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COMMITTEE ON ARMED SERVICES
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December 9, 2005

The Honorable Dennis Hastert
Speaker
U.S. House of Representatives
H-232 The Capitol
Washington, DC 20515

Dear Mr. Speaker:

I am writing to request your support for Sen. Thad Cochran's proposal to add \$18 billion to the Katrina reallocation package in order to provide urgently-needed relief to the residents of Mississippi, Louisiana, and Alabama.

As you know, President Bush has requested that \$17.1 billion in FEMA funds be reallocated to other federal agencies. The Administration estimates FEMA will not need the \$17.1 billion until after May. The reallocation would fund some urgent disaster-related expenses of the other agencies through May. The Administration intends to request additional supplemental disaster appropriations early next year.

Sen. Thad Cochran has proposed that \$18 billion be added to the reallocation package now rather than delaying those funds until next year. Cochran's request would add \$13 billion for Community Development Block Grants, \$4.5 billion for agricultural and forestry disaster assistance, and \$500 million for Social Services Block Grants.

The bulk of the CDBG funds would assist homeowners whose properties were not in the flood hazard areas according to FEMA flood maps, but were inundated by Katrina's unprecedented storm surge. This is the most urgent need in Mississippi.

FEMA has admitted that its flood maps underestimated the 100-year flood elevation by as much as eight feet. Insurance agents, mortgage lenders, and consumer advocates, relying on the FEMA floodplain maps, told homeowners they were not at risk of flooding and should not buy flood insurance. These property owners were not negligent. They purchased windstorm insurance coverage, boarded up their homes, and took other precautions to protect their homes from hurricane damage.

The Mississippi Coast endured six hours of severe hurricane-force winds before the wind-driven storm surge inundated places that had not flooded in recorded history.

Despite this prolonged exposure to Category 3 and Category 4 hurricane winds, insurance companies insist that relatively little damage was caused by wind.

The insurance industry is badly mistreating the people of the Gulf Coast and is doing so with help from state and federal government policies. The states allow homeowners insurance policies to exclude all damages caused by rising water, while the federal flood insurance program targets only flood-prone areas. This system is destined to fail whenever a catastrophic event, such as Katrina, inundates areas that normally are at low-risk of flooding. Insurance companies do not try to sell flood policies in those areas, but their adjusters are quick to attribute damages to water rather than wind. Despite the obvious conflict of interest, the government allows the insurance companies to adjust the claims and determine whether wind or water caused the damage.

For the past three months, Members of the House and Senate from Mississippi and Louisiana have urged Congress and the President to provide fair and reasonable assistance to homeowners who did not have flood insurance. We have been frustrated by the failure of the Bush Administration and the Republican leadership to recognize that the recovery of the Gulf Coast depends on the ability of the residents to rebuild their homes.

In September, I introduced H.R. 3922, which would permit the owners of properties outside the 100-year flood zone to enroll in the National Flood Insurance Program and file claims for hurricane damage. Providing assistance through NFIP would take advantage of insurance claims procedures and obligate the owners to the floodplain management reconstruction standards. To participate, the owners would pay the equivalent of 10 years of premiums plus a 5% penalty, and would agree to add a flood insurance mandate to the property deed. The buy-in payments would come from disaster appropriations, not from premiums paid by current policyholders. H.R. 3922 has 77 cosponsors. Sen. Trent Lott introduced a companion bill in the Senate.

A month later, Mississippi Governor Haley Barbour came to Washington to ask the President and Congress to amend the Stafford Act to allow FEMA to provide individual assistance up to \$150,000 to homeowners who did not have flood insurance because they were outside the flood hazard areas according to FEMA's maps.

In early November, Rep. Chip Pickering introduced a related bill, H.R. 4266, which would amend the Stafford Act to permit FEMA to award grants for 80 percent of the replacement costs, up to \$150,000, for homes located outside the 100-year flood zone that were damaged by the hurricane but were not covered by flood insurance. I am a cosponsor of the Pickering bill, as are several other Members from the Gulf Coast. No action has been taken on my bill, Pickering's bill, or the Governor's proposal.

Sen. Cochran has proposed a solution within the framework proposed by President Bush. The President included \$1.5 billion for CDBG in his reallocation request. Sen. Cochran is asking merely to increase that amount. Gov. Barbour has pledged that Mississippi's share of the increase would be allocated in a manner similar to

Rep. Pickering's bill, H.R. 4266, including some of the requirements in my proposal, H.R. 3922. I implore you to put your full support behind this bipartisan effort.

Currently, more than 68,500 South Mississippians, almost 10 percent of my constituents, live in FEMA-provided trailers. Another 20,000 of my constituents are still waiting for FEMA trailers three months after Katrina. Thousands more live with relatives or friends. Thousands of property owners face the prospect of bankruptcy or mortgage default when the moratorium on foreclosures expires. There is no more urgent need in America than help for homeowners in Mississippi and Louisiana.

Please do not insult the residents of the Gulf Coast by giving us a lecture about fiscal discipline. I drew the line on irresponsible fiscal policy long ago. I voted against the unfunded Medicare prescription drug bill and the Democratic alternative because they would obligate trillions of dollars that the federal government does not have. I voted against several recent tax bills because I hold the conservative view that when our nation is borrowing hundreds of billions of dollars to send Americans to war, those at home should contribute to the cause rather than receive special interest tax breaks.

For those who supported new unfunded Medicare obligations, tax breaks without offsets, and unprecedented increases in spending to now say that the line must be drawn at helping Mississippians and Louisianans recover from the worst natural disaster in our history is disgraceful. Congress has always responded to natural disasters with sufficient emergency funding to meet the need.

The assistance we request would have negligible effect on the current year deficit and no negative effect in the longer term. The \$18 billion that Sen. Cochran requests should be compared to the enormous cost of doing nothing. The baseline cost has not been established by CBO or any other agency, but I am certain that the targeted assistance we request would cost the government no more than the long-term assistance that would be paid to states, localities, businesses, and individuals if our residents and communities cannot rebuild. If the public infrastructure is not rebuilt, and the residents are not able to return to their homes, then there will be no economic recovery on the Gulf Coast no matter how many tax credits or no-bid contracts are handed out.

Please do all you can to support Sen. Cochran's request. If you need any additional information or need any assistance from me, please do not hesitate to ask.

Sincerely,


GENE TAYLOR
Member of Congress

GT:jbm

CC: The Honorable Nancy Pelosi
The Honorable Jerry Lewis
The Honorable David Obey
The Honorable Michael Oxley
The Honorable Barney Frank
The Honorable Thad Cochran
The Honorable Trent Lott
The Honorable Chip Pickering
The Honorable Bennie Thompson
The Honorable Roger Wicker
The Honorable Charlie Melancon
The Honorable William Jefferson
The Honorable Bobby Jindal
The Honorable Rodney Alexander
The Honorable Richard Baker
The Honorable Jo Bonner