

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**SENATE BILL****No. 1297** Session of  
2011

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INTRODUCED BY BAKER, YUDICHAK, GORDNER, SOLOBAY, FERLO,  
GREENLEAF, KASUNIC, LEACH, SCHWANK, WILLIAMS, BLAKE, BOSCOLA,  
COSTA, ARGALL, BROWNE, BREWSTER, YAW AND BRUBAKER,  
OCTOBER 18, 2011

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AS AMENDED ON SECOND CONSIDERATION, NOVEMBER 15, 2011

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## AN ACT

1 Providing for a Small Business Flood Relief Program; making an  
2 appropriation; and providing for termination of the program.

3 The General Assembly of the Commonwealth of Pennsylvania  
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Small  
7 Business Flood Relief Act of 2011.

8 Section 2. Declaration of policy.

9 (1) Hurricane Irene and Tropical Storm Lee and the  
10 resulting flood emergency impacted many small businesses of  
11 this Commonwealth, causing substantial economic and physical  
12 damage.

13 (2) Small businesses are an integral part of communities  
14 and a vital component to Pennsylvania's economy.

15 (3) Federal emergency declarations designated certain  
16 areas as eligible for business disaster assistance.

17 (4) Pursuant to section 17(b) of Article VIII of the

1 Constitution of Pennsylvania, the Commonwealth should provide  
2 additional assistance to certain small businesses to  
3 supplement compensation received from private insurance and  
4 the Federal Government.

5 Section 3. Definitions.

6 The following words and phrases when used in this act shall  
7 have the meanings given to them in this section unless the  
8 context clearly indicates otherwise:

9 "Adjusted loss." The difference between:

- 10 (1) eligible loss; and  
11 (2) covered loss.

12 "Covered loss." Any amount received by or due the recipient  
13 from private insurance and Federal loans on account of an  
14 eligible loss. The term does not include an insurance deductible  
15 paid by the recipient.

16 "Department." The Department of Community and Economic  
17 Development of the Commonwealth.

18 "Eligible loss." Damage caused as a result of Hurricane  
19 Irene and Tropical Storm Lee to a small business and certified  
20 by the Pennsylvania Emergency Management Agency.

21 "Program." The Small Business Flood Relief Program  
22 established under section 6.

23 "Small business." A person that is engaged in a for-profit  
24 enterprise and that employs 100 or fewer individuals.

25 "Working capital." Capital used by a small business for  
26 operations, excluding fixed assets and machinery and equipment.

27 Section 4. Powers and duties of department.

28 The department shall adopt guidelines to administer the  
29 program.

30 Section 5. Restricted account.

1 A restricted account is established in the State Treasury to  
2 be known as the Small Business Flood Relief Account. The account  
3 shall be for the purpose of making loans that shall be provided  
4 to small businesses eligible for assistance under the program  
5 authorized under section 6 and be funded by the appropriation  
6 contained in section 7 from which loans to small businesses  
7 shall be provided by the department to eligible small  
8 businesses.

9 Section 6. Small Business Flood Relief Program.

10 (a) Establishment.--There is established the Small Business  
11 Flood Relief Program.

12 (b) Eligibility.--To be eligible for a loan, a small  
13 business must meet all of the following:

14 (1) Be located in a county that has been declared a  
15 Federal disaster area as a result of Hurricane Irene or  
16 Tropical Storm Lee.

17 (2) Suffered an eligible loss.

18 (3) Be a small business.

19 (4) Be registered and in good standing with the  
20 Department of Revenue in terms of:

21 (i) Having filed State tax returns.

22 (ii) Not being delinquent in the payment of State  
23 taxes.

24 (c) Procedure.--

25 (1) A small business shall apply for a loan under this  
26 section by or on October 2, 2012, on a form furnished by the  
27 department, setting forth the facts establishing eligibility.  
28 An application under this paragraph is subject to 18 Pa.C.S.  
29 § 4904 (relating to unsworn falsification to authorities).

30 (2) The department shall investigate the application to

1 determine eligibility.

2 (3) Within 30 days of receipt of the application, the  
3 department shall make an eligibility and loan determination.

4 (d) Loans.--

5 (1) The minimum loan amount to be awarded is \$10,000 and  
6 the maximum loan amount to be awarded under this program is  
7 \$100,000 or the adjusted loss, whichever is less.

8 (2) Loan proceeds may be used by a small business under  
9 this program for working capital, inventory, equipment  
10 purchase and real property improvements, if the real property  
11 is owned by the borrower, but cannot be used for refinancing  
12 existing debt or outstanding debt payments. Equipment and  
13 real property must be located within this Commonwealth.

14 (3) Loan proceeds must be drawn within 60 days of the  
15 loan approval date. Failure to draw funds within the required  
16 time period will result in revocation of the loan.

17 (4) Loan applications will be reviewed and loans  
18 approved on a first-come, first-served basis until available  
19 funds are exhausted.

20 (5) LOAN REPAYMENTS SHALL BE DEPOSITED IN THE GENERAL  
21 FUND. ←

22 (e) Loan terms.--

23 (1) A loan for working capital or inventory shall be  
24 made at an interest rate not to exceed 3% for the term of the  
25 loan. The repayment period shall not exceed five years.

26 (2) A loan for equipment purchase or real property  
27 improvement shall be made at an interest rate not to exceed  
28 1% for the term of the loan. The repayment period shall not  
29 exceed 10 years.

30 Section 7. Guidelines.

1       The department shall adopt guidelines to implement and  
2 operate the program. The guidelines may include the following:

- 3           (1) Repayment schedules.
- 4           (2) Collateral or lien position requirements.
- 5           (3) Other requirements deemed appropriate by the  
6 department.

7 Section 8. Appropriation.

8       The sum of \$10,000,000 is appropriated to the department to  
9 carry out the program under this act.

10 Section 9. Termination.

11       The program established under section 6 and the Small  
12 Business Flood Relief Account established under section 5 shall  
13 terminate on December 31, 2012, and any money remaining in the  
14 account shall be transferred to the General Fund.

15 Section 10. Effective date.

16       This act shall take effect immediately.