

health care reform, talking about raising taxes on small business during this recession. Mr. Speaker, I personally believe, and I think the majority of us believe, that small businesses are the economic engines in our communities and in our States and are the way that we can help lead our Nation out of this recession.

Yet as we look at the health care reform bill that we're getting ready to take up, and you look at different sections of it and how it will affect small businesses and job creation and unemployment, I am deeply concerned about several sections of this piece of legislation.

An example is page 297. Section 501 would impose a 2.5 percent tax on all individuals who do not purchase bureaucrat-approved health insurance. This tax would apply to individuals with incomes under \$250,000, thus breaking a central promise of President Obama's Presidential campaign that we would not be taxing people under \$250,000. Section 512 under page 313 imposes an 8 percent tax on jobs for firms that cannot afford to purchase the bureaucrat-approved health coverage. And according to an analysis by a Harvard professor, such a tax would place millions of people at risk for unemployment; and a majority of those workers could be minorities who, we believe, would lose their jobs at twice the rate of their white counterparts.

Section 551, page 336 imposes additional job-killing taxes in the form of a \$500 billion surcharge, more than half of which will hit small businesses, according to a model developed by President Obama's senior economic adviser, which could increase taxes and cost us another 5.5 million jobs. Of course we know that this piece of legislation also adds \$729 billion in new taxes on small businesses and on individuals who cannot afford health insurance coverage and employers who cannot afford to even provide that health insurance.

And of course another \$1 trillion in new Federal spending on expanded health care insurance coverage over 10 years is some of the projections of this health care bill that we're getting ready to take up. We've had several different groups express concern about small businesses, about the unemployment rate, about the cost of this proposed health care plan. The NFIB has estimated that 1.5 million jobs will be lost due to the employer mandate on small businesses. The nearly one-third of uninsured workers who earn within \$3 of the minimum wage will be put at risk of unemployment if their employers are required to offer insurance when one in 10 Americans are unemployed already.

It is a bad time to be mandating these new tax increases on our small businesses. We know that the pay-or-play provision could reduce the hiring of low-income workers and that those wages could fall even more because of required mandates on health insurance.

This bill that we're talking about for health care is going to leave, we be-

lieve, 34 million Americans without health insurance because of expansion of Medicaid, and millions of Americans will lose their current health care coverage if the private sector market is driven out of the marketplace that offers insurance.

According to a 2009 study by the National Federation of Independent Business, the cost of health insurance is the number one concern to small business owners. Small businesses create seven out of 10 new jobs in the U.S. and should be able to provide their employees with health benefits and should be able to provide it at a reasonable rate that helps these small businesses be competitive, be one of the vital benefits that they can provide to their employees, which is small businesses.

The Kaiser Family Foundation reports that health insurance premiums for single workers rose 74 percent for small businesses between the period of 2001 and 2008; and administrative expenses for small group plans account for 25 to 27 percent of premiums compared to that of 5 to 10 percent for large businesses.

So, Mr. Speaker, what we know is that if we impose more taxes, more mandates, more surcharges on our small businesses at a time when our unemployment rate just hit a record high for 26 years, over 10 percent, then our small businesses are going to be further devastated by any type of health care reform proposal that has a government mandate, that has new surcharges, new taxes, huge new taxes on small businesses.

Mr. Speaker, I am very concerned because small businesses are the economic engine of our local economies. They are the way that we can lead ourselves out of this recession, and that is why I will be opposed to the current health care proposal by Speaker PELOSI.

Mr. Speaker, I urge passage of this bill.

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

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Ms. VELÁZQUEZ) that the House suspend the rules and pass the bill, H.R. 1838, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Ms. VELÁZQUEZ. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

□ 1030

## SMALL BUSINESS DISASTER READINESS AND REFORM ACT OF 2009

Ms. VELÁZQUEZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3743) to amend the Small Business Act to improve the disaster relief programs of the Small Business Administration, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3743

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

### SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Disaster Readiness and Reform Act of 2009".

### SEC. 2. REVISED COLLATERAL REQUIREMENTS.

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

(1) by striking "(e) [RESERVED]." and "(f) [RESERVED]."; and

(2) in subsection (f), as added by section 12068(a)(2) of the Small Business Disaster Response and Loan Improvements Act of 2008 (subtitle B of title XII of the Food, Conservation, and Energy Act of 2008; Public Law 110-246), by adding at the end the following:

"(2) REVISED COLLATERAL REQUIREMENTS.—In making a loan with respect to a business under subsection (b), if the total approved amount of such loan is less than or equal to \$250,000, the Administrator may not require the borrower to use the borrower's home as collateral."

