



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

September 24, 2007

**H.R. 3247**

**Hurricanes Katrina and Rita Recovery Facilitation Act of 2007**

*As ordered reported by the House Committee on Transportation and Infrastructure  
on August 2, 2007*

H.R. 3247 would authorize the Federal Emergency Management Agency (FEMA) to provide additional forms of assistance to certain areas affected by Hurricanes Katrina and Rita. Funding for such assistance would come from the \$43.5 billion already appropriated to FEMA's Disaster Relief Fund (DRF) for the hurricanes. Because CBO does not expect that the proposed changes in this legislation would have a significant effect on the pace or amount of federal expenditures from the DRF, we estimate that enacting H.R. 3247 would have no significant effect on direct spending. Enacting the bill would not affect revenues.

H.R. 3247 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

Under current law, Gulf Coast states are eligible to receive from FEMA 100 percent of the funds needed to repair or replace public infrastructure damaged by the 2005 hurricanes. If, however, states choose to relocate such buildings or other structures, the federal cost share falls to 75 percent. H.R. 3247 would raise the federal cost share on relocated infrastructure to 90 percent. Allowing states to receive a higher portion of their reconstruction costs from the federal government could affect the rate of spending from previously appropriated funds, but CBO expects that the pace of such expenditures would not change significantly because other factors that affect the speed of reconstruction activities would remain unchanged.

H.R. 3247 also would authorize some new types of assistance to areas of Louisiana and Mississippi affected by Hurricanes Katrina and Rita. The legislation would authorize FEMA to provide temporary housing units (for example, trailers and mobile homes) to state and local governments and nonprofit organizations to house volunteers working in the Gulf Coast region. In view of FEMA's decision to suspend the sale and donation of its trailer units pending a further investigation into the safety of those units, it is unclear how FEMA might use this authority. However, CBO estimates that if sales and donations resume, implementing this provision would not lead to a significant acceleration of spending or a net

impact on expenditures from the DRF. Moreover, H.R. 3247 would authorize FEMA to provide assistance for re-interment in private cemeteries and for the compensation of business losses (excluding losses in revenue) stemming from events that were scheduled to be held in public facilities damaged by the 2005 Gulf Coast hurricanes.

Funding for the assistance authorized by H.R. 3247 would come from the \$43.5 billion appropriated thus far to the DRF for Hurricanes Katrina, Rita, and Wilma. CBO estimates that about \$13.5 billion of such funding remains unspent as of July 2007. We expect that enacting H.R. 3247 could lead to some reallocation of those existing funds, but that the rate of spending such balances would not change significantly under the bill.

The CBO staff contact for this estimate is Daniel Hoople. This estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.