

110TH CONGRESS  
1ST SESSION

# S. 537

To address ongoing small business and homeowner needs in the Gulf Coast States impacted by Hurricane Katrina and Hurricane Rita.

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 8, 2007

Ms. LANDRIEU (for herself, Mr. LOTT, Mr. KERRY, and Mr. LIEBERMAN) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

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## A BILL

To address ongoing small business and homeowner needs in the Gulf Coast States impacted by Hurricane Katrina and Hurricane Rita.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Gulf Coast Back to  
5 Business Act of 2007”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) 43 percent of businesses that close following  
9 a natural disaster never reopen;

1           (2) an additional 29 percent of businesses close  
2 down permanently within 2 years of a natural dis-  
3 aster;

4           (3) Hurricane Katrina struck the Gulf Coast of  
5 the United States on August 29, 2005, negatively  
6 impacting small business concerns and disrupting  
7 commerce in the States of Louisiana, Mississippi,  
8 and Alabama;

9           (4) Hurricane Rita struck the Gulf Coast of the  
10 United States on September 24, 2005, negatively  
11 impacting small business concerns and disrupting  
12 commerce in the States of Texas and Louisiana;

13           (5) according to the United States Chamber of  
14 Commerce, more than 125,000 small- and medium-  
15 sized businesses in the Gulf Coast were disrupted by  
16 Hurricane Katrina or Hurricane Rita;

17           (6) due to a slow initial Federal response and  
18 the widespread devastation in the affected States,  
19 businesses impacted by Hurricane Katrina are in  
20 dire need of increased access to capital and technical  
21 assistance to recover and prosper; and

22           (7) without the full recovery and prosperity of  
23 affected businesses, the Gulf Coast, and the rest of  
24 the United States, will be negatively impacted.

1 **SEC. 3. DEFINITIONS.**

2 In this Act—

3 (1) the term “Disaster Area” means an area in  
4 which the President has declared a major disaster in  
5 response to Hurricane Katrina of 2005 or Hurricane  
6 Rita of 2005;

7 (2) the term “major disaster” has the meaning  
8 given that term in section 102 of the Robert T.  
9 Stafford Disaster Relief and Emergency Assistance  
10 Act (42 U.S.C. 5122); and

11 (3) the term “small business concern” has the  
12 meaning given that term in section 3 of the Small  
13 Business Act (15 U.S.C. 632).

14 **SEC. 4. SMALL BUSINESS CONCERN RECOVERY GRANTS.**

15 (a) IN GENERAL.—There are authorized to be appro-  
16 priated to the Secretary of Commerce \$100,000,000 for  
17 the Economic Development Administration of the Depart-  
18 ment of Commerce to make grants to the appropriate  
19 State government agencies in Louisiana and Mississippi,  
20 to carry out this section.

21 (b) DISBURSEMENT OF FUNDS.—

22 (1) IN GENERAL.—Subject to paragraph (2),  
23 the Secretary of Commerce shall disburse the funds  
24 authorized under subsection (a) as follows:

25 (A) \$75,000,000 to the State of Louisiana.

1 (B) \$25,000,000 to the State of Mis-  
2 sissippi.

3 (2) PROPORTIONATE ALLOCATION.—Regardless  
4 of the amount appropriated under subsection (a),  
5 the amount appropriated shall be allocated among  
6 the States listed in paragraph (1) of this subsection  
7 in direct proportion to the allocation under that  
8 paragraph.

9 (c) USE OF FUNDS.—

10 (1) IN GENERAL.—Grants awarded to a State  
11 under subsection (a) shall be used by the State to  
12 provide grants, which may be made to any small  
13 business concern located in a Disaster Area that was  
14 negatively impacted by Hurricane Katrina of 2005  
15 or Hurricane Rita of 2005, to assist such small busi-  
16 ness concern for the purposes of—

17 (A) paying employees;

18 (B) paying bills, insurance costs, and other  
19 existing financial obligations;

20 (C) making repairs;

21 (D) purchasing inventory;

22 (E) restarting or operating that business  
23 in the community in which it was conducting  
24 operations prior to Hurricane Katrina of 2005

1 or Hurricane Rita of 2005, or to a neighboring  
2 area or county or parish in a Disaster Area;

3 (F) compensating such small business con-  
4 cerns for direct economic injury suffered as a  
5 result of Hurricane Katrina of 2005 or Hurri-  
6 cane Rita of 2005; or

7 (G) covering additional costs until that  
8 small business concern is able to obtain funding  
9 through insurance claims, Federal assistance  
10 programs, or other sources.

11 (2) CRITERIA.—

12 (A) IN GENERAL.—Notwithstanding any  
13 other provision of law, in making grants under  
14 paragraph (1), a State may use such criteria as  
15 the State determines appropriate, and shall not  
16 be required to apply eligibility criteria for pro-  
17 grams administered by the Federal Govern-  
18 ment, including the Department of Commerce.

19 (B) EXCLUSION.—In making grants under  
20 paragraph (1), a State may not exclude a small  
21 business concern based on any increase in the  
22 revenue of that small business concern during  
23 the 12-month period beginning on October 1,  
24 2005.

1           (3) ADMINISTRATIVE EXPENSES.—The Depart-  
 2           ment of Commerce may use not more than  
 3           \$1,500,000 of the funds authorized under subsection  
 4           (a) to administer the provision of grants to the des-  
 5           ignated States under this subsection.

