

have 5 legislative days to revise and extend their remarks and to include extraneous materials on H.R. 15, H.R. 154 and H.R. 449, the bills just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nevada?

There was no objection.

AUTHORIZING ESTABLISHMENT OF DISASTER MITIGATION PILOT PROGRAM IN THE SMALL BUSINESS ADMINISTRATION

Mr. THUNE. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 388) to authorize the establishment of a disaster mitigation pilot program in the Small Business Administration.

The Clerk read as follows:

S. 388

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

SECTION 1. DISASTER MITIGATION PILOT PROGRAM.

(a) IN GENERAL.—Section 7(b)(1) of the Small Business Act (15 U.S.C. 636(b)(1)) is amended—

(1) in subparagraph (B), by adding “and” at the end; and

(2) by adding at the end the following:

“(C) during fiscal years 2000 through 2004, to establish a predisaster mitigation program to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred (guaranteed) basis), as the Administrator may determine to be necessary or appropriate, to enable small businesses to use mitigation techniques in support of a formal mitigation program established by the Federal Emergency Management Agency, except that no loan or guarantee may be extended to a small business under this subparagraph unless the Administration finds that the small business is otherwise unable to obtain credit for the purposes described in this subparagraph.”.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 20 of the Small Business Act (15 U.S.C. 631 note) is amended by adding at the end the following:

“(f) DISASTER MITIGATION PILOT PROGRAM.—The following program levels are authorized for loans under section 7(b)(1)(C):

“(1) \$15,000,000 for fiscal year 2000.

“(2) \$15,000,000 for fiscal year 2001.

“(3) \$15,000,000 for fiscal year 2002.

“(4) \$15,000,000 for fiscal year 2003.

“(5) \$15,000,000 for fiscal year 2004.”.

(c) EVALUATION.—On January 31, 2003, the Administrator of the Small Business Administration shall submit to the Committees on Small Business of the House of Representatives and the Senate a report on the effectiveness of the pilot program authorized by section 7(b)(1)(C) of the Small Business Act (15 U.S.C. 636(b)(1)(C)), as added by subsection (a) of this section, which report shall include—

(1) information relating to—

(A) the areas served under the pilot program;

(B) the number and dollar value of loans made under the pilot program; and

(C) the estimated savings to the Federal Government resulting from the pilot program; and

(2) such other information as the Administrator determines to be appropriate for evaluating the pilot program.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from South Dakota (Mr. THUNE) and the gentleman from Washington (Mr. BAIRD) each will control 20 minutes.

The Chair recognizes the gentleman from South Dakota (Mr. THUNE).

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

Mr. Speaker, let me begin by thanking my colleagues on the House Committee on Small Business, particularly the distinguished gentleman from Missouri (Mr. TALENT) for his leadership in moving this measure forward, as well as the gentlewoman from New York (Ms. VELÁZQUEZ), the ranking member on that committee, and my friend from Washington (Mr. BAIRD) who is on the floor this afternoon.

Mr. Speaker, S. 388, a measure drafted and introduced by Senator MAX CLELAND, is a commonsense approach to applying the principle of preventive care when coping with natural disasters. S. 388 is substantially identical to H.R. 818, the Disaster Mitigation Act of 1999, which passed the House on March 2 of this year. It is part of the administration’s budget request and has substantial bipartisan and bicameral support.

Since 1953, the Small Business Administration has administered the disaster loan program authorized by Section 7(b) of the Small Business Act. This program provides loans to help small businesses to rebuild after natural disasters.

In past years the loan program has spent billions of dollars helping small businesses and homeowners recover from natural disasters. In fiscal year 1998 the SBA lent \$728 million for 30,154 disaster loans. In 1997 it lent \$1.1 billion for 49,515 disaster loans. In 1994 the SBA’s highest demand came when it loaned over \$4.1 billion for damage due to the North Ridge earthquake in California.

Mr. Speaker, the cost of disaster assistance has risen over the past several years due to increases in construction and other costs. It is clear that efforts must be made to hold down these costs. Implementing a program to help small businesses use techniques to lessen damage caused by natural disasters offers the potential to save millions of dollars in the future.

The Federal Emergency Management Agency, FEMA, currently manages Project Impact, which works in conjunction with communities and businesses on such mitigation policies and techniques. Passage of S. 388 will complement and further these efforts of mitigation by offering small businesses low-interest loans for disaster mitigation through the Small Business Administration.

S. 388 authorizes the SBA to establish a pilot program to make loans to small businesses for the purpose of mitigating the effects of natural disasters.

These loans will be made in support of the mitigation program established at the Federal Emergency Management Agency. These mitigation techniques are varied and include a wide range of activities including building improvements, relocation and others.

