

United States Senate

WASHINGTON, DC 20510

August 8, 2006

The Honorable Steven C. Preston
Administrator
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Dear Administrator Preston:

We are writing to follow up on a letter we sent to the Small Business Administration (SBA) in March urging the Agency to implement the Small Business Drought Relief Act. The law passed six months ago and the final rules were supposed to be promulgated by February 20. We understand that you were not the Administrator at that time, and that you may not be aware that the Agency has missed this deadline, so we want to bring it to your attention and respectfully request that the SBA comply immediately.

As you probably know, this issue is time-sensitive. Throughout the country, drought is affecting hard-working American businesses, communities, and families. Recent news reports are informing us that a number of states are experiencing severe drought conditions unusually early in the summer. While the SBA continues to delay promulgating rules to effectively carry out the Small Business Drought Relief Act, small businesses nationwide are suffering without respite.

This legislation was passed so that all small businesses might have protection from the devastation of drought. The Small Business Drought Relief Act was included as an amendment to H.R. 1815, the "National Defense Authorization Act for Fiscal Year 2006," which was signed into law on January 6, 2006. This law requires the SBA to issue disaster loans to agriculture-dependent as well as non-agriculture-dependent small businesses suffering from drought. It also directs the agency to implement and publicize its final rules on compliance with this law within 45 days of enactment.

More than six months have passed since H.R. 1815 became law, and the SBA has yet to promulgate these final rules. Since H.R. 1815 was signed into law, the Secretary of Agriculture has declared almost 80 drought disasters spanning the country. While these declarations allow agriculturally dependent small businesses to access the much needed capital in order to remain open, the non-agriculturally dependent small businesses are looking to the SBA to follow through on its responsibility and comply with the law.

Historically, the SBA has treated non-agriculture drought victims differently, only making disaster loans to those small businesses whose income is tied to farming and

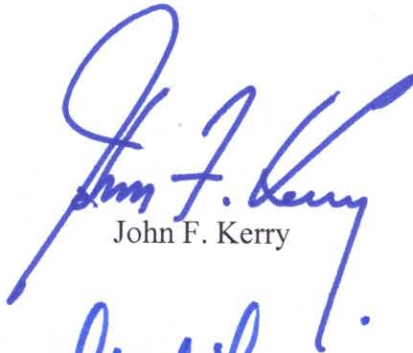
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agriculture. Unfortunately, drought does not make this distinction; it can have a devastating impact on all types of small businesses. The tourism and recreation industries, for example, also need these disaster loans to keep their businesses open until conditions improve, or until they can adjust their business practices.

On or before September 1, 2006, please submit a detailed description of how and when the SBA will implement and publicize this law.

Thank you in advance for your assistance in this matter. We look forward to your prompt response.

Sincerely,



John F. Kerry



Carl Levin



Harry Reid



Michael B. Enzi