

109TH CONGRESS
1ST SESSION

H. R. 4012

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to modify the terms of the community disaster loan program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2005

Mrs. MALONEY (for herself, Mr. JEFFERSON, Mr. MELANCON, Mr. GRIJALVA, Mr. SERRANO, Mr. CROWLEY, Mr. MEEKS of New York, and Ms. DELAURO) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

A BILL

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to modify the terms of the community disaster loan program, and for other purposes.

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 “Community Disaster
5 Loan Equity Act of 2005”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) Major disasters, including natural disasters
2 and disasters caused by terrorist acts, often result in
3 a decline in economic activity in areas affected by
4 the disaster and a reduction in tax collections by
5 State and local governments serving those areas.

6 (2) A report of the Government Accountability
7 Office entitled “September 11: Recent Estimates of
8 Fiscal Impact of 2001 Terrorist Attack on New
9 York”, dated March 2005, confirmed prior estimates
10 that—

11 (A) New York City lost between
12 \$2,500,000,000 and \$2,900,000,000 in tax rev-
13 enues for fiscal years 2002 and 2003; and

14 (B) the State of New York lost
15 \$2,900,000,000 for fiscal years 2002 and 2003.

16 (3) The impact of Hurricane Katrina on State
17 and local tax revenues is not yet known, but the im-
18 pact is believed to be extensive.

19 (4) Under the community disaster loan program
20 (in this section referred to as the “CDL program”),
21 as authorized by the Robert T. Stafford Disaster
22 Relief and Emergency Assistance Act, the President
23 may make loans to a local government suffering a
24 substantial loss of tax and other revenues as a result
25 of a major disaster, if the local government dem-

1 onstrates a need for financial assistance in order to
2 perform its governmental function.

3 (5) The President may cancel the repayment of
4 all or any part of a loan made to a local government
5 under the CDL program if revenues following the
6 disaster are insufficient to meet the operating budg-
7 et of that local government as a result of disaster-
8 related revenue losses and additional unreimbursed
9 disaster-related municipal operating expenses. In the
10 case of a major disaster designated as an incident of
11 national significance, including natural disasters and
12 disasters caused by terrorist acts, repayment of any
13 interest or principal on a loan made under the CDL
14 program should not be required.

15 (6) Assistance made available under the CDL
16 program is often instrumental in aiding the full re-
17 covery of a local government following a major dis-
18 aster.

19 (7) The Disaster Mitigation Act of 2000 estab-
20 lished a \$5,000,000 limitation on loans made to a
21 local government under the CDL program in connec-
22 tion with a major disaster. Before the date of enact-
23 ment of such Act, there was not any limitation on
24 the amount of such loans.

1 (8) The \$5,000,000 limitation is inequitable
2 when applied to a local government serving a largely
3 populated area, such as New York City, and when
4 applied to an area that is completely devastated by
5 a major disaster (such as Orleans, St. Bernard, and
6 Plaquemines parishes in the State of Louisiana fol-
7 lowing Hurricane Katrina), and is inconsistent with
8 the objective of the CDL program to provide mean-
9 ingful assistance to a local government recovering
10 from a major disaster.

11 (9) On October 4, 2005, the Mayor of New Or-
12 leans announced that the city was laying off 3,000
13 city employees as a result of reduced tax revenues
14 following Hurricane Katrina.

15 **SEC. 3. COMMUNITY DISASTER LOANS.**

16 (a) ELIGIBILITY OF STATES.—Section 417 of the
17 Robert T. Stafford Disaster Relief and Emergency Assist-
18 ance Act (42 U.S.C. 5184) is amended by striking “local
19 government” each place it appears and inserting “State
20 or local government”.

21 (b) AMOUNT.—Section 417(b) of such Act (42 U.S.C.
22 5184(b)) is amended—

23 (1) by striking “based on need, shall” and in-
24 serting “based on need and shall”; and

1 (2) by striking “, and shall not exceed
2 \$5,000,000”.

3 (c) INCIDENTS OF NATIONAL SIGNIFICANCE.—Sec-
4 tion 417 of such Act (42 U.S.C. 5184) is amended by add-
5 ing at the end the following:

6 “(e) INCIDENTS OF NATIONAL SIGNIFICANCE.—

7 “(1) LOAN TERMS.—In the case a loan made
8 under this section to a State or local government
9 which may suffer a substantial loss of tax and other
10 revenues as a result of a major disaster that the
11 President determines to be an incident of national
12 significance—

13 “(A) the amount of the loan shall not be
14 subject to the per centum limitation in sub-
15 section (b); and

16 “(B) the President shall not require the
17 payment of any interest or principal on a loan.

18 “(2) INCIDENT OF NATIONAL SIGNIFICANCE
19 DEFINED.—In this subsection, the term ‘incident of
20 national significance’ has the meaning such term has
21 in the national response plan established pursuant to
22 section 502(6) of the Homeland Security Act of
23 2002 (6 U.S.C. 312(6)).”.

1 (d) APPLICABILITY.—The amendments made by this
2 section shall apply with respect to any major disaster oc-
3 ccurring on or after August 24, 2005.

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