

THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2794 Session of  
2006

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INTRODUCED BY PETRI, SEMMEL, BELFANTI, BIANCUCCI, CAPPELLI,  
CLYMER, CORRIGAN, DeWEESE, FLAHERTY, FREEMAN, GEORGE,  
GINGRICH, GOOD, GRUCELA, HERSHEY, KILLION, McILHATTAN, MUNDY,  
O'NEILL, PETRONE, PISTELLA, READSHAW, REICHLEY, SIPTROTH,  
SOLOBAY, R. STEVENSON, TANGRETTI, E. Z. TAYLOR, J. TAYLOR,  
THOMAS, TIGUE, WALKO, WANSACZ, WATSON, YOUNGBLOOD AND  
YUDICHAK, JUNE 19, 2006

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REFERRED TO COMMITTEE ON VETERANS AFFAIRS AND EMERGENCY  
PREPAREDNESS, JUNE 19, 2006

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AN ACT

1 Providing for small disaster assistance, for low-interest loans  
2 to individual disaster victims and businesses and for  
3 municipal grants.

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

6 Section 1. Legislative findings.

7 The General Assembly finds that many communities in this  
8 Commonwealth frequently are subject to natural and manmade  
9 disasters which cause significant damage and disruption in the  
10 life of the community but which are not of sufficient magnitude  
11 to qualify for Federal disaster assistance programs.

12 Nevertheless, these losses are of considerable importance to  
13 those directly affected and their communities and to the health  
14 and welfare of the citizens of this Commonwealth's many small  
15 communities.

1 Section 2. Definitions.

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

5 "Agency." The Pennsylvania Emergency Management Agency.

6 "Business." The term includes nonprofit organizations and  
7 the nonsectarian portion of religious facilities.

8 "Cost-of-living increase." The amount of increase equal to  
9 the percentage change in the Consumers Price Index for All Urban  
10 Consumers (CPI-U) for the Pennsylvania, New Jersey, Delaware and  
11 Maryland area for the most recent 12-month period for which  
12 figures have been officially reported by the United States  
13 Department of Labor, Bureau of Labor Statistics immediately  
14 prior to the date the adjustment is to take effect.

15 "Fund." The Small Disaster Assistance Fund created under  
16 section 3.

17 "Small disaster." An event which results in total uninsured  
18 losses for all affected individuals and businesses of not more  
19 than \$2,000,000 and which occurred after June 30, 2005, and  
20 falls below the current Federal guidelines for Federal disaster  
21 assistance but which involves:

22 (1) damage exceeding 40% of the total value of a  
23 structure and contents of each of at least five homes or two  
24 businesses;

25 (2) loss of life; or

26 (3) total estimated damages of at least \$250,000 to  
27 public facilities.

28 Section 3. Small Disaster Assistance Fund.

29 (a) Fund established, There is hereby established within the  
30 agency program the Small Disaster Assistance Fund to assist the

1 victims of natural and manmade disasters with low-interest loans  
2 and grants. The fund shall be a nonlapsing fund to be called the  
3 Small Disaster Assistance Fund. The fund shall consist of moneys  
4 appropriated by the General Assembly and Federal moneys  
5 appropriated for disaster assistance. Except as otherwise  
6 provided in this act, assistance shall not be available to a  
7 person that owns property within a 100-year flood plain and does  
8 not have flood insurance. All loan repayments shall be placed in  
9 the fund to be used for the purposes of this act.

10 (b) Coordination and administration of fund.--All field and  
11 other activities of the fund shall be coordinated by the agency,  
12 including budgetary allocations from the Small Disaster  
13 Assistance Fund and reports to the General Assembly on program  
14 performance and needs. Final authority on all individual  
15 requests for assistance from the fund shall rest with the  
16 administering agencies. Program elements of the fund shall be  
17 administered as follows:

18 (1) For residential housing needs, the Pennsylvania  
19 Housing Finance Agency.

20 (2) For residential contents and vehicles, the  
21 Department of Public Welfare.

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

24 (c) Small disaster declarations.--

25 (1) A county emergency management director may petition  
26 the agency for a declaration of a small disaster. The  
27 agency's determination on the petition shall be deemed a  
28 final order, subject to review under 2 Pa.C.S. Ch. 7 Subch. A  
29 (relating to judicial review of Commonwealth agency action).

30 (2) A declaration of small disaster shall extend the

1 assistance available under this act to all persons,  
2 businesses and municipalities within a county that suffered  
3 any level of physical damages from the disaster event.

4 Section 4. Low-interest loans to individual disaster victims.

5 (a) Residential loans.--Persons who have lost clothing,  
6 furniture, appliances, furnaces, hot water heaters or other  
7 contents of their primary residences as the result of a small  
8 disaster are eligible for low-interest loans of not more than  
9 \$7,500 per person in multiperson households and not more than  
10 \$15,000 in single person households. Persons may also be  
11 eligible for a low-interest loan for the purpose of  
12 investigating flood damage, elevation of primary residence or  
13 flood mitigation projects and debris removal. The total amount  
14 per household shall not be more than \$30,000.

15 (b) Coverage.--Loans shall cover only that portion of loss  
16 not covered by insurance.

17 Section 5. Business loans.

18 (a) Business loans.--

19 (1) Loans to businesses shall be for a term of not more  
20 than 15 years, except where the term is extended by hardship  
21 suspensions of payments. Business loans shall be secured by a  
22 mortgage on real property of the business or other suitable  
23 collateral.

24 (2) Business loans may also be eligible for a low-  
25 interest loan for the purpose of investigating flood damage,  
26 elevation of primary residence or flood mitigation projects  
27 and debris removal. Business loans may be used to repair or  
28 replace all of the following when lost or seriously damaged  
29 due to a small disaster:

30 (i) Fixed equipment.

(ii) Major moveable equipment.

(iii) Furnishings.

(iv) Real property.

(v) Leasehold improvements.

(vi) Inventory, if it can be shown that an insurance policy at a reasonable premium in relation to value was not available to replace the inventory.

(3) At the discretion of the Department of Community and Economic Development, individual business loans may be increased up to 150% of eligible repair or replacement costs to assist in business retention and recovery. The sum of all business loans may not be more than one-half of all funds available for expenditure in the Small Disaster Assistance Fund in any fiscal year.

#### Section 6. Interest.

All loans shall bear interest for the entire term at a rate no greater than the annual cost-of-living increase in the year in which the loan is granted.

#### Section 7. Municipal grants.

(a) General rule.--Municipalities affected by a small disaster may apply for grants to rectify conditions or inadequate public facilities that led directly to the small disaster or contributed substantially to its occurrence or the inability of local officials to bring the damage under control.

(b) Municipal grants.--Municipal and county grants may be used for repairing or replacing all of the following when lost or seriously damaged due to a small disaster:

(1) Buildings.

(2) Major equipment other than vehicles, plows, backhoes and similar gasoline-powered or diesel-powered mobile

1 machinery.

2 (3) Office machines.

3 (4) Streets.

4 (5) Water and sewer lines and other public utilities.

5 (6) Recreational facilities.

6 Section 8. Effective date.

7 This act shall take effect immediately.