
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1297 Session of
2011

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

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
OCTOBER 18, 2011

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 businesses to supplement
3 compensation received from private insurance and the Federal
4 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) Suffer an eligible loss.

18 (3) Meet the definition of small business in section 3.

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

21 (c) Procedure.--

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

27 (2) The department shall investigate the application to
28 determine eligibility.

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

1 (d) Loans.--

2 (1) The minimum loan amount to be awarded is \$10,000 and
3 the maximum loan amount to be awarded under this program is
4 \$100,000.

5 (2) Loan proceeds may be used for working capital,
6 inventory, equipment purchase and real property improvements,
7 if owned by the borrower, but cannot be used for refinancing
8 existing debt or outstanding debt payments. Equipment and
9 real property must be located within this Commonwealth.

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

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

16 (e) Loan terms.--

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

20 (2) A loan for equipment purchase or real property
21 improvement shall be made at an interest rate not to exceed
22 1% for the term of the loan. The repayment period shall not
23 exceed 10 years.

24 Section 7. Appropriation.

25 The sum of \$15,000,000, or as much as may be necessary, is
26 appropriated to the department to carry out the purpose of this
27 act.

28 Section 8. Termination.

29 The program and account established under sections 5 and 6
30 shall terminate on June 30, 2012, and any money remaining in the

1 account shall be transferred to the General Fund.

2 Section 9. Effective date.

3 This act shall take effect immediately.