

JOHN F. KERRY, MASSACHUSETTS, CHAIRMAN
OLYMPIA J. SNOWE, MAINE, RANKING MEMBER

CARL LEVIN, MICHIGAN
TOM HARKIN, IOWA
JOSEPH I. LIEBERMAN, CONNECTICUT
MARY LANDRIEU, LOUISIANA
MARIA CANTWELL, WASHINGTON
EVAN BAYH, INDIANA
MARK PRYOR, ARKANSAS
BENJAMIN L. CARDIN, MARYLAND
JON TESTER, MONTANA

CHRISTOPHER S. BOND, MISSOURI
NORM COLEMAN, MINNESOTA
DAVID VITTER, LOUISIANA
ELIZABETH DOLE, NORTH CAROLINA
JOHN THUNE, SOUTH DAKOTA
BOB CORKER, TENNESSEE
MICHAEL ENZI, WYOMING
JOHNNY ISAKSON, GEORGIA

NAOMI BAUM, DEMOCRATIC STAFF DIRECTOR
WALLACE HSUEH, REPUBLICAN STAFF DIRECTOR

United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510-6350

March 2, 2007

The Honorable Robert C. Byrd
Chairman
U.S. Senate Appropriations Committee
The Capitol, S-131
Washington, D.C.20510

The Honorable Thad Cochran
Ranking Member
U.S. Senate Appropriations Committee
The Capitol, S-131
Washington, D.C.20510

Dear Chairman Byrd and Ranking Member Cochran:

As you prepare the Senate's Fiscal Year 2008 Emergency Supplemental Appropriations Bill, we request that you consider including \$75 million to support the Small Business Administration's (SBA's) Economic Injury Disaster Loans for the Katrina and Rita disaster areas in Mississippi, Alabama, Louisiana and Texas. Additionally, we ask that you include language designating these disaster areas as Historically Underutilized Business Zones (HUBZones) for up to three additional years.

It has been 18 months since Hurricane Katrina devastated New Orleans and the Gulf Coast region, and approximately 16 months since Hurricane Rita wreaked havoc across Southwest Louisiana and Southeast Texas. In that time, Gulf Coast residents and businesses have made significant progress on their road to recovery, but many obstacles to full recovery still remain.

The needs of the Gulf Coast region include two basic priorities for local small businesses: (1) access to additional capital to help mitigate the ongoing economic impact of the storms; and (2) assistance in accessing Federal recovery contracts. These needs have been well-documented by the numerous hearings held by the Committee during the 109th Congress on Gulf Coast recovery. The Committee continues to work tirelessly, with Senator's Landrieu and Vitter to provide the tools necessary to rebuild the Gulf Coast business community.

Many businesses in the area have yet to reopen or are facing drastic decreases in revenue due to the lack of tourism to the Gulf Coast. For example, as of February 28, 2007, only 370 businesses have re-opened in St. Bernard Parish, Louisiana, which is far below the total of 1,400 businesses that existed pre-Hurricane Katrina.

In order to help profitable businesses who are still struggling with the ongoing economic slowdown from Hurricanes Katrina and Rita, we request an additional \$75 million for administrative expenses and loan subsidy for the SBA Economic Injury Disaster Loans.

Additionally, local small businesses in the region are still struggling to access Federal contracts to assist in recovery efforts. Initially, many of these Federal contracts went to out-of-state businesses while local businesses had to settle for subcontracting roles on these projects. After 18 months, it is disconcerting that local small businesses are still not receiving their fair share of these prime contracts.

As you may be aware, the HUBZone Empowerment Contracting Program stimulates economic development and creates jobs in urban and rural communities by providing Federal contracting preferences to small businesses. These preferences go to small businesses that obtain HUBZone certification in part by employing staff who live in a HUBZone.

By extending the HUBZone status, businesses located in the region would receive a special preference when bidding on Federal contracts. To ensure that this designation is strictly for the purpose of recovery, we recommend that the extension be for a two-year period beginning on either the later date of the enactment of the bill or August 29, 2007. The SBA Administrator has the discretion to extend the designation for up to three years.


Finally, the SBA originally requested \$140 million transfer authority from carryover in the disaster loan subsidy account for disaster administration for FY 2007. The Committee recommends that you provide transfer authority of the remaining \$26 million from disaster loan subsidy to disaster administration in the Emergency Supplemental Appropriations Bill. This amount is projected to cover the ongoing costs of higher than normal personnel and other administrative costs associated with delayed rebuilding in the Gulf Coast region.

To assist you, we have also enclosed draft language for the economic injury loans as well as for the HUBZone extension. We thank you in advance for your consideration of this request. Please contact Brian Rice (with Senator Kerry) at 224-5175 or Jackie Ferko (with Senator Snowe) at 224-7884) should you have any questions regarding these requests.

Sincerely,



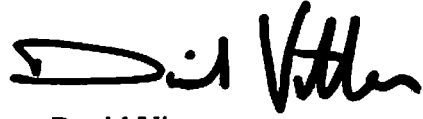
John F. Kerry
Chairman



Olympia Snowe
Ranking Member



Mary L. Landrieu



David Vitter