### SEC. 3. INCREASED LIMITS.

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

(1) in paragraph (3)(E) by striking "\$1,500,000" each place it appears and inserting "\$3,000,000"; and

(2) in paragraph (8)(A) by striking "\$2,000,000" and inserting "\$3,000,000".

### SEC. 4. REVISED REPAYMENT TERMS.

Section 7(f) of the Small Business Act (15 U.S.C. 636(f)) is amended by adding at the end the following:

"(3) REVISED REPAYMENT TERMS.—In making loans under subsection (b), the Administrator—

"(A) may not require repayment to begin until the date that is 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. 5. REVISED DISBURSEMENT PROCESS.

Section 7(f) of the Small Business Act (15 U.S.C. 636(f)), as amended by this Act, is further amended by adding at the end the following:

"(4) REVISED DISBURSEMENT PROCESS.—In making a loan under subsection (b), the Administrator shall disburse loan amounts in accordance with the following:

"(A) If the total amount approved with respect to such loan is less than or equal to \$150,000—

"(i) the first disbursement with respect to such loan 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 loan amounts that remain after the first disbursement, and shall be made when the borrower has produced

satisfactory receipts to demonstrate the proper use of 50 percent of the first disbursement; and

“(iii) the third disbursement shall consist of the loan 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 50 percent of the second disbursement.

“(B) If the total amount approved with respect to such loan is more than \$150,000 but less than or equal to \$500,000—

“(i) the first disbursement with respect to such loan shall consist of 20 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 30 percent of the loan amounts that remain after the first disbursement, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of 50 percent of the first disbursement;

“(iii) the third disbursement shall consist of 25 percent of the loan amounts that remain 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 50 percent of the second disbursement; and

“(iv) the fourth disbursement shall consist of the loan 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 50 percent of the third disbursement.

“(C) If the total amount approved with respect to such loan is more than \$500,000—

“(i) the first disbursement with respect to such loan 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 at least \$100,000.”

#### SEC. 6. GRANT PROGRAM.

Section 7(b) of the Small Business Act (15 U.S.C. 636(b)), as amended by this Act, is further amended by inserting after paragraph (9) the following:

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

“(A) IN GENERAL.—If the Administrator declares eligibility for additional disaster assistance under paragraph (9), the Administrator may make a grant, in an amount not exceeding \$100,000, to a small business concern that—

“(i) is located in an area affected by the applicable major disaster;

“(ii) submits to the Administrator a certification by the owner of the concern that such owner intends to reestablish the concern in the same county in which the concern was originally located;

“(iii) has applied for, and was rejected for, a conventional disaster assistance loan under this subsection; 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) PROGRAM LEVEL AND AUTHORIZATION OF APPROPRIATIONS.—

“(i) PROGRAM LEVEL.—The Administrator is authorized to make \$100,000,000 in grants

under this paragraph for each of fiscal years 2010 and 2011.

“(ii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Administrator such sums as may be necessary to carry out this paragraph.”

#### SEC. 7. REGIONAL DISASTER WORKING GROUPS.

Section 40 of the Small Business Act (15 U.S.C. 657l) is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by striking “or” and inserting “and”;

(2) by redesignating subsection (d) as subsection (e); and

(3) by inserting after subsection (c) the following:

“(d) REGIONAL DISASTER WORKING GROUPS.—In carrying out the responsibilities pertaining to loan making activities under subsection (a), the Administrator, acting through the regional administrators of the regional offices of the Administration, shall develop a disaster preparedness and response plan for each region of the Administration. Each such plan shall be developed in cooperation with Federal, State, and local emergency response authorities and representatives of businesses located in the region to which such plan applies. Each such plan shall identify and include a plan relating to the 3 disasters, natural or manmade, most likely to occur in the region to which such plan applies.”

#### SEC. 8. OUTREACH GRANTS FOR LOAN APPLICANT ASSISTANCE.

Section 7(b) of the Small Business Act (15 U.S.C. 636(b)), as amended by this Act, is further amended by inserting after paragraph (10) the following:

“(11) OUTREACH GRANTS FOR LOAN APPLICANT ASSISTANCE.—

“(A) IN GENERAL.—From amounts made available for administrative expenses relating to activities under this subsection, the Administrator is authorized to make grants to the following:

“(i) A women’s business center in an area affected by a disaster.

“(ii) A small business development center in an area affected by a disaster.

“(iii) A Veteran Business Outreach Center in an area affected by a disaster.

“(iv) A chamber of commerce in an area affected by a disaster.

“(B) USE OF GRANT.—An entity specified under subparagraph (A) shall use a grant received under this paragraph to provide application preparation assistance to applicants for a loan under this subsection.

