Now, after 8 years as director, Pier's wine-making skills may be a little rusty, but I am sure he will be back to harvesting his Cabernet and Zinfandel grapes in no time. And I am also sure that Pier and Barbara will find more time to spend with their 2-year-old granddaughter and the rest of their family.

On behalf of the people of Illinois and the global community of particle physicists, I thank Pier for his 8 dedicated years at Fermilab and congratulate him on his successful career. I wish him all the best in his retirement.

SMALL BUSINESS DISASTER REFORM ACT

Ms. LANDRIEU. Madam President, I come to speak on S. 415, the ''Small Business Disaster Reform Act of 2013.'' As Chair of the Senate Committee on Small Business and Entrepreneurship, as well as a senator from a state hard hit by disasters, I am proud that yesterday our committee reported out S. 415 favorably on a bipartisan basis. In particular, Section 2 of S. 415 modifies the SBA requirement that borrowers must use their personal home as collateral for business disaster loans less than $200,000. This is a very important provision for businesses impacted by natural and manmade disasters. For that reason, I want to provide additional information on the need to enact this provision.

In terms of the legislative history of Section 2, a similar provision passed the House of Representatives twice in 2009: on October 29, 2009 by a vote of 389–32 as Section 801 of H.R. 3854 and again by voice vote on November 6, 2009 as Section 2 of H.R. 3743. The same provision that is in S. 415 passed the Senate 62–32 on December 28, 2012 as Section 501 of H.R. 1, the Hurricane Sandy Supplemental. However, it was not included in H.R. 152, the House-passed ''Disaster Relief Appropriations Act'' that subsequently was enacted into law. Despite the setback earlier this year, I remind my colleagues that this provision has a history of bipartisan Congressional support and has previously passed both chambers of Congress.

This Congress, we also have significant bipartisan support. S. 415 has six cosponsors: Senators THAD COCHRAN, ROGER WICKER, HEIDI HEITKAMP, KIRSTEN GILLIBRAND, MARK PRYOR, and BEN CARDIN. The House companion to S. 415, H.R. 1974, was introduced by Representative PATRICK MURPHY last month and has 11 cosponsors: Reps. MICK MULVANEY, JUDY CHU, MIKE COFFMAN, TED DEUTCH, PETER KING, ALAN NUNNELEE, DONALD M. PAYNE, Jr., CEDRIC RICHMOND, TOM COLE, TREY RADEL, and FREDERICA WILSON.

While I understand the need to secure the loans and minimize risk to the taxpayers; SBA has at its disposal multiple ways to secure these loans. If business owners have literally lost everything, requiring a $400,000 home as collateral for a $150,000 loan is maddening especially when other repayment options are available. One can understand that requirement for loans of $750,000 or $2 million. For the smaller disaster loans, however, it is a nonstarter for many businesses we have heard from. The bill requires the SBA to seek other business assets—such as commercial real estate, equipment, or inventory—before requiring a primary residence be used as collateral.

I want to reiterate that Section 2 is very clear that these business assets should be of equal or greater value than the amount of the loan. Also, to ensure that this is a targeted improvement, the bill also includes additional language that this bill in no way requires SBA to reduce the amount or quality of collateral it seeks on these types of loans. I want to especially thank my former Ranking Member Olympia Snowe for working with me to improve upon previous legislation on this particular issue. The provision that I am re-introducing, as part of this disaster legislation, is a direct result of discussions with both her and other stakeholders late last year. I believe that this bill is better because of improvements that came out these productive discussions.

Furthermore, SBA has repeatedly said publicly and in testimony before my committee that it will not decline a borrower for a lack of collateral. According to a July 14, 2010 correspondence between SBA and my office, the agency notes that ''SBA is an aggressive lender and its credit thresholds are well below traditional bank standards . . . SBA does not decline loans for insufficient collateral.'' SBA's current practice of making loans is based upon an individual/business demonstrating the ability to repay and income. The agency declines borrowers for an inability to repay the loan. In regards to collateral, SBA follows traditional lending practices that seek the ''best available collateral.'' Collateral is required for physical loans over $14,000 and Economic Injury Disaster Loans, EIDL, loans over $5,000. SBA takes real estate as collateral when it is available, but as I stated, the agency will not decline a loan for lack of collateral. Instead it requires borrowers to pledge what is available. However, in practice, SBA is requiring borrowers to put up a personal residence worth $300,000 or $400,000 for a business loan of $200,000 or less when there are other assets available for SBA.

