

109TH CONGRESS
1ST SESSION

S. 1807

To provide assistance for small businesses damaged by Hurricane Katrina or Hurricane Rita, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 30, 2005

Ms. SNOWE (for herself, Mr. KERRY, Mr. VITTER, Ms. LANDRIEU, Mr. TALENT, Mr. KENNEDY, Mr. CORNYN, and Mr. BAYH) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To provide assistance for small businesses damaged by Hurricane Katrina or Hurricane Rita, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Small Business Hurricane Relief and Reconstruction Act
6 of 2005”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.
 Sec. 3. Disaster loans after Hurricane Katrina and Hurricane Rita.
 Sec. 4. Energy emergency relief.
 Sec. 5. Supplemental emergency loans.
 Sec. 6. Development company debentures.
 Sec. 7. Small business emergency relief.
 Sec. 8. Business counseling.
 Sec. 9. Small business development centers.
 Sec. 10. HUBZones.
 Sec. 11. Outreach programs.
 Sec. 12. Small business bonding threshold.
 Sec. 13. Small business participation.
 Sec. 14. Micropurchases.
 Sec. 15. Loan defaults.
 Sec. 16. Budgetary treatment of loans and financings.
 Sec. 17. Emergency procurement authority.

1 **SEC. 2. DEFINITIONS.**

2 In this Act—

3 (1) the terms “Administration” and “Adminis-
 4 trator” mean the Small Business Administration
 5 and the Administrator thereof, respectively;

6 (2) the term “Disaster Area” means an area
 7 which the President has designated as a disaster
 8 area as a result of Hurricane Katrina of August
 9 2005 or Hurricane Rita of September 2005; and

10 (3) the term “small business concern” has the
 11 same meaning as in section 3 of the Small Business
 12 Act.

13 **SEC. 3. DISASTER LOANS AFTER HURRICANE KATRINA AND**
 14 **HURRICANE RITA.**

15 (a) IN A DISASTER AREA.—Section 7(b) of the Small
 16 Business Act (15 U.S.C. 636(b)) is amended by inserting
 17 immediately after paragraph (3) the following:

1 “(4) DISASTER LOANS AFTER HURRICANE
2 KATRINA AND HURRICANE RITA IN A DISASTER
3 AREA.—

4 “(A) DEFINITION.—In this paragraph, the
5 term ‘Disaster Area’ means an area which the
6 President has designated as a disaster area as
7 a result of Hurricane Katrina of August 2005
8 or Hurricane Rita of September 2005.

9 “(B) LOANS TO NONPROFITS.—In addition
10 to any other loan authorized by this subsection,
11 the Administrator may make such loans under
12 this subsection (either directly or in cooperation
13 with banks or other lending institutions through
14 agreements to participate on an immediate or
15 deferred basis) as the Administrator determines
16 appropriate to a nonprofit organization located
17 or operating in a Disaster Area or providing
18 services to persons who have evacuated from a
19 Disaster Area.

20 “(C) INCREASED LOAN CAPS.—

21 “(i) AGGREGATE LOAN AMOUNTS.—
22 Except as provided in clause (ii), the ag-
23 gregate loan amount outstanding and com-
24 mitted to a borrower under this subsection,
25 except for loans under paragraph (5) or

1 (6), made as a result of Hurricane Katrina
2 or Hurricane Rita, may not exceed
3 \$10,000,000.

4 “(ii) WAIVER AUTHORITY.—The Ad-
5 ministrator may, at the discretion of the
6 Administrator, waive the aggregate loan
7 amount established under clause (i).

8 “(D) DEFERMENT OF DISASTER LOAN
9 PAYMENTS.—

10 “(i) IN GENERAL.—Notwithstanding
11 any other provision of law, payments of
12 principal and interest on a loan to a bor-
13 rower located in a Disaster Area made be-
14 fore August 24, 2007, shall be deferred,
15 and no interest shall accrue with respect to
16 such loan, during the time period described
17 in clause (ii).

18 “(ii) TIME PERIOD.—The time period
19 for purposes of clause (i) shall be 1 year
20 from the later of the date of enactment of
21 this paragraph or the date of issuance of
22 a loan described in clause (i), but may be
23 extended to 2 years from such date, at the
24 discretion of the Administrator.

1 “(iii) RESUMPTION OF PAYMENTS.—

2 At the end of the time period described in
 3 clause (ii), the payment of periodic install-
 4 ments of principal and interest shall be re-
 5 quired with respect to such loan, in the
 6 same manner and subject to the same
 7 terms and conditions as would otherwise be
 8 applicable to any other loan made under
 9 this subsection.

10 “(E) REFINANCING DISASTER LOANS
 11 AFTER HURRICANE KATRINA AND HURRICANE
 12 RITA.—

13 “(i) IN GENERAL.—Any loan made
 14 under this subsection that was outstanding
 15 as to principal or interest on August 24,
 16 2005, may be refinanced by a small busi-
 17 ness concern that is located in a Disaster
 18 Area, and the refinanced amount shall be
 19 considered to be part of the new loan for
 20 purposes of this subparagraph.

