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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 883      Session of  
2005

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INTRODUCED BY GRUCELA, BELARDI, BELFANTI, CALTAGIRONE, COHEN,  
CRAHALLA, DALLY, DeWEESE, FABRIZIO, FRANKEL, FREEMAN, GEIST,  
GEORGE, GOODMAN, McCALL, MCGILL, NAILOR, PETRARCA, READSHAW,  
REICHLEY, SANTONI, SCAVELLO, SHANER, SOLOBAY, STABACK,  
TANGRETTI, WALKO, WOJNAROSKI, YUDICHAK, HARHART, YOUNGBLOOD  
AND DeLUCA, MARCH 14, 2005

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REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,  
MARCH 14, 2005

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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 Repair Assistance Law.

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:

1           (1) to establish a program to authorize financial  
2 assistance in the form of grants and loans in the event of  
3 sinkhole damage to property;

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

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

### 8 Section 3. Definitions.

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

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

18       "Department." The Department of Environmental Protection of  
19 the Commonwealth.

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

22       "Property." A dwelling or commercial property.

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

1 subdivisions, except for buildings and structures of school  
2 districts used as public school buildings.

3 "Sinkhole." A hole in the land surface which results from  
4 the collapse of the roof of a cave or from the subsidence of  
5 surface material into a subsurface opening which has been  
6 created specifically by the chemical weatherization of carbonate  
7 rock. The term shall not include a sinkhole caused by mine  
8 subsidence.

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

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

#### 16 Section 4. Sinkhole Damage Revolving Loan Fund.

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

#### 26 Section 5. Sinkhole damage assistance program.

27 (a) Application for assistance.--Whenever property has  
28 sustained sinkhole damage, the owner of the property may apply  
29 to the department for financial assistance. The application  
30 shall be on a form prepared by the department and shall provide

1 for inspection of the property to determine the nature and  
2 extent of the damage. Upon a determination by the department  
3 that property has sustained sinkhole damage, the department  
4 shall, to the extent funds are made available, grant assistance,  
5 as provided in this section.

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

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

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

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

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

4           (i) That preference shall be given to loans for  
5       dwellings.

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

9           (iii) That, in the case of loans for commercial  
10      property, preference shall be given to qualified  
11      property.

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

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

19          (1) A dwelling must have incurred sinkhole damage of  
20      \$1,000.

21          (2) Commercial property must have incurred sinkhole  
22      damage as follows:

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

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

26      (f) Municipal ordinance.--In order for an owner of property  
27      which has sustained sinkhole damage to be eligible for grants or  
28      loans under this act, an ordinance similar in intent and  
29      function to the ordinance developed and published by the  
30      department pursuant to section 7 (relating to guidelines and

1 model ordinances), to control and regulate land development to  
2 reduce sinkhole damage, must be adopted by the municipality in  
3 which the property is located.

4 Section 6. Rulemaking.

5 The department shall propose regulations necessary to  
6 accomplish the purposes and carry out the provisions of this  
7 act, and the Environmental Quality Board shall have the power  
8 and duty to adopt regulations necessary to accomplish the  
9 purposes and carry out the provisions of this act.

10 Section 7. Guidelines and model ordinances.

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

16 Section 8. Geologic survey.

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

21 Section 9. Annual appropriation estimate.

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

27 Section 10. Appropriation.

28 (a) Appropriation.--The sum of \$1,150,000, or as much  
29 thereof as may be necessary, is hereby appropriated to the  
30 Department of Environmental Protection for the fiscal year

1 beginning July 1, 2005, to be allocated as follows:

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

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

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

10 Section 11. Effective date.

11 This act shall take effect immediately.