discount travel brokers (including Expedia, Orbitz, and Priceline) organized and registered to lobby under a new organization called the "Interactive Travel Services Association," whose purpose is to advocate on several issues, including "taxes and fees related to travel."

The Park Board also oversees the Galveston Island Convention and Visitors Bureau which promotes Galveston as a premier destination. The organization is funded solely by Hotel Occupancy Tax revenue and beach user fees. 57 percent of the Park Board's budget is funded through Hotel Occupancy Tax revenue, and if legislation of this type were to be passed by Congress, it could mean a significant loss of revenue. In Fiscal Year 2012, the Park Board collected over $7.6 million in hotel occupancy taxes. This level of funding underscores the importance of this revenue source and the need to ensure it is not constrained by detrimental legislation.

RECOMMENDED POSITION: ***Oppose*** legislation that would exempt Internet travel brokers from paying taxes on the full room rate paid by the consumer, thereby costing the Galveston Park Board the opportunity to collect the appropriate Hotel Occupancy Taxes from visitors to the region.

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FEDERAL ISSUE: Tourism Legislation

BACKGROUND; HOW IT MAY AFFECT THE GALVESTON PARK BOARD: Research related to tourism has shown that the cumbersome process of getting approved for travel to the United States is a major deterrent for foreign travelers.

JOLT Act

Many members of Congress continue to recognize the importance of tourism to the U.S. economy and as a creator of domestic jobs immune to outsourcing. In March of 2013, Rep. Joseph Heck (NV) introduced the Jobs Originating through Launching Travel, or "JOLT" Act (H.R. 1354). The bill would expand the Visa Waiver Program to more countries, create a pilot fee-based premium processing service to expedite visa interview appointments, provide public notice of available visa application appointments during off-peak travel seasons, initiate a pilot program to test the use of secure videoconferencing for visa interviews, and adjust refusal rate criteria. In order to alleviate illegal immigration and homeland security concerns, the bill also includes additional safeguards including limiting the visa overstay rate and revising probationary and termination provisions for countries in the program.

By expanding and streamlining the visa process, this bill will reduce barriers and increase international travel to major travel destinations in the United States, such as Galveston Island. The bill has bipartisan support and currently has 115 cosponsors, including Texas Representatives Kay Granger, Ted Poe, Ralph Hall and Blake Farenthold.

Some of these JOLT provisions are present in the Senate's bipartisan immigration reform bill, but that bill is unlikely to pass. While the JOLT Act was not considered in 2013, it could be taken up individually this year.

Brand USA

During a House Energy and Commerce Committee hearing on tourism, several witnesses testified that Congress should permanently reauthorize the Brand USA program, a public-private partnership created by the Travel Promotion Act of 2009 which actively markets the United States as a tourist destination internationally. Research on the efficacy of Brand USA has shown that even in its infancy, the program increased travelers in target markets to the United States by 12-14 percent. Brand USA is also a more attractive program for fiscally conservative members since funding for the program does not come at a cost to U.S. taxpayers. Instead, money for the program is collected out of the Visa Waiver Program, with the remainder of program funds coming from tourist related industries.

Though there is currently no bill in the 113th Congress to permanently reauthorize Brand USA, this is a legislative endeavor worthy of support that the Park Board should discuss with its Congressional delegation.

RECOMMENDED POSITION: ***Support*** legislation that is aimed at increasing tourism in the United States, including provisions like those provided in the Jobs Originating through Launching Travel "JOLT" Act or reauthorizing Brand USA.

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FEDERAL ISSUE: National Flood Insurance Program

BACKGROUND; HOW IT MAY AFFECT THE GALVESTON PARK BOARD: In mid-2012, Congress passed, and the President signed the Biggert Waters Flood Insurance Reform Act of 2012 (BW12), which reauthorized the National Flood Insurance Program (NFIP) and attempts to restore the program to firmer financial footing by making a number of changes.

In every state in the U.S., the NFIP provides roughly 5.6 million flood insurance policies. Prior to the enactment of recent laws, including BW12, the Federal Emergency Management Agency (FEMA) estimated that 20 percent of those policies, or roughly 1.1 million, were not actuarially sound and are subsidized (not including grandfathered policies).

In 1968, Congress established the NFIP to address the nation's flood exposure and challenges inherent in financing and managing flood risks in the private sector. Private insurance companies at the time claimed that the flood peril was uninsurable and, therefore, could not be underwritten in the private insurance market. A three-prong floodplain management and insurance program was created to (1) identify areas across the nation most at risk of flooding; (2) minimize the economic impact of flooding events through floodplain management ordinances; and (3) provide flood insurance to individuals and businesses.

Until 2005, the NFIP was self-supporting as policy premiums and fees covered expenses and claim payments. Today, the program is in roughly $25 billion in debt due to a number of large storms, the most recent being Sandy. The biggest threats to the solvency of the NFIP have generally been thought to be inadequate pricing of flood risks, repetitive loss properties, and the lack of enforcement of mandatory flood insurance purchase requirements.

Due to BW12, it is expected that all policyholders who have paid subsidized rates will eventually pay rates that reflect true risk, thereby potentially significantly increasing policy premiums.

- In Galveston County (including incorporated areas), there are 67,235 NFIP policyholders (both residential and business). Of those policyholders, 7,842 will be impacted by Section 205 of BW12 (more information below).
- In the City of Galveston, there are 16,912 NFIP policyholders, including 5,693 that are impacted by Section 205 of BW12. Of those, 1,327 are non-primary residences and 630 are businesses.