21 “(ii) NO EFFECT ON ELIGIBILITY.—A
 22 refinancing under clause (i) by a small
 23 business concern shall be in addition to
 24 any other loan eligibility for that small
 25 business concern under this Act.

“(F) REFINANCING BUSINESS DEBT.—

“(i) IN GENERAL.—Any business debt of a small business concern that was outstanding as to principal or interest on August 24, 2005, may be refinanced by the small business concern if it is, or was on that date, located in a Disaster Area. With respect to a refinancing under this clause, payments of principal shall be deferred, and interest may accrue, during the 1-year period following the date of refinancing, and the refinanced amount shall be considered to be part of a new loan for purposes of this subparagraph.

“(ii) RESUMPTION OF PAYMENTS.—At the end of the 1-year period described in clause (i), the payment of periodic installments of principal and interest shall be required with respect to such loan, in the same manner and subject to the same terms and conditions as would otherwise be applicable to any other loan made under this subsection.

“(G) TERMS.—A loan under subparagraph (E) or (F) shall be made at the same interest

1 rate as economic injury loans under paragraph
2 (2).

3 “(H) EXTENDED APPLICATION PERIOD.—
4 Notwithstanding any other provision of law, the
5 Administrator shall accept applications for as-
6 sistance under this subsection as a result of
7 Hurricane Katrina or Rita until 1 year after
8 the date on which the President designated the
9 area as a disaster area as a result of Hurricane
10 Katrina or Hurricane Rita, as the case may be.

11 “(I) NO SALE.—No loan under this sub-
12 section made as a result of Hurricane Katrina
13 or Hurricane Rita may be sold.”.

14 (b) NATIONWIDE DISASTER LOANS.—Section 7(b) of
15 the Small Business Act (15 U.S.C. 636(b)), as amended
16 by this Act, is amended by inserting immediately after
17 paragraph (4) the following:

18 “(5) NATIONWIDE LOANS AFTER HURRICANE
19 KATRINA AND HURRICANE RITA.—In addition to any
20 other loan authorized by this subsection, the Admin-
21 istrator may make such loans under this subsection
22 (either directly or in cooperation with banks or other
23 lending institutions through agreements to partici-
24 pate on an immediate or deferred basis) as the Ad-
25 ministrator determines appropriate to a small busi-

ness concern, small agricultural cooperative, small nursery, or small producer cooperative located anywhere in the United States that demonstrates a direct adverse economic impact caused by Hurricane Katrina or Hurricane Rita, based on such criteria as the Administrator may set by rule, regulation, or order.”.

(c) DISASTER MITIGATION.—

(1) IN GENERAL.—Section 7(b)(1)(A) of the Small Business Act (15 U.S.C. 636(b)(1)(A)) is amended by inserting “of the aggregate costs of such damage or destruction (whether or not compensated for by insurance or otherwise)” after “20 per centum”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to a loan or guarantee made after the date of enactment of this Act.

(d) TECHNICAL AMENDMENTS.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended—

(1) in the matter preceding paragraph (1), by striking “the, Administration” and inserting “the Administration”;

(2) in paragraph (2)(A), by striking “Disaster Relief and Emergency Assistance Act” and inserting

1 “Robert T. Stafford Disaster Relief and Emergency
2 Assistance Act (42 U.S.C. 5121 et seq.)”; and

3 (3) in the undesignated matter at the end—

4 (A) by striking “, (2), and (4)” and insert-
5 ing “and (2)”; and

6 (B) by striking “, (2), or (4)” and insert-
7 ing “(2)”.

8 (e) DISASTER LOAN ADDITIONAL AMOUNTS.—In ad-
9 dition to any other amounts otherwise appropriated for
10 such purpose, there is authorized to be appropriated to
11 the Administration \$86,000,000, to make loans under sec-
12 tion 7(b) of the Small Business Act.

13 **SEC. 4. ENERGY EMERGENCY RELIEF.**

14 (a) SMALL BUSINESS AND FARM ENERGY EMER-
15 GENCY DISASTER LOAN PROGRAM.—

16 (1) SMALL BUSINESS DISASTER LOAN AUTHOR-
17 ITY.—Section 7(b) of the Small Business Act (15
18 U.S.C. 636(b)) is amended by inserting immediately
19 after paragraph (5), as added by this Act, the fol-
20 lowing:

21 “(6) ENERGY EMERGENCY RELIEF.—

22 “(A) DEFINITIONS.—For purposes of this
23 paragraph—

24 “(i) the term ‘base price index’ means
25 the moving average of the closing unit

1 price on the New York Mercantile Ex-
2 change for heating oil, natural gas, gaso-
3 line, or propane for the 10 days, in each
4 of the most recent 2 preceding years,
5 which correspond to the trading days de-
6 scribed in clause (ii);

7 “(ii) the term ‘current price index’
8 means the moving average of the closing
9 unit price on the New York Mercantile Ex-
10 change, for the 10 most recent trading
11 days, for contracts to purchase heating oil,
12 natural gas, gasoline, or propane during
13 the subsequent calendar month, commonly
14 known as the ‘front month’;

15 “(iii) the term ‘significant increase’
16 means—

17 “(I) with respect to the price of
18 heating oil, natural gas, gasoline, or
19 propane, any time the current price
20 index exceeds the base price index by
21 not less than 40 percent; and

22 “(II) with respect to the price of
23 kerosene, any increase which the Ad-
24 ministrator, in consultation with the

1 Secretary of Energy, determines to be
2 significant; and

3 “(iv) a small business concern en-
4 gaged in the heating oil business is eligible
5 for a loan, if the small business concern
6 sells not more than 10,000,000 gallons of
7 heating oil per year.

