

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. SMITH of Nebraska Mr. Speaker, on rollcall No. 221, due to a meeting with constituents on issues relating to my district, I was unable to cast the vote. Had I been present, I would have voted "yea."

Mr. CONAWAY. Mr. Speaker, because I was attending a funeral at West Point this morning, I missed rollcall No. 221, adoption of H. Res. 306: Offering heartfelt condolences to the victims and their families regarding the horrific violence at Virginia Tech in Blacksburg, Virginia. Had I been present, I would have voted "yea."

**RELIEF FOR ENTREPRENEURS: COORDINATION OF OBJECTIVES AND VALUES FOR EFFECTIVE RECOVERY ACT OF 2007**

The SPEAKER pro tempore. Pursuant to House Resolution 302 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 1361.

□ 1425

**IN THE COMMITTEE OF THE WHOLE**

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 1361) to improve the disaster relief programs of the Small Business Administration, and for other purposes, with Mr. DAVIS of Alabama in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered read the first time.

The gentlewoman from New York (Ms. VELÁZQUEZ) and the gentleman from Ohio (Mr. CHABOT) each will control 30 minutes.

The Chair recognizes the gentlewoman from New York.

Ms. VELÁZQUEZ. Mr. Chairman, I will yield myself such time as I may consume.

After the 2005 gulf coast hurricanes, we witnessed a number of problems with the Small Business Administration's preparation and ability to assist entrepreneurs following a disaster. As the agency responsible for handling the disaster loan program, it was clear they were not adequately prepared.

During that time, there were significant application backlogs, with the number ballooning to 204,000 unprocessed applications by December 2005. Those that were lucky enough to get approved for assistance often waited months to receive any funds. It reached the point where entrepreneurs were simply avoiding the SBA, believing it was more of a hindrance than a help.

There is no question the leading factor in SBA's poor response was its lack of preparation and tools to assist the gulf coast victims. H.R. 1361, the RECOVER Act of 2007, provides for thorough disaster planning and directs SBA

to ensure they are prepared for a wide range of disasters.

This legislation will streamline SBA's loan processing and disbursement, as well as establish a bridge financing program. After the gulf coast storms, we saw entrepreneurs not only getting declined for loans but having to wait far too long for relief. This bill requires that within 36 hours of a disaster, qualified small businesses are provided with emergency small dollar financing, allowing them to stay in business and spur economic growth.

For small businesses, success and failure often come down to adequate financing. Nowhere is that more true than following a disaster. The changes made in this bill will ensure we avoid the mistakes in the gulf where 62 percent of small businesses who applied for assistance were not approved.

We cannot leave entrepreneurs with nothing to help them salvage their enterprises. For those that did get approved, the average wait time to receive their loan was 74 days, much longer than the SBA's goal of 21 days.

H.R. 1361 also provides for gulf coast entrepreneurs who still need assistance. The committee just came back from New Orleans, and there is no doubt that this community has a long way to go to get where it was before the hurricanes hit. By helping affected small businesses, we are also significantly aiding in the revitalization of the gulf coast.

The RECOVER Act of 2007 will establish a grant program that allows the SBA to help the most significantly damaged small businesses that have been rejected for a conventional SBA loan. These grants are intended to spur redevelopment in communities directly affected by the 2005 gulf coast storms where ordinary market forces are simply not enough. They will be granted under limited circumstances to provide aid to only the neediest of entrepreneurs that meet a number of qualifications.

The legislation also fixes SBA's one-size-fits-all approach to the disaster loan process that has failed businesses in the gulf coast. To be more responsive to individual disaster victims, H.R. 1361 provides the SBA administrator with the authority to waive the prohibition on duplication of benefits for the 2005 hurricane victims. Taking state-administered grant assistance and replacing it with loans that are not disbursed efficiently or in adequate amounts have left entrepreneurs without assistance to build their homes. Small businesses should not have to choose between their home and their business. This bill makes sure they are not faced with that choice.

Eighteen months has passed since this Nation saw one of its largest natural disasters. There is no question small businesses are still very much in need of assistance. The RECOVER Act of 2007 modernizes and reforms the SBA's disaster programs and addresses key concerns still facing hurricane victims.

H.R. 1361 has the support of America's Community Bankers, Independent Community Bankers of America, American Veterans, Veterans of Foreign Wars of the United States, the Black Chamber of Commerce and the U.S. Women's Chamber of Commerce.

I strongly urge my colleagues to vote for the RECOVER Act of 2007.

Mr. Chairman, I reserve the balance of my time.

Mr. CHABOT. Mr. Chairman, I yield myself such time as I might consume.

Today, Mr. Chairman, I rise in opposition to H.R. 1361, the RECOVER Act. While there are many important things that this bill does, there are two provisions in particular, I believe, that unfortunately undermine the good work that has been done by the chairwoman in drafting the legislation.

I want to make clear, I think she has worked very hard. I think the staff has worked very hard to craft what they thought was a good bill, and I think it still has the potential. There are two amendments that we are going to offer subsequent to the general debate argument here, and if those amendments are adopted, I think they fix the bill sufficiently that we can support it because, as I indicated, I think there are many good things in this bill. But without those two provisions being passed, we unfortunately have to oppose it in its current form.

These two provisions, as I indicated, unfortunately make it impossible for me to support it as drafted, and the manager's amendment offered by the chairwoman, while making one of the provisions less problematic, does not assuage our underlying concerns about the two provisions that I just mentioned.

I think everyone can agree that all branches of government failed to respond adequately to the devastation that was Hurricane Katrina, and one of those agencies that did not measure up is the Small Business Administration unfortunately. This is not the conclusion of Democrats or Republicans, or Louisiana or Mississippi Members of Congress. It is a conclusion reached by the GAO, small business owners in the region and even the SBA itself.

While much of the focus on the response to Katrina has focused on the immediate aftermath and the failures of FEMA, the SBA plays a key role in the response to disasters by issuing loans to both homeowners and small businesses affected by the disaster. Thus, an inadequate response by the SBA undermines the recovery of communities devastated by natural disasters. It is vital that the SBA be prepared to handle future disasters, including some worst-case possible scenarios.

Administrator Preston understands this and has taken a number of steps to improve the SBA's readiness and made efforts to ensure that the inadequate response does not repeat itself. Through his efforts, he has reduced backlogs, streamlined loan processing,

improved customer service and identified points where the processing of disaster loans broke down. Administrator Preston also will ensure that the computer systems at the SBA will be improved; establish a reserve corps; utilize non-SBA staff to process loans; establish a new disaster manual that will be finalized by June 1 for the start of the current hurricane season; and continually revise responses to disasters based on the experience of previous disasters.

One may ask why a bill is necessary if Administrator Preston is making these changes. Well, as we have seen, other administrators may not have the same priorities and may reduce preparedness in the future to address other needs of the SBA. Therefore, incorporating many of these changes in statute will ensure that the administrator and SBA personnel will have the appropriate resources and congressional direction to ensure the SBA will have an adequate response to a disaster in the future.

Title I of the bill makes important changes in the SBA's management structure to ensure that the agency is prepared not only for predictable disasters but also the unpredictable ones. Title I requires the administrator to, A, develop a comprehensive disaster response plan; B, conduct an annual disaster simulation exercise; C, maintain a disaster reserve corps; D, create plans to obtain additional office space needed for major disasters; E, coordinate disaster assistance programs with FEMA; and create, from existing personnel, the position of an associate administrator for disaster assistance that has experience in both disaster planning and disaster response. These changes are all beneficial and will ensure that the SBA has the necessary tools and experience to respond to disasters.

These changes are supplemented by section 208, which provides enhanced lending authority to banks and other financial institutions that are preferred SBA lenders to process disaster loans in certain circumstances. Given the expertise of SBA preferred lenders, they should be able to supplement the SBA's capability to process disaster loans when necessary.

There are other important changes in title II that also are beneficial, and I commend the chairwoman, Chairwoman VELÁZQUEZ, for including those in this legislation. By themselves, these provisions would have made an effective bipartisan bill that ensures the SBA has the current planning and future capacity to respond to a disaster, whether it is a local tornado or an incident of national significance such as Hurricane Katrina.

Unfortunately, the legislation has two critical provisions that, in my view, seriously undercut the otherwise excellent work of the committee in creating a structure that will ensure the SBA is prepared to respond irrespective of the scope of the disaster. The first provision would authorize, ac-

cording to CBO estimates, \$180 million in grants to small businesses that were denied SBA loans. The other provision would grant the administrator the authority to, in essence, create a grant program that replaces grant funds that must be applied against existing disaster loans issued by the SBA. In other words, it allows a double compensation, a person to be compensated for the same damage twice. Given my concern about these two provisions, I will be offering amendments at the appropriate time to strike these two provisions, two amendments that we will be offering.

If these two provisions are removed, I think the House would then be able to pass a sound bill on an overwhelmingly bipartisan basis that dramatically improves the administrative structure by which the SBA responds to disasters in a fiscally responsible manner.

As I indicated before, if the two amendments are not passed, unfortunately I am going to have to oppose this particular piece of legislation.

Mr. Chairman, I reserve the balance of my time.

□ 1440

Ms. VELÁZQUEZ. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina (Mr. SHULER).

Mr. SHULER. I thank the gentlewoman for yielding.

Mr. Chairman, today I rise in support of H.R. 1361, the RECOVER Act. This bill is a strong step in the right direction to ensure that the problems small businesses face in the wake of Hurricane Katrina and Hurricane Rita will never repeat.

I know firsthand the difficulties that small businesses face after a natural disaster. It is vital for our community to know that the government stands with them in their hour of greatest need.

My district recently suffered disastrous weather, which wiped out nearly the entire crop of apples, strawberries and ornamental horticulture. I asked the people of the community to join together in prayer for the farmers and their families as they work through this crisis. Just like the small business owners of the gulf region and other areas affected by disaster, these farmers need the quick and effective response of their government in their time of greatest need.

I commend Chairwoman VELÁZQUEZ for her work on this legislation, and I urge my colleagues to support this bill.

Mr. CHABOT. Mr. Chairman, I yield such time as he might consume to the gentleman from Ohio (Mr. JORDAN) who, as one of the newer members of the committee, has been very active and is really contributing much to the committee already.

Mr. JORDAN of Ohio. I thank the gentleman for yielding, and I thank the chairwoman of the committee for her hard work and the entire committee on this legislation.

Mr. Chairman, I rise to oppose the bill for many of the reasons that the

ranking member has cited. I believe the bill shortsightedly tries to move a good organization, the U.S. Small Business Administration, further from its original mission of helping create, strengthen and maintain small businesses across our country.

The SBA was created by the Small Business Act of 1953. Its mission was to stand up for small businesses, and its main focus, other than loan guarantees, was promoting small businesses for Federal contracts. Since then, the SBA has grown to become the largest backer of small businesses in America. It has made progress toward its goal of improving small business and the engine of our free market economy.

Of late, though, the SBA has done more in fueling small business to co-ordinating disaster relief for businesses and homeowners. This is certainly a worthy goal, but again, one that strays from its fundamental mission. As the ranking member pointed out, this bill would require the SBA to provide loans it once denied as bad risks. It would also allow recipients to receive disaster relief.

Small businesses are successful in part because they are uniquely focused on their mission, and because they watch every single penny. This RECOVER Act will further blur the focus of SBA's mission while making it impossible for them, or us, to protect the integrity of tax dollars.

Finally, I would urge my colleagues to support the amendments that the ranking member plans to offer. Those will, I think, improve the legislation and make it worthy of everyone's support in a broad, bipartisan manner.

Ms. VELÁZQUEZ. Mr. Chairman, I yield 5½ minutes to the gentleman from Louisiana (Mr. JEFFERSON) who represents and has been very active in the committee addressing the issues of the Small Business Administration Disaster Loan program.

Mr. JEFFERSON. Mr. Chairman, I rise today as a proud cosponsor of H.R. 1361, the RECOVER Act.

I want to thank Chairwoman VELÁZQUEZ for her leadership in crafting this important piece of legislation and in bringing it to the floor.

The storm that hit the gulf coast nearly 2 years ago exposed major flaws in the disaster planning system across all agencies of the Federal Government. Perhaps most appalling is that these storms exposed the fact that so many agencies had no plan at all for disasters such as Hurricanes Katrina and Rita. The Small Business Administration was just one of many agencies caught behind the curve, and the RECOVER Act aims to ensure that this never happens again by providing commonsense remedies for the many problems brought to light by the storms.

We are all quite familiar with the problems of the SBA in the aftermath of Hurricanes Katrina and Rita. Six weeks after the storms, there had been about 54,000 disaster loan applications received from the region. Ninety-five

percent of these applications were denied, while only 1,050 loans were approved, and only 58 checks, totaling \$533,400 or so, were sent out. During the 6-week period that followed Hurricane Charley in 2004, the SBA disbursed four times the amount that was disbursed after Hurricanes Katrina and Rita.

Additionally, many people in the gulf coast region fell victim to long delays in the process of the applications, and their paperwork was lost because the SBA lacked a fully functioning disaster processing system, as well as the required staff. The SBA lacked adequate service and support for its information and telecommunications systems. Only one vendor in the region of the SBA's primary telecommunications hub could service the type of phone system that the SBA uses. The SBA also failed to completely stress test the agency's sole loan processing system prior to its implementation.

The RECOVER Act mandates that the SBA develop a comprehensive written plan in order to deal with catastrophic disasters of this magnitude, as well as test the capacity of the system at least once each year.

