

FOR IMMEDIATE RELEASE
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Washington D.C.--Fourth District Congressman Nick J. Rahall, has introduced legislation in the U.S. House of Representatives, that if passed, would be a major step in providing flood victims in Appalachia more appropriate emergency assistance.

"While I was in southern West Virginia assisting flood victims in any way I could, I saw first hand that many of those stricken would be facing severe economic hardship as a result of the disaster," Rahall stated. "With the financial aid under present law being grossly inadequate, I saw the need and introduced this legislation."

Rahall's measure contains three major provisions. They are:

- provides that the Small Business Administration make temporary loans at a lower interest rate of 3%, between April 1, 1977 and June 6, 1977.

"The present interest rate of 6 5/8%, is much too high for those stricken by the flood," Rahall observed.

- second major provision would reactivate the "Forgiveness" clause on a temporary basis, in the amount of \$5000 and 1% interest on the balance of the original loan.

Rahall pointed out, "This means that for those individuals who qualify under the SBA law, the first \$5000 of their loan would not have to be repaid."

- third provision would provide \$5000 grants to the elderly and other eligible individuals, for immediate relief from the effects of the disaster.

"For those who must live on a fixed income, or who are unemployed, this grant would help them get back on their feet," Congressman Rahall said.

Support from Rahall's colleagues in the House of Representatives has also begun to come in. Among those who have announced support so far are: Reps. Slack (WV), Perkins (D-Ky), Hubbard (D-Ky), Butler (R-Va), Wampler (R-Va), Natcher (D-Ky), Whitehurst (R-Va), Luken (D-Oh).

"Although Members have voiced their support for my legislation," Rahall stated, "it will be an uphill fight in the Congress to get the bill passed quickly, so help can be rushed to the flood victims throughout Appalachia."

Rahall also pointed that the Senate will be working on a similar bill in the coming weeks. "I am hopeful we can have a unified effort in both Houses to see this measure become law."

95TH CONGRESS

1ST SESSION

H.R.

(Original signature of Member)

IN THE HOUSE OF REPRESENTATIVES

Mr. RAHALL (D-WV) introduced the following bill; which was referred
to the Committee on SMALL BUSINESS.

A BILL

(Insert title of bill here)

To amend the Small Business Act to reduce the rate of interest on disaster relief loans under such Act, to apply special provisions of such Act to such loans made in connection with major disasters occurring after April 1, 1977 and before June 6, 1977.

1 *Be it enacted by the Senate and House of Representatives of the United*

2 *States of America in Congress assembled, That (a) subsection (b)*
of section 7 of the Small Business Act (15 U.S.C. 636 (b)) is
amended---

(1) in the first undesignated paragraph after paragraph (8), by inserting ", except that the interest rate on the Administration's share of any loan made under paragraph (1), (2), or (4), with respect to a major disaster occurring on or after April 1, 1977, and prior to June 6, 1977, shall not exceed 3 per centum per annum" after "plus one-quarter of 1 per centum";

(2) in the second undesignated paragraph after paragraph (8) of such subsection--

(A) by inserting "or which occurs on or after April 1, 1977, and prior to June 6 , 1977," after ", and prior to July 1, 1973,";

(B) by striking out in clause (C) thereof "or other program" and all that follows through the end of such clause and inserting in lieu thereof the following:

"or other program--

"(i) consent to the suspension of the payments of the principal of that loan, mortgage, or lien during the lifetime of that individual and his spouse for so long as the Administration determines that making such payments would constitute a substantial hardship; and

"(ii) grant to such individual an amount, not to exceed \$5,000, to provide immediate relief from the effects of such disaster on such individual and his spouse;"; and

(3) by inserting in subclause (ii) of clause (D) "or occurring on or after April 1, 1977, but prior to June 6 , 1977," after "but prior to July 1, 1973,".

(b) With respect to any loan which is referred to in clause (D) of the second undesignated paragraph after section 7(b) (8) of the Small Business Act, as amended by this Act, which is outstanding on the date of the enactment of this Act, and which is made with respect

to a major disaster (as determined by the President under the Disaster Relief Act of 1974) occurring on or after April 1, 1977, and prior to June 6, 1977, the Administrator shall--of the Small Business Administration

(1) make such change in the interest rate on the balance of such loan as is required under such clause; and

(2) in applying the limitation set forth in such clause with respect to the total amount of such loan which may be cancelled, consider as part of the amount so cancelled any part of such loan which was previously cancelled pursuant to section 231 of the Disaster Relief Act of 1970 (15 U. S. C. 636a).

(c) Notwithstanding the last sentence of section 9 of the Act entitled "An Act to amend the emergency loan program under Consolidated Farm and Rural Development Act, and for other purposes", approved April 20, 1973 (87 Stat. 25), any loan made under paragraph (1), (2), or (4) of section 7(b) of the Small Business Act with respect to any major disaster (as determined by the President under the Disaster Relief Act of 1974) occurring on or after April 1, 1977, and prior to June 6, 1977, shall be subject to cancellation under the provisions of the Small Business Act and under the provisions of section 231 of the Disaster Relief Act of 1970.

Sec. 2. This Act shall apply to any loan under section 7(b)(1), (2), or (4) of the Small Business Act made after April 1, 1977.