8 “(B) LOAN AUTHORITY.—The Administra-
9 tion may make such loans, either directly or in
10 cooperation with banks or other lending institu-
11 tions through agreements to participate on an
12 immediate or deferred basis, to assist a small
13 business concern that has suffered or that is
14 likely to suffer substantial economic injury on
15 or after August 24, 2005, as the result of a sig-
16 nificant increase in the price of heating oil, nat-
17 ural gas, gasoline, propane, or kerosene occur-
18 ring on or after August 24, 2005.

19 “(C) APPLICABLE INTEREST RATE.—Any
20 loan or guarantee extended pursuant to this
21 paragraph shall be made at the same interest
22 rate as economic injury loans under paragraph
23 (2).

24 “(D) LOAN LIMITATION.—No loan may be
25 made under this paragraph, either directly or in

1 cooperation with banks or other lending institu-
2 tions through agreements to participate on an
3 immediate or deferred basis, if the total amount
4 outstanding and committed to the borrower
5 under this subsection would exceed \$1,500,000,
6 unless such borrower constitutes a major source
7 of employment in its surrounding area, as de-
8 termined by the Administrator, in which case
9 the Administrator, in its discretion, may waive
10 the \$1,500,000 limitation.

11 “(E) LOAN CRITERIA.—For purposes of
12 assistance under this paragraph—

13 “(i) a declaration of a disaster area
14 based on conditions specified in this para-
15 graph shall be required, and shall be made
16 by the President or the Administrator; or

17 “(ii) if no declaration has been made
18 pursuant to clause (i), the Governor of a
19 State in which a significant increase in the
20 price of heating oil, natural gas, gasoline,
21 propane, or kerosene has occurred may
22 certify to the Administration that small
23 business concerns have suffered economic
24 injury as a result of such increase and are
25 in need of financial assistance which is not

1 otherwise available on reasonable terms in
2 that State, and upon receipt of such cer-
3 tification, the Administration may make
4 such loans as would have been available
5 under this paragraph if a disaster declara-
6 tion had been issued.

7 “(F) PERMISSIBLE USES.—Notwith-
8 standing any other provision of law, loans made
9 under this paragraph may be used by a small
10 business concern described in subparagraph (B)
11 to convert from the use of heating oil, natural
12 gas, gasoline, propane, or kerosene to a renew-
13 able or alternative energy source, including ag-
14 riculture and urban waste, geothermal energy,
15 cogeneration, solar energy, wind energy, or fuel
16 cells.”.

17 (2) CONFORMING AMENDMENTS.—Section 3(k)
18 of the Small Business Act (15 U.S.C. 632(k)) is
19 amended—

20 (A) by inserting “, significant increase in
21 the price of heating oil, natural gas, gasoline,
22 propane, or kerosene” after “civil disorders”;
23 and

24 (B) by inserting “other” before “eco-
25 nomic”.

1 (3) REPORT.—Not later than 12 months after
2 the date on which the Administrator issues guide-
3 lines under subsection (c)(1), and annually there-
4 after, until the date that is 12 months after the end
5 of the effective period of section 7(b)(6) of the Small
6 Business Act, as added by this subsection, the Ad-
7 ministrator shall submit to the Committee on Small
8 Business and Entrepreneurship of the Senate and
9 the Committee on Small Business of the House of
10 Representatives, a report on the effectiveness of the
11 assistance made available under section 7(b)(6) of
12 the Small Business Act, as added by this subsection,
13 including—

14 (A) the number of small business concerns
15 that applied for a loan under that section
16 7(b)(6) and the number of those that received
17 such loans;

18 (B) the dollar value of those loans;

19 (C) the States in which the small business
20 concerns that received such loans are located;

21 (D) the type of energy that caused the sig-
22 nificant increase in the cost for the partici-
23 pating small business concerns; and

1 (E) recommendations for ways to improve
 2 the assistance provided under that section
 3 7(b)(6), if any.

4 (4) EFFECTIVE DATE.—The amendments made
 5 by this subsection shall apply during the 4-year pe-
 6 riod beginning on the earlier of the date on which
 7 guidelines are published by the Administrator under
 8 subsection (c)(1), or 30 days after the date of enact-
 9 ment of this Act, with respect to assistance under
 10 section 7(b)(6) of the Small Business Act, as added
 11 by this subsection.

