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SENATE BILL NO. 768

Offered January 21, 2026

A BILL to amend the Code of Virginia by adding in Chapter 6 of Title 10.1 an article numbered 1.5, consisting of sections numbered 10.1-603.41, 10.1-603.42, and 10.1-603.43, relating to Commonwealth Flood Prevention Match Assistance Fund and Program; established.

Patrons—Locke and Williams Graves

Referred to Committee on Agriculture, Conservation and Natural Resources

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 6 of Title 10.1 an article numbered 1.5, consisting of sections numbered 10.1-603.41, 10.1-603.42, and 10.1-603.43, as follows:

Article 1.5.

Commonwealth Flood Prevention Match Assistance Fund and Program.

§ 10.1-603.41. Definitions.

As used in this article, unless the context requires different meaning:

"Cost" means the aggregate of all costs incurred by the local government that are reasonable and necessary to carry out all works and undertakings necessary or incident to completion of any project.

"Cost share" means a non-federal sponsor's cost sharing requirement pursuant to a local government's agreement executed with the federal government for a storm and flood risk management project.

"Fund" means the Commonwealth Flood Prevention Match Assistance Fund established in § 10.1-603.42.

"Local government" means any locality, municipal corporation, authority, district, commission, or political subdivision of the Commonwealth that is a non-federal sponsor.

"Non-federal sponsor" means the same as such term is defined in 33 CFR § 203.15.

"Storm and flood risk management project" means a project with a total budget of at least \$100 million that (i) reduces or eliminates long-term risks from flooding or storms to people, property, infrastructure, or natural resources and (ii) has been awarded financial assistance through a federal grant program, a loan, or other spending directed by the United States government.

§ 10.1-603.42. Commonwealth Flood Prevention Match Assistance Fund and Program.

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Commonwealth Flood Prevention Match Assistance Fund. The Fund shall be established on the books of the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of Commonwealth Flood Prevention Match Assistance Program grants to local governments pursuant to subsection B. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director.

B. There is hereby established the Commonwealth Flood Prevention Match Assistance Program for the purpose of supporting local governments with grants to finance the cost share required of a local government for storm and flood risk management projects. The Department shall establish guidelines for the administration of the Program, including (i) establishing procedures for application for a grant award by a local government, (ii) ensuring that grants awarded to local governments are used only to finance the cost share required of a local government for storm and flood risk management projects, and (iii) ensuring that grants are not used to supplant existing funding for such purposes. No grant funding shall be used by any agency of the Commonwealth for operating expenses or for purposes of replacing or otherwise reducing any general, nongeneral, or other special funds allocated or appropriated to any state agency. Nothing in this section shall be construed to prevent grant awards for storm and flood risk management projects undertaken on land that is owned by the Commonwealth and leased to a local government. The general appropriation act shall include funding to support the Program for each fiscal year. All grants awarded pursuant to this article shall be deemed to promote the public purposes of enhancing flood prevention or protection and coastal resilience.

§ 10.1-603.43. Annual audit and report.

A. The Auditor of Public Accounts, or his designee, shall annually audit the accounts of the Fund. The audit shall be performed at least each fiscal year, in accordance with generally accepted auditing standards and, accordingly, shall include such tests of the accounting records and such auditing procedures as are considered necessary under the circumstances. The Auditor of Public Accounts shall furnish copies of such

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59 *audit to the Governor.*

60 *B. On or before December 1, 2026, and each year thereafter, the Director shall submit a report to the*
61 *Governor and the Chairs of the House Committees on Agriculture, Chesapeake and Natural Resources and*
62 *Appropriations and the Senate Committees on Agriculture, Conservation and Natural Resources and Finance*
63 *and Appropriations. The report shall include the number of grants awarded, the number of storm and flood*
64 *risk management projects supported, and an executive summary of such projects.*