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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**HOUSE BILL**

**No. 860**      Session of  
1999

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INTRODUCED BY MARKOSEK, SAINATO, PETRARCA, STEELMAN, PESCI,  
TIGUE, DALEY, HARHAI, ROBINSON, TRELLO, BELFANTI, RUFFING,  
YOUNGBLOOD, PRESTON, M. COHEN, WASHINGTON AND MICHLOVIC,  
MARCH 10, 1999

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REFERRED TO COMMITTEE ON VETERANS AFFAIRS AND EMERGENCY  
PREPAREDNESS, MARCH 10, 1999

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AN ACT

1 Amending Title 35 (Health and Safety) of the Pennsylvania  
2 Consolidated Statutes, creating the State Disaster Assistance  
3 Loan Program; providing for powers and duties of the  
4 Pennsylvania Emergency Management Agency; establishing the  
5 State Disaster Assistance Loan Fund; and providing for  
6 funding for the State Disaster Assistance Loan Program.

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

9 Section 1. Chapter 73 of Title 35 of the Pennsylvania  
10 Consolidated Statutes is amended by adding a subchapter to read:

11 SUBCHAPTER C

12 DISASTER ASSISTANCE LOANS

13 Sec.

14 7321. Legislative findings and purpose.

15 7322. Definitions.

16 7323. State Disaster Assistance Loan Program.

17 7324. Request for loan authorization.

18 7325. Application for and issuance of loan.

1 7326. Funding.

2 § 7321. Legislative findings and purpose.

3 (a) Findings.--The General Assembly finds as follows:

4 (1) The Commonwealth, because of its topography,  
5 development and economic base, is susceptible to a wide range  
6 of disasters and emergencies, including fire, flood and wind  
7 and technological accidents and emergencies, that threaten  
8 public health and safety as well as the economic well-being  
9 of the citizens of this Commonwealth.

10 (2) The violent forces of nature and unpredictable man-  
11 made accidents that occur in this Commonwealth cause damage  
12 to public and private property and create conditions that  
13 force businesses from their locations and families from their  
14 homes. These disasters and emergencies threaten public  
15 health, safety and the general welfare of affected  
16 communities.

17 (3) Disasters which impact on a large area and  
18 population often qualify for various forms of aid from the  
19 Federal Government to help repair and replace damaged  
20 residences. More localized disasters create identical serious  
21 hardship and loss for those businesses and families directly  
22 affected, but Federal assistance is not made available to  
23 help with recovery.

24 (4) As a result of extensive repair and replacement  
25 costs resulting from disaster and emergency damages,  
26 businesses and homeowners without adequate insurance coverage  
27 may be unable to repair or replace damaged or destroyed  
28 business and household possessions.

29 (5) Failure to expeditiously repair or replace household  
30 possessions may result in a degradation of the quality of the

1 community and the creation of unsafe conditions.

2 (b) Purpose.--It is the purpose of this subchapter to create  
3 a State program to provide limited assistance to businesses and  
4 homeowners directly affected by disasters and emergencies. State  
5 assistance will be limited to loans to businesses and homeowners  
6 to repair or replace business or household possessions.

7 § 7322. Definitions.

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

11 "Business possessions." Appliances, business machines,  
12 furniture, inventory, equipment, devices, fixtures,  
13 appurtenances or improvements required for the operation and  
14 maintenance of the business.

15 "Fund." The State Disaster Assistance Loan Fund established  
16 under this subchapter.

17 "Household possessions." Appliances, furniture, equipment,  
18 devices, fixtures and appurtenances required for the convenience  
19 and comfort of residents of a primary residence. The term does  
20 not include items of apparel.

21 "Program." The State Disaster Assistance Loan Program  
22 created under this subchapter.

23 § 7323. State Disaster Assistance Loan Program.

24 (a) Program created.--The State Disaster Assistance Loan  
25 Program is hereby created to provide disaster assistance loans  
26 to businesses and homeowners for the repair or replacement of  
27 business or household possessions under the provisions of this  
28 subchapter for disasters which occurred on or after July 1,  
29 1997.

30 (b) Responsibilities of the agency.--The agency is hereby

1 authorized to do the following:

2 (1) Immediately develop the program with county  
3 government representatives to provide loans to businesses and  
4 homeowners directly affected by disasters and emergencies  
5 when the Governor has declared a State disaster emergency  
6 area in conformity with this act.

7 (2) Authorize the issuance of State disaster assistance  
8 loans to businesses and homeowners after review and approval  
9 of the county's written request, submission of a detailed  
10 damage survey report, compliance with necessary public  
11 funding requirements and certification that no other public-  
12 funded program exists to help affected homeowners.

13 (3) Develop and conduct training programs for State and  
14 county officials and staff to implement the State Disaster  
15 Assistance Loan Program. Training shall include program  
16 administration, damage assessment documentation and reporting  
17 and mitigation identification and implementation.

18 § 7324. Request for loan authorization.

