



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 31, 2011

H.R. 2919

A bill to eliminate the reimbursement requirement for certain tornado shelters constructed with federal assistance, and for other purposes

*As ordered reported by the House Committee on Transportation and Infrastructure
on October 13, 2011*

H.R. 2919 would allow elementary and secondary schools to retain temporary tornado shelters constructed using federal funds without reimbursing the Federal Emergency Management Agency (FEMA). Enacting this legislation would affect direct spending; therefore, pay-as-you-go procedures would apply. However, CBO estimates that the net effects would be insignificant for each year.

Under current law, schools receiving federal disaster assistance may construct a temporary tornado shelter when a pre-existing shelter has been damaged. Once the temporary shelter is no longer in use, the property may be transferred back to the federal government for disposal or retained by the school for sale or use. If the shelter is retained by the school, FEMA must be reimbursed in an amount equal to the sale proceeds or market value, multiplied by the federal share of construction costs (typically 75 percent).

H.R. 2919 would allow schools to retain a temporary tornado shelter without reimbursing FEMA, thereby decreasing receipts to the federal government (recorded as an increase in direct spending). Based on information from FEMA, CBO estimates those receipts will be insignificant over the next 10 years. Under current law, proceeds from the disposal of temporary shelters are available to provide future disaster assistance without further appropriation action. Thus, a decrease in receipts from property disposal also would reduce direct spending by an equivalent amount, resulting in no net impact on the budget.

Because this legislation would reduce amounts available to FEMA for disaster relief, additional appropriations to FEMA may be necessary in the future. CBO estimates the cost of any additional appropriations under this bill would be insignificant in each year.

H.R. 2919 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.

The CBO staff contact for this estimate is Daniel Hoople. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.