

United States Senate

WASHINGTON, DC 20510

October 25, 2005

The Honorable Richard Shelby
Chairman
Subcommittee on Commerce, Justice,
Science and Related Agencies
S146-A The Capitol
Washington, DC 20510

The Honorable Barbara Mikulski
Ranking Member
Subcommittee on Commerce, Justice,
Science and Related Agencies
144 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Shelby and Senator Mikulski:

During the consideration of the FY 2006 Commerce, Justice, Science and Related Agencies Appropriations bill, the Senate voted 96 - 0 to adopt an amendment to provide \$595 million in emergency relief to small businesses who have been adversely affected by Hurricane Katrina. In the aftermath of Hurricane Rita, we believe that small businesses in the Gulf will need up to \$720 million in relief. We are writing to urge that Senate Amendment 1717 be retained in the Conference Report.

As cosponsors of the original amendment, we are deeply concerned that if small business owners do not get the relief they sorely need to pay their employees, make repairs, and start rebuilding their businesses, the Gulf region may lose these businesses. It has been 57 days since Katrina and 31 since Rita and these businesses cannot wait for assistance much longer. The Senate Small Business Committee heard testimony recently that 43 percent of all businesses that close down after a disaster never reopen, and 29 percent close down permanently within two years. Given the size and scope of the Katrina and Rita disasters, the potential for losing more businesses is even greater.

The amendment authorizes \$400 million in funding for the affected states to help them provide immediate assistance to struggling businesses. The program will direct funds to states so that they may provide bridge loans and grants to businesses, as they begin to rebuild. We estimate that \$450 million for this program will be needed, following Hurricane Rita. The amendment will also provide deferred payments on existing small business loans, increase funding for disaster loans for affected small businesses, increase funding for SBA counseling, and set small business contracting goals for federal contracts in the damaged areas.

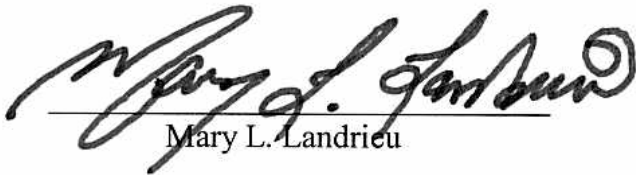
The Congress has provided the Department of Homeland Security (DHS) and the Federal Emergency Management Agency (FEMA) with \$62 billion in emergency Hurricane relief funds, none of which has so far been designated for small business assistance. The spending was designated as emergency spending, as was the funding provided for small business relief in S.A. 1717. We urge the conferees to retain this amendment or, should you have concerns funding it, to reprogram the money from unobligated funds for Katrina that have already been appropriated. According to the latest weekly report provided to us by DHS, \$42 billion of the \$62 billion appropriated remains unobligated. Redirecting \$720 million from unused funds of the \$62

billion for relief through the Small Business Administration would still leave more than a sufficient amount for the FEMA and the DHS to continue their relief efforts.

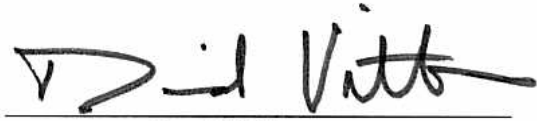
We thank you in advance for your consideration of this request and hope that you will respond by retaining this provision in the Conference Report. This amendment will give the SBA and the affected states the critical funding they need to assist small businesses struggling to recover from these devastating natural disasters.

If you have any questions or would like additional information on this amendment, please contact Kevin Avery in Senator Landrieu's office at (202) 224-0087.

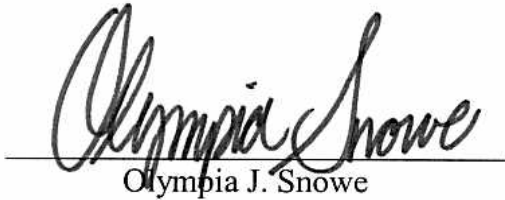
Sincerely,



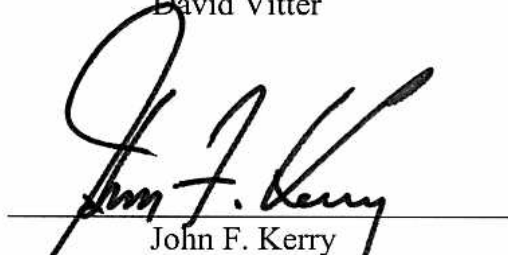
Mary L. Landrieu



David Vitter



Olympia J. Snowe



John F. Kerry



Jim Talent



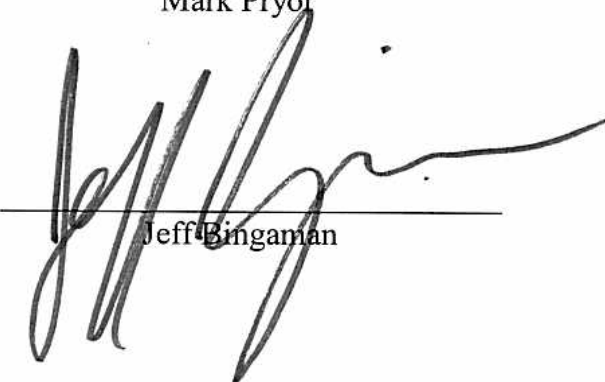
Barack Obama



Mark Pryor



Jon Corzine



Jeff Bingaman