

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1463

To clarify that the Small Business Administration has authority to provide emergency assistance to non-farm-related small business concerns that have suffered substantial economic harm from drought.

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IN THE SENATE OF THE UNITED STATES

JULY 21, 2005

Mr. KERRY introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

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## A BILL

To clarify that the Small Business Administration has authority to provide emergency assistance to non-farm-related small business concerns that have suffered substantial economic harm from drought.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Small Business  
5       Drought Relief Act of 2005”.

6       **SEC. 2. FINDINGS.**

7       Congress finds that—

1           (1) as of July 2002, when this Act was origi-  
2 nally introduced in the 107th Congress as Senate  
3 Bill S. 2734, more than 36 States (including Massa-  
4 chusetts, Montana, Texas, and Nevada) had suffered  
5 from continuing drought conditions;

6           (2) as of July 2005, drought continues to be a  
7 serious national problem, with 19 States suffering  
8 from severe to extreme drought conditions;

9           (3) droughts have a negative effect on State  
10 and regional economies;

11           (4) many small businesses in the United States  
12 sell, distribute, market, or otherwise engage in com-  
13 merce related to water and water sources, such as  
14 lakes, rivers, and streams;

15           (5) many small businesses in the United States  
16 suffer economic injury from drought conditions,  
17 leading to revenue losses, job layoffs, and bank-  
18 ruptcies;

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

23           (7) absent a legislative change, the practice of  
24 the Small Business Administration of permitting  
25 only agriculture and agriculture-related businesses to

1 be eligible for Federal disaster loan assistance as a  
2 result of drought conditions would likely continue;

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

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

17 **SEC. 3. DISASTER RELIEF FOR SMALL BUSINESS CON-**  
18 **CERNS DAMAGED BY DROUGHT.**

19 (a) DROUGHT DISASTER AUTHORITY.—

20 (1) DEFINITION OF DISASTER.—Section 3(k) of  
21 the Small Business Act (15 U.S.C. 632(k)) is  
22 amended—

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

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

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

3 “(A) drought; and

4 “(B) below average water levels in the Great  
5 Lakes, or on any body of water in the United States  
6 that supports commerce by small business con-  
7 cerns.”.

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

11 (A) by inserting “(including drought), with  
12 respect to both farm-related and non-farm-re-  
13 lated small business concerns,” before “if the  
14 Administration”; and

15 (B) in subparagraph (B), by striking “the  
16 Consolidated Farmers Home Administration  
17 Act of 1961 (7 U.S.C. 1961)” and inserting the  
18 following: “section 321 of the Consolidated  
19 Farm and Rural Development Act (7 U.S.C.  
20 1961), in which case, assistance under this  
21 paragraph may be provided to farm-related and  
22 non-farm-related small business concerns, sub-  
23 ject to the other applicable requirements of this  
24 paragraph”.

1           (b) LIMITATION ON LOANS.—From funds otherwise  
2 appropriated for loans under section 7(b) of the Small  
3 Business Act (15 U.S.C. 636(b)), not more than  
4 \$9,000,000 may be used during each of fiscal years 2005  
5 through 2008, to provide drought disaster loans to non-  
6 farm-related small business concerns in accordance with  
7 this Act and the amendments made by this Act.

8           (c) PROMPT RESPONSE TO DISASTER REQUESTS.—  
9 Section 7(b)(2)(D) of the Small Business Act (15 U.S.C.  
10 636(b)(2)(D)) is amended by striking “Upon receipt of  
11 such certification, the Administration may” and inserting  
12 “Not later than 30 days after the date of receipt of such  
13 certification by a Governor of a State, the Administration  
14 shall respond in writing to that Governor on its determina-  
15 tion and the reasons therefore, and may”.

16 **SEC. 4. RULEMAKING.**

17           Not later than 45 days after the date of enactment  
18 of this Act, the Administrator of the Small Business Ad-  
19 ministration shall promulgate final rules to carry out this  
20 Act and the amendments made by this Act.

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