“(C) PROGRAM LEVEL.—The Administrator is authorized to make \$50,000,000 in grants under this paragraph for each of fiscal years 2010 and 2011.”

#### SEC. 9. HOMEOWNERS IMPACTED BY TOXIC DRYWALL.

Section 7(b) of the Small Business Act (15 U.S.C. 636(b)), as amended by this Act, is further amended by inserting after paragraph (11) the following:

“(12) HOMEOWNERS IMPACTED BY TOXIC DRYWALL.—The Administrator may make a loan under this subsection to any homeowner if the primary residence of such homeowner has been adversely impacted by the installation of toxic drywall manufactured in China. A loan under this paragraph may be used only for the repair or replacement of such toxic drywall.”

#### SEC. 10. AUTHORIZATION OF APPROPRIATIONS.

Section 20 of the Small Business Act (15 U.S.C. 631 note) is amended by inserting after subsection (e) the following:

“(f) FISCAL YEARS 2010 AND 2011 WITH RESPECT TO SECTION 7(b).—There is authorized to be appropriated such sums as may be necessary for administrative expenses and loans under section 7(b).”

#### SEC. 11. REGULATIONS.

Except as otherwise provided in this Act or in amendments made by this Act, after an opportunity for notice and comment, but not later than 180 days after the date of the enactment of this Act, the Administrator shall issue regulations to carry out this Act and the amendments made by this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from New York (Ms. VELÁZQUEZ) and the gentleman from Missouri (Mr. GRAVES) each will control 20 minutes.

The Chair recognizes the gentlewoman from New York.

#### GENERAL LEAVE

Ms. VELÁZQUEZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on H.R. 3743, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

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

I rise in support of H.R. 3743, the Small Business Disaster Readiness and Reform Act of 2009.

The Small Business Administration’s Disaster Loan Program is an important lifeline for businesses struggling to recover following natural disasters. Low-interest loans offered through the program help entrepreneurs rebuild their firms and get back on their feet. These loans also help small businesses avoid the economic shocks that often accompany disasters.

While these programs are valuable in helping our communities recover from crises, they have not reached their full potential. Earlier this year, the Government Accountability Office examined the SBA’s disaster recovery programs, including the agency’s new measures following Hurricane Katrina. In July, the GAO testified to the Small Business Committee that the Small Business Administration has not done enough to prepare for major emergencies. The GAO’s findings give cause for concern that the SBA will fall short of the needs of entrepreneurs during critical times.

The legislation we are considering today will help the SBA better meet the needs of those recovering from natural disasters. This bill will improve how the SBA disburses assistance, ensuring small firms get help more quickly. This legislation will also require SBA to establish regional disaster working groups. These groups will develop localized disaster preparedness plans, putting the SBA in a better position to address the unique challenges facing small businesses recovering from disasters.

Mr. Speaker, small businesses need access to capital to make payroll and carry on their daily operations. However, for firms recovering from natural disasters, finding an affordable loan can make all the difference between

staying open or closing forever. The legislation before us will ensure entrepreneurs can receive the help they need when times are tough.

I commend Mr. GRIFFITH, who is the sponsor of this bill, for his work on this important legislation.

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

Mr. GRAVES. Mr. Speaker, I yield myself such time as I may consume.

I rise today in support of H.R. 3743, the Small Business Disaster Readiness and Reform Act of 2009. I would like to thank the chairwoman and the gentleman from Alabama for working very hard, obviously, in the committee to bring this bill to the floor.

In 2008, Congress took action to address the inadequate response that the Small Business Administration had to the gulf hurricanes of 2005. The expectation was that those changes would alleviate many of the problems identified by small business owners, the Government Accountability Office, and the SBA found in response to Hurricane Katrina. However, GAO testified before the committee this summer and found that the SBA implementation of those changes had not been accomplished. That means that the SBA may not be able to respond adequately to a major disaster like Hurricane Katrina.

A key element noted by GAO is the need for coordination. The bill requires the establishment of regional working groups to develop regional disaster plans in addition to the national plan that was required by Congress last year. This is sensible because some areas of the country are more prone to hurricanes while others are more prone to flooding and others to even things like wildfires. The national plan simply cannot cover with any specificity the range of disasters to which the SBA must respond. This should improve the overall emergency preparedness of the SBA.

GAO and the committee remain concerned about the difficulty that small businesses have in filing applications for disaster loans. H.R. 3743 recognizes that the SBA entrepreneur development partners can assist small business owners that need to file an application for a disaster loan and authorizes additional funds to these partners to provide such assistance to those seeking to recover from a disaster.