12 (b) FARM ENERGY EMERGENCY RELIEF.—

13 (1) IN GENERAL.—Section 321(a) of the Con-
 14 solidated Farm and Rural Development Act (7
 15 U.S.C. 1961(a)) is amended—

16 (A) in the first sentence—

17 (i) by striking “operations have” and
 18 inserting “operations (i) have”; and

19 (ii) by inserting before “: *Provided*,”
 20 the following: “, or (ii)(I) are owned or op-
 21 erated by such an applicant that is also a
 22 small business concern (as defined in sec-
 23 tion 3 of the Small Business Act (15
 24 U.S.C. 632)), and (II) have suffered or are
 25 likely to suffer substantial economic injury

on or after August 24, 2005, as the result of a significant increase in energy costs or input costs from energy sources occurring on or after August 24, 2005, in connection with an energy emergency declared by the President or the Secretary”;

(B) in the third sentence, by inserting before the period at the end the following: “or by an energy emergency declared by the President or the Secretary”; and

(C) in the fourth sentence—

(i) by inserting “or energy emergency” after “natural disaster” each place that term appears; and

(ii) by inserting “or declaration” after “emergency designation”.

(2) FUNDING.—Funds available on the date of enactment of this Act for emergency loans under subtitle C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961 et seq.) shall be available to carry out the amendments made by paragraph (1) to meet the needs resulting from natural disasters.

(3) REPORT.—Not later than 12 months after the date on which the Secretary of Agriculture

1 issues guidelines under subsection (c)(1), and annu-
2 ally thereafter, the Secretary shall submit to the
3 Committee on Small Business and Entrepreneurship
4 and the Committee on Agriculture, Nutrition, and
5 Forestry of the Senate and to the Committee on
6 Small Business and the Committee on Agriculture of
7 the House of Representatives, a report that—

8 (A) describes the effectiveness of the as-
9 sistance made available under section 321(a) of
10 the Consolidated Farm and Rural Development
11 Act (7 U.S.C. 1961(a)), as amended by this
12 section; and

13 (B) contains recommendations for ways to
14 improve the assistance provided under such sec-
15 tion 321(a).

16 (4) EFFECTIVE DATE.—The amendments made
17 by this subsection shall apply during the 4-year pe-
18 riod beginning on the earlier of the date on which
19 guidelines are published by the Secretary of Agri-
20 culture under subsection (c)(1), or 30 days after the
21 date of enactment of this Act, with respect to assist-
22 ance under section 321(a) of the Consolidated Farm
23 and Rural Development Act (7 U.S.C. 1961(a)), as
24 amended by this subsection.

25 (c) GUIDELINES AND RULEMAKING.—

1 (1) GUIDELINES.—Not later than 30 days after
 2 the date of enactment of this Act, the Administrator
 3 and the Secretary of Agriculture shall each issue
 4 guidelines to carry out subsections (a) and (b), re-
 5 spectively, and the amendments made thereby, which
 6 guidelines shall become effective on the date of their
 7 issuance.

8 (2) RULEMAKING.—Not later than 30 days
 9 after the date of enactment of this Act, the Adminis-
 10 trator, after consultation with the Secretary of En-
 11 ergy, shall promulgate regulations specifying the
 12 method for determining a significant increase in the
 13 price of kerosene under section 7(b)(6)(A)(iii)(II) of
 14 the Small Business Act, as added by this Act.

15 **SEC. 5. SUPPLEMENTAL EMERGENCY LOANS.**

16 (a) IN GENERAL.—Section 7(a) of the Small Busi-
 17 ness Act (15 U.S.C. 636(a)) is amended by adding at the
 18 end the following:

19 “(32) SUPPLEMENTAL EMERGENCY LOANS
 20 AFTER HURRICANE KATRINA AND HURRICANE
 21 RITA.—

22 “(A) LOAN AUTHORITY.—In addition to
 23 any other loan authorized by this subsection,
 24 the Administrator shall make such loans under
 25 this subsection (either directly or in cooperation

1 with banks or other lending institutions through
 2 agreements to participate on an immediate or
 3 deferred basis) as the Administrator determines
 4 appropriate to a small business concern, located
 5 anywhere in the United States, that is directly
 6 adversely affected by Hurricane Katrina or
 7 Hurricane Rita, based on such criteria as the
 8 Administrator may set by rule, regulation, or
 9 order, subject to subparagraph (B).