19 (a) County requests.--County emergency management  
20 coordinators, in coordination with disaster-affected municipal  
21 elected officials and local emergency management coordinators,  
22 shall submit to the agency a request to make State disaster  
23 assistance loans available to disaster-affected businesses and  
24 homeowners in the county. As required by section 7504(b)  
25 (relating to coordination, assistance and mutual aid), all  
26 requests shall be based on a finding that the disaster is of  
27 such magnitude and severity that State disaster assistance is  
28 necessary to alleviate the hardships caused to the affected  
29 businesses and homeowners and that no other government-funded  
30 programs exist or existing programs have been exhausted.

1 (b) Program eligibility threshold.--In order for the agency  
2 to authorize State disaster assistance loans, the county must  
3 submit or must have submitted a detailed written damage survey  
4 report which identifies by name and address each residential  
5 homeowner who has suffered an uninsured loss of business or  
6 household possessions. In order for the program to be  
7 implemented, there must be damage to at least one business  
8 property or one primary residence of either a single-family  
9 residential, condominium, apartment or mobile home nature which  
10 has suffered damage or loss of business or household possessions  
11 directly caused by the identified disaster or emergency. Camps,  
12 cottages or other types of secondary residences are not eligible  
13 for disaster loan assistance. Applicants must show proof that  
14 banks and other financial institutions will not grant a loan for  
15 this purpose or that the loan repayment amount is beyond the  
16 capability of, or the repayment of the loan would create a  
17 substantial financial hardship for, the business or homeowner.  
18 In its written request, the county shall also furnish  
19 information requested by the agency concerning the nature of the  
20 disaster or emergency that impacted the affected residence or  
21 residences within the county.

22 § 7325. Application for and issuance of loan.

23 (a) Review of county requests for assistance.--The agency  
24 shall review and approve all county requests for loan  
25 assistance. The agency shall then implement the loan  
26 application, review, approval and award process for the  
27 individual businesses or residential homeowners identified in  
28 the county's damage survey report.

29 (b) Loan application and award.--This program may be  
30 authorized when the magnitude and severity of the disaster or

1 emergency meets or exceeds program eligibility standards as set  
2 forth in section 7324(b) (relating to request for loan  
3 authorization). All requirements of the loan application and  
4 award process will be developed, by regulation, by the agency  
5 within 60 days of the effective date of this act. All  
6 applications for loans must be received by the agency within 60  
7 days after the agency has approved the county damage survey  
8 report and request for assistance.

9 (c) Eligibility.--

10 (1) A homeowner or tenant residing within a political  
11 subdivision designated by the Governor as a State disaster  
12 emergency area who suffered disaster-related damage to  
13 household possessions contained in a primary residence may  
14 apply for a State disaster assistance loan.

15 (2) Any business within a political subdivision  
16 designated by the Governor as a State disaster emergency area  
17 which suffered disaster-related damage to the business  
18 possessions contained in or at the business may apply for a  
19 State disaster assistance loan.

20 (d) Interest.--The rate of interest on State disaster  
21 assistance loans shall be 2%. Loans shall be secured by  
22 mortgages on the real estate and shall be repaid over a term not  
23 to exceed ten years in accordance with promissory notes which  
24 establish monthly loan principal and interest payments.

25 (e) Limitations.--The following limitations shall apply to  
26 the program:

27 (1) A loan shall not be made to a business or homeowner  
28 eligible to receive assistance from the Federal Government  
29 under any Federal disaster assistance and recovery program or  
30 any other public or private insurance policy.

1           (2) Loans shall be limited to businesses and homeowner-  
2 occupied primary residences that are located within a  
3 political subdivision that the agency has designated as a  
4 disaster emergency area.

5           (3) Loans are limited to providing for essential  
6 structural repairs or replacement of business or household  
7 possessions.

8           (4) A business or homeowner may only apply for one  
9 disaster assistance loan at a time. While a business's or  
10 homeowner's disaster assistance loan is in effect, the same  
11 business or homeowner shall be ineligible for another loan  
12 under the program.

13           (5) The maximum amount of a loan is \$10,000. However, in  
14 extenuating circumstances, as determined by the agency, the  
15 amount may exceed this limit.

16           (6) Recipients of loans are required to submit bills,  
17 vouchers, receipts or canceled checks which demonstrate to  
18 the agency that the amount awarded by the agency was used to  
19 repair or replace business or household possessions pursuant  
20 to the requirements of the program established under this  
21 subchapter.

22 § 7326. Funding.

23           (a) State Disaster Assistance Loan Fund.--The State Disaster  
24 Assistance Loan Fund is hereby established as a restricted  
25 receipts account in the State Treasury. Ten million dollars of  
26 the annual revenue received from the Master Settlement Agreement  
27 between this Commonwealth and the tobacco industry shall be  
28 deposited annually into the fund.

29           (b) Diversion of moneys in fund prohibited.--Moneys in the  
30 fund shall not be diverted to fund other Commonwealth operations

1 or programs or be transferred to other funds, and shall be used  
2 exclusively for the purposes provided for in this subchapter.

3 Section 2. The addition of 35 Pa.C.S. Ch. 73 Subch. C shall  
4 be retroactive to July 1, 1997.

5 Section 3. This act shall take effect immediately.