

107TH CONGRESS
1ST SESSION

H. R. 540

To authorize the Small Business Administration to make grants and loans to small business concerns, and grants to agricultural enterprises, to enable such concerns and enterprises to reopen for business after a natural or other disaster.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 2001

Mrs. KELLY introduced the following bill; which was referred to the
Committee on Small Business

A BILL

To authorize the Small Business Administration to make grants and loans to small business concerns, and grants to agricultural enterprises, to enable such concerns and enterprises to reopen for business after a natural or other disaster.

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 “Small Business Dis-
5 aster Assistance Act of 1999”.

1 **SEC. 2. DISASTER ASSISTANCE TO REOPEN SMALL BUSI-**
2 **NESS CONCERNS AND AGRICULTURAL EN-**
3 **TERPRISES.**

4 Section 7 of the Small Business Act (15 U.S.C. 636)
5 is amended—

6 (1) in subsection (b), by inserting before the
7 undesignated paragraph that begins with “No loan
8 under this subsection,” the following:

9 “(4) In accordance with subsection (o), the Adminis-
10 tration may make grants and loans under this sub-
11 section.”; and

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

13 “(o) DISASTER ASSISTANCE PROGRAMS TO REOPEN
14 SMALL BUSINESS CONCERNS AND AGRICULTURAL EN-
15 TERPRISES.—

16 “(1) GRANT PROGRAM.—

17 “(A) IN GENERAL.—In accordance with
18 this subsection and subsection (b) (to the extent
19 that subsection (b) is not inconsistent with this
20 subsection), the Administration may make
21 grants to small business concerns and agricul-
22 tural enterprises following a natural or other
23 disaster to assist such concerns and enterprises
24 in reopening for business.

1 “(B) ELIGIBILITY.—A small business con-
2 cern or agricultural enterprise may receive a
3 grant under this paragraph only if it—

4 “(i) was a viable business concern (as
5 determined by the Administration) at the
6 time of the disaster; and

7 “(ii) is likely to be a viable business
8 concern (as determined by the Administra-
9 tion) after receiving assistance under this
10 subsection.

11 “(C) MAXIMUM.—The Administration may
12 make no grant under this paragraph that ex-
13 ceeds \$30,000.

14 “(D) TIMING.—In making grants under
15 this paragraph, the Administration shall dis-
16 burse grant funds as soon as is practicable
17 after a disaster.

18 “(2) LOAN PROGRAM.—

19 “(A) IN GENERAL.—In accordance with
20 this subsection and subsection (b) (to the extent
21 that subsection (b) is not inconsistent with this
22 subsection), the Administration may make loans
23 to small business concerns following a natural
24 or other disaster to assist such concerns in re-
25 opening and remaining open for business.

1 “(B) DIRECT AND GUARANTEED LOANS
2 PERMISSIBLE.—The Administration may make
3 loans under this paragraph either directly or in
4 cooperation with banks or other lending institu-
5 tions through agreements to participate on an
6 immediate or deferred (guaranteed) basis.

7 “(C) REPAYMENT.—

8 “(i) ONE-YEAR DEFERRAL.—The Ad-
9 ministration may not require the borrower
10 with respect to a loan made under this
11 paragraph to repay any principal of the
12 loan, or any interest on such principal, be-
13 fore the date that is 1 year after the date
14 on which the proceeds of the loan are dis-
15 bursed.

16 “(ii) APPLICATION OF REPAYED
17 AMOUNTS.—The Administration shall
18 apply all amounts repaid with respect to a
19 loan made under this paragraph—

20 “(I) to the principal of the loan;

21 and

22 “(II) to the extent that such
23 amounts are sufficient, to the interest
24 on such principal.

1 “(3) LIMITATION ON ELIGIBILITY.—Notwith-
2 standing any other provision of this subsection, the
3 Administration may not make assistance available
4 under this subsection to any person, concern, or en-
5 terprise that is in default of any outstanding—

6 “(A) Federal obligation;

7 “(B) child support obligation; or

8 “(C) judgment of a Federal or State court.

9 “(4) USE OF PROCEEDS.—As a condition of re-
10 ceiving a grant or loan under this subsection, the
11 Administration shall require the recipient to—

12 “(A) agree to use the proceeds of such
13 grant or loan only to repair or replace items
14 and structures that were lost or damaged as a
15 result of a disaster; and

16 “(B) agree not to use any of the proceeds
17 of such grant or loan for relocation, unless the
18 recipient is directed by a government agency to
19 relocate for safety, health, or mitigation pur-
20 poses.

21 “(5) FLOOD INSURANCE.—As a condition of re-
22 ceiving a grant or loan under this subsection, the
23 Administration shall require each recipient that op-
24 erates in a location that the Administration deter-
25 mines is prone to flooding—

1 “(A) to obtain flood insurance, or to en-
 2 sure that such insurance is obtained, for the
 3 maximum insurable value of the concern’s
 4 structure (whether owned or leased) and the
 5 contents of such structure; and

6 “(B) to maintain such flood insurance for
 7 the period of time that the concern continues to
 8 operate in such a location.

9 “(6) AGRICULTURAL ENTERPRISES.—

10 “(A) DEFINED.—In this subsection, the
 11 term ‘agricultural enterprise’ means—

12 “(i) an agricultural enterprise within
 13 the meaning of the term under section
 14 3(a); and

15 “(ii) a farm not larger than a family
 16 farm within the meaning of such term
 17 under section 321 of the Consolidated
 18 Farm and Rural Development Act (7
 19 U.S.C. 1961).

20 “(B) CONSULTATION REQUIREMENT.—Be-
 21 fore issuing regulations to implement paragraph
 22 (1), the Administration shall consult with the
 23 Secretary of Agriculture with respect to the ef-
 24 fect of such regulations on agricultural enter-
 25 prises.”.

1 **SEC. 3. CONFORMING AMENDMENT.**

2 Section 4(f)(1) (15 U.S.C. 633(f)(1)) of the Small
3 Business Act is amended by striking “section 462(b) of
4 the Social Security Act” and inserting “section 459 of the
5 Social Security Act”.

6 **SEC. 4. APPLICABILITY.**

7 The amendments made by section 2 shall apply to
8 any major disaster declared after September 1, 1999.

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