10 “(B) OVERSIGHT PROTECTIONS.—In mak-
 11 ing any loan under subparagraph (A)—

12 “(i) the borrower shall be made aware
 13 that such loans are for those directly ad-
 14 versely affected by Hurricane Katrina or
 15 Hurricane Rita, as the case may be; and

16 “(ii) if such loans are made in co-
 17 operation with a bank or other lending in-
 18 stitution—

19 “(I) lenders shall document for
 20 the Administrator how the borrower
 21 was directly adversely affected by
 22 Hurricane Katrina or Hurricane Rita;

23 “(II) not later than 6 months
 24 after the date of enactment of this
 25 paragraph, and every 6 months there-

1 after until the date that is 18 months
2 after the date of enactment of this
3 paragraph, the Inspector General of
4 the Administration shall make a re-
5 port regarding such loans to the Com-
6 mittee on Small Business and Entre-
7 preneurship of the Senate and the
8 Committee on Small Business of the
9 House of Representatives, including
10 verification that the program is being
11 administered appropriately and that
12 such loans are being used for pur-
13 poses authorized by this paragraph;
14 and

15 “(III) not later than 12 months
16 after the date on which the final re-
17 port submitted by the Inspector Gen-
18 eral under subclause (II), the Comp-
19 troller General of the United States
20 shall conduct a review of the adminis-
21 tration of the supplemental emergency
22 loan program authorized under this
23 paragraph and submit a report to the
24 Committee on Small Business and
25 Entrepreneurship of the Senate and

1 the Committee on Small Business of
2 the House of Representatives con-
3 taining the findings of the review and
4 any recommendations.

5 “(C) FEES.—

6 “(i) IN GENERAL.—Notwithstanding
7 any other provision of law, the Adminis-
8 trator shall, in lieu of the fee established
9 under paragraph (23)(A), collect an annual
10 fee of 0.25 percent of the outstanding bal-
11 ance of deferred participation loans made
12 under this subsection to a small business
13 concern, located anywhere in the United
14 States, directly adversely affected by Hur-
15 ricane Katrina or Hurricane Rita for a pe-
16 riod of 1 year after the date of enactment
17 of this paragraph.

18 “(ii) GUARANTEE FEES.—Notwith-
19 standing any other provision of law, the
20 guarantee fee under paragraph (18)(A) for
21 a period of 1 year after the date of enact-
22 ment of this subparagraph shall be as fol-
23 lows:

24 “(I) A guarantee fee equal to 1
25 percent of the deferred participation

1 share of a total loan amount that is
 2 not more than \$150,000.

3 “(II) A guarantee fee equal to
 4 2.5 percent of the deferred participa-
 5 tion share of a total loan amount that
 6 is more than \$150,000, but not more
 7 than \$700,000.

8 “(III) A guarantee fee equal to
 9 3.5 percent of the deferred participa-
 10 tion share of a total loan amount that
 11 is more than \$700,000.”.

12 (b) AUTHORIZATION OF APPROPRIATIONS.—There is
 13 authorized to be appropriated \$75,000,000 to carry out
 14 section 7(a)(32) of the Small Business Act, as added by
 15 this section.

16 **SEC. 6. DEVELOPMENT COMPANY DEBENTURES.**

17 (a) AUTHORITY.—Section 503 of the Small Business
 18 Investment Act of 1958 (15 U.S.C. 697) is amended by
 19 adding at the end the following:

20 “(j) DEBENTURES AFTER HURRICANE KATRINA AND
 21 HURRICANE RITA.—

22 “(1) AUTHORITY.—

23 “(A) IN GENERAL.—In addition to any
 24 other guarantee authorized by this section, the
 25 Administrator may guarantee the timely pay-

1 ment of all principal and interest as scheduled
2 on any debenture issued to a qualified borrower.

3 “(B) TERMS.—The Administrator shall es-
4 tablish a fee for a guarantee issued under sub-
5 paragraph (A) that is lower than that for other
6 guarantees under this section.

7 “(2) EXISTING GUARANTEES.—

8 “(A) IN GENERAL.—Notwithstanding any
9 other provision of law, the Administrator may
10 temporarily defer payments of principal and in-
11 terest on a guarantee made under this section
12 before the date of enactment of this subsection
13 to a qualified borrower located in a Disaster
14 Area, in any case in which the payments are
15 owed to the Administration.

16 “(B) PAYMENTS TO OTHER PARTIES.—
17 Notwithstanding any other provision of law, the
18 Administrator may temporarily make payments
19 of principal and interest on a loan made under
20 this section before the date of enactment of this
21 subsection to a qualified borrower located in a
22 Disaster Area, in any case in which the pay-
23 ments are owed to a person other than the Ad-
24 ministration.

1 “(C) TERMINATION OF AUTHORITY.—The
2 authority to defer, or make, payments under
3 this paragraph shall terminate 1 year after the
4 date of enactment of this subsection.

5 “(3) DEFINITIONS.—In this subsection, the fol-
6 lowing definitions shall apply:

7 “(A) DISASTER AREA.—The term ‘Disaster
8 Area’ means an area which the President has
9 designated as a disaster area as a result of
10 Hurricane Katrina of August 2005 or Hurri-
11 cane Rita of September 2005.

12 “(B) QUALIFIED BORROWER.—The term
13 ‘qualified borrower’ means a small business con-
14 cern located anywhere in the United States that
15 has been directly adversely affected by Hurri-
16 cane Katrina or Hurricane Rita, based on such
17 criteria as the Administrator may set by rule,
18 regulation, or order.”.

