

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1438 Session of
1990

INTRODUCED BY BRIGHTBILL, PUNT, CORMAN, HOPPER, LEMMOND,
AFFLERBACH, JUBELIRER, SHUMAKER, WENGER, HELFRICK, O'PAKE,
BAKER AND RHOADES, JANUARY 31, 1990

AS AMENDED ON THIRD CONSIDERATION, JUNE 5, 1990

AN ACT

1 Establishing a sinkhole damage assistance program; providing for
2 grants and loans; and making an appropriation.

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 Pennsylvania
7 Sinkhole Damage Assistance Act.

8 Section 2. Statement of purpose.

9 By this act, the General Assembly of the Commonwealth
10 recognizes that the presence of sinkholes and the potential for
11 sinkhole development in many areas of this Commonwealth poses a
12 continued threat to the health and welfare of the residents of
13 those areas, and further recognizes that sinkholes damage
14 property, jeopardize public safety and cause economic hardship
15 to property owners. Accordingly, it is the purpose of this act:

16 (1) to establish a program to authorize financial
17 assistance in the form of grants and loans in the event of

1 sinkhole damage to property;

2 (2) to develop recommendations for controlling
3 development which may exacerbate sinkhole damage; and

4 (3) to provide for the surveying and mapping of areas of
5 this Commonwealth subject to sinkhole development.

6 Section 3. Definitions.

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

10 "Commercial property." A building or structure which is
11 occupied primarily for the purpose of operating a business, an
12 office, a manufactory or a public accommodation or for any other
13 lawful nonresidential purpose. The term shall not include
14 buildings and structures owned by the Federal Government, the
15 Commonwealth or any of its political subdivisions.

16 "Department." The Department of Environmental Resources of
17 the Commonwealth.

18 "Dwelling." A building or structure whose primary use is
19 residential.

20 "Property." A dwelling or commercial property.

21 "Qualified property." Property containing a business, an
22 office, a manufactory, a public accommodation or other lawful
23 nonresidential enterprise with fewer than 25 employees, provided
24 that the owner can demonstrate hardship in obtaining and
25 repaying a conventional loan and provided that other criteria
26 which may be established by the department are met. The term
27 shall not include buildings and structures owned by the Federal
28 Government, the Commonwealth or any of its political
29 subdivisions, except for buildings and structures of school
30 districts used as public school buildings.

1 "Sinkhole." A hole in the land surface which results from
2 the collapse of the roof of a cave, or from the subsidence of
3 surface material into a subsurface opening which has been
4 created specifically by the chemical weatherization of carbonate
5 rock.

6 "Sinkhole damage." Actual physical damage to property
7 arising out of or caused by sudden settlement or collapse of the
8 earth supporting such property, provided that such settlement or
9 collapse results from a sinkhole.

10 "Sinkhole emergency." When, as a result of sinkhole damage,
11 property is rendered unsafe for human occupancy.

12 Section 4. Sinkhole Damage Revolving Loan Fund.

13 There is hereby established in the State Treasury a special
14 fund to be known as the Sinkhole Damage Revolving Loan Fund,
15 which shall be comprised of all money appropriated, allocated or
16 made available to this fund from any source, the repayment of
17 principal and interest on loans made from this fund, and all
18 interest, earnings, increment and additions thereto. The assets
19 of this fund shall be used solely for the purposes of the
20 sinkhole damage assistance program, as set forth in section 5.

21 Section 5. Sinkhole damage assistance program.

22 (a) Application for assistance.--Whenever property has
23 sustained sinkhole damage, the owner of the property may apply
24 to the department for financial assistance. The application
25 shall be on a form prepared by the department and shall provide
26 for inspection of the property to determine the nature and
27 extent of the damage. Upon a determination by the department
28 that property has sustained sinkhole damage, the department
29 shall, to the extent funds are made available, grant assistance,
30 as hereinafter provided.

1 (b) Grants.--Grants may be awarded only to those homeowners
2 whose dwellings are unsafe for occupancy as a result of a
3 sinkhole emergency, as defined in this act and may be awarded to
4 move persons whose dwellings are destroyed or endangered until
5 the homes are repaired, until there is no further danger from
6 sinkhole subsidence or until a new permanent replacement
7 residence is found.