Another primary focus of the committee's examination of the disaster loan process has been the disbursement process. Although changes were made in 2008, further refinements are needed to ensure that small businesses have access to funds needed to restore their operations and help their communities recover from the disaster.

I would reiterate that this bill before us today builds on important work already done by Congress and will provide additional assurances that the SBA is capable of responding to the next natural or manmade disaster.

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

Ms. VELÁZQUEZ. Mr. Speaker, I continue to reserve the balance of my time.

Mr. GRAVES. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. SHIMKUS).

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

Mr. SHIMKUS. Mr. Speaker, I'm pleased to be down here on the suspension calendar to talk about the importance of the emergency response of small business centers. But you know what the real emergency response to small business should be is the assault on the workers that's coming because of this health care bill.

Let me talk about the reports today: 10.2 percent unemployment. "The unemployment rate spiked to its highest level since 1983, much worse than expected as employers continue to trim jobs despite other signs of growth."

And do you know what the real catastrophe is? We are doing nothing here to help create jobs. In fact, what we're doing, based upon the Democratic bill, H.R. 3962, will destroy jobs. Here are some of the job-destruction aspects of this health care bill:

Tax on jobs will increase unemployment. The Democrat bill would impose \$150 billion in taxes on businesses who can't afford to finance their workers' health coverage. Guess what they'll do. They're going to lay off people to be able to afford the taxes to provide the few remaining employees jobs.

The CBO confirmed this tax on jobs would reduce the hiring of low-wage workers and could also lead to wage stagnation as wage compensation is diverted to comply with new Federal taxes and mandates. A model developed by the chief Obama adviser Christina Romer indicates that as many as 5.5 million jobs could be lost. That's not us. That's not the Small Business Committee. That's not the ranking member. That's the administration that's saying 5.5 million jobs could be lost.

Hundreds of billions of dollars in taxes on businesses. In addition to the tax on jobs, H.R. 3962 includes nearly half a trillion dollars in other taxes, including a surtax more than half of whose intended targets are small businesses.

We would be hoping that the Small Business Committee would come down here and say let's don't tax small business with this health care bill. Let's incentivize small businesses to provide health care coverage to their employees.

That's what we'll do on the House version in the amendment offered, once the bill comes to the floor, is we're going to incentivize small businesses to stay in business, keep their employees, and provide health insurance coverage.

In addition to the tax on jobs, the Democrat bill includes a half trillion dollars in other taxes including, as I said before, a surtax. More than half of those intended targets are small businesses.

This is the disaster that we ought to be talking about here. This is a problem that we have with this Congress, the job-destroying plans coming to the floor of the House. Imposing a total of \$729.5 billion in higher taxes on a struggling economy will be a recipe for years, if not decades, of prolonged stagnation.

I thank the ranking member for yielding me the time.

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

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

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Ms. VELÁZQUEZ) that the House suspend the rules and pass the bill, H.R. 3743, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

#### SMALL BUSINESS DEVELOPMENT CENTERS MODERNIZATION ACT OF 2009

Ms. VELÁZQUEZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1845) to amend the Small Business Act to modernize Small Business Development Centers, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1845

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

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Development Centers Modernization Act of 2009".

#### SEC. 2. SMALL BUSINESS DEVELOPMENT CENTERS OPERATIONAL CHANGES.

(a) ACCREDITATION REQUIREMENT.—Section 21(a)(1) of the Small Business Act (15 U.S.C. 648(a)(1)) is amended as follows:

(1) In the proviso, by inserting before "institution" the following: "accredited".

(2) In the sentence beginning "The Administration shall", by inserting before "institutions" the following: "accredited".

(3) By adding at the end the following new sentence: "In this paragraph, the term 'accredited institution of higher education' means an institution that is accredited as described in section 101(a)(5) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)(5)).".

(b) PROGRAM NEGOTIATIONS.—Section 21(a)(3) of the Small Business Act (15 U.S.C. 648(a)(3)) is amended in the matter preceding subparagraph (A), by inserting before "agreed" the following: "mutually".

(c) CONTRACT NEGOTIATIONS.—Section 21(a)(3)(A) of the Small Business Act (15 U.S.C. 648(a)(3)(A)) is amended by inserting after "uniform negotiated" the following: "mutually agreed to".

(d) SBDC HIRING.—Section 21(c)(2)(A) of the Small Business Act (15 U.S.C. 648(c)(2)(A)) is amended by inserting after "full-time staff" the following: ", the hiring of which shall be at the sole discretion of the center without the need for input or approval from any officer or employee of the Administration".