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SUPERSTORM SANDY RELIEF AND DISASTER LOAN PROGRAM IMPROVEMENT ACT OF 2015

DECEMBER 20, 2016.—Ordered to be printed

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Mr. VITTER, from the Committee on Small Business and
Entrepreneurship, submitted the following

R E P O R T

[To accompany S. 1811]

The Committee on Small Business and Entrepreneurship, to which was referred the bill (S. 1811) to require the Administrator of the Small Business Administration to establish a program to make loans to certain businesses, homeowners, and renters affected by Superstorm Sandy, having considered the same, reports favorably thereon with amendments and recommends that the bill, as amended, do pass.

I. INTRODUCTION

The Superstorm Sandy Relief and Disaster Loan Program Improvement Act of 2015 (S. 1811) was introduced by Senator Robert Menendez on July 21, 2015. The Act requires the Administrator of the Small Business Administration (SBA) to establish a program to make loans to certain businesses, homeowners, and renters affected by Superstorm Sandy. During the markup of the bill, the bill was approved unanimously by voice vote.

II. HISTORY (PURPOSE & NEED FOR LEGISLATION)

The SBA's Disaster Assistance program is intended to provide timely financial assistance in the form of low interest loans and working capital for businesses and homeowners devastated by disasters.

On October 29, 2012, Superstorm Sandy struck New Jersey, New York, and Rhode Island. Superstorm Sandy left hundreds of thousands of homes damaged, forced tens of thousands of survivors into shelters, and did billions of dollars in damage to vital infrastructure systems. The storm also forced thousands of small businesses to close, either temporarily or permanently. In response, the President declared the impacted areas a major disaster.

As the recovery from Superstorm Sandy went on, several deficiencies in the SBA's Disaster Loan program became apparent. However, because of the methodology the SBA used to compute processing time for disaster loan applications, the reported performance did not accurately communicate to eligible applicants and oversight officials how long it was likely to take for most applicants to receive a disaster loan. The SBA Office of Inspector General also found that processing time performance standards were generally not attainable beyond certain application volume levels.

The provisions of this bill relating to reopening of Hurricane Sandy disaster loan eligibility, and use of disaster loan funds to construct safe rooms, became law as part of Public Law 114-88, the RISE After Disaster Act.

III. HEARINGS & ROUNDTABLES

On March 14, 2013, the Committee held a hearing titled "Helping Small Business Weather Economic Challenges and Natural Disasters." Then-Chairman Mary L. Landrieu addressed some of the inefficiencies in the SBA's response to disasters. In her opening statement, Chairman Landrieu referred to the SBA's response to Hurricanes Katrina and Rita in 2005 as "slow, painful, inefficient and insufficient to that task." Landrieu commented that, following those 2005 storms, it took 74 days to process a home loan, 66 days to process a business loan, and even longer for a disbursement of disaster funding. Landrieu also criticized the SBA for requiring disaster victims to provide substantial amounts of paper records alongside their disaster loan applications while their homes were, in many cases, literally underwater.

IV. DESCRIPTION OF BILL

This bill would permit businesses, homeowners, and renters that were located within the areas affected by Hurricane Sandy to apply for SBA disaster loans for a period of not less one year after date on enactment of this Act. The SBA would be required to provide a clear and concise notification on all loan application materials and relevant websites advising applicants that they have the option to submit all documentation necessary for loan closing at the time of application and that failure to submit all documentation could delay loan closing and disbursement. The SBA is directed to revise its disaster plan to anticipate the potential impact of early application submissions on staffing and resources for future disasters, as well as the risk this impact may pose for the SBA's timely disaster response. The Small Business Administration is also required to develop plans to mitigate sharp increases in disaster loan applications.

V. COMMITTEE VOTE

In compliance with rule XXVI (7)(b) of the Standing Rules of the Senate, the following vote was recorded on October 15, 2015.

A motion to adopt S. 1811, the Superstorm Sandy Relief and Disaster Loan Program Improvement Act of 2015, was approved unanimously by voice vote with the following Senators present: Vitter, Scott, Fischer, Gardner, Ernst, Enzi, Shaheen, Cantwell, Cardin, Booker, Hirono and Peters.

VII. EVALUATION OF REGULATORY IMPACT

In compliance with rule XXVI (11)(b) of the Standing Rules of the Senate, it is the opinion of the Committee that no significant additional regulatory impact will be incurred in carrying out the provisions of this legislation. There will be no additional impact on the personal privacy of companies or individuals who utilize the services provided.

VIII. SECTION-BY-SECTION ANALYSIS

*Section 1: Short title**Section 2: Findings**Section 3: Revised disaster deadline*

This section amends the Small Business Act to authorize a small business, homeowner, nonprofit entity, or renter that was located within a declared major disaster area during Superstorm Sandy in 2012 to apply for a Small Business Administration loan to: (1) repair, rehabilitate, or replace property damaged or destroyed because of the storm; or (2) assist a small business that suffered substantial economic injury because of it.

The Small Business Administration must select loan recipients and make such loans available for at least one year after the date on which it begins carrying out this authority.

The Small Business Administration Inspector General must review the controls for ensuring applicant eligibility for these loans.

Section 4: Use of physical damage disaster loans to construct safe rooms

This section permits Small Business Administration physical disaster loans to be used to construct a safe room or similar storm shelter designed to protect property and occupants from tornadoes or other natural disasters, if they are constructed in accordance with applicable standards issued by the Federal Emergency Management Agency.

Section 5: Reducing delays on closing and disbursement of loans

The Small Business Administration shall make a clear and concise notification on all application materials for Small Business Administration disaster loans and on relevant websites notifying an applicant that:

- he or she may submit all documentation necessary for the approval of the loan at the time of application, and
- failure to do so could delay the loan's approval and disbursement.

Section 6: Disaster plan improvements

The Small Business Administration shall revise the comprehensive written disaster response plan, and any successor, to incorporate its response to a situation in which an extreme volume of applications are received during the period of time immediately after a disaster. The revised plan must: (1) ensure that sufficient human and technological resources are made available, and (2) prevent delays in loan processing.