Administrator Steve Preston came before the Small Business Committee and made the claim that the problems involved in the loan processing system have been solved through a team case management solution. Yet in talking with various small business owners and homeowners as well, and in closely examining the loan processing numbers, doubt is cast on this assertion.

One such example is Donna Colosino of New Orleans, who came before the committee and demonstrated the serious flaws that exist that this bill aims to remedy. After the storms flooded her electrical equipment business under 12 feet of water, she applied for a disaster loan from the SBA and was approved for \$250,000. After 15 months of resubmitting paperwork lost by the SBA, she finally received a disbursement of \$10,000 in May of this year.

Under the current repayment structure, she would have to begin paying back her loan as if she had received the full \$250,000, though she has only received \$10,000 to date. This is just one more nonsensical policy of the SBA Disaster Loan program the RECOVER Act will change by altering the payment schedule so that repayment only begins on the money received.

Perhaps the most troubling aspect of the current program to me, as well as to many of my constituents back home, is the requirement that money received from the Road Home program must be used to repay any outstanding loans from the SBA.

Assume your home has a pre-Katrina value of \$150,000, and it was completely destroyed by the storm. You qualify for an SBA loan in the amount of \$100,000. The Road Home grant comes through in the amount of \$50,000, enough perhaps to cover your pre-Katrina value, but you must then take the \$50,000 Road Home grant and use it, not to

complete your home, but to pay down the SBA loan by \$50,000. The result is, you end up with only \$100,000 in your hands to rebuild, \$50,000 short of what you need.

The truth is, replacement cost of a home now is much, much more, given the spikes in the cost of rebuilding with building materials and insurance far exceeding their pre-Katrina value. The requirement to pay down the SBA disaster loan to the extent of the Road Home grant will leave the homeowner with less than is needed to replace the lost home no matter the Road Home grant award.

This SBA requirement has also kept many people from closing on their Road Home awards as they wait for this body to resolve this situation. The RECOVER Act would address this serious problem by allowing the SBA administrator to provide grants to replace compensation that has already been taken by the SBA as a duplication of benefits, as well as going forward to assist those who have yet to receive the Road Home awards to fully recover.

The requirement in the bill to impose discretion in the SBA administrator not to treat a Road Home grant as an automatic double dip is safeguard enough to prevent true double dipping from occurring. Grants are authorized in the bill to selective businesses that have been in business 2 years, who are, in fact, true pioneers in going back, because there is no guarantee that they are going to have customers there to meet the demand is a reasonable addressing of the problem there.

The flaws of the SBA Disaster Loan program have been exposed by the 2005 storms, and it now falls to this body to remedy these flaws. We have long since moved past the rescue phase. We are now focused on recovery. Yet we cannot recover under the existing structure, as 77,000 small businesses were damaged, along with 275,000 homes.

Operating under the idea of business as usual is not enough. It is only through the passage of this bill and careful oversight in the coming months that we can ensure the SBA fulfills its obligations, not only to the victims of the storms of 2005, but also to deal more responsibly and efficiently with future disasters.

I urge my colleagues to oppose any amendments that would weaken this bill and to vote on this bill for its final passage.

Mr. CHABOT. Mr. Chairman, we re-serve the balance of our time.

Ms. VELÁZQUEZ. Mr. Chairman, I yield 2 minutes to the gentleman from New Hampshire (Mr. HODES).

Mr. HODES. I thank the chairman. I thank the gentlewoman for yielding her time.

Mr. Chairman, I rise today in support of H.R. 1361, the RECOVER Act. This bill provided a much-needed overhaul to the Small Business Administration and its disaster aid program. After a disaster, the SBA issues loans to help individuals and small businesses re-

build their lives, often shattered by storms and other natural disasters.

□ 1450

After Hurricane Katrina, the average time for the SBA to process a loan, not including closing, was 74 days, far above the agency's goal of 21 days. This is absolutely unacceptable.

As I speak here today, people all across my home State of New Hampshire are dealing with the aftermath of a recent powerful nor'easter. On April 15, 2007, New Hampshire experienced a severe storm that dropped almost 6 inches of water in a matter of hours. The State as a whole has experienced sustained power and communications outages, and there are currently over 100 local communities that are reporting significant damage to local infrastructure. Our Governor has declared a state of emergency.

More than 60 percent of the businesses in New Hampshire are small businesses. This program is absolutely vital to my constituents now more than ever. We owe it to our small businesses nationwide to have access to critical relief services. I encourage my colleagues in the House to support this overhaul of SBA disaster aid, and reject proposed amendments.

Mr. CHABOT. Mr. Chairman, I re-serve the balance of my time.

Ms. VELÁZQUEZ. Mr. Chairman, I yield to the gentlewoman from Texas (Ms. JACKSON-LEE) for a unanimous consent request.

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise enthusiastically to support the Relief for Entrepreneurs: Coordination of Objectives and Values for Effective Recovery Act of 2007, to solve the frustration of those in my district who are fleeing Hurricane Katrina, and I thank the gentlewoman.

Mr. Chairman, I rise in support of H.R. 1361, the Recovery Act of 2007, which amends the Small Business Act to direct the Small Business Administration (SBA) to develop, implement and maintain a comprehensive written disaster response plan and to maintain a disaster reserve corps; to establish an Associate Administrator for Disaster Assistance; to authorize SBA disaster loans for incidents of national significance; to direct the Administrator to carry out an immediate Disaster Assistance program; to provide a revised disbursement process for SBA disaster loans; to provide enhanced lending authority for private lenders; to authorize SBA grants to small businesses located in disaster areas upon their certification that they will reestablish the business in the same area; and to require annual SBA reports on disaster assistance operations.

Mr. Chairman, I applaud Chairwoman Velázquez for bringing this bill to the floor and in doing so acknowledging that we need to be better prepared to respond to the needs of disaster victims from the affected areas. In the aftermath of Hurricanes Katrina, Rita and Wilma, we all saw the devastating consequences that came from not having disaster preparedness plans in place.

After those devastating hurricanes, small businesses and in particular minority and disadvantaged businesses, in the affected areas were severely and negatively impacted because they did not receive financial support necessary to rebuild their businesses and participate in the rebuilding of the affected community.

The Homeland Security Committee has learned that small businesses in particular are very important to economic recovery and stability in an affected region in the aftermath of a disaster—regardless of whether the disaster is natural or man-made. The Committee also has learned that it is good common sense to use the local business owners in the disaster recovery process because they are most connected, and knowledgeable about the local area and what the local community needs.

That is why I offered two amendments to H.R. 1361 that would require the Small Business Administration (SBA) Administrator to include in its disaster recovery processes, pre-negotiated contracts and to encourage inclusion of local, minority, and disadvantaged businesses in the disaster recovery response process.

My first amendment would have encouraged the SBA to include local businesses from the affected area in the recovery process and to have in place in advance pre-negotiated contracts with these local businesses. Hurricanes Katrina, Rita and have proven that failure to include small businesses in the recovery process was detrimental to speedy and efficient recovery for the affected areas and lead to astronomical costs for the affected areas as well as the entire country. These costs include money, time and lives. These are costs that we cannot afford to pay in future disasters.

I also offered an amendment that would encourage the inclusion of minority and disadvantaged businesses in the disaster recovery response plans. In the aftermath of Hurricanes Katrina, Rita and Wilma, small, minority, and disadvantaged businesses from the region were shut out of disaster-related contracts because goals and preferences were not in place. We must correct this very serious problem that is often representative of problems that the most vulnerable members of our society consistently face.

Mr. Chairman, the federal contracting goal for small, minority and disadvantaged businesses is a 23% participation rate as set forth by the Small Business Administration. My amendment that I offered would have required the SBA to include in its comprehensive response plan, a contracting goal and work to meet that goal. If the SBA plans well, then this goal should be achievable.

I understand that the bill also allows for mitigation loans and grants. We would hope that the SBA encourages similar inclusion measures with respect to minority and disadvantaged businesses in its loan and grant authorizations as those used in federal contracting in general.

Since the late 1960s, it has been the policy of the federal government to assist small businesses owned by minorities and women to become fully competitive, viable business concerns. As a result, the Small Business Administration set forth government-wide goals to level the playing field for small and minority businesses seeking federal government contracts. My amendment to encourage the inclusion of minority and disadvantaged businesses

in the disaster loan and grant process would have gone a long way to meet these goals. If these businesses are disadvantaged before disasters occur, then those who are negatively impacted after disasters would presumably suffer exponentially and disproportionately. Therefore, it is especially crucial to encourage the inclusion of minority and disadvantaged businesses in the disaster mitigation loan and grant recovery process.

We have seen over and over again the incredible need to include local, minority and disadvantaged businesses in the recovery and rebuilding process. It is time to seriously address this extremely important need.

I urge the Committee to support H.R. 1361 and to be ever-mindful of the need to include local, minority and disadvantaged businesses in disaster recovery response plans. Further, I vigorously oppose the Chabot amendment, which one in particular is particularly punitive against a business suffering from disaster by requesting a recipient of a grant to pay an SBA disaster loan back that they may have received.

Ms. VELÁZQUEZ. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana (Mr. ELLSWORTH).

(Mr. ELLSWORTH asked and was given permission to revise and extend his remarks.)

Mr. ELLSWORTH. Mr. Chairman, I thank the gentlewoman for yielding me this time.

Less than 2 years ago, a devastating tornado ripped through my community in Evansville, Indiana, and although 25 residents of those two counties lost their lives, our emergency services organizations were applauded for their response to that devastating tornado. There is only one reason that we handled that; it is because we had a disaster plan in place and because we practiced that plan and we worked that plan so that when it hit, we did our job.

A few months after that tornado, a much larger disaster, Hurricane Katrina, showed the horrors of these disasters on a more massive scale. In the days and weeks that followed, Hoosiers watched the citizens of New Orleans searching for food, clean water, and a safe place to sleep. With the local government underwater, people relied on the government in Washington to come to their aid. The failures of the Federal Government at that time are far too many to list right here. While we work to fulfill our promises to the citizens recovering from this disaster, we must also prepare for the future.

America has suffered massive disasters in the past; and, unfortunately, we are going to see them in the future. As our families prepare themselves for the possible scenarios, Congress must ensure that a failure that we saw before does not happen again.

The RECOVER Act, and I am proud to support this, is an important step in improving the government's response to large-scale disasters. And I am proud to support it, as I said.

The RECOVER Act requires the Small Business Administration to prepare for future disasters by developing a comprehensive disaster plan. The

government would be required to conduct regular disaster simulations and update its disaster plan in response to new challenges as we see them.

This bill also requires the SBA to start to implement a new disaster plan, a 1,000-person disaster reserve corps that will receive annual training for future disaster responses. These additional employees would be prepared to meet the challenges posed by sudden disasters.

If programs like these were in place before Hurricane Katrina, the government might have been able to invigorate the local economy and speed up the rebuilding effort. I can understand we can't change the past, but we can improve our response to disasters in the future.

The RECOVER Act will make those improvements and help the government fulfill its responsibility to protect the citizens in the aftermath of disasters. I am proud to lend my support to the RECOVER Act, and I urge my colleagues to join me in helping protect disaster victims.

Mr. CHABOT. Mr. Chairman, we will continue to reserve our time.

Ms. VELAZQUEZ. Mr. Chairman, I yield 2 minutes to the gentlewoman from New York (Ms. CLARKE).

Ms. CLARKE. Mr. Chairman, first, I want to commend Chairwoman VELAZQUEZ for her leadership on this issue and for bringing this bill to the House floor.

I rise in support of H.R. 1361, a bill to improve the disaster relief program of the Small Business Administration and to provide relief for entrepreneurs. This bill addresses the problems with the SBA's disaster loan program, which was implemented to provide timely financial assistance in the form of low-interest loans and working capital for businesses devastated by disasters.

In New York City, after 9/11, small businesses that once prospered near the World Trade Center had difficulty recovering from that tragedy. Four years later, in the wake of Hurricane Katrina and Hurricane Rita, many applicants of SBA disaster assistance were frustrated with the agency's response or lack thereof.

Many businesses found their loan applications were delayed in backlogs that took over a year to process without a well-informed, centralized point of contact within the agency.

For entrepreneurs struggling to get back on their feet, the old adage "time is money" is much more than a cliche. Economic distress can quickly digress into systemic unemployment for the thousands of employees and bring extreme hardship to America's families.

I support the intent of this bill because it will ensure that the SBA performs comprehensive, risk-based, disaster planning on an annual basis and that the agency has mechanisms in place to maintain its disaster readiness over the long term.

This new bill will also enhance the SBA's disaster loan program by improving the manner in which disaster

loans are processed, approved and disbursed, and by providing the agency with the additional financial assistance tools that are intended to better fit the various needs of small businesses following a disaster.

I will cast an "aye" vote in support of an unnamed H.R. 1361, and I encourage my colleagues to do the same.

The RECOVER Act of 2007 is a bill that will ensure that members of Congress are adequately informed about all aspects of SBA's disaster assistance and disaster planning programs so that they may provide the SBA with the support they need to fulfill their vital mission following a disaster.

Mr. CHABOT. Mr. Chairman, we will continue to reserve our time.

Ms. VELAZQUEZ. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa (Mr. BRALEY).

Mr. BRALEY of Iowa. Mr. Chairman, I thank the gentlewoman for yielding me this time, and for her extraordinary leadership on this important measure.

Mr. Chairman, I rise today as the voice for 350,000 Iowans who lost power during an ice storm in February, to express my strong support for H.R. 1361, the RECOVER Act. This bill will develop a disaster plan so that the Small Business Administration can adequately assist small businesses in emergencies.

