S. 1846, the Homeowner Flood Insurance Affordability Act of 2013, as introduced on December 17, 2013 [a]

	By Fiscal Year, in Millions of Dollars												
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014 - 2018	2014 - 2024
CHANGE IN DIRECT SPENDING													
Budget Authority	90	175	190	210	235	265	-200	-965	0	0	0	900	0
Outlays	90	175	190	210	235	265	-200	-965	0	0	0	900	0
Memorandum:													
Change in Net Income to the National Flood Insurance Program	-90	-175	-190	-210	-235	-265	-220	-200	-190	-180	-170	-900	-2,125

a. The legislation would reduce premium rates paid by certain policyholders of the National Flood Insurance Program (NFIP). The Federal Emergency Management Agency (FEMA) sets rates below full cost for some structures built before the community's first Flood Insurance Rate Map (also known as pre-FIRM properties). Under Public Laws 112-123 and 112-141, premium rates for certain pre-FIRM policies (non-primary residences, non-residential properties, and severe repetitive loss properties) are scheduled to increase by 25 percent per year until rates reflect full cost. Properties that are sold, have a lapse in coverage, or were uninsured as of July 2012 will immediately be charged full-cost rates beginning in fiscal year 2014.

S. 1846 would delay additional rate increases for properties with a lapse in coverage and those that were uninsured as of July 2012. The delay would extend until six months after FEMA proposes policy changes and regulations to address affordability issues, which CBO estimates would occur during calendar year 2018, under the timeline outlined in the legislation. The bill also would postpone when properties sold would be charged full-cost rates from July 2012 to six months after FEMA's rulemaking on affordability is issued.

CBO estimates that the change in premium rates proposed by S. 1846 would reduce net income to the NFIP by about $2.1 billion over the 2014-2024 period. Under current law, CBO expects that, on average expenditures, of the program will exceed collections over the next ten years. Reducing net income would increase those shortfalls, resulting in additional borrowing by the program. The spending of that borrowing is recorded as an increase in direct spending. Based on existing policy data, CBO estimates that the NFIP would borrow and spend an additional $900 million over the 2014-2018 period because of this legislation. However, because total borrowing is limited under current law, additional amounts borrowed over the next five years would be offset by less borrowing in later years, resulting in no net effect through 2024. In the absence of sufficient borrowing authority, CBO expects that the program would be forced to delay payment of insurance claims until additional resources became available.

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