19 (b) AUTHORIZATION OF APPROPRIATIONS.—There is
20 authorized to be appropriated \$75,000,000 to carry out
21 section 503(j) of the Small Business Investment Act of
22 1958, as added by this section.

1 **SEC. 7. SMALL BUSINESS EMERGENCY RELIEF.**

2 (a) BUSINESS LOAN PROGRAMS.—Section
3 20(e)(1)(B) of the Small Business Act (15 U.S.C. 631
4 note) is amended—

5 (1) in the matter preceding clause (i), by strik-
6 ing “\$25,050,000,000” and inserting
7 “\$40,050,000,000”;

8 (2) in clause (i), by striking “\$17,000,000,000”
9 and inserting “\$27,000,000,000”; and

10 (3) in clause (ii), by striking “\$7,500,000,000”
11 and inserting “\$12,500,000,000”.

12 (b) GRANTS TO STATES DAMAGED BY HURRICANE
13 KATRINA OR HURRICANE RITA.—

14 (1) IN GENERAL.—There is authorized to be
15 appropriated to the Secretary of Commerce
16 \$450,000,000 for the Economic Development Ad-
17 ministration of the Department of Commerce to
18 make grants to the appropriate State government
19 agencies in Louisiana, Alabama, Mississippi, Texas,
20 and Florida, to carry out this subsection.

21 (2) DISBURSEMENT OF FUNDS.—The Depart-
22 ment of Commerce shall disburse the funds author-
23 ized under paragraph (1) in the most expeditious
24 manner possible to the designated States, based
25 on—

1 (A) the number of businesses directly dam-
2 aged or disrupted by Hurricane Katrina or
3 Hurricane Rita in the State;

4 (B) the number of residents displaced from
5 the State by Hurricane Katrina or Hurricane
6 Rita;

7 (C) the number of jobs lost or disrupted by
8 Hurricane Katrina or Hurricane Rita in the
9 State;

10 (D) the extent of economic disruption by
11 Hurricane Katrina or Hurricane Rita in the
12 State; and

13 (E) the number of evacuees from any other
14 State due to Hurricane Katrina or Hurricane
15 Rita to whom the designated State is providing
16 assistance.

17 (3) USE OF FUNDS.—

18 (A) IN GENERAL.—Grants awarded to a
19 State under paragraph (1) shall be used by the
20 State to provide bridge grants and loans, which
21 may be made to any person located in a Dis-
22 aster Area who was directly adversely affected
23 by Hurricane Katrina or Hurricane Rita, to as-
24 sist such person in covering costs until the per-

son is able to obtain loans through Administration assistance programs or other sources.

(B) REIMBURSEMENT.—A State may use a grant awarded under paragraph (1) as reimbursement for any State funds used to provide bridge grants or loans to any person located in a Disaster Area who was directly adversely affected by Hurricane Katrina or Hurricane Rita before the date on which the funds authorized under paragraph (1) are disbursed.

(C) CRITERIA.—Notwithstanding any other provision of law, in making bridge grants and loans under subparagraph (A), the State may use such criteria as the State determines appropriate, and shall not be required to apply eligibility criteria for programs administered by the Department of Commerce.

(D) TERMS.—For any loan made by a State under subparagraph (A)—

(i) such a loan may initially be a noncollateralized, low-interest loan;

(ii) payments and interest on such a loan may be deferred for at least 1 year after the date on which the loan is made;

1 (iii) the balance remaining on such a
 2 loan 5 years after the date on which the
 3 loan is made may be forgiven entirely by
 4 the State, if the borrower has continued to
 5 operate during that 5-year period in a Dis-
 6 aster Area; and

7 (iv) such a loan may be forgiven by
 8 the State, under such terms as it may set,
 9 if the borrower cannot repay such loan.

10 (E) ADMINISTRATIVE EXPENSES.—The
 11 Department of Commerce may use not more
 12 than \$1,000,000 of the funds authorized under
 13 paragraph (1) to administer the provision of
 14 grants to the designated States under this sub-
 15 section.

16 **SEC. 8. BUSINESS COUNSELING.**

17 In addition to any other amounts authorized for any
 18 fiscal year, there are authorized to be appropriated to the
 19 Administration, to remain available until expended, for fis-
 20 cal year 2006—

21 (1) \$21,000,000, to be used for activities of
 22 small business development centers pursuant to sec-
 23 tion 21 of the Small Business Act, not less than
 24 \$15,000,000 of which shall be non-matching funds

1 and used to aid and assist small business concerns
2 affected by Hurricane Katrina or Hurricane Rita;

3 (2) \$2,000,000, to be used for the SCORE pro-
4 gram authorized by section 8(b)(1) of the Small
5 Business Act, for the activities described in section
6 8(b)(1)(B)(ii) of that Act, not less than \$1,000,000
7 of which shall be used to aid and assist small busi-
8 ness concerns affected by Hurricane Katrina or
9 Hurricane Rita;

