

Calendar No. 535

107TH CONGRESS
2^D SESSION

S. 2734

[Report No. 107-230]

To provide emergency assistance to non-farm small business concerns that have suffered substantial economic harm from the devastating effects of drought.

IN THE SENATE OF THE UNITED STATES

JULY 16, 2002

Mr. KERRY (for himself, Mr. HOLLINGS, Ms. LANDRIEU, Mr. BAUCUS, Mr. BINGAMAN, Mr. DASCHLE, Mr. JOHNSON, Mr. EDWARDS, Mr. CLELAND, Mrs. CARNAHAN, Mr. ENZI, Mr. LIEBERMAN, Mr. HARKIN, Mr. REID, Mr. ENSIGN, Mr. BOND, Mr. HELMS, Mr. ALLEN, Mr. BENNETT, Mr. TORRICELLI, Mr. LEVIN, Mr. CRAPO, and Mr. THURMOND) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

JULY 31, 2002

Reported by Mr. KERRY, with an amendment and an amendment to the title

[Strike out all after the enacting clause and insert the part printed in *italic*]

A BILL

To provide emergency assistance to non-farm small business concerns that have suffered substantial economic harm from the devastating effects of drought.

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

1 **SECTION 1. LOANS TO SMALL BUSINESS CONCERNS DAM-**
2 **AGED BY DROUGHT.**

3 (a) **SHORT TITLE.**—This Act may be cited as the
4 “Small Business Drought Relief Act”.

5 (b) **FINDINGS.**—Congress finds that—

6 (1) as of July 2002, more than 36 States (in-
7 cluding Massachusetts, South Carolina, and Lou-
8 isiana) have suffered from continuing drought condi-
9 tions;

10 (2) droughts have a negative effect on State
11 and regional economies;

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

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

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

24 (6) absent a legislative change, only agriculture-
25 related businesses are eligible for Federal disaster

1 loan assistance as a result of drought conditions;
 2 and

3 ~~(7) it is necessary to amend the Small Business~~
 4 ~~Act to allow non-farm small businesses that have~~
 5 ~~suffered economic injury from drought to receive fi-~~
 6 ~~nancial assistance through Small Business Adminis-~~
 7 ~~tration Economic Injury Disaster Loans.~~

8 ~~(c) EXPANSION OF DISASTER DEFINITION.—Section~~
 9 ~~3(k) of the Small Business Act (15 U.S.C. 632(k)) is~~
 10 ~~amended by inserting “drought,” after “windstorms,”.~~

11 **SECTION 1. LOANS TO SMALL BUSINESS CONCERNS DAM-**
 12 **AGED BY DROUGHT.**

13 *(a) SHORT TITLE.—This Act may be cited as the*
 14 *“Small Business Drought Relief Act”.*

15 *(b) FINDINGS.—Congress finds that—*

16 *(1) as of July 2002, more than 36 States (in-*
 17 *cluding Massachusetts, South Carolina, and Lou-*
 18 *isiana) have suffered from continuing drought condi-*
 19 *tions;*

20 *(2) droughts have a negative effect on State and*
 21 *regional economies;*

22 *(3) many small businesses in the United States*
 23 *sell, distribute, market, or otherwise engage in com-*
 24 *merce related to water and water sources, such as*
 25 *lakes, rivers, and streams;*

1 (4) many small businesses in the United States
2 suffer economic injury from drought conditions, lead-
3 ing to revenue losses, job layoffs, and bankruptcies;

4 (5) these small businesses need access to low-in-
5 terest loans for business-related purposes, including
6 paying their bills and making payroll until business
7 returns to normal;

8 (6) absent a legislative change, only agriculture
9 and agriculture-related businesses are eligible for Fed-
10 eral disaster loan assistance as a result of drought
11 conditions;

12 (7) during the past several years small businesses
13 that rely on the Great Lakes have suffered economic
14 injury as a result of lower than average water levels,
15 resulting from low precipitation and increased evapo-
16 ration; and

17 (8) it is necessary to amend the Small Business
18 Act to clarify that nonfarm-related small businesses
19 that have suffered economic injury from drought are
20 eligible to receive financial assistance through Small
21 Business Administration Economic Injury Disaster
22 Loans.

23 (c) DROUGHT DISASTER AUTHORITY.—

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

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

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

6 “(2) For purposes of section 7(b)(2), the term ‘disaster’
7 includes—

8 “(A) drought; and

9 “(B) below average water levels in the Great
10 Lakes.”.

11 (2) *DROUGHT DISASTER RELIEF AUTHORITY.*—
12 Section 7(b)(2) of the *Small Business Act* (15 U.S.C.
13 636(b)(2)) is amended—

14 (A) by inserting “including drought, with
15 respect to both farm-related and nonfarm-related
16 small business concerns affected by drought,” be-
17 fore “if the Administration”; and

18 (B) in subparagraph (B), by striking “the
19 *Consolidated Farmers Home Administration Act*
20 of 1961 (7 U.S.C. 1961)” and inserting the fol-
21 lowing: “section 321 of the *Consolidated Farm*
22 and *Rural Development Act* (7 U.S.C. 1961), in
23 which case, assistance under this paragraph may
24 be provided to farm-related and nonfarm-related

1 *small business concerns, subject to the other ap-*
2 *plicable requirements of this paragraph”.*

3 *(d) PROMPT RESPONSE TO DISASTER REQUESTS.—*
4 *Section 7(b)(2)(D) of the Small Business Act (15 U.S.C.*
5 *636(b)(2)(D)) is amended by striking “Upon receipt of such*
6 *certification, the Administration may” and inserting “Not*
7 *later than 30 days after the date of receipt of such certifi-*
8 *cation by a Governor of a State, the Administration shall*
9 *respond in writing to that Governor on its determination,*
10 *and may then”.*

11 *(e) RULEMAKING.—Not later than 45 days after the*
12 *date of enactment of this Act, the Administrator of the*
13 *Small Business Administration shall promulgate final rules*
14 *to carry out this Act and the amendments made by this*
15 *Act.*

Amend the title so as to read: “A bill to provide emergency assistance to nonfarm-related small business concerns that have suffered substantial economic harm from drought.”.

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