

The Honorable Sherrod Brown
United States Senate
Washington, DC 20510

Dear Senator Brown:

Acting Administrator Markowitz has asked me to respond to your recent letter requesting that the U.S. Small Business Administration (SBA) make economic injury disaster loans available due to the national propane shortage.

SBA economic injury disaster loans are only available when a disaster has been declared. The Small Business Act defines a disaster as “a sudden event which causes severe damage.” See Small Business Act, Section 3(k)(1); 15 USC 632(3)(k)(1). Examples of sudden events covered under the statute include floods, hurricanes, tornadoes, earthquakes, fires, explosions, volcanoes, windstorms, landslides or mudslides, tidal waves, riots, and civil disorders. Based on the information available, it appears that the current propane shortage does not meet the statutory definition of a disaster. Therefore, we are unable to make economic injury disaster loan assistance available to small businesses that have been affected by the propane shortage.

Although SBA is not able to provide disaster loan assistance, SBA’s guaranteed business loan programs are available for small businesses in need of additional working capital as a result of higher propane costs. In particular, SBA’s 7(a) loan program currently offers guaranteed loans with no collateral for loans of \$25,000 or less, and zero fees for borrower and lenders on loans of \$150,000 or less. Terms on working capital loans may be up to seven years, and initial payments may be interest-only. SBA’s District Offices in Columbus and Cleveland are aware of the propane shortage and are available to assist small businesses seeking working capital loans or technical assistance in dealing with the higher costs. Please contact Gil Goldberg in the Cleveland District Office at (216) 522-4182 or Martin Golden in the Columbus District Office at (614) 469-6860, extension 287 for further information.

We appreciate your continued support of the SBA Disaster Assistance Program. If you and your staff have additional questions, please contact our Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

James E. Rivera
Associate Administrator
for Disaster Assistance

ODA: 03/12/14:Escobar:S: Brown Propane Disaster Request 031114 CLDI14030409

cc: Subject Reading Escobar CLA FOC-E