10 (3) \$4,500,000, to be used for activities of
11 women's business centers authorized by section
12 29(b) of the Small Business Act and for recipients
13 of a grant under section 29(l) of that Act, not less
14 than \$2,500,000 of which shall be non-matching
15 funds used to aid and assist small business concerns
16 affected by Hurricane Katrina or Hurricane Rita,
17 which may also be made available to a women's busi-
18 ness center whose 5-year project ended in fiscal year
19 2004;

20 (4) \$1,250,000, to be used for activities of the
21 office of veteran's business development pursuant to
22 section 32 of the Small Business Act, not less than
23 \$750,000 of which shall be used to aid and assist
24 small business concerns affected by Hurricane
25 Katrina or Hurricane Rita; and

1 (5) \$5,000,000, to be used for activities of the
 2 microloan program authorized by clauses (ii) and
 3 (iii) of section 7(m)(1)(G) of the Small Business Act
 4 to aid and assist small business concerns adversely
 5 affected by Hurricane Katrina or Hurricane Rita.

6 **SEC. 9. SMALL BUSINESS DEVELOPMENT CENTERS.**

7 (a) WAIVER OF MAXIMUM AMOUNT.—Section
 8 21(a)(4) of the Small Business Act (15 U.S.C. 648(a)(4))
 9 is amended by adding at the end the following:

10 “(D) FISCAL YEARS 2005 AND 2006.—For fiscal
 11 years 2005 and 2006, the Administrator has the au-
 12 thority to waive the maximum amount of \$100,000
 13 for grants under subparagraph (C)(viii), and such
 14 grants shall be made available for small business de-
 15 velopment centers assisting small business concerns
 16 adversely affected by Hurricane Katrina or Hurri-
 17 cane Rita.”.

18 (b) ASSISTANCE AFTER HURRICANE KATRINA AND
 19 HURRICANE RITA.—Section 21(b) of the Small Business
 20 Act (15 U.S.C. 648(b)) is amended by adding at the end
 21 the following:

22 “(4) ASSISTANCE AFTER HURRICANE KATRINA AND
 23 HURRICANE RITA.—

24 “(A) IN GENERAL.—The Administration shall
 25 authorize any small business development center, re-

1 regardless of location, to provide advice, information,
 2 and assistance, as described in subsection (c), to a
 3 small business concern located in an area which the
 4 President has designated as a disaster area as a re-
 5 sult of Hurricane Katrina of August 2005 or Hurri-
 6 cane Rita of September 2005.

7 “(B) CONTINUITY OF SERVICES.—A small busi-
 8 ness development center that provides counselors to
 9 an area described in subparagraph (A) shall, to the
 10 maximum extent practicable, ensure continuity of
 11 services in the State it currently serves.”.

12 **SEC. 10. HUBZONES.**

13 Section 3(p)(1) of the Small Business Act (15 U.S.C.
 14 632(p)(1)) is amended—

15 (1) in subparagraph (D), by striking “or”;

16 (2) in subparagraph (E), by striking the period
 17 at the end and inserting “; or”; and

18 (3) by adding at the end the following:

19 “(F) an area which the President has des-
 20 ignated as a disaster area as a result of Hurri-
 21 cane Katrina of August 2005 or Hurricane Rita
 22 of September 2005.”.

23 **SEC. 11. OUTREACH PROGRAMS.**

24 (a) IN GENERAL.—Not later than 90 days after the
 25 date of enactment of this Act, the Administrator shall es-

1 tablish a contracting outreach and technical assistance
 2 program for small business concerns which have had a pri-
 3 mary place of business in, or other significant presence
 4 in a Disaster Area at any time following the 60 days prior
 5 to the designation of such area by the Administrator.

6 (b) ADMINISTRATOR ACTION.—The Administrator
 7 may fulfill the requirement of subsection (a) by acting
 8 through—

9 (1) the Administration;

10 (2) the Federal agency small business officials
 11 designated under section 15(k)(1) of the Small Busi-
 12 ness Act (15 U.S.C. 644(k)(1)); or

13 (3) any Federal, State, or local government en-
 14 tity, higher education institution, or private non-
 15 profit organization that the Administrator may deem
 16 appropriate, upon conclusion of a memorandum of
 17 understanding or assistance agreement, as appro-
 18 priate, with the Administrator.

19 **SEC. 12. SMALL BUSINESS BONDING THRESHOLD.**

20 Notwithstanding any other provision of law, for all
 21 procurements related to Hurricane Katrina or Hurricane
 22 Rita, the Administrator may, upon such terms and condi-
 23 tions as it may prescribe, guarantee and enter into com-
 24 mitments to guarantee any surety against loss resulting
 25 from a breach of the terms of a bid bond, payment bond,

1 performance bond, or bonds ancillary thereto, by a prin-
 2 cipal on any total work order or contract amount at the
 3 time of bond execution that does not exceed \$5,000,000,
 4 except that the Administrator may increase such amount
 5 to \$10,000,000, at the discretion of the Administrator.