This provision does not substantively change SBA's current lending practices and it will not have a significant cost. I believe that this legislation would not trigger direct spending nor would it have a significant impact on the subsidy rate for SBA disaster loans. Currently for every $1 loaned out, it costs approximately 10 cents on the dollar. Most importantly, this bill will greatly improve the SBA disaster loan programs for businesses ahead of future disasters. If a business comes to the SBA for a loan of less than $200,000 to make immediate repairs or secure working capital, they can be assured that they will not have to put up their personal home if SBA determines that the business has other assets to go towards the loan. However, if businesses seek larger loans than $200,000 or if their business assets are not suitable collateral, then the current requirements will still apply. This ensures that very small businesses and businesses seeking smaller amounts of recovery loans are able to secure these loans without significant burdens on their personal property. For the business owners we have spoken to, this provides some badly needed clarity to one of the Federal government's primary tools for responding to disasters.

To be clear though, while I do not want to see SBA tie up too much of a business' collateral, I also believe that if a business is willing and able to put up business assets towards its disaster loan, SBA should consider that first before attempting to bring in personal residences. It is unreasonable for SBA to ask business owners operating in very different business environments post-disaster to jeopardize not just their business but also their home. Loans of $200,000 or less are also the loans most likely to be repaid by the business so personal homes should be collateral of last resort in instances where a business can demonstrate the ability to repay the loan and that it has other assets.

As I have mentioned, there are also safeguards in the provision that ensures that this provision will not reduce the quality of collateral required by SBA for these disaster loans nor will it reduce the quality of the SBA's general collateral requirements. These changes will assist the SBA in cutting down on waste, fraud and abuse of these legislative reforms. In order to further assist the SBA, I believe it is important to clarify what types of business assets we understand they should review. For example, I understand that SBA's current lending practices consider the following business assets as suitable collateral: commercial real estate; machinery and equipment; business inventory; and furniture and fixtures.

At our markup of S. 415 yesterday, there were concerns raised by some Minority members of our committee regarding the impact of this provision. One argument was that SBA has not seized many personal homes in the last five years. However, the SBA has been more aggressive since 2011 on foreclosures—sending out 113 foreclosure letters since then. This year alone they have seized 4 homes in Minnesota, Virginia, Illinois, and Texas. Furthermore, borrowers my office has spoken to are less concerned about a personal home being seized than they are about liens tying up personal property and the general roadblock this requirement sets up in applying for SBA disaster assistance. This requirement is discouraging successful businesses from applying to SBA and causing current applicants to withdraw their applications. As of May 2013, 35 percent of Sandy business applications were withdrawn, most citing burdensome lending requirements like this as the main factor.

Also, it is my understanding that another concern that has been cited was that business equipment depreciates over time so this is a riskier asset for the Federal government than a personal home. This argument, however, is false. As it relates to equipment, the SBA factors in depreciation when considering collateral from potential borrowers. They value equipment or inventory significantly less than real estate, due to depreciation. If equipment is not deemed a suitable asset to collateralize the loan, SBA will not take it. Also, Section 2 still allows SBA to determine the appropriate business asset if not the home. It is not specific to equipment. Other assets the SBA could consider include commercial real estate; machinery and equipment; business inventory; and furniture and fixtures.

Yet another concern that was raised was that, in utilizing business assets instead of personal homes, this makes it tougher for SBA to recover funds in the event of a default. As I previously mentioned, the SBA factors in depreciation and potential recovery in the event of a default when considering collateral from potential borrowers. SBA will not make a loan if it deems the business assets being offered will be difficult to recover or that it does not have sufficient value to collateralize the loan. Also, again the bill does not prohibit homes outright nor require business assets as collateral. It strikes a delicate balance to instead require the SBA to review if suitable business assets are available before using a personal home. If business assets are sufficient, SBA can use them. If business assets are not sufficient and the borrower is unwilling to put up their home, the SBA will not make the loan.

Lastly, it was also put forward that that if Congress allows business assets to be used as collateral instead of homes, this increases the likelihood of defaults. Again, this argument is false. In an April 1, 2013 letter to my office, the SBA Inspector General confirmed that there are no findings relative to business assets increasing defaults. The Inspector General wrote that it has ''. . . conducted numerous reviews of key aspects of the SBA Disaster Assistance Program; however, there are no specific findings relative to the 'type' of collateral secured relative to disaster assistance loans.'' Furthermore, the Inspector General also confirmed that the SBA is still required to secure the loans and Section 2 does not change that. The Inspector General wrote that ''. . . Section 2 does not remove SBA's policy for securing loans with collateral equivalent to 100 percent equity of the loan. Section 2 also explicitly provides that nothing in the Section can be construed to require the Administrator to reduce the amount of collateral required to secure the loan.'' Again, if the business does not have sufficient business assets or the SBA deems them risky, Section 2 does not change their ability to not make the loan.