Just this February, Iowa was hit with a massive ice storm, one of the worst in its history, which caused millions of dollars worth of damage throughout the State and left hundreds of thousands of people without power.

Weather in Iowa, like in many parts of the country, can be unpredictable and dangerous, and this was no exception. I was personally affected by this ice storm when a 40-foot ice-coated branch struck my home in Waterloo. With the help of my neighbors and our chain saws, I was able to cope with some minor property damage and personal inconvenience; but my situation paled in comparison to the constituents I met while visiting emergency storm shelters in Iowa's First Congressional District. These Iowans were there seeking refuge after they had been displaced from their homes and businesses as a result of the ice storm.

On March 15, the Small Business Committee held a markup of the RECOVER Act. I introduced an amendment that day to expand the scope of Federal disaster assistance available to small businesses. Currently, the SBA has to wait for the President to make a formal disaster declaration before giving disaster loans to small businesses.

There are exceptions, however. These include severe situations such as "floods, hurricanes, tornadoes, earthquakes, fires, explosions, volcanoes, windstorms, landslides or mudslides, tidal waves" and other civil disorders.

The amendment I proposed adds "ice storms and blizzards" to this list of exceptions. The language will benefit small business owners who are trying to get back on their feet following severe winter weather.

I was pleased that the amendment received overwhelming bipartisan support and was passed by the committee unanimously. I urge my colleagues to recognize the importance of assisting small businesses in reopening following a disaster and ask them to support the RECOVER Act.

□ 1500

Mr. CHABOT. Mr. Chairman, we will reserve the balance of our time.

Ms. VELAZQUEZ. Mr. Chairman, I yield 5 minutes to the gentleman from Louisiana (Mr. MELANCON). And I want to take this opportunity to thank him for his leadership in working with us on this comprehensive legislation.

Mr. MELANCON. Mr. Chairman, first, I want to thank Chairman VELAZQUEZ for the continued commitment to helping rebuild the gulf coast. Over a year and a half has passed since Hurricanes Katrina and Rita devastated south Louisiana and other Gulf Coast States. I am pleased my colleagues remain committed to seeing us fully recover and rebuild.

I come to the floor today to support H.R. 1361, the RECOVER Act. Recovering from the two hurricanes that devastated our State and the gulf coast in 2005 is the biggest and most important challenge Louisiana and the gulf coast have ever faced. Katrina was the biggest natural disaster ever in the United States, and Rita, which may have been dubbed the "forgotten storm," was the third worst disaster. First and third in our Nation's history, and they hit the same region within one month each.

After these storms hit, it became very clear that SBA was not prepared for a disaster of this caliber. SBA was understaffed, poorly trained, poorly managed and, overall, unprepared to respond effectively to the urgent need of disaster relief loans. The SBA's disastrous response effectively discouraged small business owners from applying for business or home loans.

Also, inadequate and inaccurate communications from SBA's employees kept many customers from finishing applications. I have personally heard of several instances in which small business owners were frustrated to the point of giving up on the SBA and the hope of getting financial assistance. I remind my colleagues again that this was a critical time, when these people needed help more than ever.

H.R. 1361 addresses those serious shortfalls experienced in the aftermath of Katrina. The RECOVER Act will better prepare the SBA to handle and fund disasters by requiring, among other things, that the agency develop a comprehensive disaster response plan, improve employee training, streamline their information tracking systems and follow-up process, and more efficiently distribute disaster loans by partnering with the private local lenders. SBA's unwillingness to immediately and effectively delegate responsibility to qualified private lenders cre-

ated a critical choke point in loan disbursements following these hurricanes.

H.R. 1361 includes a commonsense solution that will cure this problem and allow for large, maximum loan amounts and create a more streamlined application process by allowing private, local, SBA-approved bankers to administer these loans. These private lenders have the unique advantage of being on the ground and knowing the community and, more importantly, the people in the businesses within them. By allowing these private lenders to participate, it will greatly increase the speed and efficiency in getting the funds in the hands of the small businesses after a disaster.

Another problem we faced after the storms was SBA's unwillingness or inability to provide maximum flexibility in the administration of these disaster loans. Instead of nurturing struggling businesses as they adapted to the new environment following Katrina and Rita, the SBA often strangled them with red tape and bureaucratic hurdles.

After the storm, some businesses along the gulf coast were denied sufficient loans because the SBA judged their application solely based on their prestorm capabilities, rather than on the new realities they were trying to adjust to or their ability to meet poststorm demands. The RECOVER Act will make the SBA a more flexible agency and will permit them to approve larger grants for businesses that become major sources of employment following disasters.

The RECOVER Act also addresses one of the most notorious problems that arose after the storms, the duplications of benefit provisions. Under current law, storm victims who took the initiative to apply for SBA loans are now being forced to repay their SBA loans with Road Home money. Hurricane victims in Louisiana and along the gulf coast need all the help they can get with rebuilding their homes and getting their lives back to normal. They don't need the Federal Government giving with one hand and taking with the other.

Rebuilding in the wake of Hurricanes Katrina and Rita has been the biggest challenge the people on the gulf coast have ever faced. In order to continue to recover and rebuild, recovery money must stay in the disaster regions, not sent back to Washington.

I understand the administration does not want people to double dip and must be effective stewards of taxpayers' money, but in this instance, victims of catastrophic disaster are essentially being punished for receiving these disaster loans before they get their recovery grants. Under this bill, borrowers will still have to repay their SBA loans; they will just be able to pay them over the extended time frame they originally agreed to when they got the loan.

I am a fiscal conservative, but this policy is absolutely ridiculous. It is dooming the recovery to failure, and it is time that we correct it.

I urge my colleagues to support the RECOVER Act today. With hurricane season approaching fast, this bill is critical to the survival of small businesses. Small businesses are the life-blood of this country, and we must be ready to protect them from another, possible, future disaster.

Mr. CHABOT. Mr. Chairman, we will continue to reserve our time.

Ms. VELAZQUEZ. Mr. Chairman, I have no further speakers. If the minority is ready to close, I am ready to close.

Mr. CHABOT. Mr. Chairman, prior to yielding back all our time, if I could just make a comment or two. I will yield myself as much time as I may consume. I will be very brief.

I just want to reiterate that there are things within this bill which I think are very good efforts in resolving some of the difficulties that we saw in Katrina.

First of all, the SBA's response time for loans and other things was unacceptable, and it is absolutely critical that it be improved upon. And I think there are some things in this bill that do just that. For example, better coordination between the SBA and FEMA; the requirement of a plan ahead of time, a disaster plan ahead of time that everybody knows about so you are not looking for a plan or trying to put one together after the disaster has already hit; it makes sense to do that ahead of time. This calls for this.

It calls for a reserve corps of trained personnel, which I particularly like because you are talking about training people ahead of time, but not necessarily hiring them as new government employees that then one has to pay and pay compensation to over a long period of time. So I like the fact that we are talking about training a reserve corps ahead of time.

I think the idea of having simulation exercises called for ahead of time makes a lot of sense so that people are prepared.

As I indicated before, however, there are a couple of, in my view, fatal flaws to this particular piece of legislation, which we are going to address in a few moments here in a couple of amendments. And if they pass, then we would be very supportive of the whole act. If they don't, unfortunately, we would have to oppose the bill.

Mr. Chairman, I yield back the balance of my time.

Ms. VELAZQUEZ. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, we are now barely over a month away from hurricane season. Many small businesses have been struggling for a year and half to recover after the gulf coast storms of 2005. Following the hurricanes, delays in disaster loans, overwhelming amounts of paperwork and a lengthy application process left many small business owners frustrated and discouraged. In fact, entrepreneurs avoided what is supposed to be their primary source of assistance, the SBA.

Our Nation's 25 million small businesses need to know that the next time a disaster happens they will not be left with nothing, but will have efficient and reliable assistance. They need to know that what happened after the gulf coast hurricanes will not ever happen again.

The RECOVER Act of 2007 will require that the SBA have a disaster plan in place, provides assistance to the neediest of entrepreneurs and helps in the redevelopment of the community. H.R. 1361 will give entrepreneurs the relief and assistance they deserve after a disaster.

With 44 days left till hurricane season, we simply cannot afford not to act.

At this point, I want to take a moment to thank the staff who worked on this legislation. From Mr. CHABOT's staff, Kevin Fitzpatrick, Mike Smullen and Barry Pinellis; from the majority staff, Michael Day, Adam Minehardt and Andy Jiminez and Tim Slattery.

Mr. HONDA. Mr. Chairman, I rise today in support of H.R. 1361, the Relief for Entrepreneurs: Coordination of Objectives and Values for Effective Recovery (RECOVER) Act of 2007. This bill makes crucial improvements to the Small Business Administration's disaster relief programs. It will help provide greater access to, and more effective distribution of, loans and grants to those affected individuals in the aftermath of natural disasters.

One of the many lessons learned from Hurricanes Rita and Katrina is that the Federal Government must be better prepared to assist all the people of this Nation in times of greatest need. In legislating to improve disaster relief programs, Congress must keep in mind the multifaceted nature of any solution and strive to create equitable access for all affected communities.

While this bill takes great strides in making funds available to individuals affected by natural disasters, more must be done to ensure access for the segments of the population that may not be reached through standard means, including limited English proficient communities. Among the communities severely impacted by Hurricane Katrina were the Vietnamese American and Cambodian American shrimpers of the Gulf Coast. For many, their livelihoods were destroyed as their boats were left damaged and not seaworthy. These losses were compounded by the inaccessibility of government aid as many of these shrimpers are limited English proficient and were unable to learn of government programs that could have helped them. Unfortunately, the Federal Government fell short of servicing the needs of this segment of the American population.

Mr. Chairman, it is the responsibility of the Federal Government to ensure equitable access to Federal disaster relief programs for all Americans. We do not know where the next disaster will strike, but we will be better prepared if we acknowledge that different communities have different needs; access to information in the appropriate language is vital. Congress must do its part. The RECOVER Act certainly adds necessary amendments to the Small Business Act, but I stress to my colleagues in the House, we cannot stop there. To ensure equitable access to all affected individuals and communities, Congress and the

Small Business Administration must take the extra steps to ensure that information, outreach, and loan and grant disbursement are made available to communities that are difficult to serve. I trust that this House will continue to ensure proper preparation and full and equitable access to relief programs for affected individuals and communities in the next natural disaster to affect this Nation.

Ms. VELAZQUEZ. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the amendment in the nature of a substitute printed in the bill, modified by the amendment printed in part A of House Report 110-97 is adopted. The bill, as amended, shall be considered as an original bill for the purpose of further amendment under the 5-minute rule and shall be considered read.

The text of the bill, as amended, is as follows:

H.R. 1361

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the “Relief for Entrepreneurs: Coordination of Objectives and Values for Effective Recovery Act of 2007” or the “RECOVER Act”.

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—PLANNING**

Sec. 101. Comprehensive disaster response plan.

Sec. 102. Annual disaster simulation exercise.

Sec. 103. Disaster reserve corps.

Sec. 104. Plans to secure additional office space.

Sec. 105. Coordination of disaster assistance programs with FEMA.

Sec. 106. Associate Administrator for Disaster Assistance.

**TITLE II—LENDING**

Sec. 201. Incidents of National Significance.

Sec. 202. Information tracking and follow-up system.

Sec. 203. Immediate Disaster Assistance program.

Sec. 204. Increased deferment period.

Sec. 205. Revised repayment terms.

Sec. 206. Revised disbursement process.

Sec. 207. Revised collateral requirements.

Sec. 208. Enhanced lending authority for private lenders.

Sec. 209. Disaster processing redundancy.

Sec. 210. Grant program.

Sec. 211. Waiver of prohibition on duplication of certain benefits.

Sec. 212. Increase legislative limit.

Sec. 213. Net earnings clauses prohibited.

Sec. 214. Economic injury disaster loans to nonprofits.

Sec. 215. Applicants that will constitute a major source of employment due to changed economic circumstances.

Sec. 216. Preliminary application process for assistance for small business concerns with essential employees ordered to serve on active duty in the Armed Forces.

Sec. 217. Economic injury disaster loans in cases of ice storms and blizzards.

Sec. 218. Economic injury disaster loans for businesses affected by lack of snowfall.

**TITLE III—OVERSIGHT**

Sec. 301. Reports on disaster assistance.

**TITLE I—PLANNING****SEC. 101. COMPREHENSIVE DISASTER RESPONSE PLAN.**

The Small Business Act is amended by redesignating section 37 as section 99 and by inserting after section 36 the following:

**“SEC. 37. COMPREHENSIVE DISASTER RESPONSE PLAN.**

“(a) PLAN REQUIRED.—The Administrator shall develop, implement, and maintain a comprehensive written disaster response plan. The plan shall include the following:

“(1) For each region of the Administration, a description of the disasters most likely to occur in that region.

“(2) For each disaster described under paragraph (1)—

“(A) an assessment of the disaster;

“(B) an assessment of the demand for Administration assistance most likely to occur in response to the disaster;

“(C) an assessment of the needs of the Administration, with respect to such resources as information technology, telecommunications, human resources, and office space, to meet the demand referred to in subparagraph (B); and

“(D) guidelines pursuant to which the Administration will coordinate with other Federal agencies and with State and local authorities to best respond to the demand referred to in subparagraph (B) and to best use the resources referred to in that subparagraph.

