
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 692 Session of
1991

INTRODUCED BY KREBS, OLASZ, HALUSKA, PISTELLA, STUBAN, JOHNSON,
McNALLY, KOSINSKI, CAPPABIANCA, KUKOVICH, SCHULER, CAWLEY,
LEVANSKY, BELARDI, SURRA, BELFANTI, BILLOW, GIGLIOTTI,
JAROLIN, KRUSZEWSKI, ITKIN, VEON, JAMES, STURLA, ARNOLD,
ALLEN, TRELLO, MELIO AND HARPER, MARCH 12, 1991

REFERRED TO COMMITTEE ON APPROPRIATIONS, MARCH 12, 1991

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 Sinkhole
7 Damage Assistance Act.

8 Section 2. Statement of purpose.

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

16 (1) to establish a program to authorize financial

1 assistance in the form of grants and loans in the event of
2 sinkhole damage to property;

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

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

7 Section 3. Definitions.

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

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

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

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

21 "Property." A dwelling or commercial property.

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

1 districts used as public school buildings.

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

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

11 "Sinkhole emergency." A situation that occurs when, as a
12 result of sinkhole damage, property is rendered unsafe for human
13 occupancy.

14 Section 4. Sinkhole Damage Revolving Loan Fund.

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

23 Section 5. Sinkhole damage assistance program.

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

1 shall, to the extent funds are made available, grant assistance,
2 as provided in this section.

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

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

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

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

28 (2) Loans awarded pursuant to subsection (c) shall be
29 made on a priority basis, in accordance with regulations, and
30 considering the following:

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

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

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

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

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

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

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

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

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

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

30 Section 6. Rulemaking.

1 The department shall propose regulations necessary to
2 accomplish the purposes and carry out the provisions of this
3 act, and the Environmental Quality Board shall have the power
4 and duty to adopt regulations necessary to accomplish the
5 purposes and carry out the provisions of this act.

6 Section 7. Guidelines and model ordinances.

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

12 Section 8. Geologic survey.

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

17 Section 9. Annual appropriation estimate.

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

23 Section 10. Appropriation.

24 (a) Appropriation.--The sum of \$1,150,000, or as much
25 thereof as may be necessary, is hereby appropriated to the
26 Department of Environmental Resources for the fiscal year July
27 1, 1991, to June 30, 1992, to be allocated as follows:

28 (1) The sum of \$1,000,000 is allocated to the Sinkhole
29 Damage Revolving Loan Fund. No more than 10% of this sum
30 shall be used for administrative costs.

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

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

6 Section 11. Effective date.

7 This act shall take effect immediately.