6 **SEC. 13. SMALL BUSINESS PARTICIPATION.**

7 In order to facilitate the maximum practicable par-
 8 ticipation of small business concerns in activities related
 9 to relief and recovery from Hurricane Katrina and Hurri-
 10 cane Rita, the Administrator and the head of any Federal
 11 agency making procurements related to the aftermath of
 12 Hurricane Katrina or Hurricane Rita, shall set a goal, to
 13 be met within a reasonable time, of awarding to small
 14 business concerns not less than 30 percent of amounts ex-
 15 pended for prime contracts and not less than 40 percent
 16 of amounts expended for subcontracts on procurements by
 17 such agency related to the aftermath of Hurricane Katrina
 18 or Hurricane Rita, respectively.

19 **SEC. 14. MICROPURCHASES.**

20 (a) IN GENERAL.—Section 101 of the Second Emer-
 21 gency Supplemental Appropriations Act to Meet Imme-
 22 diate Needs Arising From the Consequences of Hurricane
 23 Katrina, 2005 (Public Law 109–62; 119 Stat. 1990) is
 24 repealed.

1 (b) AUTHORITY.—The authority provided in sub-
2 section 32A of the Office of Federal Procurement Policy
3 Act (41 U.S.C. 428a) may be used with respect to any
4 procurement for property or services determined by the
5 head of an Executive agency to be necessary for support
6 of Hurricane Katrina or Hurricane Rita rescue and relief
7 operations.

8 (c) EXPIRATION.—The authority provided by sub-
9 section (b) shall expire on the date that is 180 days after
10 the date of enactment of this Act.

11 **SEC. 15. LOAN DEFAULTS.**

12 Notwithstanding any other provision of law, no loan
13 made before August 24, 2005, under subsection (a) or (m)
14 of section 7 of the Small Business Act or title III or sec-
15 tion 503 of the Small Business Investment Act of 1958
16 for which the borrower goes into default because of Hurri-
17 cane Katrina or Hurricane Rita shall be considered a cost,
18 as that term is defined in section 502 of the Federal Cred-
19 it Reform Act of 1990, to the Administration for purposes
20 of calculating the subsidy rate for loans under subsection
21 (a) or (m) of section 7 of the Small Business Act or title
22 III or section 503 of the Small Business Investment Act
23 of 1958, respectively.

1 **SEC. 16. BUDGETARY TREATMENT OF LOANS AND**
2 **FINANCINGS.**

3 (a) IN GENERAL.—Assistance made available under
4 any loan made or approved by the Administration under
5 this Act, subsections (a) or (b) of section 7 of the Small
6 Business Act (15 U.S.C. 636(a)), as amended by this Act,
7 or financings made under title V of the Small Business
8 Investment Act of 1958 (15 U.S.C. 695 et seq.), as
9 amended by this Act, on and after the date of enactment
10 of this Act, shall be treated as separate programs of the
11 Administration for purposes of the Federal Credit Reform
12 Act of 1990 only.

13 (b) USE OF FUNDS.—Assistance under this Act and
14 the amendments made by this Act shall be available only
15 to the extent that funds are made available under appro-
16 priations Acts, which funds shall be utilized to offset the
17 cost (as such term is defined in section 502 of the Federal
18 Credit Reform Act of 1990) of such assistance.

19 **SEC. 17. EMERGENCY PROCUREMENT AUTHORITY.**

20 (a) SMALL BUSINESS RESERVATION OFFSET.—Sec-
21 tion 15(j) of the Small Business Act (15 U.S.C. 644(j))
22 is amended by adding at the end the following:

23 “(4) For any contracts involving the use of the spe-
24 cial emergency procurement authority under section
25 32A(c) of the Office of Federal Procurement Policy Act
26 (41 U.S.C. 428a(c)), the dollar ceiling of the small busi-

1 ness reservation established in paragraph (1) shall be ad-
 2 justed to match the applicable amount of the simplified
 3 acquisition threshold.”.

4 (b) RETENTION OF SMALL BUSINESS SUBCON-
 5 TRACTING.—Section 8(d)(4)(D) of the Small Business Act
 6 (15 U.S.C. 637(d)(4)(D)) is amended—

7 (1) by striking “(D) No contract” and inserting
 8 the following:

9 “(D) SMALL BUSINESS PARTICIPATION.—

10 “(i) IN GENERAL.—No contract”; and

11 (2) by adding at the end the following:

12 “(ii) EMERGENCY PROCUREMENTS.—

13 “(I) IN GENERAL.—For any contract
 14 which otherwise meets the requirements of
 15 this subsection, and which involves the use
 16 of special emergency procurement author-
 17 ity under section 32A(c) of the Office of
 18 Federal Procurement Policy Act (41
 19 U.S.C. 428a(c)), the subcontracting plan
 20 required under this subsection shall be ne-
 21 gotiated as soon as is practicable, but not
 22 later than 30 days after the date on which
 23 the contract is awarded.

24 “(II) PAYMENT.—Not greater than
 25 50 percent of the amounts due under any

1 contract described in subclause (I) may be
2 paid, unless a subcontracting plan compli-
3 ant with this subsection is negotiated by
4 the contractor.”.

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