

**Congress of the United States**  
**Washington, DC 20510**

November 5, 2020

The Honorable Jovita Carranza  
Administrator  
U.S. Small Business Administration  
409 3rd St. SW  
Washington, D.C. 20416

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.<sup>1</sup> None of the Kenosha businesses paid premiums to the Disaster Relief Microloan program, because it is not insurance.

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<sup>1</sup> [https://www.sba.gov/sites/default/files/files/PARTICIPANT\\_GUIDE\\_INSURANCE.pdf](https://www.sba.gov/sites/default/files/files/PARTICIPANT_GUIDE_INSURANCE.pdf)

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,



Tammy Baldwin  
U.S. Senator



Bryan Steil  
Member of Congress