“(b) COMPLETION; REVISION.—The first plan required by subsection (a) shall be completed not later than 180 days after the date of the enactment of this section. Thereafter, the Administrator shall update the plan on an annual basis and following any incident of national significance (as declared by the President or his designee).

“(c) KNOWLEDGE REQUIRED.—The Administrator shall carry out subsections (a) and (b) through an individual with substantial knowledge in the field of disaster readiness and emergency response.

“(d) REPORT.—The Administrator shall include a report on the plan whenever the Administrator submits the report required by section 47(a).”.

**SEC. 102. ANNUAL DISASTER SIMULATION EXERCISE.**

The Small Business Act is amended by inserting after section 37 (as added by section 101) the following:

**“SEC. 38. ANNUAL DISASTER SIMULATION EXERCISE.**

“(a) EXERCISE REQUIRED.—The Administrator shall conduct a disaster simulation exercise at least once each fiscal year. The exercise shall include the participation of, at a minimum, not less than half of the individuals in the disaster reserve corps and shall test, at maximum capacity, all of the information technology and telecommunications systems of the Administration that are vital to the activities of the Administration during such a disaster.

“(b) REPORT.—The Administrator shall include a report on the disaster simulation exercise whenever the Administration submits the report required by section 47(a).”.

**SEC. 103. DISASTER RESERVE CORPS.**

The Small Business Act is amended by inserting after section 38 (as added by section 102) the following:

**“SEC. 39. DISASTER RESERVE CORPS.**

“(a) CORPS REQUIRED.—The Administrator shall maintain within the Administration a disaster reserve corps, the purpose of which is to perform the functions of the Administration related to disaster response. The corps shall consist of at least 1,000 individuals, each of whom—

“(1) does not ordinarily have the duties of a full-time officer or employee of the Administration; but

“(2) is able to assume duties related to disaster response when the Administrator so requires.

“(b) TRAINING.—The Administrator shall ensure that each individual in the corps receives

training each year in one or more functions relating to disaster response. To the maximum extent practicable, the function in which an individual is trained in one year shall be different from the function in which the individual was trained in prior years.

“(c) GEOGRAPHIC DISTRIBUTION.—The Administrator shall ensure that not more than 30 percent of the individuals in the corps reside in any one region of the Administration.

“(d) REPORT.—The Administrator shall include a report on the corps whenever the Administration submits the report required by section 47(a).”.

**SEC. 104. PLANS TO SECURE ADDITIONAL OFFICE SPACE.**

The Small Business Act is amended by inserting after section 39 (as added by section 103) the following:

**“SEC. 40. PLANS TO SECURE ADDITIONAL OFFICE SPACE.**

“(a) PLANS REQUIRED.—The Administrator shall develop long-term plans to secure additional office space to accommodate an expanded workforce in times of disaster.

“(b) REPORT.—The Administrator shall include a report on the plans whenever the Administration submits the report required by section 47(a).”.

**SEC. 105. COORDINATION OF DISASTER ASSISTANCE PROGRAMS WITH FEMA.**

The Small Business Act is amended by inserting after section 40 (as added by section 104) the following:

**“SEC. 41. COORDINATION OF DISASTER ASSISTANCE PROGRAMS WITH FEMA.**

“(a) COORDINATION REQUIRED.—The Administrator shall ensure that the disaster assistance programs of the Administration are coordinated, to the maximum extent practicable, with the disaster assistance programs of the Federal Emergency Management Agency.

“(b) REGULATIONS REQUIRED.—The Administrator, in consultation with the Director of the Federal Emergency Management Agency, shall establish regulations to ensure that each application for disaster assistance is submitted as quickly as practicable to the Administration or directed to the appropriate agency under the circumstances.

“(c) COMPLETION; REVISION.—The initial regulations shall be completed not later than 270 days after the date of the enactment of this section. Thereafter, the regulations shall be revised on an annual basis.

“(d) REPORT.—The Administrator shall include a report on the regulations whenever the Administration submits the report required by section 47(a).”.

**SEC. 106. ASSOCIATE ADMINISTRATOR FOR DISASTER ASSISTANCE.**

The Small Business Act is amended by inserting after section 41 (as added by section 105) the following:

**“SEC. 42. ASSOCIATE ADMINISTRATOR FOR DISASTER ASSISTANCE.**

“(a) IN GENERAL.—There is established in the Administration an Associate Administrator for Disaster Assistance, appointed by the President by and with the advice and consent of the Senate, from among individuals who have—

“(1) proven management ability; and  
“(2) substantial knowledge in the field of disaster readiness and emergency response.

“(b) DIRECTOR OF DISASTER PLANNING.—

“(1) APPOINTMENT.—There is established in the Administration a Director for Disaster Planning, appointed by the Administrator from among the personnel of the Administration.

“(2) DUTIES.—Subject to the authority, direction, and control of the Associate Administrator for Disaster Assistance, the Director shall—

“(A) develop and implement the Administration’s plans for responding to disasters; and  
“(B) direct the Administration’s training exercises with respect to disasters.

“(3) COORDINATION.—In carrying out the duties under paragraph (2), the Director shall coordinate with—

“(A) the Associate Administrator for the Office of Disaster Assistance of the Administration;

“(B) the Director of the Federal Emergency Management Agency; and

“(C) other Federal, State, and local disaster planning offices, as necessary.

“(c) DIRECTOR OF DISASTER LENDING.—

“(1) APPOINTMENT.—There is established in the Administration a Director for Disaster Lending, appointed by the Administrator from among the personnel of the Administration.

“(2) DUTIES.—Subject to the authority, direction, and control of the Associate Administrator for Disaster Assistance, the Director shall direct all aspects of the disaster lending program under section 7(b).

“(d) RESOURCES.—The Administrator shall ensure that the Associate Administrator for Disaster Assistance, the Director of Disaster Planning, and the Director of Disaster Lending have adequate resources to carry out the duties under this section.”.

**TITLE II—LENDING****SEC. 201. INCIDENTS OF NATIONAL SIGNIFICANCE.**

“(a) DISASTER LOANS TO PRIVATE NONPROFIT ORGANIZATIONS.—Section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) is amended—

(1) in subparagraph (D) by striking the period at the end and inserting “; or”; and

(2) by inserting after subparagraph (D) the following:

“(E) an incident of national significance, as declared by the President or his designee, in which case assistance under this paragraph may be provided, subject to the other applicable requirements of this paragraph, to a private nonprofit organization (as that term is defined in section 29(a)(2)) that is located in an area affected by the incident of national significance.”.

“(b) MITIGATION LOANS TO SMALL BUSINESS CONCERN.—Section 7 of the Small Business Act (15 U.S.C. 636) is amended by inserting after subsection (d) the following:

“(e) DISASTER MITIGATION LOANS.—

“(1) AUTHORITY.—The Administrator may make or guarantee a mitigation loan to a small business concern that receives a loan under section 7(b)(1)(A) for the damage or destruction, by reason of an incident of national significance (as declared by the President or his designee), of property owned by the small business concern.

“(2) AMOUNT OF LOAN.—The amount of a loan under paragraph (1) shall not exceed 20 percent of the total amount of the cost of the damage or destruction referred to in paragraph (1). The total amount shall be calculated without regard for any costs for which the small business concern is reimbursed under any insurance policy or otherwise.”.

“(c) APPLICABILITY FOR FISCAL YEAR 2006 TO HURRICANES KATRINA, RITA, AND WILMA.—

(1) IN GENERAL.—For fiscal year 2006, the Administrator—

(A) may carry out subsection (e) of section 7 of the Small Business Act (as added by subsection (b) of this section) with respect to a private nonprofit organization that was located, as of August 28, 2005, in a hurricane-affected area; and

(B) may carry out such subsection (e) with respect to a small business concern that was located, as of August 28, 2005, in a hurricane-affected area, for damage or destruction by reason of Hurricane Katrina, Hurricane Rita, or Hurricane Wilma.

(2) HURRICANE-AFFECTED AREA DEFINED.—In this section, the term “hurricane-affected area” means a county or parish in the State of Alabama, Florida, Mississippi, Louisiana, or Texas, that has been designated by the Administrator of the Small Business Administration as a disaster area by reason of Hurricane Katrina, Hurricane Rita, or Hurricane Wilma under disaster declaration 10176, 10177, 10178, 10179, 10180, 10181, 10203, 10204, 10205, 10206, 10222, or 10223.

**SEC. 202. INFORMATION TRACKING AND FOLLOW-UP SYSTEM.**

The Small Business Act is amended by inserting after section 42 (as added by section 106) the following:

**“SEC. 43. INFORMATION TRACKING AND FOLLOW-UP SYSTEM FOR DISASTER ASSISTANCE.**

“(a) SYSTEM REQUIRED.—The Administrator shall develop, implement, and maintain a centralized information system to track communications between personnel of the Administration and applicants for disaster assistance. The system shall ensure that whenever an applicant for disaster assistance communicates with such personnel on a matter relating to the application, the following information is recorded:

“(1) The method of communication.

“(2) The date of communication.

“(3) The identity of the personnel.

“(4) A summary of the subject matter of the communication.

“(b) FOLLOW-UP REQUIRED.—The Administrator shall ensure that an applicant for disaster assistance receives, by telephone, mail, or electronic mail, follow-up communications from the Administration at all critical stages of the application process, including the following:

“(1) When the Administration determines that additional information or documentation is required to process the application.

“(2) When the Administration determines whether to approve or deny the loan.

“(3) When the primary contact person managing the loan application has changed.”.

**SEC. 203. IMMEDIATE DISASTER ASSISTANCE PROGRAM.**

The Small Business Act is amended by inserting after section 43 (as added by section 202) the following:

**“SEC. 44. IMMEDIATE DISASTER ASSISTANCE PROGRAM.**

“(a) PROGRAM REQUIRED.—The Administrator shall carry out a program, to be known as the Immediate Disaster Assistance program, under which the Administration participates on a deferred (guaranteed) basis in 85 percent of the balance of the financing outstanding at the time of disbursement of the loan if such balance is less than or equal to \$25,000 for businesses affected by a disaster.

“(b) ELIGIBILITY REQUIREMENT.—To receive a loan guaranteed under subsection (a), the applicant must also apply for, and meet basic eligibility standards for, a loan under section 7(b).

“(c) USE OF PROCEEDS.—A person who receives a loan under section 7(b) must use the proceeds of that loan to repay all loans guaranteed under subsection (a), if any, before using the proceeds for any other purpose.

“(d) APPROVAL OR DISAPPROVAL.—The Administrator shall ensure that each applicant for a loan under the program receives a decision approving or disapproving of the application within 36 hours after the Administration receives the application.”.

**SEC. 204. INCREASED DEFERMENT PERIOD.**

Section 7 of the Small Business Act (15 U.S.C. 636) is amended by inserting after subsection (e) (as added by section 201(b)) the following:

**“(f) ADDITIONAL REQUIREMENTS FOR 7(b) LOANS.—**

“(1) INCREASED DEFERMENT AUTHORIZED.—

“(A) IN GENERAL.—In making loans under section 7(b), the Administrator may provide, to the person receiving the loan, an option to defer repayment on the loan.

“(B) PERIOD.—A deferment under subparagraph (A) may not exceed 4 years.”.

**SEC. 205. REVISED REPAYMENT TERMS.**

Section 7 of the Small Business Act (15 U.S.C. 636) is amended in subsection (f) by adding after paragraph (1) (as added by section 204) the following:

“(2) REVISED REPAYMENT TERMS.—In making loans under section 7(b), the Administrator—

“(A) shall not require repayment to be made until 12 months after the date on which the

final disbursement of approved amounts is made; and

“(B) shall calculate the amount of repayment based solely on the amounts disbursed.”.

**SEC. 206. REVISED DISBURSEMENT PROCESS.**

Section 7 of the Small Business Act (15 U.S.C. 636) is amended in subsection (f) by adding after paragraph (2) (as added by section 205) the following:

“(3) REVISED DISBURSEMENT PROCESS.—In making loans under section 7(b), the Administrator shall disburse the loan amounts in stages as follows:

“(A) LOANS UP TO \$150,000.—If the total amount approved is less than or equal to \$150,000—

“(i) the first disbursement shall consist of 40 percent of the total loan amount, or a lesser percentage of the total loan amount if the Administrator and the borrower agree on such a lesser percentage;

“(ii) the second disbursement shall consist of 50 percent of the amounts that remain after the first disbursement, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of the first half of the first disbursement; and

“(iii) the third disbursement shall consist of the amounts that remain after the preceding disbursements, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of the first disbursement and the first half of the second disbursement.

“(B) LOANS FROM \$150,000 TO \$500,000.—If the total amount approved is more than \$150,000 but less than or equal to \$500,000—

“(i) the first disbursement shall consist of 20 percent of the total loan amount, or a lesser percentage if the Administrator and the borrower agree on such a lesser percentage;

“(ii) the second disbursement shall consist of 30 percent of the total loan amount remaining after the first disbursement, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of the first half of the first disbursement;

“(iii) the third disbursement shall consist of 25 percent of the total loan amount remaining after the first and second disbursements, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of the first disbursement and the first half of the second disbursement;

“(iv) the fourth disbursement shall consist of the amounts that remain after the preceding disbursements, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of the first and second disbursements and the first half of the third disbursement.

“(C) LOANS GREATER THAN \$500,000.—If the total amount approved is more than \$500,000—

“(i) the first disbursement shall consist of at least \$100,000, or a lesser amount if the Administrator and the borrower agree on such a lesser amount; and

“(ii) the number of disbursements after the first, and the amount of each such disbursement, shall be in the discretion of the Administrator, but the amount of each such disbursement shall be not less than \$100,000.”.