In closing, I would like to note that Section 2 addresses a key issue that is serving as a roadblock to business owners interested in applying for smaller SBA disaster loans. After the multiple disasters that hit the Gulf Coast, my staff has consistently heard from business owners, discouraged from applying for SBA disaster loans. When we have inquired further on the main reasons behind this hesitation, the top concern related to SBA requiring business owners to put up their personal home as collateral for smaller SBA disaster loans for their business. So let me provide you with two examples of businesses impacted by this requirement.

The first example is LiemCo, a Long Island, NY specialty beverage repair service with 15 employees. Think of ''Starbucks''-type espresso machines in restaurants and coffee shops—LiemCo fixes them. The company is family-owned and the son of the owners, Dominic Chieco runs it. His parents are still partial owners and he pays them a quarterly draw which serves as their retirement income. Ownership is being gradually transferred to Dominic.

Prior to Hurricane Sandy, they did everything right. Dominic moved his vehicles to higher ground; loaded key inventory in the trucks—inventory with high value or long delivery times; raised items to 6 feet above the floor; purchased extra gas; and withdrew $5,000 in cash in case electricity went out at the banks. According to their local Small Business Development Center, SBDC, they are well run and these preparations show that.

Despite that, Hurricane Sandy flooded his building about 4 to 5 feet. The water went down after a couple of days but power was out for 3 weeks. The day after it came back on, a Nor'easter snow storm knocked out power for another week and a half. This caused physical property damages of more than $250,000. Dominic kept employees on payroll—full time—throughout recovery. He could not give them the customary Christmas bonus but once they re-opened after Christmas, he gave 1 employee their bonus each week.

Dominic's biggest concern was the collateral requirement from SBA. His building is valued at $1.2 million and only carried a $150,000 mortgage. The parents are still partial owners, so notwithstanding the value of the building, SBA still wanted a lien against the parents' home for the guarantee for a $200,000 loan. This bothered them tremendously as it was their retirement security. Much of this would have been eliminated if the collateral position on the parents' home had not been required when sufficient collateral existed with the business.

Another business impacted by this burdensome requirement is Water Street Bistro in Madisonville, LA. Water Street Bistro is a small family-owned restaurant overlooking the sail boats on the Tchefuncte River just across the street. Tony Monroe and his wife Constance have owned their business for 9 years and have about 9 employees. Monroe started his culinary career at Café Sbisa in New Orleans and then went to Colorado before returning to the place he was born and raised.

Fortunately, after Hurricane Katrina, the Monroe's escaped damage to their restaurant and did not need to apply for SBA assistance. However, this was not the case following Hurricane Isaac. Hurricane Isaac brought 6 to 10 inches of water into their restaurant which caused them to close their business for 3 weeks. The Monroe's had to start all over and buy all new food and replace equipment, such as refrigerators, which cost around $30,000. In addition to the physical damage to their property, the Monroe's could not pay their staff during this time.

Mr. and Mrs. Monroe's biggest concern in applying to the SBA was the collateral requirement. SBA required them to pledge their family home for a loan of around $40,000 to $45,000. Once they found out the requirement for pledging primary residence was firm, the Monroe's decided not to pursue the loan. The Monroe's are in their 60's and could not imagine using their home—valued around $200,000 to $250,000—as collateral. They ended up doing all of the repairs, for the restaurant, on their own because they could not afford to pay for these services.

I thank the Chair and I ask unanimous consent that a copy of the April 1, 2013, letter from the SBA Inspector General and other letters of support for S. 415 be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SMALL BUSINESS ADMINISTRATION, OFFICE OF INSPECTOR GENERAL,

Washington, DC, April 1, 2013.

Hon. MARY L. LANDRIEU,

Chair, Committee on Small Business and Entrepreneurship, U.S. Senate, Washington, DC.

DEAR CHAIR LANDRIEU: Thank you for your March 20, 2013 letter regarding S. 415, the Small Business Disaster Reform Act of 2013. The U.S. Small Business Administration, Office of Inspector General (SBA, OIG) shares the understanding articulated in your letter relative to the plain reading of Section 2 of S. 415. In context of the potential concerns brought to the attention of the Committee on Small Business & Entrepreneurship, two questions were posed to the OIG.

The OIG offers the following responses for your consideration:

Does Section 2 of S. 415 remove SBA's ''one-to-one'' policy for securing loans?

Section 2 of S. 415 states, ''. . . shall not require the owner of the small business concern to use the primary residence of the owner has other assets with a value equal to or greater than the amount of the loan that could be used as collateral for the loan: Provided further, That nothing in the preceding proviso may be construed to reduce the amount of collateral required by the Administrator in connection with a loan described in the preceding proviso or to modify the standards used to evaluate the quality (rather than the type) of such collateral' . . .''

