
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1508 Session of 1999

INTRODUCED BY DALEY, MICHLOVIC, LEDERER, HARHAI, THOMAS,
HALUSKA, TIGUE, BUNT, SHANER, McCALL, SOLOBAY, CURRY,
SAINATO, CIVERA, MYERS, MARKOSEK, GEORGE, CAWLEY, LAUGHLIN,
BELFANTI, BAKER, COSTA, COLAFELLA, SEYFERT, SCRIMENTI,
YOUNGBLOOD, HERMAN, CAPPABIANCA, TRELLO AND RAMOS,
MAY 12, 1999

REFERRED TO COMMITTEE ON VETERANS AFFAIRS AND EMERGENCY
PREPAREDNESS, MAY 12, 1999

AN ACT

1 Creating funds to provide loans and grants to victims of small
2 disasters; providing for powers and duties of the
3 Pennsylvania Emergency Management Agency and other State
4 agencies; providing for terms and conditions of loans and
5 grants; and imposing a surcharge on property insurance
6 premiums.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. Short title.

10 This act shall be known and may be cited as the PENNCrisis
11 Act.

12 Section 2. Legislative findings.

13 The General Assembly finds that many communities in this
14 Commonwealth frequently are subject to natural and manmade
15 disasters which cause significant damage and disruption in the
16 life of the community but which are not of sufficient magnitude
17 to qualify for Federal disaster assistance programs.

1 Nevertheless, these losses are of considerable importance to
2 those directly affected and their communities, particularly when
3 the homes, businesses, public facilities and lives lost are in
4 one of this Commonwealth's many small communities.

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 "Agency." The Pennsylvania Emergency Management Agency.

10 "Fund." The Small Disaster Assistance Fund created under
11 this act.

12 Section 4. Small Disaster Assistance Fund.

13 (a) Fund created.--There is created within the PENNCrisis
14 program a Small Disaster Assistance Fund to assist the victims
15 of natural and manmade disasters with low-interest loans and
16 grants.

17 (b) Coordination and administration of fund.--All field and
18 other activities of the fund shall be coordinated by the agency,
19 including budgetary allocations from the PENNCrisis Fund to the
20 various objects of PENNCrisis and reports to the General
21 Assembly on program performance and needs. Final authority on
22 all individual requests for assistance from the fund shall rest
23 with the administering agencies. Program elements of the fund
24 shall be administered as follows:

25 (1) For residential housing needs, the Pennsylvania
26 Housing Finance Agency.

27 (2) For residential contents and vehicles, the
28 Department of Public Welfare.

29 (3) For business and municipal programs, the Department
30 of Community and Economic Development.

1 Section 5. Low-interest loans to disaster victims.

2 All loans shall bear interest for the entire term at a rate
3 no greater than the annual cost of living in the year in which
4 the loan is granted. Interest rates shall be reviewed by the
5 administering agency at the beginning of each fiscal year based
6 on guidance from the Office of the Budget and adjusted in
7 accordance with the prior year's cost of living. All loans shall
8 cover only that portion of loss not covered by insurance.

9 Section 6. Business and municipal loans.

10 (a) Business loans.--

11 (1) Loans to businesses and municipalities shall be for
12 a term of no more than 15 years, except where the term is
13 extended by hardship suspensions of payments. Business loans
14 shall be secured by a mortgage on real property of the
15 business or other suitable collateral.

16 (2) Business loans may be used to repair or replace all
17 of the following when lost or seriously damaged due to an
18 eligible disaster:

19 (i) Fixed equipment.

20 (ii) Major moveable equipment.

21 (iii) Furnishings.

22 (iv) Real property.

23 (v) Leasehold improvements.

24 (vi) Inventory, if it can be shown that insurance
25 proceeds are not available to replace the inventory.

26 (3) At the discretion of the Department of Community and
27 Economic Development, individual business loans may be
28 increased up to 150% of eligible repair or replacement costs
29 to assist in business retention and recovery. The sum of all
30 business loans may not exceed more than one-half of all funds

1 available in the PENNCrisis fund in any fiscal year.

2 (b) Municipal loans.--Municipal and county loans may be used
3 for repairing or replacing all of the following when lost or
4 seriously damaged due to an eligible disaster:

5 (1) Buildings.

6 (2) Major equipment other than vehicles.

7 (3) Office machines.

8 (4) Streets.

9 (5) Water and sewer lines.

10 (6) Recreational facilities.

11 Section 7. Residential loans.

12 (a) General rule.--Residential loans may be made only for
13 the replacement or repair of the structure of a primary
14 residence and must be secured by a mortgage on the real property
15 that is the subject of the loan. Tenants who have been forced
16 from a primary rental residence by an eligible disaster event
17 are eligible for loans to purchase a home approximately
18 equivalent to their prior residence.

19 (b) Exception.--Repairs to landscaping, ponds, pools and
20 outbuildings are not eligible for PENNCrisis funding, except to
21 respond to serious hazards resulting from disaster damage.

22 Section 8. Grants to disaster victims.

23 (a) Residential grants.--

24 (1) Persons who have lost clothing, furniture,
25 appliances, furnaces, hot water heaters or other contents of
26 their primary residences as the result of an eligible
27 disaster event shall be eligible for grants not to exceed
28 \$7,500 per person in multiperson households and not to exceed
29 \$15,000 for single persons. The total amount of a single
30 grant shall not exceed \$25,000.

