Congressional Budget Office
Cost Estimate

May 1, 2019

S. 862, Rebuilding Small Businesses After Disasters Act

As reported by the Senate Committee on Small Business and Entrepreneurship on April 3, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Deficit Effect	0	0	0
Spending Subject to Appropriation (Outlays)	0	*	n.e.

Pay-as-you-go procedures apply?	No	**Mandate Effects**	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

n.e. = not estimated; * = between zero and $500,000.

Under its disaster loan program, the Small Business Administration (SBA) does not require collateral for loans of $25,000 or less. For home or business loans provided in response to certain disasters, that threshold will revert to $14,000 on November 25, 2019. S. 862 would make the $25,000 threshold permanent.

Using information from the SBA, CBO expects that implementing S. 862 could slightly increase the volume of loans made under the program in each year after enactment. However, under current SBA regulations, the agency typically does not decline an application if the borrower lacks the specified collateral. CBO therefore estimates that enacting S. 862 would have an insignificant effect on the estimated subsidy cost of disaster loans.[1] Such spending would be subject to the availability of appropriated funds because the disaster loan program is considered a discretionary credit program under the Federal Credit Reform Act of 1990. In 2019, the Congress provided a subsidy appropriation of $10 million for the disaster loan program.

The CBO staff contact for this estimate is David Hughes. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

1. The subsidy cost is the estimated long-term cost to the government, calculated on a net-present-value basis. Present value is a single number that expresses a flow of current and future income (or payments) in terms of an equivalent lump sum received (or paid) at a specific time. The value depends on the rate of interest (called the discount rate) used to translate future cash flows into current dollars.