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SENATE

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DISASTER ASSISTANCE FOR RURAL COMMUNITIES ACT

MAY 3, 2022.—Ordered to be printed

Mr. CARDIN, from the Committee on Small Business and Entrepreneurship, submitted the following

R E P O R T

[To accompany S. 1617]

The Committee on Small Business and Entrepreneurship, to which was referred the bill (S. 1617) to modify the requirements for the Administrator of the Small Business Administration relating to declaring a disaster in a rural area, and for other purposes, reports favorably thereon, with an amendment in the nature of a substitute, and recommends that the bill, as amended, do pass.

I. INTRODUCTION

A bill to authorize the SBA to declare a disaster in rural areas where significant damage has been incurred to provide disaster assistance was introduced by Senators Jim Risch, Jeanne Shaheen, Maggie Hassan, John Kennedy, and Mike Braun on May 13, 2021.

This bill allows the Administrator to declare a disaster in a rural area for which a major disaster was declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, and for which individual assistance was not authorized, if the Governor of the State or the Chief Executive of the Indian tribal government in which the rural area is located requests such a declaration; and any home, small business concern, private nonprofit organization, or small agricultural cooperative has incurred significant damage in the rural area.

The bill requires SBA to issue annual reports, including the number of requests for assistance under this Act, and any changes to regulations that affect rural disaster assistance. This bill requires regulations to be promulgated within 120 days to carry out the Act. The bill also mandates GAO issue a report within 1 year of enactment detailing any unique circumstances rural commu-

nities may face in obtaining SBA disaster assistance, and provide legislative recommendations to improve such access.

During the markup of the bill, the Risch substitute amendment to the bill was approved by a voice vote as part of a manager's package. The Risch substitute amendment changes the definition of rural area to mean any county or other political subdivision of a State, the District of Columbia, or a territory or possession of the United States that is designated as a rural area by the Bureau of the Census. The amendment also allows the Chief Executive of the Indian tribal government in which the rural area is located to request a disaster declaration from SBA. Lastly, the amendment clarifies that an SBA disaster declaration made pursuant to the bill would be triggered only under situations when the President declares a Public Assistance-only declaration. The bill, as amended, was also approved by a voice vote as part of a manager's package.

II. HISTORY (PURPOSE & NEED FOR LEGISLATION)

The SBA disaster loan program is designed to help homeowners and small business recover from natural disasters. In order for homeowners and small businesses to access funding under the program, the SBA must issue a disaster declaration. Applicants are limited to entities located in the geographic areas designated in such declaration. Presidentially-declared natural disasters authorize FEMA to provide individual and public assistance, while SBA issues its own declarations to determine eligibility for disaster loans. SBA is precluded from issuing a disaster declaration unless a base level of businesses or homes are certified by local authorities as having been impacted by the natural disaster. This can lead to situations in which natural disasters can significantly impact a large percentage of a small rural community but, due to sparse populations, still fail to reach the current threshold of impacted homes and businesses necessary to be eligible for a SBA disaster declaration.

III. HEARINGS & ROUNDTABLES

The Committee held a hearing in the 116th Congress entitled "Examining SBA's Office of Disaster Assistance and the Response to Recent Catastrophic Floods." During the hearing Lisa Shimkat, State Director of the Iowa Small Business Development Center in Ames, Iowa, described the challenges of responding to disasters in rural areas, particularly when damage occurs over a widespread area. Several committee members drew attention to the unique challenges rural areas face when disasters strike. Both Ms. Shimkat and witness Robin Barnes of the Greater New Orleans organization both testified that SBA must ensure post-natural disaster resources are available to disaster victims in need.

IV. DESCRIPTION OF BILL

This bill amends section 7(b) of the Small Business Act by adding a new paragraph 16 regarding disaster declarations in rural areas. The new paragraph includes definitions for "rural areas" and "significant damage" which are necessary for the Administrator to determine how to declare a disaster under the paragraph. The new provision creates a new authority under which the Administrator

may declare a disaster in a rural area for which a major disaster was declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, and for which individual assistance was not authorized, if the Governor of the State or the Chief Executive of the Indian tribal government in which the rural area is located requests such a declaration; and any home, small business concern, private nonprofit organization, or small agricultural cooperative has incurred significant damage in the rural area. The SBA declaration authorized under paragraph 16 of section 7(b) may not be applied to contiguous counties. By declaring a disaster under this paragraph, the Administrator would then be authorized to make physical loans (section 7(b)(1)) and economic injury disaster loans (section 7(b)(2)).

The new paragraph 16, as added by this Act, requires SBA to issue annual reports, including the number of requests for assistance under this Act, and any changes to regulations that affect rural disaster assistance. Finally, the bill mandates a one-time GAO report within 1 year of enactment detailing any unique circumstances facing rural communities may face obtaining SBA disaster assistance, and provide legislative recommendations to improve such access.

V. COMMITTEE VOTE

In compliance with rule XXVI (7)(b) of the Standing Rules of the Senate, the following vote was recorded on February 15, 2022.

A motion to adopt S. 1617, a bill to authorize the Small Business Administration (SBA) to declare a disaster in rural areas where significant damage has been incurred, as amended by the Risch substitute amendment, was agreed to by a majority voice vote of a quorum present as part of a manager's package.

VI. COST ESTIMATE

The Committee has not yet received the Congressional Budget Office's estimate of the cost of S. 1617 as ordered reported. When the Congressional Budget Office completes its cost estimate, it will be posted on the Internet at www.cbo.gov.

VII. EVALUATION OF REGULATORY IMPACT

In compliance with rule XXVI (11)(b) of the Standing Rules of the Senate, it is the opinion of the Committee that no significant additional regulatory impact will be incurred in carrying out the provisions of this legislation.

VIII. SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section designates the act as the "Disaster Assistance for Rural Communities Act".

Sec. 2. Disaster declaration in rural areas

This section defines terms, and creates new authority for the SBA Administrator to declare disasters in rural areas where significant damage has been incurred. The section outlines the necessary requirements to make a rural disaster declaration under

this Act, and requires SBA to report to Congress annually regarding activities undertaken under the provisions of this Act.

This section requires regulations to be promulgated within 120 days to carry out the Act and mandates GAO issue a report within 1 year of enactment detailing any unique circumstances facing rural communities may face obtaining SBA disaster assistance, and provide legislative recommendations to improve such access.