S. 388 will authorize SBA to lend up to \$15 million each year through 2004 in support of the Disaster Mitigation Pilot Program. These funds will come from existing section 7(b) disaster loan appropriations and will be subject to appropriations available for that program. This bill will not authorize any new Federal spending.

Finally, S. 388 will require the SBA to report to Congress by January 31, 2003. The report will document the number of loans made, the area served by the pilot, and the estimated savings to the government as a result of the program.

Let me again thank my colleagues the gentleman from Missouri (Mr. TALENT) and the ranking member, the gentlewoman from New York (Ms. VELÁZQUEZ), and the committee staff for their assistance in moving the measure before us, Mr. Speaker, and I want to urge my colleagues to support S. 388.

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

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

Mr. Speaker, I thank my distinguished colleague from South Dakota and also express my gratitude to the chairman of our committee, the gentleman from Missouri (Mr. TALENT) and to the ranking member from New York (Ms. VELÁZQUEZ). Together they have worked to develop this bill which I think has a wonderful potential to help small business owners reduce the cost of disasters before they happen rather than after.

As the gentleman from South Dakota has indicated, the bill before us today is virtually identical to a bill that this House passed on March 2. It establishes a demonstration project at the SBA to make financing available to small businesses so they can make improvements to businesses that just might reduce property loss and could increase worker safety in the event of a natural disaster.

Mr. Speaker, my district in southwest Washington happens to be one of the more disaster-prone in the Nation: We have Mount Saint Helens, we have periodic flooding, and recently in the towns of Kelso and Olympia we have had landslides which have claimed in the case of Kelso more than 140 homes, and in the case of Olympia more than 60 homes have been rendered unstable. I have been working with these good people since before I came to office, and I feel we have to be working more to help people prepare for disasters before they happen as well as cope with disasters after the fact.

That is what this bill does, it helps people prepare for disasters. It authorizes up to \$15 million in SBA loans each year for the next 5 years to be used for mitigation efforts so businesses can make structural or interior changes to their businesses that can result in significant savings.

The program runs for five years. It requires a report to Congress on the use and effectiveness of the mitigation loans, so it includes a key and important accountability provision.

This is sensible good government, and it is a costs savings measure. It has been estimated that for every dollar we spend in disaster prevention we could save up to \$2 or \$3 in disaster recovery.

So I join with my colleague from South Dakota (Mr. THUNE), and I urge all of my colleagues in the House today to support this commonsense legislation and help get this program underway.

Mr. Speaker, I yield such time as she may consume to the gentlewoman from New York (Ms. VELÁZQUEZ).

Ms. VELÁZQUEZ. Mr. Speaker, I thank the gentleman from Washington (Mr. BAIRD) for yielding this time to me.

Mr. Speaker, I rise today in strong support of S. 388, the Disaster Mitigation Pilot Program. Traditionally business owners have only been able to get help after a natural disaster has struck and caused damage to their business. For many small businesses this assistance comes too late to save them from economic ruin. The loss of revenue and time needed to recover causes countless businesses to fail. Instead of being able to rebuild, many communities are faced with loss of jobs as many businesses permanently close after a disaster. We have seen this happen again and again over the past few years. Hurricanes, floods and wildfires have threatened the economic stability and future of communities across this Nation.

However, until today businesses have only been able to get help after it is too late. Today's legislation will change this story. Today we are taking an important step in being proactive rather than just reactive to natural disasters.

S. 388 is identical to H.R. 818, which the House passed on March 2 of this year with only a few minor changes in wording. The result is the same. This legislation authorizes \$75 million to be used by SBA in cooperation with FEMA over the next 5 years to help businesses in disaster-prone areas take preventive measures to avert or minimize damage should disaster strike.

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By enabling businesses to take preventive measures which mitigate the damage caused by floods, hurricanes and other natural disasters, this pro-

gram will allow them to recover much faster. Therefore, instead of going out of business, they will be able to get back to business much quicker than ever before.

The disaster mitigation program is a common-sense approach to helping businesses cope with disasters. The program also makes fiscal sense. Some estimates show that every dollar spent on mitigation saves \$2 in money that would otherwise have to be spent on post-disaster response. Not only will businesses and taxpayers come out ahead, but the American economy will as well.

Finally, I would like to thank the gentleman from Washington (Mr. BAIRD). His constituents face the threat of natural disaster, and his insight and hard work on this legislation have been a great help to all of us. I strongly support S. 388 and I urge my colleagues to vote for this important piece of legislation.