**SEC. 207. REVISED COLLATERAL REQUIREMENTS.**

Section 7 of the Small Business Act is amended in subsection (f) by adding after paragraph (3) (as added by section 206) the following:

“(4) REVISED COLLATERAL REQUIREMENTS.—In making a business loan under section 7(b), the total approved amount of which is less than or equal to \$100,000, the Administrator shall not require the borrower to use the borrower's home as collateral.”.

**SEC. 208. REVISED LENDING AUTHORITY FOR PRIVATE LENDERS.**

The Small Business Act is amended by inserting after section 44 (as added by section 203) the following:

**“SEC. 45. ENHANCED LENDING AUTHORITY FOR PRIVATE LENDERS.**

“(a) PROGRAM AUTHORIZED.—The Administrator may, and during a period specified in subsection (b) shall, carry out a program under which the Administrator permits banks and other financial institutions to process, approve, close, and service disaster loans under section 7(b) for a fee not to exceed 2 percent of the total loan amount.

“(b) PERIODS DURING WHICH PROGRAM IS REQUIRED.—The program under subsection (a) is required to be carried out during the following periods:

“(1) Any period of an incident of national significance (as declared by the President or his designee).

“(2) Any period during which the average time for the Administration to approve disaster loans in response to any single disaster is 30 days or more.

“(c) EXCLUSION OF LENDERS.—If the number or rate of defaults on loans processed, approved, and closed by a lender under the program under subsection (a) are inordinate, as determined by the Administrator, the Administrator may do any one or more of the following:

“(1) Exclude the lender from participating in the program under subsection (a).

“(2) Exclude the lender from participating in the Preferred Lenders Program under section 7(a)(2)(C)(ii).

“(d) FACTOR IN PREFERRED LENDERS PROGRAM.—In determining whether a lender is to be certified or recertified to participate in the Preferred Lenders Program under section 7(a)(2)(C)(ii), the Administrator may consider as a factor the following:

“(1) The loans processed, approved, and closed by the lender under the program under subsection (a).

“(2) The participation or non-participation of the lender in the program under subsection (a).”.

**SEC. 209. DISASTER PROCESSING REDUNDANCY.**

The Small Business Act is amended by inserting after section 45 (as added by section 208) the following:

**“SEC. 46. DISASTER PROCESSING REDUNDANCY.**

“(a) IN GENERAL.—The Administrator shall ensure that the Administration has in place a facility for disaster loan processing that, whenever the Administration's primary facility for disaster loan processing becomes unavailable, is able to take over all disaster loan processing from that primary facility within 2 days.

“(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary.”.

**SEC. 210. GRANT PROGRAM.**

Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (3) the following:

“(4) GRANTS TO DISASTER-AFFECTED SMALL BUSINESSES.—

“(A) IN GENERAL.—The Administrator may make a grant of up to \$100,000 to a small business concern that—

“(i) was located in a designated disaster area affected by disaster declaration 10176, 10177, 10178, 10179, 10180, 10181, 10203, 10204, 10205, 10206, 10222, or 10233, and was located in a county or parish that, as a result of Hurricane Katrina, Rita, or Wilma of 2005, experienced a loss of at least 100 housing units, experienced a loss of at least 1 percent of available housing stock, and required Federal infrastructure assistance of at least \$200,000;

“(ii) submits to the Administrator a certification by the owner of the concern of intent to reestablish the concern in the same county or parish in which the business was originally located, or in any other county or parish described in clause (i);

“(iii) has applied for, and was rejected for, a conventional disaster assistance loan under section 7(b); and

“(iv) was in existence for at least 2 years before the date on which the applicable disaster declaration was made.

“(B) PRIORITY.—In making grants under this paragraph, the Administrator shall give priority to a small business concern that the Administrator determines is economically viable but unable to meet short-term financial obligations.

“(C) DEFINITION.—In this paragraph, the term ‘disaster-affected area’ means an area that has been designated by the Administrator as a disaster area.

“(D) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this paragraph such funds as may be necessary.”.

**SEC. 211. HURRICANE ASSISTANCE REPLACEMENT GRANT PROGRAM.**

(a) PROGRAM ESTABLISHED.—The Administrator may carry out a program under which the Administrator may, in the Administrator’s discretion, make grants to individuals who—

(1) are victims of a disaster under disaster declaration 10176, 10177, 10178, 10179, 10180, 10181, 10203, 10204, 01205, 10206, 10222, or 10223; and

(2) receive (whether before, on, or after the date of the enactment of this Act) 7(b) disaster assistance because of that disaster.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

(c) ELIGIBILITY.—An individual is eligible to receive a grant under this section only if the individual—

(1) receives benefits (other than the 7(b) disaster assistance) because of the disaster; and

(2) is required to remit those benefits to the Small Business Administration because of a duplication of benefits.

(d) AMOUNT.—The amount of a grant under this section to an individual shall not exceed the amount of the benefits required to be remitted by the individual, as described in subsection (c).

(e) TIME.—The Administrator shall ensure that, to the maximum extent practicable, a grant made under this section is made—

(1) concurrent with the Administration’s receipt of the remittance, if the remittance is made after the date of the enactment of this Act; and

(2) as soon as possible after the Administration’s receipt of the remittance, in all other cases.

(f) TREATMENT OF GRANTS.—Grants made under this section shall not be considered a duplication of benefits by the Administrator.

(g) DEFINITIONS.—In this section:

(1) The term “Administrator” means the Administrator of the Small Business Administration.

(2) The term “7(b) disaster assistance” means assistance under paragraph (1) or (2) of section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)).

**SEC. 212. INCREASE LEGISLATIVE LIMIT.**

Section 7(b)(3)(E) of the Small Business Act (15 U.S.C. 636(b)(3)(E)) is amended by striking “\$1,500,000” and inserting “\$3,000,000” both places such term appears.

**SEC. 213. NET EARNINGS CLAUSES PROHIBITED.**

Section 7 of the Small Business Act is amended in subsection (f) by adding after paragraph (4) (as added by section 207) the following:

“(5) NET EARNINGS CLAUSES PROHIBITED.—In making loans under section 7(b), the Administrator shall not require the borrower to pay any non-amortized amount for the first 5 years after repayment begins.”.

**SEC. 214. ECONOMIC INJURY DISASTER LOANS TO NONPROFITS.**

(a) IN GENERAL.—Section 7 of the Small Business Act (15 U.S.C. 636) is amended in subsection (b)(2)—

(1) in the matter preceding subparagraph (A)—

(A) by inserting after “small business concern” the following: “, private nonprofit organization,”; and

(B) by inserting after “the concern” the following: “, organization,”; and

(2) in subparagraph (D) by inserting after “small business concerns” the following: “, private nonprofit organizations.”.

(b) CONFORMING AMENDMENT.—Such section is further amended in subsection (c)(5)(C) by inserting after “business” the following: “, organization.”.

**SEC. 215. APPLICANTS THAT WILL CONSTITUTE A MAJOR SOURCE OF EMPLOYMENT DUE TO CHANGED ECONOMIC CIRCUMSTANCES.**

Section 7(b)(3)(E) of the Small Business Act (15 U.S.C. 636(b)(3)(E)) is amended by inserting after “constitutes” the following: “, or will due to changed economic circumstances constitute.”.

**SEC. 216. PRELIMINARY APPLICATION PROCESS FOR ASSISTANCE FOR SMALL BUSINESS CONCERN WITH ESSENTIAL EMPLOYEES ORDERED TO SERVE ON ACTIVE DUTY IN THE ARMED FORCES.**

Section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)) is amended—

(1) in subparagraph (C)—

(A) by striking “90 days” and inserting “1 year”; and

(B) by adding at the end the following: “The Administrator may, when appropriate (as determined by the Administrator), waive the ending date specified in the preceding sentence and provide a later ending date.”; and

(2) by adding at the end the following new subparagraph:

“(G) The Administrator shall establish a process under which a small business concern described in subparagraph (B) may file a preliminary application for assistance under this paragraph, accompanied by supporting documentation, before the date on which the essential employee is ordered to active duty. The Administrator may not actively consider such an application or provide assistance to the small business concern based on such an application until the date on which the essential employee is ordered to active duty.”.

**SEC. 217. ECONOMIC INJURY DISASTER LOANS IN CASES OF ICE STORMS AND BLIZZARDS.**

Section 3(k)(2) of the Small Business Act (15 U.S.C. 632(k)(2)) is amended—

(1) in subparagraph (A) by striking “and”;

(2) in subparagraph (B) by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following:

“(C) ice storms and blizzards.”.

**SEC. 218. REPORT REGARDING LACK OF SNOWFALL.**

Not later than 6 months after the date of enactment of this Act, the Administrator of the Small Business Administration shall conduct a study of, and submit a report to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate that describes—

(1) the ability of the Administrator to provide loans under section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) to small business concerns that depend on high snowfall amounts and sustain economic injury (as described under that section) due to a lack of snowfall;

(2) the criteria the Administrator would use to determine whether to provide a loan under section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) to a small business concern that has been adversely affected by a lack of snowfall;

(3) other Federal assistance (including loans) available to small business concerns that are adversely affected by a lack of snowfall; and

(4) the history relating to providing loans under section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) to small business concerns that have been adversely affected by a lack of snowfall.

**TITLE III—OVERSIGHT**

**SEC. 301. REPORTS ON DISASTER ASSISTANCE.**

The Small Business Act is amended by inserting after section 46 (as added by section 209) the following:

**SEC. 47. REPORTS ON DISASTER ASSISTANCE.**

“(a) ANNUAL REPORT REQUIRED.—Not later than 45 days after the end of a fiscal year, the Administrator shall submit to the Committee on Small Business of the Senate and the Committee on Small Business of the House of Representatives a report on the disaster assistance operations of the Administration for that fiscal year. The report shall—

(1) specify the number of Administration personnel involved in such operations;

(2) describe any material changes to those operations, such as changes to technologies used or to personnel responsibilities;

(3) describe and assess the effectiveness of the Administration in responding to disasters during that fiscal year, including a description of the number and amounts of loans made for damage and for economic injury; and

(4) describe the plans of the Administration for preparing to respond to disasters during the next fiscal year.

“(b) INCIDENTS OF NATIONAL SIGNIFICANCE.—During the period of an incident of national significance (as declared by the President or his designee), the Administrator shall, on a monthly basis, submit to the committees specified in subsection (a) a report on the disaster assistance operations of the Administration with respect to that incident of national significance. The report shall specify—

(1) the number of applications distributed;

(2) the number of applications received;

(3) the average time for the Administration to approve or disapprove an application;

(4) the amount of disaster loans approved;

(5) the average time for initial disbursement of loan proceeds; and

(6) the amount of disaster loan proceeds disbursed.”.

The CHAIRMAN. No further amendment to the committee amendment is in order except those printed in part B of the report. Each further amendment may be offered only in the order printed in the report by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MR. CHABOT

The CHAIRMAN. It is now in order to consider amendment No. 1 printed in part B of House Report 110-97.

Mr. CHABOT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. CHABOT: Strike section 211.

□ 1510

The CHAIRMAN. Pursuant to House Resolution 302, the gentleman from Ohio (Mr. CHABOT) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Ohio.

Mr. CHABOT. Mr. Chairman, I yield myself such time as I may consume.

This amendment is really rather simple. It just strikes section 211 of the bill as amended by the manager’s amendment. Even though the manager’s amendment addresses the direct cost provision of the original section as

determined by the CBO score, section 211 still is fraught with one major problem. And that is that it allows double compensation for the same injury or destruction or problem that the person had.

As I understand section 211 in the manager's amendment, here is how that provision operates: For example, a homeowner applies for a physical disaster loan from the SBA for, say, \$100,000. The homeowner then receives a grant from the State for \$50,000 for the same destruction. Under existing law, the homeowner would have to immediately pay back \$50,000 of the SBA loan because the SBA loan only covers amounts not otherwise compensated for through some other financial resource. Typically, that is insurance, but it does not have to be. Section 211 does not change the requirement that the homeowner would have to pay down the \$50,000 in the disaster loan. Instead, section 211 would then allow the homeowner to apply for a grant from the SBA to replace the same amount of money that they had just paid to the SBA to reduce their loan.

Now you are probably asking yourself why go through this convoluted process. Well, this is the only way for the majority to obtain a program that does not require direct spending, and therefore, it gets around the PAYGO problem. But even though this is an improvement over the bill as reported out of the committee because it has no direct spending and therefore is in compliance with PAYGO, it remains fundamentally flawed.

The disaster loan program is just that: the Federal Government's program designed to provide redress to those homeowners and small businesses injured in a disaster. And it is important to note that the vast majority of loan recipients, both businesses and homeowners, receive loans at heavily subsidized interest rates of 3 or 4 percent interest. It is not a grant program and was never designed to be a grant program. The interest rate subsidy, a 30-year term, and the SBA's authority to suspend payment on principal and interest constitute the compensation needed to rebuild many areas, from Chatsworth in California to Homestead in Florida.

Now, section 211 of H.R. 1361 has the recipient of a disaster loan obtaining a grant from a source other than the SBA, using that money to pay off all or a portion of the SBA disaster loan, and then apply to the SBA for a grant to replace the grant money that the recipient of the disaster loan just paid the SBA. And, again, I know this sounds very convoluted. In essence, there is a determination that double compensation is needed because the rather robust compensation already included in the Small Business Act and sufficient for other disasters is insufficient compensation. It is also important to note that, for victims of Hurricane Katrina, there are billions of other dollars that have been made

available to assist these victims on an ad hoc basis, yet it is never enough. And this bill indicates that.

