



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 14, 2007

H.R. 3224
Dam Rehabilitation and Repair Act of 2007

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

SUMMARY

H.R. 3224 would authorize appropriations totaling \$201 million over the 2008-2012 period for the Federal Emergency Management Agency (FEMA) to make grants to states to repair, replace, reconstruct, and remove structurally deficient dams. Assuming appropriation of the specified amounts, CBO estimates that implementing H.R. 3224 would cost \$103 million over the 2008-2012 period and \$98 million after 2012. Enacting H.R. 3224 would have no effect on direct spending or revenues.

H.R. 3224 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3224 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Authorization Level	10	15	25	50	100
Estimated Outlays	3	7	15	27	51

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 3224 will be enacted near the start of fiscal year 2008 and that amounts specified by the bill will be appropriated for each fiscal year. We estimate that federal spending under H.R. 3224 for grants and administrative expenses would total \$3 million in 2008 and \$103 million over the 2008-2012 period.

Grants to States

H.R. 3224 would authorize the appropriation of \$200 million over the 2008-2012 period for FEMA to make grants to states for a maximum of 65 percent of the costs to repair, replace, reconstruct, or remove publically owned dams determined to be deficient. The bill would define deficient dams as those failing to meet minimum state standards and that pose an unacceptable level of risk to the public. One-third of the funds authorized by the bill would be equally divided among all states that apply for assistance. The remaining two-thirds would be awarded based on the number of deficient dams within a state compared to all other state applicants.

Based on historical spending patterns for similar activities, CBO estimates that spending for the proposed grants would total \$3 million in 2008 and \$102 million over the 2008-2012 period. This estimate assumes that grant funds would be disbursed as construction and repairs occur and that projects would take an average of three years to complete.

Administration

H.R. 3224 also would authorize the appropriation of \$400,000 a year over the 2008-2010 period for the salaries and related expenses of additional staff necessary for FEMA to implement the proposed grant program. Based on historical spending patterns and assuming appropriation of the specified amounts, CBO estimates that implementing this provision would cost \$1.2 million over the 2008-2012 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3224 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. CBO estimates that state governments would receive about \$100 million over the 2008-2012 period for grants authorized in the bill. Any costs to those governments of complying with grant requirements would be incurred voluntarily as conditions of receiving federal assistance.

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