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

Mr. Speaker, I would like to just offer a couple of closing comments. Let me just briefly reiterate the common sense behind this proposal. It provides low-interest loans up front so small business owners can prepare for disasters before they happen. They can prepare for earthquakes or floods or fires or hurricanes. By spending money up front, through low-interest loans, they will save the taxpayers dollars down the road.

That is why this bill makes so much sense; it will save taxpayers money. It will help small businesses out and it will reduce the overall net cost of disaster response. That is the kind of bill we should be putting forward, and I thank my colleague from South Dakota (Mr. THUNE) for doing so.

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

Mr. THUNE. Mr. Speaker, I yield myself such time as I may consume for closing.

Mr. Speaker, I want to thank the gentleman from Washington (Mr. BAIRD) and the gentlewoman from New York (Ms. VELÁZQUEZ) for their work on this and again would just simply say that in Washington we are always looking for win/win solutions. I think this really is a win/win. It is a win not only for disaster victims. It is also a win for the taxpayers.

My State of South Dakota has been no stranger to disasters in the last few years, and consistently we find that FEMA is called on to the spot, SBA and other agencies that deal with disaster assistance, but it is always after the fact.

We have an opportunity here to provide a mechanism whereby businesses and others can prepare in advance for disasters and take those steps that are necessary to try and see that the taxpayers are not called upon after an event to deal with it.

I would again urge my colleagues in the House to support this measure. It is a common-sense approach to legislating solutions on disaster assistance, and hopefully, we will be able to take this and work collectively as partners with FEMA and the SBA and others to see that we do the best job we can on the front end to protect disaster victims, as well as to protect the taxpayers from unnecessary needed expense.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I am pleased to rise in support of S. 388. This bill will establish a pilot program for the implementation of disaster mitigation measures by small businesses to help them to better prepare for natural disasters.

Small businesses from Texas to New York play a vital role in the health of our economy. They account for 99.7 percent of America's employers. In fact, Small businesses employ 53 percent of the private work force, contribute 47 percent of all sales in the country, and are also responsible for 50 percent of the private gross domestic product. Unfortunately, it is a fact that Small Businesses are ill equipped to deal with natural disasters.

Under this bill, the Small Business Administration, in conjunction with the Federal Emergency Management Agency, would begin a 5-year program to provide loans to small businesses to implement mitigation techniques. These loans would provide funds for proactive measures designed to limit damages from natural disasters. These projects include for example elevating a foundation in case of a flood or strengthening walls in case of an earthquake.

Last year natural disasters cost Americans more than \$10 billion. This is the third worst year this decade. I am told that the last three years have been the most active period in history for Atlantic hurricanes. Unfortunately the 1999 hurricane season will be active again this year and other natural disasters are going to occur. Small Businesses will and do suffer economically from these natural disasters.

Under this bill, the loans would be made either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis. This program is designed to provide these loans to small businesses in disaster-prone areas that would otherwise be unable to obtain credit for such preventative measures.

This bill will help businesses across this country to better prepare for disasters. I support this bill because it aggressively prepares small businesses located in disaster-prone areas to prepare for disasters. I urge my colleagues to support small businesses by supporting this bill.

Mr. UNDERWOOD. Mr. Speaker, for many people nationwide, Guam is synonymous with a number of things. One of them is certainly natural disasters. Guam's location in the Pacific Ocean's typhoon alley makes it regularly susceptible to annual storms that bring destruction to our community. In this decade alone, Guam has been subjected to at least a dozen typhoons. Even though the destruction brought about by a storm is uncommon, it is a common occurrence for the island of Guam. At one time, five typhoons had hit Guam in the span of 3 months.

As many may recall, the most recent storm, Super Typhoon Paka, devastated the island in December of 1997 and caused property damage of over \$100 million. On top of these storms, Guam also became a victim of an 8.2 earthquake in 1994, which has been one of the strongest recorded in the Pacific in this century.

S. 388 is good legislation. It is proactive and it will prepare small businesses for recovery. Most often, disaster related programs are targeted to homeowners and gain the bulk of their popularity in the aftermath of destruction. S. 388 and its companion legislation H.R. 818, passed by the House last month, addresses the concerns of small businesses that do not receive the same type of disaster attention given to homeowners. The recovery of a community in the wake of disaster can be bolstered by the level of preparation to mitigate against damage by our business communities. Small businesses help generate economic activity crucial for the recovery of a stricken community.

Reacting to a storm plagues many communities with confusion. This pilot program aims to empower the business community with information and mitigation activities which will prevent serious losses. An appropriation of \$15 million is a very small amount compared to potential losses without this sort of program.

I understand that the territories are full partners in this program. I certainly hope that in coming years the amounts will be expanded and we will do everything we can to make sure this pilot program is a success.

