

This Legislation is being introduced in the House by:

Representatives Carolyn Maloney, Charles Rangel, Steve Israel, Jerrold Nadler, José Serrano, Edolphus Towns, Elliot Engel, Maurice Hinchey, Nita Lowey, Anthony Weiner, Major Owens, Nydia Velazquez, Michael McNulty, Peter King, Eleanor Holmes Norton, James Moran

This legislation is being introduced in the Senate by:

Senator Hillary Clinton, Charles Schumer

Summary of the Bill

Prior to 2000, the President was able to provide unlimited loans to local governments for lost tax revenues following a major disaster. These loans, known as Community Disaster Loans (CDL) were critical in the local governments recovery and were often forgiven. In 2000, the Disaster Mitigation Act placed a \$5 million cap on CDLs. The cap was enacted as a part of a larger bill that changed many of the ways the Federal Government responds to major disasters. During the debate of this bill, in committee and on the floor, the cap and/or the CDL program never once received a mention. It is reasonable to assume that the full effect of such a cap was not fully understood. The attacks of September 11, 2001, caused substantial tax revenue losses for the City and State of New York. Specifically, the U.S. General Accounting Office estimated losses at \$3.2 billion for the City and \$5.8 billion for the State for Fiscal Years 2002-2003 as a direct result of the September 11th attacks. Even with these astronomical losses, the cap placed on CDL program would limit reimbursement to a \$5 million loan. This limit doesn't permit flexibility as to how the Federal Emergency Management Agency responds to New York's revenue losses.

This bill would repeal the \$5 million limit for the CDL program and would not require repayment of the loan in the event of a terrorist attack. This would allow the President to direct loans in the appropriate amount to local communities and states, to aid their recovery, following a major disaster. Thus restoring the same powers the President had prior to the Disaster Mitigation Act of 2000 and thereby allow communities the appropriate assistance they deserve.

Long Title

A Bill to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to repeal the \$5 million limitation on the amount that the President can provide to a local government in community disaster loans (CDL).

Background

1. Under the CDL program the President may make loans to a local government suffering a substantial loss of tax and other revenues as a result of a major disaster, if the local government demonstrates a need for financial assistance in order to perform its government function.
2. The President may cancel the repayment of all or any part of the loan made to a local government under the CDL program when it is apparent that the local government will not be able to service the loan.
3. The \$5 million limit was set in place by the Disaster Mitigation Act of 2000. Prior to this Act there was no limit on the amount the President could provide in CDLs.
4. The \$5 million limit is inequitable when applied to a local government serving a largely populated area, such as New York City. This is inconsistent with the objective of the program,

which is to provide meaningful assistance to a local government recovering from a major disaster.

5. A July 26, 2002 U.S. General Accounting Office report estimates revenue losses for the City of New York for \$3.2 billion for Fiscal Years 2002-2003 and \$5.8 billion for the same period for New York State.

CDLs Greater than \$5 Million
(in \$ millions)

Event	Date of Event	Principal Approved	Amount Disbursed	Principal & Interest Cancelled
Hurricane Hugo, U.S.V.I.	9/20/1989	\$89.9	\$50.1	\$33.2
Hurricane Val, American Samoa	12/13/1991	\$10.7	\$10.2	\$12.0
Hurricane Andrew, Homestead, FL	8/24/1992	\$10.3	\$10.3	\$13.5
Hurricane Iniki, Kauai, HI	9/12/1992	\$15.0	\$15.0	\$19.1
Hurricane Marilyn, U.S.V.I.	9/16/1995	\$127.2	\$127.2	\$0.0
Total for CDLs over \$5 Million		\$253.1	\$212.8	\$77.8

What the Bill Would Do:

- Repeals the \$5 million cap on loans for tax revenue losses following a major disaster.
- Makes state governments eligible for the program
- After a terrorist attack, the loan is automatically forgiven
- The applicable date is retroactive to October 30, 2000, the day the Disaster Mitigation Act of 2000 was implemented

For More Information:

GAO Report on Estimated Tax Revenue Losses for the State and City of New York

<http://www.house.gov/maloney/press/107th/20020730gao.html>

<http://www.house.gov/maloney/073002gao.pdf>

CRS Report on Federal Disaster Policies After Terrorists Strike. (Community Disaster Loans Discussed on Pages 55-63)

<http://www.house.gov/maloney/crsreport.pdf>