

**Opening Statement of Senator Michael B. Enzi**  
**Subcommittee on Taxation and IRS Oversight**  
**Senate Finance Committee**  
**Hearing to Receive Testimony on “Tax Relief after a Disaster: How Individuals,**  
**Small Businesses, and Communities Recover”**  
**November 18, 2014**

Mr. Chairman, thank you for holding this important hearing on how we can best help and support the efforts of our small businesses, communities and affected citizens recover from disasters. I am looking forward to hearing the good ideas and thoughtful suggestions of our panelists about what we’re doing right and what we need to do better to respond to the disasters and emergencies. Whether we make changes to the tax code or grant assistance through the federal budget, we want to make sure we assist communities to move forward after tragedies. Simultaneously, we should plan ahead to strengthen our country’s ability to respond in the right ways and lessen the risk for human and economic loss from future events.

For my part, as a former Mayor, member of our State Legislature, and as an accountant, I well recall the challenges my hometown and surrounding communities had to face to recover from a variety of disasters. We needed to call on all the resources we had available to bring our cities and towns back from those tragic experiences.

I mention that because I have always believed that responses to disasters should be guided and directed by those closest to the folks back home -- their elected officials on the local and state level. They are the ones who know best how to respond to a disaster in a way that is both supportive for those affected and mindful of our limited financial resources.

Yes, I mentioned cost. It's a concept we need to keep in mind during our discussions. A sound response requires we balance on the one hand our limited government resources with the needs of the community. We strive to preserve this equilibrium to make sure that the government over time can respond equitably to those having suffered losses now or in the future, in a sustainable pattern.

We've all seen the faces of those who are in the midst of working to cope with a disaster. Heartbreaking as it is, we must not lose sight that when we provide federal tax relief for one affected region, all of the nation's taxpayers ultimately help to pay for it.

As a Grandfather it continues to concern me that my grandchildren might not have it as good as we have. When the time comes for them to take their place as our leaders my fear is they will find themselves faced with a major disaster of their own.

What will they find when they look in our rainy day fund? If we aren't careful they'll find nothing in it but stacks of IOU's. Clearly, we can't allow that to happen.

That is why we need to use the financial aid we have in a very careful and judicious manner. We can no longer afford to spend more money than we have without a clear plan of action and an even clearer strategy to pay for our relief efforts.

With that thought in mind, we should be certain that whatever tax changes for specific communities we consider, they will be based on these three principles:

1. The corresponding tax benefits should go to those who need it;
2. They should likely exist for a limited period of time; and,
3. They should come with standards of accountability so we can track our expenses and monitor both how they are being used and evaluate the effectiveness.

We need to ensure that whatever help we provide does not evolve into a long-term subsidy that will be around well after the community has recovered from an emergency. We just don't have the funds necessary to make long-term or permanent commitments in response to emergency short-term needs.

Back in 2008, Max Baucus and I worked out a bipartisan agreement to put the federal government on course to be better prepared for the weather-related disasters that hit our nation's agriculture communities. Our agreement was designed to ensure the money would be in the hands of those affected by these disasters in a timely manner which is why we placed this new program under the administration of the Agricultural Disaster Trust Fund. Congress reauthorized the program earlier this year. The reauthorization process is important because it gives us an opportunity to re-evaluate the program's operation to ensure it is working as intended.

Let's be sure – whether we are granting relief through the tax code, making an appropriation, or working on an assistance program – the money we provide goes right into the hands of those who need it the most – the businesses and individuals who really need our help. We must also work in concert with the affected states to ensure they are getting what they need – no more, no less. There must also be a plan in place to pay for it that will make these programs as budget neutral as possible.

Thank you, Mr. Chairman, once again, for holding this hearing. I am looking forward to the testimony we will receive today that will help to guide our efforts and provide us with a framework for our future work on this issue.