1 (2) Persons with documentable losses above the
2 thresholds established under paragraph (1) shall be eligible
3 for low-interest loans under the terms and conditions
4 prescribed for real property in section 7, except that
5 contents loans shall not be collateralized and shall bear
6 interest at a rate of two times the annual cost of living,
7 but not to exceed 7%.

8 (3) Personal items eligible for residential grants and
9 loans shall not include jewelry or other luxury items or
10 sporting equipment.

11 (b) Business grants.--Nonprofit organizations and small
12 businesses with fewer than 15 full-time equivalent employees may
13 be eligible for grants to cover loss or damage from an eligible
14 small disaster event to furnishings, office equipment and
15 noninventory supplies. Grants under this subsection shall not
16 exceed \$25,000.

17 Section 9. Disaster mitigation loans and grants.

18 (a) General rule.--Municipalities affected by an eligible
19 small disaster event may apply for loans and grants to rectify
20 conditions or inadequate public facilities that led directly to
21 the disaster event or contributed substantially to its
22 occurrence or the inability of local officials to bring the
23 damage under control. Subjects of such assistance shall include,
24 but are not limited to, the following:

25 (1) Missing or inadequate storm sewers or other water
26 management structures.

27 (2) Inadequate fire hydrants or related water lines.

28 (3) Watershed plans.

29 (4) Engineering studies and designs necessary to effect
30 mitigation improvements.

(b) Limitation.--Disaster mitigation assistance may be used only for municipally owned or controlled improvements. Firefighting apparatus, including trucks, tankers and other vehicles, are not eligible for mitigation assistance.

(c) Chronic flooding.--The coordinating agency may consult with the Department of Environmental Protection to identify areas of chronic flooding that result in frequent damage to communities but which do not rise to the level of a small disaster. The coordinating agency, in conjunction with the Department of Environmental Protection, may use up to 25% of the PENNCrisis Fund annual revenue, exclusive of carryover reserves, to provide grants and loans to municipalities to correct such conditions. Assistance shall follow the formula set forth in subsection (e).

(d) Hazard mitigation.--Hazard mitigation loans and grants shall be subject to the following:

(1) Grants for hazard mitigation work shall be no more than \$5,000,000 per event.

(2) Low-interest loans shall be available for the balance of project work not covered by a mitigation grant.

(3) Hazard mitigation loans shall bear interest at a rate fixed at the current year's cost of living and shall be for a term of 20 years.

(e) Formula.--Grants and loans shall be awarded on the following formula:

(1) Municipalities with average per capita personal income greater than 20% above the State average per capita personal income for the preceding year shall be eligible for a mitigation grant of 50% of total project costs.

(2) Municipalities with average per capita personal

1 income of between 20% less than and 20% greater than the
2 State average per capita personal income for the preceding
3 year shall be eligible for a mitigation grant of 60% of total
4 project cost.

5 (3) Municipalities with average per capita personal
6 income more than 20% less than the State average per capita
7 personal income for the preceding year shall be eligible for
8 a mitigation grant of 70% of total project cost.

9 Section 10. The PENNCrisis Fund.

10 (a) Creation.--There is established under the jurisdiction
11 of the agency a fund to be called the PENNCrisis Fund. Revenue
12 for the PENNCrisis Fund shall be generated by an annual
13 surcharge of .25% on all property insurance premiums collected
14 for properties within this Commonwealth.

15 (b) Surcharge collection and disposition.--

16 (1) Insurers shall collect the surcharge and remit the
17 proceeds on a quarterly basis to the Department of Revenue.
18 Insurers may retain 5% of the gross funds collected from the
19 surcharge to defray administrative costs.

20 (2) Revenues from the surcharge shall be placed into a
21 dedicated fund reserved for the programs authorized under the
22 PENNCrisis Fund. Deposits into the fund shall not lapse but
23 be carried forward from year to year. Up to one-half of funds
24 on reserve and to be earned by the end of any fiscal year may
25 be used to pay the Commonwealth's matching share for any
26 major disaster declared eligible for Federal assistance by
27 the President of the United States. The need for Federal
28 matching funds for any specific major disaster event may not
29 encumber PENNCrisis revenues in years beyond the year of the
30 major event.

1 Section 11. Training, administration and operations.

2 (a) Specialized staff.--The agency and each administering
3 agency under section 4 shall recruit, train and develop staff
4 specializing in disaster assistance in their respective program
5 areas. The staff sections shall be deployed by each
6 administering agency in response to a declared small disaster,
7 as directed by the agency. These personnel shall also be
8 available to the agency at the direction of the Governor to
9 respond to any major disaster in this Commonwealth.

10 (b) Funding for staff.--The agency and each administering
11 agency shall receive \$1,000,000 annually, or as much thereof as
12 is necessary, from the PENNCrisis Fund to create a permanently
13 staffed disaster response section. When each agency's disaster
14 response team is deployed on assignment, the coordinating agency
15 shall reimburse the agency from the PENNCrisis Fund for standard
16 and necessary travel and living costs for each team deployed to
17 the event.

18 (c) Authority to approve expenditures.--In response to any
19 small disaster event, the agency shall have final authority to
20 approve expenditures of PENNCrisis funds for any additional
21 purposes it deems necessary to disaster recovery, provided that
22 the uses are not specifically prohibited by this act.

23 Section 12. Effective date.

24 This act shall take effect in 60 days.