According to SBA standard operating procedures (SOP 50 30 7), SBA generally deems collateral is adequate if the equity is at least 100 percent of the loan amount. As such, a plain reading of Section 2 does not remove SBA's policy for securing loans with collateral equivalent to 100 percent equity for the loan. Section 2 also explicitly provides that nothing in the Section can be construed to require the Administrator to reduce the amount of collateral required to secure the loan.

Does alternative collateral (i.e., to a business owner's primary personal residence) that is equal to or exceeding the amount of a potential business disaster loan, as established in Section 2 of S. 415, increase the likelihood of default?

The Office of Inspector General (OIG) has conducted numerous reviews of key aspects of the SBA Disaster Assistance Program; however, there are no specific findings relative to the ''type'' of collateral secured relative to disaster assistance loans. OIG's work has found that SBA officials have not always adhered to established policies and procedures in managing the program, increasing the risk of default and subsequently, of loss to the taxpayer. We have made numerous recommendations for corrective action based on our work. Regardless of the type of collateral, SBA officials' adherence to established policy and procedures during loan origination, servicing, and if necessary liquidation, decreases the risk of default and loss to the taxpayer.

The OIG appreciates your continued interest in our work. Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

PEGGY E. GUSTAFSON,
Inspector General.

ASSOCIATION OF SMALL BUSINESS DEVELOPMENT CENTERS,
Burke, VA, February 10, 2013.

Hon. MARY LANDRIEU,
Chair, Committee on Small Business and Entrepreneurship, U.S. Senate, Russell Senate Building, Washington, DC.

DEAR SENATOR LANDRIEU: Thank you for giving the Association of Small Business Development Centers (ASBDC) the opportunity to comment on your proposed legislative amendments to the disaster assistance provisions in the Small Business Act (15 USC 631 et seq.).

While Congress has taken a significant step in addressing the resource issues following Sandy and other disasters there are still restrictions in the SBDC assistance authority and the US Small Business Administration's loan making authority that could complicate future disaster recovery efforts. We applaud your efforts to deal with those issues.

Under section 21(b)(3) of the Small Business Act (15 USC 648(b)(3)) SBDCs are limited in their ability to provide services across state lines. This prevents SBDCs dealing with disaster recovery, like New York and New Jersey, from being able to draw upon the resources available in our nationwide network of nearly 1,000 centers with over 4,500 business advisors. It likewise prevents states with great experience in disaster recovery assistance like Louisiana and Florida, from providing assistance to their colleagues.

Your proposed legislation amends that SBDC geographic service restriction for the purposes of providing disaster support and assistance. Our Association wholeheartedly endorses that change. Allowing SBDCs to share resources across state lines or other boundaries for the purpose of disaster recovery is a common sense proposal, little different from utilities sharing linemen. In addition, we would like to note that this provision has been supported by the Senate Committee on Small Business and Entrepreneurship twice in previous Congresses.

In addition, the ASBDC wishes to express its support for your proposals to amend the collateral requirements in the disaster loan program for loans under $200,000. SBDCs routinely assist small business owners with their applications for disaster loan assistance and have often faced clients with qualms about some of those requirements.

We share a common goal of putting small business on the road to recovery after disaster strikes and getting capital flowing is a key factor in meeting that goal. To that end, ASBDC supports your efforts to ease collateral requirements and help improve the flow of disaster funds to small business applicants. We believe your proposal to limit the use of personal homes as collateral on smaller loans is consistent with the need to get capital flowing to affected businesses and ease the stress on these businesses. We also agree that this change will not undermine the underwriting standards of the disaster loan program.

Thank you again for kind attention and continuing support of small business.

Sincerely,

C. E. ''TEE '' ROWE,
President/CEO, ASBDC.

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL,
Washington, DC, February 13, 2013.

Hon. MARY L. LANDRIEU,
Chair, Committee on Small Business and Entrepreneurship, U.S. Senate.

Hon. JAMES E. RISCH,
Ranking Member, Committee on Small Business and Entrepreneurship, U.S. Senate, Washington, DC.

DEAR SENATOR LANDRIEU AND SENATOR RISCH, On behalf of the International Economic Development Council (IEDC), please accept our appreciation for this opportunity to provide comments related to proposed changes to federal disaster assistance programs offered by the United States Small Business Administration (SBA). Your continuing support of these critical programs is worthy of praise and we thank you for your leadership.