Now comes section 211 of H.R. 1361 in a clear effort to ensure that victims of Hurricanes Katrina, Wilma and Rita receive double compensation. This raises two distinct questions. First, why do victims of these three hurricanes get special treatment of double compensation, and why should not other disaster victims get double compensation? Yes, Katrina was a tragedy, but so were Hurricane Andrew and Hurricane Charley and the attacks of September 11, for example. This seems incredibly arbitrary to select only those three disasters for something as unusual as double compensation.

Second and far more important is the concept, as I indicated, of double compensation. It has been a longstanding tradition of American jurisprudence that a party shall not receive double compensation for the same injury. That concept is codified in the disaster loan provisions of the Small Business Act by prohibiting the SBA from issuing a loan for amounts already compensated for by insurance or other means. Thus under current law, a disaster loan applicant cannot get an insurance claim for \$100,000 for a \$100,000 loss and also get an SBA disaster loan for the same amount of money.

Mr. Chairman, I ask that Members support this amendment. It is fiscally responsible and continues to recognize that individuals should not be granted double compensation.

Mr. Chairman, I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentlewoman from New York is recognized for 5 minutes.

Ms. VELÁZQUEZ. Mr. Chairman, for the overwhelming majority of disaster victims, the problem wasn't that the Federal Government gave them too much assistance but that they weren't provided with enough. We heard from disaster victims about how the Federal Government was its own worst enemy, giving money to victims on the one hand through state-administered grant programs, then taking it away.

The prohibition on "duplication of benefits" was originally established to prevent disaster victims from double dipping. But this can only happen if assistance is given out in the first place. Many disaster victims have been waiting for 18 months and are still waiting today.

H.R. 1361 gives the SBA the flexibility to break from its overly rigid statutory prohibition. Most importantly, however, this provision has been narrowly tailored to ensure that it will only apply for victims of the 2005 hurricanes. It does not carry forward to future disasters and will only be implemented if the administrator feels it is necessary. It is not a requirement.

This amendment will strike that flexibility from the legislation, leaving

disaster victims subject to the unworkable standards that currently exist in the statute.

Mr. Chairman, I now yield 1 minute to the gentleman from Louisiana (Mr. JEFFERSON).

Mr. JEFFERSON. Mr. Chairman, I thank the gentlewoman for yielding.

The flaw in Mr. CHABOT's argument and in this amendment is that the present statute automatically assumes in every instance where one receives a grant and a loan that there is double dipping. That is just not true. In the case where there is double dipping that is true double dipping, this bill permits the administrator to make a decision about that and to prevent it. In a case where there has been an insurance award, one would assume the SBA would not make a disaster loan award if there is sufficient insurance. Only in a case where the insurance isn't sufficient will we assume that the loan would be justified.

So fundamentally here what we are doing is taking away the automatic assumption that is built into this law that, every time you receive a payment of this or that nature, it is a double dip. We remove that notion from the statute and put in place a more reasonable and commonsensical one and one that gives the administrator flexibility where he determines whether or not a double dip may take place. If it doesn't, then he permits the victim of the storm to receive the award. If it is, then, of course, he denies it.

So I think there is no danger here of double dipping in this bill. None of us agree to double dipping in this bill.

Ms. VELÁZQUEZ. Mr. Chairman, I yield the balance of my time to the gentleman from Louisiana (Mr. BAKER).

Mr. BAKER. Mr. Chairman, I thank the gentlewoman for yielding time.

I wish to express concern about the operative effects of the gentleman's amendment. For many outside the storm impact area, you would not have an understanding of how processes work. But if you were eligible under the Road Home program, that was the federally funded program to assist people to return to their homes, the maximum allowable money that you could receive regardless of your circumstance was \$150,000. But under current rule, if you are eligible for \$150,000 and you, for example, had purchased Federal flood insurance in the amount of \$150,000 and got paid \$150,000 pursuant to the flood insurance premium, you would get nothing out of the Road Home program. Because of that inequitable application of benefits, this House has already voted to eliminate the duplication of benefits in the flood insurance area.

Now what is being suggested by the underlying bill is we should do the same thing with regard to an SBA loan. The argument here is even more persuasive. The person may have entered into the SBA obligation far in advance of the onslaught of Katrina. It

might be several hundred thousand dollars of loans that were made available to this individual through the SBA.

□ 1520

Under the current rule, any assistance that might be offered to that homeowner who happened to have the SBA loan would all go back to repaying the SBA obligation.

So get the picture. The Federal Government puts a stamp on the check, drops it in the mailbox and sends it to the house. But before it gets there, another Federal agent picks it up and hauls it over and deposits it at the SBA. Do you see where the hole is in this argument? No money at all gets to the affected individual.

So what the bill now provides is that without increasing the overall expenditure, the money made available to assist people via Katrina and Rita has been appropriated by the Congress. It is over, that is it. We are talking about available resources, not new dollars.

Secondly, once the money gets to the individual, the individual is still capped by the rules of the Road Home program, and that is, there shall be no enrichment above that \$150,000 level. This is a reasonable proposal. It will enable people to recover appropriately from the disaster which is so overwhelming.

I suggest if any still have doubt whether this level of assistance is required and justifiable, walk the streets of New Orleans, as I did this past weekend. Sure, the business district and the French Quarter look terrific. The shops are empty, the restaurants aren't full and people are not coming back. But get out into the neighborhoods where the devastation still exists. We need this help, and we need it now.

Mr. CHABOT. Mr. Chairman, I yield the balance of my time to the gentleman from Missouri (Mr. AKIN).

The CHAIRMAN. The gentleman from Missouri is recognized for 15 seconds.

Mr. AKIN. Mr. Chairman, our concern, and this could have been clarified, but the majority party has chosen not to clarify it, our problem is the question about the fact that somebody could be compensated multiple times for the same damage. That just is plain old double dipping. That is something that could have been simplified with an amendment.

So I oppose the bill.

The CHAIRMAN. All time for debate having expired, the question is on the amendment offered by the gentleman from Ohio (Mr. CHABOT).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. CHABOT. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Ohio will be postponed.

AMENDMENT NO. 2 OFFERED BY MR. CHABOT

The CHAIRMAN. It is now in order to consider amendment No. 2 printed in part B of House Report 110-97.

Mr. CHABOT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. CHABOT:  
Strike section 210.

The CHAIRMAN. Pursuant to House Resolution 302, the gentleman from Ohio (Mr. CHABOT) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Ohio.

Mr. CHABOT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment is very straightforward. It strikes section 210 of the bill. Section 210 authorizes the administrator to issue grants of up to \$100,000 to small businesses located in areas affected by Hurricanes Katrina, Rita and Wilma, but only if the business was denied a disaster loan by the SBA.

This is really, in my view, the height of fiscal irresponsibility. The SBA's determination of whether to grant a disaster loan is based on its determination of reasonable assurance that you can repay your loan, which is a direct quote from the SBA's rules found in the Code of Federal Regulations. Thus, if the SBA has denied a business a disaster loan, it already has determined that it is unlikely, for whatever reason, to repay the loan. In other words, its capacity as a viable business is seriously called into question.

Section 210 provides that despite this determination, the Federal Government should create a grant program of up to \$100,000 to help small businesses whose survivability was highly improbable to survive in the first place.

Again, the SBA has indicated that they don't think this business is viable, that it is going to survive, and then we are going to turn around and give them up to \$100,000. It is just not fiscally responsible.

To fully fund all of those eligible, CBO estimates that the costs could be up to \$180 million. I want to repeat that: \$180 million we are talking about here. This seems again fiscally irresponsible, to fund grants when the SBA already has determined that the businesses are not likely to survive.

It also remains unclear whether the grants will be sufficient to satisfy the needs of small businesses. How many will be able to survive on a grant of \$100,000 if they could not repay a disaster loan of that amount? CBO did not answer that question, but I suspect very few of these businesses will survive.

Although the provision is written to include all small businesses affected by Hurricanes Katrina, Rita and Wilma, there are limitations on which businesses can apply based on the amount of housing stock in a county or parish that is damaged. It is highly likely that only small businesses in Louisiana will qualify. Was this done to reduce costs? If so, why are only Louisiana

businesses favored? Were not many small businesses throughout the region devastated by these hurricanes? It seems patently unfair to single out certain businesses for a very generous grant program.

Mr. Chairman, I ask that Members support this amendment. To do otherwise, in my view, is just not a fiscally responsible stand to take. Again, every Member has to stand according to their own vote, and I am sure we will determine this based upon what they consider to be its merits.

Mr. Chairman, I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentlewoman from New York is recognized for 5 minutes.

Ms. VELÁZQUEZ. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment will eliminate an important tool for helping otherwise viable businesses rebuild. These businesses need financial assistance that the disaster loan program cannot provide.

The committee has heard victims and experts testify that the SBA's current disaster loan program has been inadequate to help. Largely, this has been the result of pursuing a one-size-fits-all approach to SBA disaster assistance. If the SBA is to be successful in responding to catastrophic disasters, the agency must have tools that are more responsive to victims' needs. The limited grant program in this bill will provide SBA with the authority to help the most severely affected small businesses damaged by Hurricanes Katrina, Rita and Wilma.

This has been very narrowly tailored to ensure that grants only go to businesses located in communities most in need. Only a small number of businesses are expected to meet the requirements for one of these grants. If the administrator feels that grants are inappropriate, he will not need to exercise this authority. Furthermore, this program will not be carried forward to future disasters.

This is an extraordinary tool to address an extraordinary situation, and this is a leading reason why this measure enjoys bipartisan support.

I urge opposition to this amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. CHABOT. Mr. Chairman, I yield back the balance of my time.

Ms. VELAZQUEZ. Mr. Chairman, I yield the balance of my time to the gentleman from Louisiana (Mr. MELANCON).

Mr. MELANCON. Mr. Chairman, I thank the chairwoman for yielding.

Mr. Chairman, this bill has the potential to help thousands of small businesses and business owners still struggling to recover from these hurricanes that devastated the U.S. gulf coast.

I rise today in opposition to this amendment. After surviving Hurricanes Katrina and Rita, two of the

worst natural disasters in our country's history, the citizens of the gulf coast were then faced with a man-made disaster, one of the most disorganized, chaotic Federal responses that anyone has ever seen. Many of the Federal agencies that were created to help these people recover wound up making matters worse. One of these agencies was the SBA.

After these storms, 81,000 businesses were economically impacted. Over 18,000 were completely or severely destroyed. Astonishingly, however, following these hurricanes, only 38 percent of small business disaster loans were approved. In hearings, the SBA admitted that after "typical" disasters, they approved 60 percent of these business loans. After Katrina and Rita, conversely, over 60 percent did not receive SBA assistance and were left with nowhere to turn for help.

One of the many reasons that the SBA failed the people of the gulf coast was because it did not have the proper tools nor the flexibility it needed to sufficiently and adequately address the demands caused by the extraordinary storms. These were unprecedented natural disasters and they called for unprecedented response. This was not a one-size-fits-all storm, as my colleagues on the other side of the aisle seem to perceive.

□ 1530

In the resourceful, self-sufficient economy of south Louisiana and Mississippi, small businesses are the life-blood of the local economy. Many of these mom-and-pop shops are home-grown and family-run businesses, such as those in the shrimp industry in south Louisiana and Mississippi that do not fit the traditional mold of current SBA loan qualifications. These are the businesses that are being denied assistance, yet these are the businesses that are the local economy's most critical assets. I am a fiscal conservative, but this policy is ridiculous. It's dooming the recovery to failure, and it's time that we correct it.

To these business owners, these grants are critical investment capital which will help them pay utilities, keep the lights on, rent to keep the doors open and new equipment expenses to continue to recover and grow despite the incredibly difficult business climate that continues to persist in this area. Without this grant program, these small businesses will remain too debt-burdened to take the next decisive step required to move from recovery to rebuilding.

I strongly urge my colleagues to oppose this amendment today. Help these small businesses along the gulf coast get back on their feet and help America be the proud Nation that it should be.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. CHABOT).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. CHABOT. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Ohio will be postponed.

AMENDMENT NO. 3 OFFERED BY MR. JINDAL

The CHAIRMAN. It is now in order to consider amendment No. 3 printed in part B of House Report 110-97.

Mr. JINDAL. Mr. Chairman, I have an amendment at the desk.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. JINDAL: Page 14, line 20, insert "(a) IN GENERAL.—" before "Section 7".

Page 15, after line 6, insert the following:

(b) RETROACTIVE APPLICATION VICTIMS OF HURRICANES KATRINA, RITA, AND WILMA.—

(1) IN GENERAL.—Section 7(f)(1) of the Small Business Act (as added by subsection (a)) applies retroactively to any loan under section 7(b) of that Act that was made—

(A) in response to Hurricane Katrina, Hurricane Rita, or Hurricane Wilma of 2005; and

(B) for a small business located in a county or parish designated by the Administrator of the Small Business Administration as a disaster area by reason of such Hurricane Katrina, Hurricane Rita, or Hurricane Wilma, as applicable.

(2) DISCLOSURE OF ACCRUED INTEREST.— Whenever the Administrator provides an option to defer repayment under paragraph (1), the Administrator shall disclose the accrued interest that must be paid under the option.

The CHAIRMAN. Pursuant to House Resolution 302, the gentleman from Louisiana (Mr. JINDAL) and a Member opposed each will control 5 minutes.