Section 205 of BW12

Section 205 of BW12 generally responds to subsidies offered to what are known as pre-Flood Insurance Rate Map (FIRM) policies as well as non-primary residences, businesses, and severe repetitive loss properties. Specifically, the following changes for subsidized policyholders will be or have been implemented due to BW12 (and prior law):

- As of Jan. 1, 2013, non-primary/secondary residences in a Special Flood Hazard Area (SFHA) who previously enjoyed subsidies saw (or will see upon policy renewal) 25 percent annual increases in rates until rates reflect true risk.
- Owners of substantially damaged or improved properties will see a 25 percent annual rate increase until rates reflect true risk.
- As of Oct. 1, 2013, business properties and severe or repetitive loss properties in a (SFHA) will see a 25 percent annual rate increase until rates reflect true risk.

Meanwhile, all subsidized properties, including primary homes, will move immediately with no phase-in to actuarial rates if:

- The NFIP policy lapses,
- The property suffers severe, repeated flood losses, or
- The property is purchased.

The latter of these points has already had a chilling effect on the resale real estate market throughout the country.

Section 207 of BW12

In the last quarter of 2014, FEMA estimates they will begin implementation of Section 207 of BW12, which deals with grandfathered policies. Before BW12, FEMA established subsidized rates for properties built in compliance with existing FIRMs that then experienced increased flood risk after the implementation of new maps. FEMA allowed those properties to continue to pay rates that reflected prior, not current risk. These are known as "grandfathered" policies and will be phased out over five years to rates that reflect current risk. This will affect not only grandfathered policies that have been in place for some time, but also additional policies as new maps are continually updated.

FEMA has just released data on how many primary home grandfathered policies may exist in a state. In Texas, FEMA has indicated that:

- Roughly 4,800 policies are definitely grandfathered
- Nearly 38,000 policies are "mostly grandfathered"
- Another 130,000 policies are "unknown" but "could be" grandfathered

All impacts from BW12 to date are due only to Section 205 impacts (and the removal of the second home subsidy, which began on Jan. 1, 2013).

Congressional Response

To date, much of the attention in Congress has focused on delaying the implementation of certain rate increases mandated by BW12 (generally Section 207, with some proposals also cherry-picking other specific increases). Unfortunately, not one of these proposed delays has been enacted into law.

There is one legislative proposal introduced in late September, **H.R. 3218**, that would delay *all* rate increases as mandated by BW12 until FEMA completes an affordability study and reports on legislative proposals to maintain reasonable flood insurance rates while also ensuring the solvency of the NFIP. This bill currently has 20 cosponsors, including Texas' Reps. Weber and Stockman.

Meanwhile, a number of House and Senate members have introduced the Homeowner Flood Insurance Affordability Act (**H.R. 3370 and S. 1846**). In the House, the legislation has 169 cosponsors (117 D's, 52 R's). In the Senate, the legislation has 28 cosponsors (20 D's, 8 R's).

The legislation is like many others in that it proposes to delay implementation of some of the rate increases due to Biggert-Waters 2012 (BW12). Unfortunately, it does not propose to delay all the rate increases. The legislation would specifically delay rate increases for a period generally assumed to be 4 years for the following flood insurance policies:

1. All primary homes, second homes, and businesses that are currently "grandfathered." These are properties that were built to code and later remapped into a higher risk area. This is an expansion of Section 207 of Biggert-Waters 2012 (BW12) to include businesses and second homes that are post-FIRM (meaning constructed after the date of adoption of local flood plain maps). We do not know how many properties are "grandfathered."
2. Pre-FIRM primary homes sold after July 6, 2012 will not lose their prior subsidized rate, meaning that new homeowners will be able to continue to benefit from the subsidized rate of the previous homeowner.
3. Pre-FIRM businesses and second homes purchased after July 6, 2012 will receive 25% of the expected ultimate rate increase per year for four years instead of having to pay the full risk rate immediately. Basically, new second homeowners and business owners will receive the same treatment as the previous owner would had they not sold under BW12.

Further, while the bill would roll back rates for some properties, no legislative proposal would allow reimbursement to policyholders. Therefore, if you spent $X on a flood insurance policy prior to passage of this bill, your future bills may drop, but you will not get money back, nor a credit, for the money you spent on your policy between the passage of BW12 and any potential enactment of a delay bill.

A third bill offered by Rep. Bill Cassidy (LA), **H.R. 3693** or the Flood Insurance Relief and Transparency Act, has also seen some limited support. This legislation would delay flood insurance rate increases until March 1, 2015 for those grandfathered primary home policies impacted by Section 207 of Biggert-Waters 2012 (BW12) (which is a more narrow proposal than that suggested by H.R. 3370/S. 1846). Unfortunately, this legislation would not help anyone currently experiencing rate increases (which are due to Section 205 of BW12).

If not delayed or otherwise amended, the impact of the implementation of BW12 will continue for years. First, we do not yet know how many will be impacted by Section 207 of BW12. Second, some policyholders will only experience an increase in rates during their annual policy renewal, which still could have not occurred since Oct. 1. Finally, other policyholders will only realize that premiums on their homes will rise as they attempt to sell their properties.

RECOMMENDED POSITION: ***Monitor*** FEMA's implementation of the reauthorization of the National Flood Insurance Program. ***Support*** the delay of all rate increases as proposed by Biggert-Waters 2012. Support options to improve the NFIP for the benefit of policyholders.