



## **TEAM: FLOOD PROTECTION**

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## **SUBJECT: MODERNIZE FEMA'S NATIONAL FLOOD INSURANCE PROGRAM FOR FARMERS**

### **REQUESTED ACTION:**

Include provisions in the reauthorization of the National Flood Insurance Program (NFIP) which ease those requirements of the NFIP that do not make sense when applied to agriculture:

- Allow limited construction of new agricultural structures in a floodplain when elevation or floodproofing are not practicable; and
- Allow umbrella policies where a farmer could bundle multiple low-value agricultural structures under a single policy.

Language addressing each of these issues is included in the H.R. 5961, Flood Insurance for Farmers Act of 2025, introduced to the Committee on Financial Services in November 2025.

### **HOW THIS SUPPORTS BUSINESSES:**

The Capital Region is surrounded by agricultural lands that are protected by levee systems. But agricultural areas generally remain among the most flood-prone in the nation. Agriculture is a huge economic driver for the country and essential from a national security perspective, but the requirements of the National Flood Insurance Program (NFIP) interfere with the sustainability of this vital economic driver.



## HOW THIS SUPPORTS RESIDENTS OF OUR REGION:

Since 1968, the NFIP has served the country well in reducing the risk of flooding through the implementation of essential floodplain management practices in exchange for federally backed flood insurance. Sacramento Valley's levee system is a federal system administered by the U.S. Army Corps of Engineers (USACE). At the NFIP's inception, the Sacramento Valley levees were largely assumed to meet FEMA's base flood requirements, based on representations by USACE. In 2001, FEMA began the NFIP Map Modernization Program to manage flood risk using digitized maps. As part of this process, most levees protecting rural communities in the Sacramento Valley were found to not meet FEMA's current engineering criteria for levees, and the lands behind them were mapped into the floodplain.

As FEMA updates Flood Insurance Rate Maps to show the new special flood hazard areas (SFHAs) behind previously accredited levees, sustainability of Sacramento Valley agriculture has become a major concern. There are two primary impacts when an agricultural area is mapped into an SFHA:

- Land use requirements for elevating or floodproofing new and substantially improved structures; and
- A requirement to purchase a high-cost flood insurance policy for each structure that has a federally backed mortgage.

Application of the NFIP is significantly disadvantaging farmers. Certain provisions of the NFIP, either original or from amendments, work well for suburban or urban communities, but are challenging for farmers, often removing the benefits of the program that would otherwise exist. This legislation builds upon language in former bills; most notably sections of H.R. 3167 which was passed by the 118<sup>th</sup> Congress House Financial Services Committee. The result is sensible legislation, drafted in coordination with FEMA's technical services, that lifts the unfair burden on farmers while still allowing the successful implementation of the NFIP.

**Challenge #1:** The NFIP's prohibition on new or remodeled ag structures is preventing agricultural operations from adapting to the new economy. The NFIP sensibly precludes the construction of new structures in the floodplain, pushing people to build their homes in fully protected areas. But farming structures need to be where the farms are, which is often in the floodplain, and farmers need the ability to expand their operations to remain



competitive in the global farming economy with remodeled or new facilities to support farming.

**Solution:** Section 2 of H.R. 5961 allows counties to grant variances for new or expanded facilities when it is impracticable to elevate or floodproof the structure.

**Challenge #2:** The minimum flood insurance policy size and the statutory implementation of surcharges to reduce the NFIP debt are burying farmers. Congress required an annual \$250 surcharge for each commercial NFIP policy. But each agricultural structure requires a separate policy and a separate surcharge. Thus, farmers can easily have 10 structures, requiring \$2,500 in annual surcharges, before even paying for policies. Layered on top of that, many agricultural structures are worth less than the minimum available NFIP policy, and these structures are sometimes worth less than the minimum deductible, requiring farmers to pay for many policies for which they get no benefit.

**Solution:** Section 3 of H.R. 5961 allows bundling of structures under a single umbrella policy to allow farmers to use policies the way they were intended.