AMENDMENT, AS MODIFIED, OFFERED BY MR.

JINDAL

Mr. JINDAL. Mr. Chairman, I ask unanimous consent to modify my amendment.

The SPEAKER pro tempore. The Clerk will report the modification.

The Clerk read as follows:

Amendment, as modified, offered by Mr. JINDAL:

At the end of title II, insert the following:  
SEC. 219. GULF COAST DISASTER LOAN REFINANCING PROGRAM.

(a) IN GENERAL.—The Administrator of the Small Business Administration may carry out a program to refinance Gulf Coast disaster loans.

(b) TERMS.—The terms of a Gulf Coast disaster loan refinanced under the program shall be identical to the terms of the original loan, except that the Administrator may provide an option to defer repayment on the loan. Such a deferment may not exceed 4 years after the date on which the initial disbursement under the original loan was made.

(c) AMOUNT.—The amount of a Gulf Coast disaster loan refinanced under the program shall not exceed the amount of the original loan.

(d) DISCLOSURE OF ACCRUED INTEREST.— Whenever the Administrator provides an option to defer repayment under subsection (b), the Administrator shall disclose the accrued interest that must be paid under the option.

(e) DEFINITION.—In this section, the term "Gulf Coast disaster loan" means a loan—

(1) made under section 7(b) of the Small Business Act;

(2) in response to Hurricane Katrina, Hurricane Rita, or Hurricane Wilma of 2005; and

(3) for a small business located in a county or parish designated by the Administrator as a disaster area by reason of such Hurricane Katrina, Hurricane Rita, or Hurricane Wilma under disaster declaration 10176, 10177, 10178, 10179, 10180, 10181, 10203, 10204, 10205, 10206, 10222, or 10223.

(f) AUTHORIZATION OF APPROPRIATIONS.— There are authorized to be appropriated such sums as may be necessary to carry out this section.

Mr. JINDAL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment, as modified, be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The CHAIRMAN. Without objection, the amendment is modified.

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana.

Mr. JINDAL. I want to thank the chairwoman, and I want to thank Ranking Member CHABOT as well for their working together with me. I especially want to thank the committee for helping me with this legislation and for this underlying bill for all they are trying to do and all they are doing to help the small businesses in Louisiana recover from the 2005 hurricanes.

As my colleagues from Louisiana have already pointed out, prior to Hurricanes Katrina and Rita, there were an estimated 347,436 small businesses in Louisiana. These businesses created jobs and income for countless families all across the State. More than 65,000 of the new jobs in Louisiana in the past decade were created by small businesses, and in 2004, over 97 percent of the 96,000 Louisiana firms were small businesses. The devastation caused by the 2005 hurricanes is unprecedented, with total losses, both insured and uninsured, approaching \$140 billion. According to the United States Chamber of Commerce, over 125,000 businesses were disrupted by Hurricanes Katrina and Rita in 2005. In Louisiana alone, over 81,000 small businesses were damaged or economically impacted, with 18,700 businesses catastrophically destroyed by the storms.

As one example, in St. Bernard Parish, one of the Louisiana parishes hardest hit by Hurricane Katrina, only 370 businesses have reopened, far below the total of 1,400 businesses in operation before Katrina. The Nation's small businesses are the backbone of our economy, and when they are devastated by storms like Katrina, Rita and Wilma, we need to do everything possible to help them rebuild and recover.

I am offering an amendment today that builds upon a provision in the underlying bill by providing Hurricanes Katrina, Rita and Wilma disaster victims with the option of receiving a 4-year deferment period to pay back their disaster loans. Section 204 of the underlying bill extends the deferment period to future disaster victims. My

amendment simply applies this option to those severely affected by the 2005 hurricanes. These cash-strapped small businesses are truly in need of repayment flexibility.

My amendment allows the SBA to re-finance the existing Katrina, Rita and Wilma disaster loans under identical loans, but with the added option of deferment of up to 4 years after the date on which the initial disbursement was made. This is a revised version of my original amendment that complies with all the budgetary and PAYGO rules.

By allowing small businesses that received certain small business loans to defer their repayment on those loans, we are freeing up money for these businesses to use for other purposes, such as rebuilding, expanding or continuing to hire new employees. The importance of small business as the gulf coast continues to rebuild cannot be overstated. It is critical that we help small businesses get up and running again and provide the job opportunities people so desperately need in these impacted areas.

I certainly urge my colleagues to support my amendment. Again, I want to thank the chairman and ranking member for their work on the underlying bill and their work with me on this amendment.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Does any Member seek time in opposition to the amendment?

Ms. VELÁZQUEZ. While not opposed to the amendment, I ask unanimous consent to claim the time in opposition, and I am prepared to accept the amendment.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Ms. VELÁZQUEZ. Mr. Chairman, I want to thank the gentleman for offering this creative solution to a pressing problem. In our hearings, my committee heard testimony on how individuals affected by the 2005 hurricanes were victimized twice, once by the storm and a second time by the SBA.

The SBA routinely provides disaster victims with a 12-month deferment before requiring repayment on disaster loans. Following the 2005 gulf coast hurricanes, however, the SBA was plagued by lengthy delays and a massive backlog of loan disbursements that has taken months to clear. Now, many disaster victims are scheduled to begin repayment on loan amounts that have yet to be disbursed by the SBA. Clearly, this is an unfair and absurd result that we cannot permit to occur.

The amendment offered by the gentleman from Louisiana would provide the SBA with authority to help those victims who have been negatively affected by its delays in loan processing and disbursement. Most importantly, this amendment preserves the discretion of the administrator in deciding

which situations should have an increased deferment period. This flexibility ensures that this program will only be applied in appropriate situations, and I support the amendment from the gentleman from Louisiana.

At this point, Mr. Chairman, I would like to yield to the gentleman from Louisiana (Mr. JEFFERSON) for any comments he may have.

Mr. JEFFERSON. I thank the gentlelady for yielding.

I also would like to thank the gentleman from Louisiana (Mr. JINDAL) for offering this amendment. If anyone has been to the gulf coast recently, particularly if anyone has been to New Orleans recently, you will see that there are still many businesses that are still shuttered from the storm that happened now going on close to 2 years, and they are not at all ready to begin repaying loan obligations. There are still many obstacles to their recovery. This rightly recognizes that the reality is that these businesses will take a long time to get themselves back together.

It is very important to understand one simple thing here. This is not just a call from the people of our State for humanitarian assistance in the wake of a natural disaster. The Corps has admitted that its negligence in constructing, maintaining and designing our levees is the major reason why our city drowned and why so many businesses were put out of business. And so there is a special responsibility, it seems to me, to make special rules to overcome these problems. I really appreciate this solution that is being offered here because I think it helps to address this extraordinary devastation we have caused in great respect by the action, or lack of action, the negligence, of an agency of our Federal Government.

I thank you for the amendment. I really urge the Members to support it.

Ms. VELÁZQUEZ. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana (Mr. JINDAL), as modified.

The amendment, as modified, was agreed to.

#### ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments on which further proceedings were postponed, in the following order:

Amendment No. 1 printed in part B by Mr. CHABOT of Ohio.

Amendment No. 2 printed in part B by Mr. CHABOT of Ohio.

The Chair will reduce to 5 minutes the time for the second electronic vote in this series.

#### AMENDMENT NO. 1 OFFERED BY MR. CHABOT

The CHAIRMAN. The unfinished business is the demand for a recorded vote on amendment No. 1 printed in part B of House Report 110-97 offered by the gentleman from Ohio (Mr. CHABOT) on which further proceedings

were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

#### RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 178, noes 246, not voting 14, as follows:

[Roll No. 222]

#### AYES—178

Aderholt	Garrett (NJ)	Musgrave
Akin	Gerlach	Myrick
Bachmann	Gillmor	Neugebauer
Bachus	Gingrey	Nunes
Barrett (SC)	Goode	Paul
Bartlett (MD)	Goodlatte	Pearce
Barton (TX)	Granger	Pence
Biggert	Graves	Peterson (PA)
Bilbray	Hall (TX)	Petri
Bilirakis	Hastert	Pickering
Bishop (UT)	Hastings (WA)	Pitts
Blackburn	Hayes	Platts
Blunt	Heller	Price (GA)
Boehner	Hensarling	Pryce (OH)
Bonner	Herger	Putnam
Bono	Hobson	Radanovich
Boozman	Hoekstra	Ramstad
Brown (SC)	Hulshof	Regula
Brown-Waite,	Hunter	Rehberg
Ginny	Inglis (SC)	Reichert
Buchanan	Issa	Reynolds
Burgess	Johnson (IL)	Rogers (AL)
Burton (IN)	Johnson, Sam	Rogers (KY)
Buyer	Jones (NC)	Rogers (MI)
Calvert	Jordan	Rohrabacher
Camp (MI)	Keller	Roskam
Campbell (CA)	King (IA)	Royce
Cannon	King (NY)	Ryan (WI)
Carter	Kingston	Sali
Castle	Kirk	Saxton
Chabot	Kline (MN)	Schmidt
Coble	Knollenberg	Sensenbrenner
Cole (OK)	Kuhl (NY)	Shadegg
Conaway	LaHood	Shays
Crenshaw	Lamborn	Shimkus
Culberson	Latham	Shuster
Davis (KY)	LaTourette	Simpson
Davis, David	Lewis (CA)	Smith (NE)
Davis, Jo Ann	Lewis (KY)	Smith (NJ)
Davis, Tom	Linder	Smith (TX)
Deal (GA)	LoBiondo	Souder
Dent	Lucas	Stearns
Doolittle	Lungren, Daniel	Sullivan
Drake	E.	Tancredo
Dreier	Mack	Terry
Duncan	Manzullo	Thornberry
Ehlers	Marchant	Tiaht
Emerson	McCarthy (CA)	Tiberi
English (PA)	McCaull (TX)	Upton
Everett	McCotter	Walberg
Fallin	McHenry	Walden (OR)
Feeley	McHugh	Wamp
Flake	McKeon	Weldon (FL)
Forbes	McMorris	Weller
Fortenberry	Rodgers	Whitfield
Fortuno	Mica	Wicker
Fossella	Miller (FL)	Wilson (SC)
Foxx	Miller (MI)	Wolf
Franks (AZ)	Miller, Gary	Young (FL)
Frelinghuysen	Moran (KS)	
Gallegly	Murphy, Tim	
		NOES—246
Abercrombie	Berry	Capps
Ackerman	Bishop (GA)	Capuano
Alexander	Bishop (NY)	Cardoza
Allen	Blumenauer	Carnahan
Altmire	Bordallo	Carney
Andrews	Boren	Carson
Arcuri	Boswell	Castor
Baca	Boucher	Chandler
Baird	Boustany	Christensen
Baker	Boyd (FL)	Clarke
Baldwin	Boysda (KS)	Clay
Barrow	Brady (TX)	Cleaver
Bean	Braley (IA)	Clyburn
Becerra	Brown, Corrine	Cohen
Berkley	Butterfield	Conyers
Berman	Capito	Costa



DAVIS of Alabama, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 1361) to improve the disaster relief programs of the Small Business Administration, and for other purposes, pursuant to House Resolution 302, he reported the bill, as amended by that resolution, back to the House with a further amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the amendment. The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. MCHENRY

Mr. MCHENRY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. MCHENRY. In its current form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. McHenry moves to recommit the bill H.R. 1361 to the Committee on Small Business with instructions to report the same back to the House promptly with the following amendment:

At the end of title II of the bill, insert the following:

**SEC. 219. PROHIBITION ON ASSISTANCE.**

A person or small business concern shall not receive assistance under this Act or section 7(b) of the Small Business Act, as amended by this Act, if the person or small business concern pleaded nolo contendre to, or is convicted of, a felony, including, but not limited to, murder, kidnapping, or sexual assault under Federal or State law.

The SPEAKER pro tempore. The gentleman is recognized for 5 minutes.

Mr. MCHENRY. Mr. Speaker, there is nothing complicated about this motion to recommit today. It simply says that anyone who has pleaded no contest or has been found guilty of a felony cannot receive Federal funding under this bill.

I would urge my colleagues on the other side of the aisle to especially listen to the explanation of this motion to recommit, because some of them voted for a similar motion to recommit just weeks ago on this House floor.

This motion to recommit is very simple. It says that Federal funding cannot under this provision of this bill go to anyone who has been found guilty of a felony or has pleaded no contest. If you vote against this motion to recommit, you are saying to your constituents back home that you don't care if these Federal funds go to convicted murderers, rapists, or kidnappers for that matter.

□ 1620

Mr. Speaker, the new Speaker of the House pledged to have the most ethical

Congress in our Nation's history. If you vote for this motion to recommit, you are sending a message that you are willing to reward good behavior by supporting ethical oversight of taxpayer funds.

Let me be clear, Mr. Speaker. The RECOVER Act is another massive Democrat spending spree. That is why I am opposed to it. The Congressional Budget Office states that the Democrats' bill will cost the Federal taxpayers \$562 million over the next 6 years. It makes government bigger while creating new programs, positions and offices. It expands the role of government in people's lives.

But I think we owe our taxpayers the common courtesy of saying these funds should not go to felons. And while I and many of my colleagues in the House are at odds with the Democrats' ideology of big government is good government, we all can agree that kidnappers should not receive Federal funds under this bill here today.

And in this motion to recommit, we fix this error in the Democrats' drawing up of this bill; this omission that the Democrats have permitted to be in this bill here today before us.

I urge my colleagues on both sides of the aisle to support this motion to recommit and reassure your constituents you actually care where their taxpayer dollars are going.