IEDC has a strong history of supporting disaster planning and recovery. Our organization, with a membership of over 4,000 dedicated professionals, responded to communities in need following the 2005 hurricane season, the BP Gulf oil spill and other disaster-related incidents by providing economic development recovery assistance. We have continued our work in this area through technical assistance projects and partnerships with federal agencies and other non-governmental organizations. Our profession is invested in helping our country prepare for and respond to disasters, much the same as you and your colleagues on the Committee on Small Business and Entrepreneurship. To this end, we support proposed changes that will allow SBA to more effectively deliver disaster recovery assistance to local businesses in need of federal aid.

Rebuilding the local economy must be a top priority following a disaster, second only to saving lives and homes. IEDC supports the targeted changing of the current collateral requirements that state a business owner must place their home up as collateral in order to secure an SBA disaster business loan of $200,000 or less. In times of crisis, affected business owners are understandably reluctant to place their personal homes up as collateral in order to obtain a much needed loan to rebuild their business. Consequently, SBA loans put in place to help businesses rebuild following a disaster go underutilized. As lawmakers, you have a responsibility to protect the taxpayer, which is why we understand the need for posting collateral of equal or greater value to the amount of the loan. The proposed targeted change that eliminates the specific requirement of using a home as collateral to guarantee a loan of $200,000 or less, and instead allowing business assets to act as collateral, will promote greater utilization of the loans. This is an idea we can all get behind; one that will lead to greater, faster economic recovery.

When disaster strikes, we should do everything in our power to bring the full resources of the federal government to bear in the impacted community. This includes, most especially, bringing in top experts who can immediately begin helping businesses and local economies recover. The national network of over 1,100 Small Business Development Centers (SBDC) could be an excellent resource to stricken communities. Unfortunately, current rules prevent SBDC's from assisting their counterparts in other jurisdictions. For example, those communities in the mid-Atlantic and New England impacted by Sandy are not able to benefit from the enormous amount of knowledge and experience in storm recovery held by SBDC's in Florida and the Gulf region. Certainly, we can all agree that disasters warrant an extraordinary response and that response must include qualified expertise from all corners of the federal government.

Forty to sixty percent of small businesses that close as a result of a disaster do not reopen. This is an unacceptably high number. We would not accept that level of loss in homes and we cannot accept that level of loss in jobs; our communities cannot sustain such losses and duty dictates we make certain they don't have to. By enacting common sense legislation, like that which is under consideration here, and freeing the flow of capital and expertise, we are taking concrete steps to give our small businesses and local economies the greatest chance to recover.

IEDC is your partner in the work of job creation. We thank you for your leadership in support of small business and stand ready to offer our assistance in this and future efforts.

Sincerely,

PAUL L. KRUTKO,
Chairman, International Economic Development Council, and President and CEO, Ann Arbor SPARK.

NATIONAL EMERGENCY MANAGEMENT ASSOCIATION,
Washington, DC, March 21, 2013.

Senator MARY LANDRIEU,
Chairman, Senate Appropriations Subcommittee on Homeland Security, U.S. Senate, Washington, DC.

DEAR SENATOR LANDRIEU, On behalf of the National Emergency Management Association (NEMA), I write you today in support of the Small Business Disaster Reform Act of 2013. NEMA is comprised of the emergency management directors from the states, the U.S. territories, and the District of Columbia.

While not a traditional ''first responder'' agency, the US Small Business Administration (SBA) is a critical partner to States and localities affected by a wide variety of disasters. Following a disaster, SBA has the capability to mobilize staff from the Office of Disaster Assistance to begin disseminating public information about what services SBA can provide to supplement many long-term federal recovery programs. While the Federal Emergency Management Association (FEMA) is often thought of as the primary agency for disaster assistance, there are many unique situations where SBA loans can be utilized in creative ways to assist citizens in need. NEMA agrees that the SBA needs to be equipped with the flexibility and authority to adequately assist disaster victims and we believe this legislation accomplishes such an objective.

The images of homes and businesses affected by flooding and wind damage following Hurricane Irene and Tropical Storm Lee painted a devastating picture in September 2011. In New York State alone, the SBA approved over $100 million in loans for citizens affected by the storms. More recently, Hurricane Sandy reminded us of the critical role SBA has in the disaster community. Ninety days after Hurricane Sandy struck the Northeast, the SBA crossed the $1 billion threshold of approved loans to more than 16,800 homeowners, renters and businesses. This makes Hurricane Sandy, in terms of SBA disaster lending, the third largest natural disaster in U.S. history, behind Hurricanes Katrina/Rita/Wilma ($10.8 billion), and the Northridge Earthquake ($4 billion).

