

At a Glance

S. 3418, STORM Act

As ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on March 11, 2020

By Fiscal Year, Millions of Dollars	2020	2020-2025	2020-2030
Direct Spending (Outlays)	0	0	0
Revenues	0	-15	-35
Increase or Decrease (-) in the Deficit	0	15	35
Spending Subject to Appropriation (Outlays)	0	314	314
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The bill would

- Authorize the appropriation of \$300 million for the Federal Emergency Management Agency to make grants to capitalize new revolving funds administered by states. State agencies would use those funds to make low-interest loans to local governments to finance projects designed to mitigate damage from future disasters

Estimated budgetary effects would primarily stem from

- Spending of the authorized and necessary amounts
- Revenue loss from issuing additional tax-exempt bonds

Detailed estimate begins on the next page.



Bill Summary

S. 3418 would authorize the appropriation of \$100 million annually for fiscal years 2021 through 2023 for the Federal Emergency Management Agency (FEMA) to make grants to capitalize new revolving funds administered by states. From those revolving funds, state agencies would make low-interest loans to local governments to finance projects that are designed to mitigate damage from future disasters.

Estimated Federal Cost

The estimated budgetary effect of S. 3418 is shown in Table 1. The cost of the legislation falls within budget function 450 (community and regional development).

**Table 1.
Estimated Budgetary Effects of S. 3418**

	By Fiscal Year, Millions of Dollars						2020-2025
	2020	2021	2022	2023	2024	2025	
Increases in Spending Subject to Appropriation							
Grants for Hazard Mitigation							
Authorization	0	100	100	100	0	0	300
Estimated Outlays	0	3	37	80	90	90	300
Administrative Costs							
Estimated Authorization	0	1	1	2	5	5	14
Estimated Outlays	0	1	1	2	5	5	14
Total Changes							
Estimated Authorization	0	101	101	102	5	5	314
Estimated Outlays	0	4	38	82	95	95	314
Decreases in Revenues							
Estimated Revenues ^a	0	-1	-2	-3	-4	-5	-15

a. Estimate provided by the staff of the Joint Committee on Taxation. Enacting the bill would decrease revenues by a total of \$35 million over the 2020-2030 period.

Basis of Estimate

For this estimate, CBO assumes that the legislation will be enacted in 2020 and that the authorized and estimated amounts will be provided beginning in 2021. Estimated outlays are based on historical spending patterns for similar programs.

Spending Subject to Appropriation

CBO estimates that implementing S. 3418 would cost \$314 million over the 2020-2025 period, assuming appropriation of the authorized and necessary amounts.



Grants for Hazard Mitigation

S. 3418 would authorize the appropriation of \$100 million annually for 2021, 2022, and 2023 for FEMA to make grants to states to capitalize new revolving funds. To receive assistance under the bill, states would need to contribute 10 percent of the amount of a federal grant to its revolving fund. CBO expects that states would use most of their revolving funds to assist local governments with infrastructure projects, such as projects that control flooding. The bill also would allow recipients to use small portions of assistance to develop zoning and land use plans and to enforce updated building codes.

To implement the bill, CBO estimates that FEMA would need about 18 months to hire new employees, establish the required auditing and reporting processes, issue program regulations, and review grant applications from states. Accordingly, CBO expects that FEMA would gradually increase the number of grants it would make through 2025. Estimated outlays are based on historical spending patterns for similar state revolving fund programs administered by other federal agencies. On that basis, CBO estimates that implementing the grants would cost \$300 million over the 2020-2025 period.

Administrative Costs

S. 3418 would authorize FEMA to use up to 2.5 percent of amounts authorized by the bill, or a total of \$7.5 million, to pay administrative costs and provide technical assistance to states. However, based on information from FEMA about the costs of administering other grant programs, CBO estimates that the agency would need additional amounts each year over the 2020-2025 period to fully implement the program; CBO estimates the additional amounts needed for administrative costs would increase over the next five years as FEMA provides more grants. In total, CBO estimates that FEMA would need an additional \$14 million over the 2020-2025 period. Those amounts would cover the cost of 10 new staff members, contract support, technical assistance to states, and other operating costs.

Revenues

The staff of the Joint Committee on Taxation (JCT) expects that states would use a portion of the capitalization grants to leverage additional funds by issuing tax-exempt bonds. JCT estimates that, as a result, S. 3418 would reduce federal revenues by \$35 million over the 2020-2030 period.

Pay-As-You-Go Considerations:

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in revenues that are subject to those pay-as-you-go procedures are shown in Table 2.



**Table 2.
CBO’s Estimate of the Statutory Pay-As-You-Go Effects of S. 3418, the STORM Act, as Ordered Reported by the Senate Committee on Homeland Security and Governmental Affairs on March 11, 2020**

	By Fiscal Year, Millions of Dollars											2020-2025	2020-2030
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
	Net Increase in the Deficit												
Pay-As-You-Go Effect	0	1	2	3	4	5	4	4	4	4	4	15	35

Increase in Long-Term Deficits

CBO estimates that enacting S. 3418 would not increase deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2031.

Mandates: None.

Previous Estimate

On February 19, 2020, CBO transmitted a [cost estimate for H.R. 3779](#), the Resilience Revolving Loan Fund Act of 2019, which is similar to S. 3418. H.R. 3779 would authorize the appropriation of \$200 million for grants to capitalize state revolving funds, whereas S. 3418 would authorize the appropriation of \$300 million. As a result, CBO estimates that the cost of the grants under S. 3418 would be higher and JCT estimates that the reduction in revenues, which is related to the volume of grants provided, also would be greater under S. 3418.

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