And for those Democrats who voted for a similar motion to recommit on the Gulf Coast Hurricane Housing Recovery Act of 2007 just a few weeks ago, for those on the other side of the aisle, the 55 Democrats who voted for the motion to recommit on the Gulf Coast Hurricane Housing Recovery Act of 2007, they will recognize the language of this motion to recommit. It is very similar. It says, felons cannot receive these Federal funds. Felons, such as murderers, rapists, kidnappers, those are the type of people who would not be eligible for funds under this act, and I encourage those same 55 Democrats to cross the aisle and work in a bipartisan way to fix a Democrat mistake.

Mr. Speaker, I yield back the balance of my time.

Ms. VELAZQUEZ. Mr. Speaker, I rise in opposition to the motion to recommit.

The SPEAKER pro tempore. The gentlewoman from New York is recognized for 5 minutes.

Ms. VELAZQUEZ. What amazes me is if the gentleman from North Carolina is so concerned about this legislation, where were you when the Small Business Committee was considering this legislation? We had a number of Members who do not sit on the Small Business Committee come before our committee to discuss issues related to the disaster loan legislation. Where were you?

And let me say more. Let me say more. If you had come before our committee, you would have learned that what this motion to recommit does is to reinstate policies that the SBA al-

ready does. This amendment merely restates what the Small Business Administration does and could actually have the opposite effect and allow more individuals with questionable character to get SBA disaster loans.

The Small Business Administration already has a standard operating procedure that provides that no loans shall be made to individuals of low character. The SBA rules and regulations provide that individuals with criminal records and arrest records or who are on probation are considered to be in that category. Simply put, this means that felons are not able to get SBA loans.

I will also note that adopting this motion will for all intents and purposes kill the bill, meaning a little over 1 month before hurricane season, the Federal Government will not have a plan to respond to disasters. Disaster victims will be trapped in the bureaucracy between FEMA and SBA. Small businesses impacted by disasters will continue to struggle with backlogs that could extend up to 3 months. New programs to leverage the private sector to assist entrepreneurs in days not months will not be available. Economic recovery in the gulf will lag as much-needed assistance continues to be denied.

What this motion to recommit is a cheap political ploy to kill this legislation that is so much needed.

Mr. Speaker, I yield 30 seconds to the majority leader, Mr. STENY HOYER.

Mr. HOYER. Mr. Speaker, I thank the gentlewoman for yielding.

As she has said, this is the law. This is another attempt, another opportunity not to substantively legislate because this is already the law. This is an effort to kill this bill indirectly and without telling the public that that is what you are doing.

I am asking all of our Members to vote "no" on this. This is simply a procedural motion to kill this bill. If they wanted to add a substantive amendment, they could have done it. This was a modified open rule. All they had to do was file and notice it.

So I ask all of my colleagues, we are not going to go down this road and play this political game. We want to substantively legislate. We are going to vote "no" on this motion.

Ms. VELAZQUEZ. Mr. Speaker, I yield the balance of my time to the gentleman from Louisiana (Mr. MELANCON).

Mr. MELANCON. Mr. Speaker, here we go again.

We had a similar motion to recommit, the gentleman is right, 2 or 3 weeks ago, and 50 people fell for it. They fell for it because it came to the floor just minutes before we had to vote, and it sounded like people such as myself would condone felons getting loans, when the law already prevents that.

For God's sake, the people in the gulf coast of the United States have suffered enough. And now we want to take



Melancon	Reichert	Souder
Michaud	Renzi	Space
Miller (NC)	Reyes	Spratt
Miller, George	Rodriguez	Stark
Mitchell	Ros-Lehtinen	Stupak
Mollohan	Ross	Sutton
Moore (KS)	Rothman	Tanner
Moore (WI)	Royal-Allard	Tauscher
Moran (KS)	Ruppersberger	Taylor
Moran (VA)	Rush	Thompson (CA)
Murphy (CT)	Ryan (OH)	Thompson (MS)
Murphy, Patrick	Salazar	Tierney
Murphy, Tim	Sánchez, Linda	Towns
Murtha	T.	Udall (CO)
Nadler	Sanchez, Loretta	Udall (NM)
Napolitano	Sarbanes	Van Hollen
Neal (MA)	Saxton	Velázquez
Oberstar	Schakowsky	Visclosky
Obey	Schiff	Walz (MN)
Olver	Schwartz	Wasserman
Ortiz	Scott (GA)	Schultz
Pallone	Scott (VA)	Waters
Pascarella	Serrano	Watson
Pastor	Sestak	Wat
Payne	Shays	Waxman
Perlmutter	Shea-Porter	Weiner
Peterson (MN)	Sherman	Welch (VT)
Pickering	Shuler	Wexler
Platts	Sires	Wilson (NM)
Poe	Skelton	Wilson (OH)
Pomeroy	Slaughter	Wolf
Porter	Smith (NJ)	Woolsey
Price (NC)	Smith (WA)	Wu
Rahall	Snyder	Wynn
Rangel	Solis	Yarmuth

## NOES—158

Aderholt	Gallegly	Neugebauer
Akin	Garrett (NJ)	Nunes
Bachmann	Gillmor	Paul
Bachus	Gingrey	Pearce
Barrett (SC)	Goode	Pence
Bartlett (MD)	Granger	Peterson (PA)
Barton (TX)	Graves	Petri
Biggert	Hall (TX)	Pitts
Bilbray	Hastert	Price (GA)
Bilirakis	Hastings (WA)	Pryce (OH)
Bishop (UT)	Hayes	Putnam
Blackburn	Heller	Radanovich
Blunt	Hensarling	Ramstad
Boehner	Herger	Regula
Bonner	Hobson	Rehberg
Boozman	Hoekstra	Reynolds
Brown (SC)	Hulshof	Rogers (AL)
Brown-Waite,	Hunter	Rogers (KY)
Ginny	Inglis (SC)	Rogers (MI)
Buchanan	Issa	Rohrabacher
Burgess	Johnson (IL)	Roskam
Burton (IN)	Johnson, Sam	Royce
Buyer	Jordan	Ryan (WI)
Calvert	Keller	Sali
Camp (MI)	King (IA)	Schmidt
Campbell (CA)	King (NY)	Sensenbrenner
Cannon	Kingston	Sessions
Carter	Kline (MN)	Shadegg
Castle	Knollenberg	Shimkus
Chabot	LaHood	Shuster
Coble	Lamborn	Simpson
Cole (OK)	Latham	Smith (NE)
Conaway	Lewis (CA)	Smith (TX)
Crenshaw	Lewis (KY)	Stearns
Cubin	Linder	Sullivan
Culberson	Lucas	Tancredo
Davis (KY)	Lungren, Daniel	Terry
Davis, David	E.	Thornberry
Davis, Tom	Mack	Tiahrt
Deal (GA)	Manzullo	Tiberi
Doolittle	Marchant	Turner
Dreier	McCarthy (CA)	Upton
Duncan	McCaull (TX)	Walberg
Ehlers	McCotter	Walden (OR)
English (PA)	McHenry	Wamp
Everett	McKeon	Weldon (FL)
Fallin	McMorris	Weller
Feeley	Rodgers	Westmoreland
Flake	Mica	Whitfield
Forbes	Miller (FL)	Wicker
Fosseella	Miller (MI)	Wilson (SC)
Foxx	Miller, Gary	Young (AK)
Franks (AZ)	Musgrave	Young (FL)
Frelinghuysen	Myrick	

## NOT VOTING—8

Brady (PA)	Higgins	Millender-
Cantor	Jones (OH)	McDonald
Ferguson	Lampson	Walsh (NY)

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. WEINER) (during the vote). Members are advised 2 minutes remain in this vote.

□ 1655

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## MOMENT OF SILENCE OBSERVED IN MEMORY OF THE HONORABLE JIM JONTZ, FORMER MEMBER OF CONGRESS

(Mr. BURTON of Indiana asked and was given permission to address the House for 1 minute.)

Mr. BURTON of Indiana. Mr. Speaker, I was just informed by my good friend, Mr. VISCOSKY, that one of our former colleagues, Jim Jontz, died last Saturday. He was a Member of the other party, but he was a very fine man. He had been a State senator and a leader in Indiana for a long, long time.

We want to wish his mother and his family condolences, because he was one of the nice guys from Indiana.

Mr. Speaker, I yield to the gentleman from Indiana (Mr. VISCOSKY).

Mr. VISCOSKY. Mr. Speaker, I appreciate the gentleman making the announcement. I think Jim would want to be remembered as someone who was dogged on behalf of working people and the environment.

I appreciate the dean of our delegation asking for this moment of silence, and, again, deeply regret the loss of Jim Jontz.

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Without objection, 5-minute voting will continue.

There was no objection.

## COMMENDING THE ACHIEVEMENTS OF THE RUTGERS UNIVERSITY WOMEN'S BASKETBALL TEAM

The SPEAKER pro tempore. The unfinished business is the vote on the motion to suspend the rules and agree to the resolution, H. Res. 300, on which the yeas and nays were ordered.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. PAYNE) that the House suspend the rules and agree to the resolution, H. Res. 300.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 416, nays 0, answered “present” 2, not voting 15, as follows:

[Roll No. 226]

YEAS—416

Abercrombie	Davis, Tom	Johnson, Sam
Ackerman	Deal (GA)	Jones (NC)
Aderholt	DeFazio	Jordan
Akin	DeGette	Kagen
Alexander	Delahunt	Kanjorski
Allen	DeLauro	Kaptur
Altmine	Dent	Keller
Andrews	Diaz-Balart, L.	Kennedy
Arcuri	Diaz-Balart, M.	Kildee
Baca	Dicks	Kilpatrick
Bachmann	Dingell	Kind
Bachus	Doggett	King (NY)
Baird	Donnelly	Kingston
Baker	Doolittle	Kirk
Baldwin	Doyle	Klein (FL)
Barrett (SC)	Drake	Kline (MN)
Barrow	Dreier	Knollenberg
Bartlett (MD)	Duncan	Kucinich
Barton (TX)	Edwards	Kuhl (NY)
Bean	Ehlers	LaHood
Becerra	Ellison	Lamborn
Berkley	Ellsworth	Langevin
Berman	Emanuel	Lantos
Berry	Emerson	Larsen (WA)
Biggert	Engel	Larson (CT)
Bilbray	English (PA)	Latham
Bilirakis	Eshoo	LaTourette
Bishop (GA)	Etheridge	Lee
Bishop (NY)	Everett	Levin
Bishop (UT)	Fallin	Lewis (CA)
Blackburn	Farr	Lewis (GA)
Blumenauer	Fattah	Lewis (KY)
Blunt	Feeley	Lipinski
Boehner	Filner	LoBiondo
Bonner	Flake	Loebsack
Bono	Forbes	Lofgren, Zoe
Boozman	Fortenberry	Lowey
Boren	Fossella	Lucas
Boswell	Foxx	Lungren, Daniel
Boucher	Frank (MA)	E.
Boustany	Franks (AZ)	Lynch
Boyd (FL)	Frelinghuysen	Mack
Boysa (KS)	Gallagher	Mahoney (FL)
Braley (TX)	Garrett (NJ)	Maloney (NY)
Brown (IA)	Gerlach	Manzullo
Brown (SC)	Giffords	Marchant
Brown, Corrine	Gilchrest	Markey
Brown-Waite,	Gillibrand	Marshall
Ginny	Gillmor	Matheson
Buchanan	Gingrey	Matsui
Burgess	Gohmert	McCarthy (CA)
Burton (IN)	Gonzalez	McCarthy (NY)
Butterfield	Goode	McCaull (TX)
Buyer	Goodlatte	McCullom (MN)
Calvert	Granger	McCotter
Camp (MI)	Graves	McCrery
Campbell (CA)	Green, Al	McGovern
Cannon	Green, Gene	McHenry
Capito	Grijalva	McHugh
Capps	Gutierrez	McIntyre
Capuano	Hall (TX)	McKeon
Cardoza	Hare	McMorris
Carnahan	Harman	Rodgers
Carney	Hastert	McNerney
Carson	Hastings (FL)	McNulty
Carter	Hastings (WA)	Meehan
Castle	Hayes	Meek (FL)
Castor	Heller	Meeks (NY)
Chabot	Hensarling	Melancon
Chandler	Herger	Mica
Clarke	Hersheth Sandlin	Michaud
Clay	Hill	Miller (FL)
Cleaver	Hinchey	Miller (NC)
Clyburn	Hinojosa	Miller, Gary
Coble	Hirono	Miller, George
Cohen	Hobson	Mitchell
Cole (OK)	Hodes	Mollohan
Conaway	Hoekstra	Moore (KS)
Cooper	Holden	Moore (WI)
Costa	Holt	Moran (KS)
Costello	Honda	Moran (VA)
Courtney	Hooley	Murphy (CT)
Cramer	Hoyer	Murphy, Patrick
Crenshaw	Hulshof	Murphy, Tim
Crowley	Inglis (SC)	Murtha
Cubin	Insllee	Musgrave
Cuellar	Israel	Myrick
Culberson	Issa	Nadler
Cummings	Jackson (IL)	Napolitano
Davis (AL)	Jackson-Lee	Neal (MA)
Davis (CA)	(TX)	Neugebauer
Davis (IL)	Jefferson	Nunes
Davis (KY)	Jindal	Oberstar
Davis, David	Johnson (GA)	Obey
Davis, Jo Ann	Johnson (IL)	Olver
Davis, Lincoln	Johnson, E. B.	Ortiz