8 (c) Loans.--Loans may be approved at interest rates not to
9 exceed 3% for the repair or replacement of sinkhole-damaged
10 property. Property need not be rendered unsafe for human
11 occupancy as a result of a sinkhole emergency, as defined in
12 this act, to qualify for a loan under this subsection. The loan
13 shall be in an amount sufficient to cover the cost of repairing
14 the structural damage to the property, but in no event shall be
15 greater than the replacement cost of the property as determined
16 by an appraiser, as provided for in regulations promulgated
17 pursuant to this act. Loans shall be administered by the
18 department and shall be secured by a lien on the property being
19 repaired or replaced.

20 (d) Priority.--The department shall give preference to
21 grants and loans based on the following:

22 (1) Grants awarded pursuant to subsection (b) shall be
23 made on a priority basis, in accordance with regulations
24 promulgated as provided for in section 6, and considering
25 both the severity of damages and whether the person applying
26 for the grant demonstrates hardship in obtaining and repaying
27 a loan.

28 (2) Loans awarded pursuant to subsection (c) shall be
29 made on a priority basis, in accordance with regulations
30 promulgated as provided for in section 6, and considering the

1 following:

2 (i) That preference shall be given to loans for
3 dwellings.

4 (ii) That, in the case of loans for dwellings,
5 preference shall be given to persons who demonstrate
6 hardship in obtaining and repaying a conventional loan.

7 (iii) That, in the case of loans for commercial
8 property, preference shall be given to qualified property
9 as defined herein.

10 (iv) That, after establishing priority in accordance
11 with subparagraphs (i), (ii) and (iii), loans shall be
12 made on a priority basis according to the severity of
13 damages.

14 (e) Thresholds.--A grant or loan shall not be awarded
15 pursuant to this section unless the following damage thresholds
16 are met or exceeded:

17 (1) A dwelling must have incurred sinkhole damage of
18 \$1,000.

19 (2) Commercial property must have incurred sinkhole
20 damage as follows:

21 (i) \$2,000 in the case of qualified property.

22 (ii) \$10,000 in the case of commercial property
23 other than qualified property.

24 (f) Municipal ordinance.--In order for an owner of property
25 which has sustained sinkhole damage to be eligible for grants or
26 loans under this act, an ordinance developed and published by
27 the department pursuant to section 7, to control and regulate
28 land development to reduce sinkhole damage, must be adopted by
29 the county or other municipality in which the property is
30 located.

1 Section 6. Rulemaking.

2 The department shall propose rules and regulations which it
3 deems necessary to accomplish the purposes and carry out the
4 provisions of this act, and the Environmental Quality Board
5 shall have the power and its duty shall be to adopt any such
6 rules and regulations which it deems necessary to accomplish the
7 purposes and carry out the provisions of this act.

8 Section 7. Guidelines and model ordinances.

9 The department shall also develop and publish NONBINDING <—
10 guidelines and model ordinances for use by counties and other
11 municipalities in addressing the control and regulation of land
12 development in order to reduce property damage caused by
13 sinkholes.

14 Section 8. Geologic survey.

15 Within three years of the effective date of this act, the
16 department shall complete its ongoing survey and mapping of
17 those areas of this Commonwealth subject to sinkhole
18 development.

19 Section 9. Annual appropriation estimate.

20 The department shall submit to the Governor and General
21 Assembly an annual estimate of the amount needed to be
22 appropriated to the department for allocation to the Sinkhole
23 Damage Revolving Loan Fund to insure its fiscal sufficiency to
24 meet the needs of the sinkhole damage assistance program.

25 Section 10. Appropriation.

26 (a) Appropriation.--The sum of \$1,150,000, or as much
27 thereof as may be necessary, is hereby appropriated to the
28 Department of Environmental Resources for the fiscal year July
29 1, 1990, to June 30, 1991, to be allocated as follows:

30 (1) The sum of \$1,000,000 is allocated to the Sinkhole

1 Damage Revolving Loan Fund. No more than 10% of this sum
2 shall be used for administrative costs.

3 (2) The sum of \$150,000 is allocated for the ongoing
4 survey and mapping of areas of this Commonwealth subject to
5 sinkhole development.

6 (b) Nonlapsing.--The appropriation made in subsection (a)
7 shall be a continuing appropriation and shall not lapse.

8 Section 11. Effective date.

9 This act shall take effect immediately.