

U.S. Sen. Baldwin, U.S. Rep. Steil: Call on SBA to approve federal funding for Kenosha small businesses to rebuild following unrest

Posted on Thursday, Nov 5, 2020

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WASHINGTON, D.C. – U.S. Senator Tammy Baldwin (D-WI) and U.S. Representative Bryan Steil (R-WI-01) are calling on the Small Business Administration (SBA) to approve the State of Wisconsin’s application for federal funding through the Disaster Loan Program to help Kenosha small businesses rebuild after damage was sustained during civil unrest earlier this year. The Wisconsin lawmakers are also urging Small Business Administrator Jovita Carranza to provide full access to this federal loan program for Kenosha small businesses that have also received loans from the State of Wisconsin to rebuild.

Local officials in Kenosha have documented “27 major damaged or destroyed privately-owned properties” as part of the State’s application, which meets the SBA’s requirements for this federal loan program.

The full letter is available below and [here](#). An online version of this release is available [here](#).

Dear Administrator Carranza:

We write to you today in support of the State of Wisconsin's application for the Small Business Administration's Disaster Loan Program funds to help Kenosha rebuild after damage sustained during the civil unrest from August 23, 2020 to September 8, 2020.

As you know, in order to qualify, a political subdivision must certify that at least 25 homes or businesses sustained uninsured losses of at least 40 percent of the fair value of the property. Officials in Kenosha County and the City of Kenosha have documented "27 major damaged or destroyed privately-owned properties" as part of the application.

The State has created a \$4 million zero interest loan program for affected businesses in Kenosha to rebuild. The Disaster Relief Microloan program is administered by the Wisconsin Economic Development Corporation. The loans can be as high as \$50,000.

We understand that the SBA is considering counting income from the WEDC loan program against the individual businesses' uninsured losses threshold. According to 13 C.F.R. 123.3(a)(3)(i), the businesses must sustain "uninsured losses of 40 percent or more of the estimated fair replacement value or pre-disaster fair market value of the damaged property, whichever is lower." The regulation only mentions insurance, not assistance from state government programs.

We would discourage such a calculation because the Disaster Relief Microloan program from the state is not an insurance program. According to the SBA's Financial Education Curriculum training document "Insurance for a Small Business," insurance coverage is a contract between a small business and an insurer, in which the insured pays premiums to the insurer in exchange for a commitment by the insurer to pay for certain losses sustained by the insured. None of the Kenosha businesses paid premiums to the Disaster Relief Microloan program, because it is not insurance.

We appreciate your attention to this matter. In addition to disregarding the impact of the State's program on the SBA's calculation, we encourage you to give full and fair consideration to the application for the Disaster Loan Program from the State regarding the damages in Kenosha.

Sincerely,