

November 4, 2021

Dear Member of Congress,

On behalf of the undersigned organizations, representing a diverse coalition of taxpayer, consumer, and free market advocates, we respectfully ask you to oppose the inclusion of National Flood Insurance Program (NFIP) debt forgiveness in the Build Back Better reconciliation bill. Simply handing the Program a no-strings attached bailout is fiscally irresponsible and would not be in the best interest of taxpayers and property owners in flood-prone areas. We urge you to reconsider the merits of this policy as Congress moves ahead with President Biden's multi-trillion dollar spending package.

Though our individual organizations have our own unique perspectives on reconciliation, we share strong opposition to a provision within the House reconciliation bill to forgive \$20.5 billion worth of Program debt. This is an unserious attempt to keep the Program within its borrowing authority limits and constitutes a bailout without any reforms that led to the debt in the first place. It is unacceptable and irresponsible to forgive, for the second time in four years, debt held by this structurally broken federal program.

Evidence continues to show that a complete overhaul is desperately needed in order to stabilize its fiscal standing. Since 2009 the Program has needed to borrow nearly [\\$22 billion more](#) than it collected in premiums, fees, and surcharges, a dangerous fiscal imbalance that has pushed its overall debt levels to unsustainable levels. On this point, the Government Accountability Office (GAO) has included it on its annual "High Risk" list since 2006, and noted earlier this year that "without reforms, the financial condition of NFIP could continue to worsen." Despite the alarm by GAO and outside stakeholders, Congress has passed seventeen short-term extensions that have contained no reforms.

Instead of using the partisan reconciliation process as a vehicle to bail out the NFIP, Congress should instead work on a standalone, bipartisan flood insurance reform bill that addresses its structural flaws. A bipartisan approach would benefit from widespread stakeholder input from across the political and geographic spectrum. Further, it could insulate it from future partisan attempts to dramatically alter the law, thereby creating long-term certainty for homeowners, businesses, and taxpayers.

It is also important to note there is no shortage of bipartisan, long overdue reforms that could easily pass Congress. The SmarterSafer Coalition has identified many such proposals including improving the accuracy of flood maps, increasing mitigation, expanding the use of credit risk transfers, and addressing the role of the private sector.

Congress must take steps to reform NFIP in a safe and sound manner that best serves those in flood prone areas and of course, taxpayers. Blanket bailouts that contain no meaningful reform are not in the best interest of any of the aforementioned constituencies. We urge the removal of this ill-advised policy from reconciliation and instead call for a more comprehensive flood insurance reform bill.

Sincerely,

National Taxpayers Union

American Consumer Institute

Americans for Prosperity

Center for a Free Economy

Center for Freedom and Prosperity

Competitive Enterprise Institute

FreedomWorks

R Street Institute

Taxpayers Protection Alliance