

Statement of Cindee Murphy of Pies & Plates at the U.S. House of Representatives Committee on Small Business hearing titled “Disaster Savings Accounts: Protections for Small Businesses During a Disaster” on September 17, 2008.

Madam Chairwoman and members of the committee thank you for inviting me to speak to you today. My name is Cindee Murphy. My husband, Dennis and I are the owners of a small retail store and restaurant in Punta Gorda, Florida called Pies & Plates.

On Friday the 13th of August 2004 Hurricane Charlie caught me and the rest of Charlotte County off guard. We were closely watching the storm in the Gulf of Mexico but it was only a category 2 and it was expected to hit Tampa 100 miles to our north. Punta Gorda had not been hit or even seriously threatened by a hurricane for 44 years. It has been 10 years since Hurricane Andrew had hit south Florida. People moved to Punta Gorda because it seemed “safe” from a hurricane stand point. According to weather forecasts Punta Gorda could expect rainy windy weather that day but was not expected to be in harms way. The storm would pass far off shore. Very few businesses boarded up. Very few homeowners owned hurricane shutters. Few if any evacuated.

So when Hurricane Charlie grew from a category 2 hurricane to a very strong category 4 in just two hours we were surprised. When it suddenly made a 90 degree turn and slammed head on into our community we were shocked and the damage was extensive. Tight mean tiny little Hurricane Charlie tore kitty corner across the state of Florida exiting on the east coast as a category 1. It caused wide spread damage thru out the state. Within the next six weeks Florida would suffer three more direct hits from Hurricanes Frances, Ivan and Jeanne, two category three storms and one category two. Damages from these storms exceeded 42 billion dollars. Since then Florida has been visited by Hurricanes Dennis & Wilma and this year by Hurricane Fay.

When I was invited to speak at this hearing on this issue, the first thought that came to my mind was “If I had had the opportunity to set aside money in a disaster savings account before Hurricane Charlie would I have done so. The answer is no. At that time, I didn’t even feel it was necessary to have hurricane shutters at my home. Would I want to set aside money in a disaster savings account now? Definitely yes! In Florida today, we take storm threats very seriously.

I have to tell you, we were one of the lucky ones. We had wind insurance. And, we were treated fairly by our insurance company although it was 90 days before we received the first check and took many more months to fully settle our claim. Except for the nearly \$15,000 in deductibles we were made whole.

What I did not have that I desperately needed immediately after the storm was readily available cash. My business was young and we had invested most of our savings into it. I had not set up a line of credit at the bank because I hadn’t needed one yet. My business was damaged, our home was damaged, my brother’s home was damaged, my mother’s home was totally destroyed, and I had homeless employees that needed assistance. The cost of materials and repair services had sky rocketed if you could get them at all. Bills kept arriving in my mail box even though there was no income flowing into my business.

But, the good Lord was looking out for us. About 4 days after Charlie hit two women from Sun Trust Bank walked into my business and asked me if I wanted to apply for Florida’s Small Business Emergency Bridge Loan. I had no idea such a loan was available nor did I know that the SBA

offered disaster loans. These women helped me fill out the loan application. Within a few days I had a check for \$25,000 in my hand. Within about 4 weeks, over \$3.9 million dollars in bridge loans were made available to 196 businesses in Charlotte County. We used the entire amount allocated by the State of Florida.

I don't know what we would have done without these funds. I'm not even sure that my business would have survived. The funds enabled us to reopen the restaurant part of our business in record time.

The importance of small businesses like mine re-opening quickly after a disaster can not be overstated. Small businesses are the life blood of a community. Not only do we offer needed goods and services but we also provide employment and help retain residents in the community. Hurricane Katrina has shown us that when residents are forced to leave a community recovery stalls.

So I'm here to tell you that I think your allowing me to set aside pre-tax dollars in a disaster savings account is a good idea. It would encourage me to do so and I encourage you to pursue this legislation.

The concern that I have is that in today's economy small businesses like mine just can't afford to set aside money for a rainy day...we feel it's pouring already. My savings will have to wait for sunnier times.

My only request is that you make this legislation user friendly.

Allow me to use the disaster savings account to purchase storm shutters and to take other measure to mitigate the effects of a disaster. Allow me to pay for the delivery, installation and removal of the shutters even if the storm threatens and then passes me by. Don't make the use of the funds contingent upon a national or state disaster declaration. Allow me to use the funds to pay for storage of my shutters. Allow me to use the funds to replace food that I have to throw out after a power outage. Let me use it to purchase a generator and to pay for gasoline to run it. Allow me to use it to hire a public adjustor or attorney to negotiate my insurance claims. Allow me to purchase tools and materials needed to protect and repair my business. Allow me to use it to protect my data and financial records. If its an expenditure that I would not have made at that time BUT FOR the disaster or the threat of the disaster the expenditure should be allowed. Finally, don't make the amount I can set aside so small that it's not worth bothering with. And, don't make it difficult for me to prove my expenses or require me to complete an onerous amount of paper work. Don't attach so many strings that I avoid using the account for fear of an IRS audit.

Thank you for conducting this hearing and for listening to and considering the thoughts of this small business owner.

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Cindee Murphy is the owner of a unique gourmet store and eatery in Punta Gorda, Florida called Pies & Plates. Cindee has a bachelor's degree from the University of Florida in Public Relations with a marketing minor and a law degree from the University of Florida. Before opening her business, Cindee practiced law for twelve years and is board certified in two specialties.

Cindee let her entrepreneurial spirit take flight in 2003 when she left the practice of law to open Pies & Plates. In just five years, her little gourmet shop has grown and evolved and now includes a popular eatery, a catering business and a meal prep business. In 2005, Pies & Plates was awarded the prestigious Retail Leadership – Special Achievement Award from Gourmet News, a national trade publication. In 2007 Pies & Plates was named Business of the Year by both the Punta Gorda Chamber of Commerce and the Charlotte County Chamber of Commerce. These accolades were received in large part because of the support and dedication that Cindee and her husband Dennis have shown to their community and industry.