

108TH CONGRESS  
1ST SESSION

# S. 318

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IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 2003

Referred to the Committee on Small Business

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## AN ACT

To provide emergency assistance to nonfarm-related small business concerns that have suffered substantial economic harm from drought.

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. LOANS TO SMALL BUSINESS CONCERNS DAM-**  
4       **AGED BY DROUGHT.**

5       (a) SHORT TITLE.—This Act may be cited as the  
6       “Small Business Drought Relief Act of 2003”.

1 (b) FINDINGS.—Congress finds that—

2 (1) as of July 2002, more than 36 States (in-  
3 cluding Massachusetts, South Carolina, and Lou-  
4 isiana) have suffered from continuing drought condi-  
5 tions;

6 (2) droughts have a negative effect on State  
7 and regional economies;

8 (3) many small businesses in the United States  
9 sell, distribute, market, or otherwise engage in com-  
10 merce related to water and water sources, such as  
11 lakes, rivers, and streams;

12 (4) many small businesses in the United States  
13 suffer economic injury from drought conditions,  
14 leading to revenue losses, job layoffs, and bank-  
15 ruptcies;

16 (5) these small businesses need access to low-  
17 interest loans for business-related purposes, includ-  
18 ing paying their bills and making payroll until busi-  
19 ness returns to normal;

20 (6) absent a legislative change, the practice of  
21 the Small Business Administration of permitting  
22 only agriculture and agriculture-related businesses to  
23 be eligible for Federal disaster loan assistance as a  
24 result of drought conditions would likely continue;

1           (7) during the past several years small busi-  
 2           nesses that rely on the Great Lakes have suffered  
 3           economic injury as a result of lower than average  
 4           water levels, resulting from low precipitation and in-  
 5           creased evaporation, and there are concerns that  
 6           small businesses in other regions could suffer similar  
 7           hardships beyond their control and that they should  
 8           also be eligible for assistance; and

9           (8) it is necessary to amend the Small Business  
 10          Act to clarify that nonfarm-related small businesses  
 11          that have suffered economic injury from drought are  
 12          eligible to receive financial assistance through Small  
 13          Business Administration Economic Injury Disaster  
 14          Loans.

15          (c) DROUGHT DISASTER AUTHORITY.—

16           (1) DEFINITION OF DISASTER.—Section 3(k) of  
 17          the Small Business Act (15 U.S.C. 632(k)) is  
 18          amended—

19                   (A) by inserting “(1)” after “(k)”; and

20                   (B) by adding at the end the following:

21          “(2) For purposes of section 7(b)(2), the term ‘dis-  
 22          aster’ includes—

23                   “(A) drought; and

24                   “(B) below average water levels in the Great  
 25          Lakes, or on any body of water in the United States

1       that supports commerce by small business con-  
2       cerns.”.

3               (2) DROUGHT DISASTER RELIEF AUTHORITY.—  
4       Section 7(b)(2) of the Small Business Act (15  
5       U.S.C. 636(b)(2)) is amended—

6               (A) by inserting “including drought, with  
7       respect to both farm-related and nonfarm-re-  
8       lated small business concerns affected by  
9       drought,” before “if the Administration”; and

10              (B) in subparagraph (B), by striking “the  
11       Consolidated Farmers Home Administration  
12       Act of 1961 (7 U.S.C. 1961)” and inserting the  
13       following: “section 321 of the Consolidated  
14       Farm and Rural Development Act (7 U.S.C.  
15       1961), in which case, assistance under this  
16       paragraph may be provided to farm-related and  
17       nonfarm-related small business concerns, sub-  
18       ject to the other applicable requirements of this  
19       paragraph”.

20              (d) PROMPT RESPONSE TO DISASTER REQUESTS.—  
21       Section 7(b)(2)(D) of the Small Business Act (15 U.S.C.  
22       636(b)(2)(D)) is amended by striking “Upon receipt of  
23       such certification, the Administration may” and inserting  
24       “Not later than 30 days after the date of receipt of such  
25       certification by a Governor of a State, the Administration

1 shall respond in writing to that Governor on its determina-  
2 tion and the reasons therefore, and may”.

3 (e) LIMITATION ON LOANS.—From funds otherwise  
4 appropriated for loans under section 7(b) of the Small  
5 Business Act (15 U.S.C. 636(b)), not more than  
6 \$9,000,000 may be used during fiscal year 2003 to pro-  
7 vide drought disaster loans to non-farm related small busi-  
8 ness concerns.

9 (f) RULEMAKING.—Not later than 45 days after the  
10 date of enactment of this Act, the Administrator of the  
11 Small Business Administration shall promulgate final  
12 rules to carry out this Act and the amendments made by  
13 this Act.

Passed the Senate March 31, 2003.

Attest: EMILY J. REYNOLDS,  
*Secretary.*