6   **SEC. 5. DISASTER LOANS AFTER HURRICANE KATRINA OR**  
 7                           **HURRICANE RITA.**

8           (a) IN GENERAL.—Section 7(b) of the Small Busi-  
 9           ness Act (15 U.S.C. 636(b)) is amended by inserting im-  
 10          mediately after paragraph (3) the following:

11                   “(4) DISASTER LOANS AFTER HURRICANE  
 12           KATRINA OR HURRICANE RITA IN A DISASTER  
 13           AREA.—

14                   “(A) DEFINITIONS.—In this paragraph—

15                           “(i) the term ‘Disaster Area’ means  
 16                           an area in which the President has de-  
 17                           clared a major disaster in response to Hur-  
 18                           ricane Katrina of 2005 or Hurricane Rita  
 19                           of 2005; and

20                           “(ii) the term ‘qualified borrower’  
 21                           means a person to whom the Administrator  
 22                           made a loan under this section because of  
 23                           Hurricane Katrina of 2005 or Hurricane  
 24                           Rita of 2005.

1           “(B) DEFERMENT OF DISASTER LOAN  
2           PAYMENTS.—

3           “(i) IN GENERAL.—Notwithstanding  
4           any other provision of law, payments of  
5           principal and interest on a loan to a quali-  
6           fied borrower made before December 31,  
7           2006, shall be deferred, and no interest  
8           shall accrue with respect to such loan, dur-  
9           ing the time period described in clause (ii).

10          “(ii) TIME PERIOD.—The time period  
11          for purposes of clause (i) shall be 1 year  
12          from the later of the date of enactment of  
13          this paragraph or the date on which funds  
14          are distributed under a loan described in  
15          clause (i), but may be extended to 2 years  
16          from such date, at the discretion of the  
17          Administrator.

18          “(iii) RESUMPTION OF PAYMENTS.—  
19          At the end of the time period described in  
20          clause (ii), the payment of periodic install-  
21          ments of principal and interest shall be re-  
22          quired with respect to such loan, in the  
23          same manner and subject to the same  
24          terms and conditions as would otherwise be

1 applicable to any other loan made under  
2 this subsection.”.

3 (b) INCREASING COLLATERAL REQUIREMENTS.—

4 (1) IN GENERAL.—Notwithstanding any other  
5 provision of law, including section 7(c)(6) of the  
6 Small Business Act (15 U.S.C. 636(c)(6)), the Ad-  
7 ministrator may not require collateral for any cov-  
8 ered loan made by the Administrator.

9 (2) DEFINITION.—In this subsection, the term  
10 “covered loan” means a loan in an amount of not  
11 more than \$35,000 made—

12 (A) under section 7(b)(1) of the Small  
13 Business Act (15 U.S.C. 636(b)(1));

14 (B) as a result of Hurricane Katrina of  
15 2005 or Hurricane Rita of 2005; and

16 (C) after the date of enactment of this Act.

17 **SEC. 6. OTHER PROGRAMS.**

18 (a) HUBZONES.—Section 3(p) of the Small Business  
19 Act (15 U.S.C. 632(p)) is amended—

20 (1) in paragraph (1)—

21 (A) in subparagraph (D), by striking “or”;

22 (B) in subparagraph (E), by striking the  
23 period at the end and inserting “; or”; and

24 (C) by adding at the end the following:



1           “(F) an area in which the President has  
2           declared a major disaster (as that term is de-  
3           fined in section 102 of the Robert T. Stafford  
4           Disaster Relief and Emergency Assistance Act  
5           (42 U.S.C. 5122)) as a result of Hurricane  
6           Katrina of August 2005 or Hurricane Rita of  
7           September 2005, during the time period de-  
8           scribed in paragraph (8).”; and

9           (2) by adding at the end the following:

10           “(8) TIME PERIOD.—The time period for the  
11           purposes of paragraph (1)(F)—

12                   “(A) shall be the 2-year period beginning  
13                   on the later of the date of enactment of this  
14                   paragraph and August 29, 2007; and

15                   “(B) may, at the discretion of the Admin-  
16                   istrator, be extended to be the 3-year period be-  
17                   ginning on the later of the date of enactment  
18                   of this paragraph and August 29, 2007.”.

19           (b) RELIEF FROM TEST PROGRAM.—Section 711(d)  
20           of the Small Business Competitive Demonstration Pro-  
21           gram Act of 1988 (15 U.S.C. 644 note) is amended—

22                   (1) by striking “The Program” and inserting  
23                   the following:

24                   “(1) IN GENERAL.—Except as provided in para-  
25                   graph (2), the Program”; and

1 (2) by adding at the end the following:

2 “(2) EXCEPTION.—

3 “(A) IN GENERAL.—The Program shall  
4 not apply to any contract related to relief or re-  
5 construction from Hurricane Katrina of 2005  
6 or Hurricane Rita of 2005 during the time pe-  
7 riod described in subparagraph (B).

8 “(B) TIME PERIOD.—The time period for  
9 the purposes of subparagraph (A)—

10 “(i) shall be the 2-year period begin-  
11 ning on the later of the date of enactment  
12 of this paragraph and August 29, 2007;  
13 and

14 “(ii) may, at the discretion of the Ad-  
15 ministrator, be extended to be the 3-year  
16 period beginning on the later of the date of  
17 enactment of this paragraph and August  
18 29, 2007.”.

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