

109TH CONGRESS
1ST SESSION

H. R. 4090

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to modify the terms of the community disaster loan program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 20, 2005

Mrs. MALONEY (for herself, Mr. MELANCON, and Mr. JEFFERSON) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

A BILL

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to modify the terms of the community disaster loan program, and for other purposes.

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 “Whatever It Takes
5 to Rebuild Act, Part II”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) Major disasters, including natural disasters
9 and disasters caused by terrorist acts, often result in

1 a decline in economic activity in areas affected by
2 the disaster and a reduction in tax collections by
3 State and local governments serving those areas.

4 (2) A report of the Government Accountability
5 Office entitled “September 11: Recent Estimates of
6 Fiscal Impact of 2001 Terrorist Attack on New
7 York”, dated March 2005, confirmed prior estimates
8 that—

9 (A) New York City lost between
10 \$2,500,000,000 and \$2,900,000,000 in tax rev-
11 enues for fiscal years 2002 and 2003; and

12 (B) the State of New York lost
13 \$2,900,000,000 for fiscal years 2002 and 2003.

14 (3) The impact of Hurricane Katrina on State
15 and local tax revenues is not yet known, but the im-
16 pact is believed to be extensive.

17 (4) Under the community disaster loan program
18 (in this section referred to as the “CDL program”),
19 as authorized by the Robert T. Stafford Disaster
20 Relief and Emergency Assistance Act, the President
21 may make loans to a local government suffering a
22 substantial loss of tax and other revenues as a result
23 of a major disaster, if the local government dem-
24 onstrates a need for financial assistance in order to
25 preform its governmental function.

1 (5) The President may cancel the repayment of
2 all or any part of a loan made to a local government
3 under the CDL program if revenues following the
4 disaster are insufficient to meet the operating budg-
5 et of that local government as a result of disaster-
6 related revenue losses and additional unreimbursed
7 disaster-related municipal operating expenses. In the
8 case of a major disaster designated as an incident of
9 national significance, including natural disasters and
10 disasters caused by terrorist acts, repayment of any
11 interest or principal on a loan made under the CDL
12 program should not be required.

13 (6) Assistance made available under the CDL
14 program is often instrumental in aiding the full re-
15 covery of a local government following a major dis-
16 aster.

17 (7) The Disaster Mitigation Act of 2000 estab-
18 lished a \$5,000,000 limitation on loans made to a
19 local government under the CDL program in connec-
20 tion with a major disaster. Before the date of enact-
21 ment of such Act, there was not any limitation on
22 the amount of such loans.

23 (8) The \$5,000,000 limitation is inequitable
24 when applied to a local government serving a largely
25 populated area, such as New York City, and when

1 applied to an area that is completely devastated by
2 a major disaster (such as Orleans, St. Bernard, and
3 Plaquemines parishes in the State of Louisiana fol-
4 lowing Hurricane Katrina), and is inconsistent with
5 the objective of the CDL program to provide mean-
6 ingful assistance to a local government recovering
7 from a major disaster.

8 (9) On October 4, 2005, the Mayor of New Or-
9 leans announced that the city was laying off 3,000
10 city employees as a result of reduced tax revenues
11 following Hurricane Katrina.

12 (10) On October 7, 2005, Congress passed and
13 the President signed into law the Community Dis-
14 aster Loan Act of 2005 (Public Law 109–88),
15 which—

16 (A) made available \$1,000,000,000 for
17 making community disaster loans to commu-
18 nities affected by Hurricane Katrina or Hurri-
19 cane Rita;

20 (B) waived the \$5,000,000 limitation that
21 is generally applicable to community disaster
22 loans with respect to loans made to commu-
23 nities affected by Hurricane Katrina or Hurri-
24 cane Rita; and

1 (C) prohibited the forgiveness of commu-
2 nity disaster loans made to communities af-
3 fected by Hurricane Katrina or Hurricane Rita.

4 (11) Repayment of community disaster loans
5 has frequently been forgiven under the Robert T.
6 Stafford Disaster Relief and Emergency Assistance
7 Act, and the prohibition on forgiveness contained in
8 the Community Disaster Loan Act of 2005 is the
9 first time such a prohibition has applied to such
10 loans.

11 **SEC. 3. REPEAL.**

12 The Community Disaster Loan Act of 2005 (Public
13 Law 108–88) is repealed.

14 **SEC. 4. COMMUNITY DISASTER LOANS.**

15 (a) **ELIGIBILITY OF STATES.**—Section 417 of the
16 Robert T. Stafford Disaster Relief and Emergency Assist-
17 ance Act (42 U.S.C. 5184) is amended by striking “local
18 government” each place it appears and inserting “State
19 or local government”.

20 (b) **AMOUNT.**—Section 417(b) of such Act (42 U.S.C.
21 5184(b)) is amended—

22 (1) by striking “based on need, shall” and in-
23 serting “based on need and shall”; and

24 (2) by striking “, and shall not exceed
25 \$5,000,000”.

1 (c) INCIDENTS OF NATIONAL SIGNIFICANCE.—Sec-
2 tion 417 of such Act (42 U.S.C. 5184) is amended by add-
3 ing at the end the following:

4 “(e) INCIDENTS OF NATIONAL SIGNIFICANCE.—

5 “(1) LOAN TERMS.—In the case a loan made
6 under this section to a State or local government
7 which may suffer a substantial loss of tax and other
8 revenues as a result of a major disaster that the
9 President determines to be an incident of national
10 significance—

11 “(A) the amount of the loan shall not be
12 subject to the per centum limitation in sub-
13 section (b); and

14 “(B) the President shall not require the
15 payment of any interest or principal on a loan.

16 “(2) INCIDENT OF NATIONAL SIGNIFICANCE
17 DEFINED.—In this subsection, the term ‘incident of
18 national significance’ has the meaning such term has
19 in the national response plan established pursuant to
20 section 502(6) of the Homeland Security Act of
21 2002 (6 U.S.C. 312(6)).”.

22 (d) APPLICABILITY.—The amendments made by this
23 section shall apply with respect to any major disaster oc-
24 ccurring on or after August 24, 2005.

1 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
2 authorized to be appropriated for making community dis-
3 aster loans under section 417 of such Act (42 U.S.C.
4 5184) to State and local governments which may suffer
5 a substantial loss of tax and other revenues as a result
6 of Hurricane Katrina or Hurricane Rita \$1,000,000,000
7 and such additional sums as may be necessary.

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