I commend the authors of this legislation from both the House and Senate and encourage my colleagues to vote in favor of this measure.

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

The SPEAKER pro tempore (Mr. STEARNS). The question is on the motion offered by the gentleman from South Dakota (Mr. THUNE) that the House suspend the rules and pass the Senate bill, S. 388.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. THUNE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on S. 388.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

MICROLOAN PROGRAM TECHNICAL CORRECTIONS ACT OF 1999

Mr. PEASE. Mr. Speaker, I move to suspend the rules and concur in the Senate amendment to the bill (H.R. 440) to make technical corrections to the Microloan Program.

The Clerk read as follows:
Senate Amendment:
Page 2, strike out all after line 6 down to and including line 20 and insert:
(1) in paragraph (7), by striking subparagraph (B) and inserting the following:

“(B) ALLOCATION.—
“(i) MINIMUM ALLOCATION.—Subject to the availability of appropriations, of the total amount of new loan funds made available for award under this subsection in each fiscal year, the Administration shall make available for award in each State (including the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa) an amount equal to the sum of—

“(1) the lesser of—
“(aa) \$800,000; or
“(bb) 1/55 of the total amount of new loan funds made available for award under this subsection for that fiscal year; and

“(II) any additional amount, as determined by the Administration.

“(ii) REDISTRIBUTION.—If, at the beginning of the third quarter of a fiscal year, the Administration determines that any portion of the amount made available to carry out this subsection is unlikely to be made available under clause (i) during that fiscal year, the Administration may make that portion available for award in any 1 or more States (including the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa) without regard to clause (i).”; and

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

The Chair recognizes the gentleman from Indiana (Mr. PEASE).

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

Mr. Speaker, let me begin by thanking my colleagues, the chairman of the committee, the gentleman from Missouri (Mr. TALENT), and the ranking member of the committee, the gentleman from New York (Ms. VELÁZQUEZ). I appreciate their assistance in moving this bill and their help in fashioning it.

Mr. Speaker, this is a technical corrections bill, and though it is important work, it need not occupy a great deal of the House's time. H.R. 440 is the same bill that the House passed on February 9 of this year by an overwhelming margin. H.R. 440 corrects the provisions of the loan loss reserve requirements of the microloan program at the Small Business Administration.

The microloan program was established as a pilot program in 1991 and made permanent in 1997. It provides small loans under \$25,000 to the Nation's smallest entrepreneurs. These loans are made through SBA-certified and -approved nonprofit lending and business development intermediaries. These intermediaries borrow funds from the SBA and, in turn, lend those funds to small businesses. In order to protect taxpayer assets, the intermediaries are required to maintain a loss reserve based on the amount of microloans they have outstanding.

Mr. Speaker, the Senate amendment made some clarifications to the House-passed version of the bill. These changes make no substantive changes in the purpose of the bill, but they do tighten the language that provides for some minimum allocation for States with microloan programs. The amendment is necessary to make doubly sure that there is no mistake between congressional intent and agency execution.

The amendment makes clear that subject to appropriations, all State microloan programs shall have access to at least 1/55th of all new funds allocated for the program. This amount will be available until the beginning of the third quarter, at which point all funds will be available to any eligible intermediary.

Mr. Speaker, this bill is not headline material but it is important work nonetheless. It will have a real impact on the very smallest of businesses in this country seeking start-up financing and at the end of the day that is the most important part of our job on the Committee on Small Business.

Let me again thank my colleagues, the gentleman from Missouri (Chairman TALENT) and ranking member, the gentleman from New York (Ms. VELÁZQUEZ), and the committee staff for their assistance in moving the measure before us.

Mr. Speaker, I urge my colleagues to support H.R. 440.

Mr. Speaker, I reserve the balance of my time

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

Mr. Speaker, I would like to begin by thanking the gentleman from Missouri (Chairman TALENT) for working with me to move quickly to pass the Microloan Program Technical Corrections Act. These changes are important for small entrepreneurs because they would allow lenders to make more loans and increase technical assistance.

Everyone agrees that the challenge facing most entrepreneurs is access to capital. Now, consider the special challenges to microenterprises. It is often more difficult, if not impossible, for many microenterprises to get the financing they need. Microborrowers are either start-up or growth-phase businesses which are unable to meet a lender's collateral or credit requirements. For many private lenders, it is simply not feasible to make the small loans that entrepreneurs need to start or expand their business.

To address this problem, the Small Business Administration launched the microloan pilot project in 1992. This program was designed to help underserved start-up and existing small business owners that do not have access to financing. Since its inception, the microloan program has helped countless businesses start up and grow.