The continued challenge of protecting the nation from a variety of hazards within the reality of fiscal uncertainty elevates the importance of cooperation throughout the emergency management community. Leveraging resources from across the federal family imperative following a disaster and the communication and outreach by essential agencies is just the first step to community recovery. Positive relationships between federal, state, and local government stakeholders are the lynchpin to coordinated recovery efforts that support resilient individuals, prosperous businesses, and thriving economies.

NEMA believes SBA deserves adequate flexibility. Legislation such as this helps achieve that end. We remain available as a resource for you and your staff as this effort continues. Should you need any additional information or have questions regarding NEMA's policy positions, please do not hesitate to contact Matt Cowles, Director of Government Relations at (202) 624–5459.

Sincerely,

JOHN W. MADDEN,
President, National Emergency Management Association, Director, Alaska Division of Homeland Security and Emergency Management.

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NATIONAL SMALL BUSINESS ASSOCIATION,
Washington, DC, March 22, 2013.

Hon. MARY LANDRIEU,
U.S. Senate, Hart Senate Office Building, Washington, DC.

Hon. THAD COCHRAN,
U.S. Senate, Dirksen Senate Office Building, Washington, DC.

DEAR SENATORS LANDRIEU AND COCHRAN: The National Small Business Association (NSBA) is pleased to support the bipartisan Small Business Disaster Reform Act of 2013 (S. 415), which will make it much easier on small businesses impacted by and recovering from a disaster. By clarifying that the U.S. Small Business Administration (SBA) shall not use a small business owner's primary residence as collateral for disaster business loans less than $200,000 and authorizing the SBA Administrator to allow out-of-state small business development centers (SBDCs) to provide much-needed assistance in Presidentially-declared disaster areas, this bill will let small businesses do what they do best, create jobs and energize the economy.

The importance of reforming and enhancing federal programs to maximize their benefit to small businesses and entrepreneurs is certainly recognized by the membership of NSBA, and we greatly appreciate commonsense, bipartisan reform measures like the Small Business Disaster Reform Act, especially when they come at no cost to the American taxpayer.

On behalf of the NSBA and our over 65,000 members across the country, I would like to thank you and the cosponsors of this legislation for your tireless efforts to promote economic development and for your endless support of small businesses impacted by disasters. We look forward to working with you and your staffs to help enact this critical piece of legislation.

Sincerely,

TODD O. MCCRACKEN,
President.

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MARCH 5, 2013.

Hon. MARY LANDRIEU,
Chair, Committee on Small Business and Entrepreneurship, U.S. Senate, Russell Senate Office Building, Washington, DC.

Hon. JAMES RISCH,
Ranking Member, Committee on Small Business and Entrepreneurship, U.S. Senate, Russell Senate Office Building, Washington, DC.

DEAR CHAIR LANDRIEU AND RANKING MEMBER RISCH: We write to you today in strong support of the Small Business Disaster Reform Act of 2013. Greater New Orleans, Inc. is a regional economic development alliance serving the 10-parish region of Southeast Louisiana. The Partnership for New York City is a nonprofit organization of the city's business leaders. We represent very different regions of the country, but we are both strong contributors to the national economy and we have been seriously impacted by natural disasters that caused huge economic damage.

The overall economic impact of Hurricane Katrina was estimated to be $150B—the costliest natural disaster in U.S. history. Similarly, the disruption and damage inflicted by Super Storm Sandy—the second costliest natural disaster—is estimated at over $80 billion and resulted in daily loss of billions of dollars in economic output, not only locally but across the country. The impact of these storms has been particularly serious for small businesses, forcing some to close shop entirely and many to reduce services. The Federal government has programs that were intended to insure that small businesses and local economies can quickly recover from such disasters, but in our experience these programs are not working as effectively as they should be and require legislative amendment. That is why we are very interested in prompt action on the Small Business Disaster Reform Act.

Here are some examples of what needs to change:

Small business owners are currently required by the Small Business Administration (SBA) to put up their primary residence as collateral for SBA disaster loans of less than $200,000, even though the value of their home often exceeds the value of the loan. The Small Business Disaster Reform Act of 2013 would put in place a common sense solution that requires the SBA to collateralize small loans with available business assets of equal or greater value before requiring the business owner to put up his or her personal home. In a time of crisis, every possible measure should be taken to avoid business owners having to put their families at further risk. This reform would reduce pressure on affected business owners and increase utilization of the SBA disaster loan program, while still providing necessary protections to the government in the event of default.

Small Business Development Centers, SBDCs, have also played a critical role in helping businesses recover following disasters. However, under current law, SBDCs can only assist businesses in their prescribed geographic region, even though often times after major disasters like hurricanes, SBDCs are affected right along with businesses. Following a Presidential declaration of a disaster, effected regions need aid quickly and SBDCs in surrounding regions, including across state lines, should be able to help neighboring effected regions. This bill would allow for that.

