



**Open Letter Regarding Unintended Consequences of Pending Oil and Gas Legislation  
March 2, 2015**

Dear Senators and Representatives:

The Oklahoma Floodplain Managers Association wishes to call your attention to a potentially significant unintended consequence that could occur if currently pending legislation related to regulation of oil and gas exploration and production is enacted in its current form.

**OFMA is concerned that enactment of the pending floor versions of these bills could result in the state's suspension from the National Flood Insurance Program, the consequences of which could have chilling impacts on the state's economy and could devastate the financial security of families and business owners.**

- The pending bills, as written, would remove the ability of political subdivisions to regulate oil and gas development within the floodplain. Communities that participate in the National Flood Insurance Program are required by federal regulation to regulate all development within "areas of special flood hazard" (commonly known as the 100 year floodplain) to ensure compliance with certain minimum standards.
- Failure to regulate development within the floodplain is grounds for a community to be suspended from the National Flood Insurance Program. Suspension carries a number of severe consequences, including cancellation of all federal flood insurance in the community, loss of access to a number of federal disaster relief and hazard mitigation grant programs, ineligibility for federal loans for projects located in flood hazard areas (including wastewater treatment plants), and denial of federal mortgage insurance or loan guarantees for properties in flood hazard areas (including FHA, VA and SBA loans). In addition, banks and other lenders can default mortgages or require exorbitantly-expensive private flood insurance for properties within the floodplain.
- FEMA has a history of suspending entire states from the NFIP as a result of similar action. When Mississippi exempted "fishing camps" from floodplain management regulations in 2011, FEMA notified the entire state that it would be suspended. The suspension was narrowly averted by passage of a new law reinstating the ability of local communities to regulate all development as required by NFIP minimum standards.

OFMA understands the importance of the oil and gas exploration and production industry in Oklahoma. For many years, OFMA has worked with industry representatives to develop and refine training and educational materials for local government officials that stress the need for a common-sense regulatory approach that is consistent, expedient, and does not go beyond the federally-mandated minimum standards. OFMA's "Oil and Gas Floodplain Management" training course has been taught at national conferences and has become a model for sister organizations in other states.

**We believe that language could be added to these bills that preserves the ability of political subdivisions to meet their National Flood Insurance Program obligations without altering their intent or compromising their purpose.**

We appreciate your consideration of our concerns and would greatly appreciate the opportunity to participate in further discussion regarding this bill. Please do not hesitate to contact Tom Leatherbee, OFMA's Legislative Director (mobile: 405.816.8035/email:legislative@okflood.org), should we be able to provide further information regarding this issue.

Sincerely yours,

The Oklahoma Floodplain Managers Association



*Celebrating 25 years of bringing together floodplain management professionals, public officials and citizens to reduce flood losses through education, training and advocacy.*