

Written Statement of

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Tax Relief after a Disaster: How Individuals, Small Businesses, and Communities

Recover

before the

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Chairman Casey, Ranking Member Enzi, and members of the Committee, I appreciate the opportunity to talk with you about how cities like Chattanooga are affected by natural disasters and how, with greater tax relief, they can recover stronger.

Just after lunchtime on Friday, March 2, 2012, a tornado crashed through the Island Cove Marina off of Harrison Bay in Chattanooga. The restaurant at the Marina immediately ushered patrons into its cooler to wait out the storm in a safe place. When they emerged, the entire area had been transformed. The marina Manager, Terry Kelley, first worked to clean up the fuel spilling into Chickamauga Lake, and then he paused to survey the damage. Snapped trees, sunken boats, and half submerged masts dotted the horizon. Downed power lines draped over the debris strewn parking lot.

The storm had a tremendous impact on both the boat owners, many retired and a few who called their boats home, and on the marina owners themselves. Seventy percent of the 400 slips at the popular marina were damaged, and it would take years to rebuild. From just that single tornado, nine docks were destroyed which added to the \$5 million dollars of damage to the property alone. Factor in the nearly 250 boats damaged or destroyed, and the price tag hits \$15 million.

Island Cove was one of many victims that day. In March of 2012 Tennessee was declared a federal disaster area after flooding and severe storms, including almost 20 tornadoes, ravaged our area and impacted the lives of nearly one thousand citizens. The widespread destruction could be witnessed in over 344 distinct locations throughout our state. In our area alone, we saw over \$16.8 million of property damage and a relief effort that required 997 volunteers who gave a total of 6,617 hours. Dozens of families lost their homes, thousands of residents lost power, 82 buildings were completely destroyed, and businesses faced both physical damage and lost earnings. In just a few short hours, people's lives were changed. This level of destruction meant those who lost the most - and that's often our most vulnerable - would face a long and difficult road to recovery.

There is one thing we all know very clearly. When a community suffers this kind of disaster, the speed at which aid is administered directly correlates with the speed in which a community can heal. And I have no doubt by speeding up the time in which tax relief is available to families and businesses, we will see our communities recover quicker.

While Island Cove Marina had good insurance, the insurance only covered a fraction of the cost. On top of that, they immediately lost revenue and carried that loss for two years while struggling to recover. If the National Disaster Tax Relief Act of 2014 would have been in place in March of 2012, Mr. Kelley believes the 50% Depreciation Bonus Provision and the Extension Net Operating Loss Carryback Provision would have provided crucial cash flow during those critical recovery years, bolstering their bottom line as they struggled to keep their business afloat.

Through the National Disaster Tax Relief Act of 2014, we can help safeguard both our small businesses as well as the most vulnerable among us. This is particularly true for affordable and workforce housing. For instance, eight percent of the homeowners affected in Tennessee during the 2012 storms were low-income. And we know, after a disaster, the need for affordable housing is greater than ever. With our rent prices rising, giving us the seventh highest rate in the country, Chattanooga simply cannot afford to lose any moderately priced units when a disaster strikes.

Today, we have over 1,600 citizens on our wait list for public housing with the problem set to grow even worse. Chattanooga has lost 931 public housing units in the last eight years with another 900 units coming offline in the near future. We are one of five cities nationwide in a program to expand landlord's participation in the Housing Choice Voucher Program, more than 1,000 Chattanoogaans are struggling to find a place to live that will accept their HUD housing voucher.

If natural disasters destroy affordable housing and leave units unbuilt because of limited capital, cities like Chattanooga will see continued affordability issues after events of distress. The increases to the Low-Income Housing Credit allocation included in the National Disaster Tax Relief Act of 2014 would help cities like ours recover and maximize their affordable housing stock - helping countless local families stay in their homes.

This is just a snapshot of one moment in one city. But these types of disasters happen without warning and without mercy. Whether it's the destruction of a home or property, damage to a business, or the loss of a life, this body has the opportunity to make a real and lasting difference in the recovery effort of a city, a state, and a community in their time of greatest need.