

Atlantic Corporate Center  
2317 Route 34, Suite 2B  
Manasquan, NJ 08726  
732-201-4133  
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## National Council of Insurance Legislators (NCOIL)

### Draft Language for Resilient [State] Revolving Loan Fund Model Act

*\* Draft as of June 15, 2021. This document is intended only as a discussion and conceptual draft as there is no sponsor attached.*

*\*To be discussed during the Joint State-Federal Relations & International Insurance Issues Committee on July 15, 2021.*

*Since 1980, the United States has experienced 265 weather and climate related events that have each cost \$1 billion dollars or more in damages. Further, recent data shows that natural disasters are increasing in both frequency and strength. This puts increased burden on insurance markets, can make certain risks increasingly difficult to insure, and can increase the cost of insurance for consumers. According to the Natural Institute of Building Sciences, every dollar spent on natural disaster mitigation saves \$6. It is therefore in the best interest of states to support resilience and mitigation projects to reduce this burden, reduce the cost of natural disasters, and to save lives and property. Recent federal law, the “Safeguarding Tomorrow through Ongoing Risk Management Act” or the “STORM Act” authorizes the Federal Emergency Management Agency (FEMA) to enter into agreements with certain state agencies to provide capitalization grants for hazard mitigation revolving loan funds to provide low interest loans to fund local mitigation projects. This model legislation aims to provide states with a framework to be able to access this funding and fund local disaster mitigation projects.*

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#### **Section 1. Title**

This Act shall be known and cited as the “Resilient [State] Revolving Loan Fund Act.”

#### **Section 2. Definitions**

For the purpose of this Act:

- (a) “Fund” refers to the Resilient [State] Revolving Loan Fund.
- (b) “Emergency Management Department” refers to the state agency responsible for emergency management in the state passing the “ Resilient [State] Revolving Loan Fund Act.”
- (c) “STORM Act” refers to the “Safeguarding Tomorrow through Ongoing Risk Management Act” (Public Law 116-284).

### **Section 3. Purpose**

For the purpose of establishing a special, non-lapsing loan fund, the Resilient [State] Revolving Loan Fund, to provide loans for local resilience projects that address mitigation of all hazards, including natural disasters.

### **Section 4. Intent**

- (a) It is the intent of the [state’s legislative body] that the Emergency Management Department apply to the Federal Emergency Management Agency under the provisions of the STORM Act, when funding is available, to enter into an agreement to capitalize the revolving loan fund established under this Act with money appropriated to the Fund.
- (b) The Emergency Management Department may grant loans under this Act to local jurisdictions, at least in part, to meet federal matching requirements for federal resilience grants, including Building Resilient Infrastructures and Communities (BRIC).

### **Section 4. Revolving Loan Fund**

- (a) This Act establishes the Resilient [State] Revolving Loan Fund.
  - 1. The Fund is a special, non-lapsing fund that shall be available in perpetuity for the purpose of providing loans in accordance with the provisions of this section.
  - 2. The Fund is not subject to [any article of state code which dictates that at the end of a fiscal year, the unspent balance of an appropriation to special funds or accounts reverts to the general fund of the state].
  - 3. The State Treasurer shall hold the Fund separately, and the Comptroller [or state equivalent] shall account for the Fund.
  - 4. The Fund consists of:

- i. Money appropriated in the state budget to the Fund;
  - ii. Investment and interest earnings of the Fund;
  - iii. Repayments of principal and interest loans made from the Fund; and
  - iv. Any other money from any other source accepted for the benefit of the Fund.
5. The Fund is administered by the Emergency Management Department.
6. The Fund may be used only to provide low – or no – interest loans to local governments and non-profit organizations for local hazard mitigation and resilience projects.
7. The loans provided under the Fund shall be for a fixed loan period.
8. Any interest earnings of the Fund shall be credited to the Fund.
9. Money expended from the Fund is supplemental to and is not intended to take the place of funding that otherwise would be appropriated to local governments for resilience projects.
10. Loans from the Fund may be used to satisfy the nonfederal match for federal mitigation grants.

(b) The Emergency Management Department shall, taking into consideration requirements from the STORM Act, establish application procedures and eligibility criteria for loans from the Fund. The eligibility criteria shall require that a local government or non-profit organization demonstrate:

1. Need for a loan to address hazard mitigation; and
2. The ability to repay the loan, if required, at a later date.

**Section 5. Effective Date**

And be it further enacted that this Act shall take effect \_\_\_\_\_.