Small businesses are often disproportionately damaged by natural disasters due to loss of customer base, thin profit margins, diminished access to capital and difficulty with relocation. The reforms proposed would help business owners take full advantage of available resources and accelerate their recovery by cutting bureaucratic red tape and providing businesses with the tools needed to resume normal business as quickly as possible—putting people back to work.

We appreciate the Committee's work on this critically important issue and urge the Senate to work together to deliver these much needed reforms. Thank you in advance for your work towards strengthening the economy.

Sincerely,

MICHAEL HECHT,
President & CEO, Greater New Orleans, Inc.

KATHRYN S. WYLDE,
President & CEO, Partnership for New York City.

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ST. TAMMANY ECONOMIC DEVELOPMENT FOUNDATION,
Mandeville, LA, February 19, 2013.

Hon. MARY LANDRIEU,
Chair, Committee on Small Business and Entrepreneurship, U.S. Senate, Russell Senate Building, Washington, DC.

DEAR SENATOR LANDRIEU: The St. Tammany Economic Development Foundation thanks you for the opportunity to comment on the proposed amendments to the disaster assistance provisions in the Small Business Act (15 US 6 31 et seq). As we learned from Hurricanes Katrina, Rita and most recently Isaac, the sooner our small businesses are able to recover, the better it is for the region, the state and the nation.

We fully endorse the proposed amendment to Section 1 of the bill regarding collateral on business disaster loans. If approved, no longer would small business owners have to use their primary personal residence for collateral towards SBA disaster business loans less than $200,000 if other assets are available of equal or greater value than the amount of the loan. In times of crisis, affected business owners are understandably reluctant to place their personal homes up as collateral in order to obtain a much needed loan to rebuild their business. Allowing business assets to act as collateral will promote greater utilization of the loans; leading to faster economic recovery.

Under Section 2 of the bill, Small Business Development Centers (SBDCs) are limited in their ability to provide services across state lines. This prevents SBDCs in affected areas from being able to draw upon the resources available from their colleagues nationwide. Louisiana SBDCs have great experience in disaster recovery assistance and should not be prevented from providing assistance to their colleagues outside of Louisiana in the event of disaster. Therefore, we fully support this provision.

We applaud your efforts to protect small businesses in the wake of disasters and thank you for continuing to be a strong advocate on their behalf. After all, small businesses are the lifeblood of our great nation.

Sincerely,

BRENDA BERTUS,
Executive Director, St. Tammany Economic Development Foundation.

CHARLESTON METRO CHAMBER OF COMMERCE,
North Charleston, SC, March 21, 2013.

Hon. MARY LANDRIEU,
Chair, Committee on Small Business and Entrepreneurship, U.S. Senate, Russell Senate Building, Washington, DC.

DEAR SENATOR LANDRIEU: As President and CEO of the Charleston Metro Chamber of Commerce, I would like to offer our support of the Small Business Disaster Reform Act of 2013. As the region's largest private sector organization, the Chamber represents more than 1,750 businesses and represents more than 75,000 employees in our region. Small businesses are the backbone of the American economy and, not surprisingly, the Charleston Metro Chamber's largest customer group. More than 80 percent of our members employ 50 or fewer employees.

Your committee's proposed changes on the collateral requirements and allowing small business development centers to work across state lines following disasters are necessary. Anything that can be done after a major disaster to help speed-up the rebuilding efforts should be top priority.

I want to commend you on your leadership with this critical piece of legislation. Please let me know if our team can ever be of service to you or your committee.

BRYAN S. DERREBERRY,
President and CEO.

MOBILE AREA CHAMBER OF COMMERCE,
Mobile, AL, March 20, 2013.

Hon. MARY LANDRIEU,
Chair, Committee on Small Business and Entrepreneurship, U.S. Senate, Washington, DC.

Hon. JAMES RISCH,
Ranking Member, Committee on Small Business and Entrepreneurship, U.S. Senate, Washington, DC

DEAR SENATOR LANDRIEU AND SENATOR RISCH: The Mobile Area Chamber of Commerce would like to thank you for this opportunity to voice our support of the proposed changes to federal disaster assistance program legislation as it relates to programs offered by the U.S. Small Business Administration. We offer our support for two provisions in the ''Small Business Disaster Reform Act of 2013,'' S–115. We support section 2 which modifies the collateral requirements of Business Disaster Loans. We also support section 3 which authorizes the U.S. Small Business Administration to allow out-of-state small business development centers to provide assistance in Presidentially-declared disaster areas.

The Mobile Area Chamber has 2087 member businesses, and ninety percent of these businesses can be classified as small businesses. We have worked closely with the U.S. Small Business Administration office here in Mobile for over five years. We petitioned heavily to get a U.S. Small Business Administration office here locally, as this region received fewer small business loans than any other area of the country. Since opening the U.S. Small Business Administration office here in Mobile, small business loans have risen significantly.

As it relates to disaster assistance, the U.S. Small Business Administration office here in Mobile was ''on the ground'' and very helpful to area businesses in the aftermath of Hurricane Katrina and the December 2012 tornados.

The Mobile Area Chamber of Commerce's mission is to serve as a progressive advocate for business needs to promote the Mobile area's economic well-being. Our program structure and small business agenda reflect that as we offer disaster planning, survival and recovery workshops. Most all of these training sessions were done in conjunction with the local U.S. Small Business Administration office.

Thank you for your hard work and leadership, as we share the common goal of supporting the small business community. We appreciate the opportunity to show our support for your tremendous effort on behalf of small businesses in the Mobile Bay region.

Sincerely,

DARRELL W. RANDLE,
Vice President, Small Business Development.

FLAG DAY

Mr. ENZI. Madam President, for Americans all across the country, June 14 is a very special day—Flag Day. On that day, we all join together to celebrate our shared heritage and our history as a Nation as represented by our American flag.

We each have our own way of showing our respect and our great love for this symbol of our land. Down through the years it has been given many names, from the Stars and Stripes to Old Glory—to the Grand Old Flag that was memorialized in song. It has so many names because of all that it represents. The story of our Flag reminds us of all the sacrifices that have been made over the years so that our Nation would always be strong and free.

Each of us has our own favorite memory of the flag. There are some that we recall from the pictures of the wars that we have seen, or from our remembrance of all the veterans who proudly fought, especially those who died in the service of our Nation. Anyone who has seen a picture of the Marines raising the American flag during the battle of Iwo Jima will never forget that iconic image. It held such meaning to us we created a statue to memorialize that moment. It stands just a short distance from the Capitol, a reminder to us all that freedom is not free. It comes to us at great cost.

Although we celebrate our American flag's proudest moments on this day, we should also remember those days when we did not treat the Stars and Stripes so kindly. There were those who thought to use the flag to promote their own agenda by burning it in the streets. Fortunately, those moments were few and far between and were usually done by people who did not understand the symbolism of the flag or fully appreciate all they had received from their citizenship. Some of them just did not realize how blessed they were to be Americans.

Here in the Senate, we begin each session by joining together to recite the Pledge of Allegiance. As we do, we pledge our loyalty to our country, our determination to do everything we can to make this a better place for us all to live, and most specifically, we pledge our love and appreciation for this ''one Nation, under God, with liberty and justice for all.''

Over the years, our flags have inspired works of art of all kinds, most especially a song with a remarkable story behind its origin. Every American knows what happened on that day when our young Nation was in the midst of a great war. We were fighting for our very right to be free. As the battle waged, a young man, Francis Scott Key, mesmerized by the action of the battle, suddenly caught sight of our Flag, still flying proudly over the fort in the midst of all the gunshot, flame and fire around him. The words he wrote became another symbol of our Nation as he took up his pen to tell us about the sight. From where he stood he could see ''the rocket's red glare, the bombs bursting in air, which, gave proof through the night, that our Flag was still there''—the same Flag that still proudly flies ''o'er the land of the free and the home of the brave.'' The Flag that helped to inspire those words is still on display, one of the most popular attractions at the Smithsonian Institution just down the street from us.

On Flag Day, and every other day, I would encourage all Americans to fly their flag and to talk to their children and grandchildren about the meaning of the flag and the history of our Nation. The great gifts we have received of ''life, liberty and the pursuit of happiness'' should never become just words to us. They are our birthright as Americans and they should encourage us to continue to remember the sacrifices that have been made in our name. In a very real sense, Flag Day is a call to express the great pride we feel for this country and those who served in our Armed Forces—our great heroes of the past—and those who continue to serve our Nation all over the world—our heroes of the present.

I have often mentioned here on the floor what it means to me to be a grandfather and the thrill of holding the next generation of your family in your arms. Well, my granddaughter continues to share with us one of those special moments we all need to experience so we do not forget the legacy we have received from our citizenship. Every time she sees an American Flag she pauses, looks at it with an understanding that surpasses her years, and with a smile of pride and admiration, says ''God bless America!'' As she says those special words she looks around at everyone near her, expecting them to join her in expressing that sentiment—which we do. She is only 2 years old