
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 829 Session of
2015

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CALTAGIRONE, READSHAW, D. COSTA, MAHONEY, KINSEY, SCHWEYER
AND MURT, MARCH 24, 2015

REFERRED TO COMMITTEE ON VETERANS AFFAIRS AND EMERGENCY
PREPAREDNESS, MARCH 24, 2015

AN ACT

1 Providing for small disaster assistance to individuals,
2 businesses and municipalities; imposing surcharges on
3 insurers; establishing a fund; and conferring powers and
4 duties on the Department of Community and Economic
5 Development, the Pennsylvania Emergency Management Agency,
6 the Department of Human Services and the Pennsylvania Housing
7 Finance Agency.

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1 Section 12. Training, administration and operations.

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5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Small
9 Disaster Assistance Act.

10 Section 2. Declaration of policy.

11 The General Assembly finds and declares as follows:

12 (1) Many communities in this Commonwealth are frequently
13 subject to natural and manmade disasters that cause
14 significant damage and disruption in the life of the
15 community but are not of sufficient magnitude to qualify for
16 Federal disaster assistance programs.

17 (2) These losses are of considerable importance to those
18 directly affected and their communities and to the health and
19 welfare of the citizens of this Commonwealth's many small
20 communities.

21 Section 3. Definitions.

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

25 "Administering agency." The Commonwealth agency charged with
26 administration under section 5(b).

27 "Agency." The Pennsylvania Emergency Management Agency.

28 "Business." The term includes nonprofit organizations and
29 the nonsectarian portion of religious facilities.

30 "Cost-of-living increase." The increase in the Consumer

1 Price Index for All Urban Consumers for the calendar year prior
2 to the disaster event.

3 "Flood plain." A 100-year flood plain, as defined in section
4 104 of the act of October 4, 1978 (P.L.851, No.166), known as
5 the Flood Plain Management Act.

6 "Fund." The Small Disaster Assistance Fund established in
7 section 4.

8 "Small disaster." An event which:

- 9 (1) occurred after June 30, 2013;
- 10 (2) results in total uninsured losses, for all affected
11 individuals and businesses, of not more than \$2,000,000;
- 12 (3) falls below the current Federal guidelines for
13 Federal disaster assistance; and
- 14 (4) involves:
 - 15 (i) damage exceeding 40% of the total value of a
16 structure and contents of each of at least five homes or
17 two businesses;
 - 18 (ii) loss of life; or
 - 19 (iii) total estimated damages of at least \$250,000
20 to public facilities.

21 Section 4. Fund.

22 (a) Establishment.--The Small Disaster Assistance Fund is
23 established as a separate fund in the State Treasury.

24 (b) Purpose.--

25 (1) The purpose of the fund is to assist the victims of
26 natural and manmade disasters with:

- 27 (i) low-interest loans; and
- 28 (ii) grants.

29 (2) Up to one-half of the money in the fund may be used
30 to pay the Commonwealth's matching share for any major

1 disaster declared eligible for Federal assistance by the
2 President of the United States. The need for Federal matching
3 funds for any specific major disaster event may not encumber
4 fund money in years beyond the year of the major event.

5 (3) The fund shall provide for staff under section
6 12(b). Expenditures under this paragraph shall not exceed 10%
7 of the revenue received by the fund in a fiscal year.

8 (c) Sources.--The following are the sources of the fund:

9 (1) Surcharges under section 5(a)(1).

10 (2) Appropriations.

11 (3) Loan repayments.

12 (4) Return on the money in the fund.

13 (5) Funds from sources other than the Commonwealth.

14 (d) Administration.--The fund shall be administered under
15 section 5.

16 (e) Nonlapse.--Money in the fund is continuously
17 appropriated into the fund. This appropriation shall not lapse
18 at the end of any fiscal year.

19 Section 5. Administration.

20 (a) Agency.--The agency has the following powers and duties:

21 (1) To impose a surcharge on each insurance policy on
22 real property in this Commonwealth of \$1 per \$100,000 of
23 insured value.

24 (2) To collect 95% of the surcharge from each insurer,
25 permitting the insurer to retain 5% to defray administrative
26 costs of collection.

27 (3) To coordinate the use of the fund.

28 (4) To report annually to the Secretary of the Senate
29 and the Chief Clerk of the House of Representatives on the
30 performance and needs of the fund.

(b) Administering agencies.--Program elements from the fund shall be administered as follows:

(1) The Department of Community and Economic Development shall administer assistance for all of the following:

(i) Businesses.

(ii) Municipalities.

(2) The Pennsylvania Housing Finance Agency shall administer assistance for real property aspects of residential housing.

(3) The Department of Human Services shall administer assistance for personal property.

Section 6. Declaration.

(a) Petition.--A county emergency management director must petition the agency for a declaration of a small disaster.

(b) Determination.--The agency's determination on the petition shall be deemed a final order, subject to review under 2 Pa.C.S. Ch. 7 Subch. A (relating to judicial review of Commonwealth agency action).

(c) Effect.--A declaration of small disaster shall extend the assistance available under this act.

(d) Eligibility.--

(1) Except as set forth in paragraph (2), to be eligible for assistance under this act, a person must meet all of the following:

(i) Own property in a flood plain.

(ii) Maintain flood insurance.

(iii) Be a victim of a small disaster.

(2) Paragraph (1)(ii) does not apply to a residential claimant with a family income of less than 200% of the Federal poverty level.

1 Section 7. Low-interest loans to victims of small disaster.

2 (a) Availability.--A low-interest loan may be extended to a
3 person eligible under section 6(d) to cover the portion of a
4 loss due to a small disaster that is not covered by insurance.
5 The loan shall be extended to incorporate existing debt on real
6 property and contents.

7 (b) Eligibility.--

8 (1) Except as set forth in paragraph (2), an individual
9 who has lost personal property from a primary residence as
10 the result of a small disaster is eligible for a low-interest
11 loan.

12 (2) This subsection does not apply to the loss of:

13 (i) jewelry;

14 (ii) art;

15 (iii) sports equipment; or

16 (iv) an item determined by the administering agency
17 to be a luxury item.

18 (c) Principal.--

19 (1) Except as set forth in paragraph (2), all of the
20 following apply:

21 (i) The amount of the loan shall not exceed:

22 (A) Seven thousand five hundred dollars per
23 person in multiperson households; nor

24 (B) Fifteen thousand dollars in single-person
25 households.

26 (ii) The total amount of a loan per household shall
27 not exceed \$35,000.

28 (iii) The amount of the loan shall not exceed one-
29 third of the estimated market value of the residence
30 prior to the small disaster.

(2) For a documentable loss exceeding the amounts specified in paragraph (1)(i) or (ii), the administering agency may make loans to individuals at an interest rate twice the rate under subsection (d).

(d) Rate.--Except as set forth in subsection (c)(2), a loan under this section shall bear interest for the entire term at a rate no greater than the cost-of-living increase.

Section 8. Business loans.

(a) Term.--

(1) Except as set forth in paragraph (2), a business loan shall be for a term of no more than 15 years.

(2) The term of a loan may be:

(i) extended by hardship suspension of payment; or

(ii) shortened under section 13(c)(1).

(b) Security.--A business loan must be secured by:

(1) a mortgage on real property of the business; or

(2) other suitable collateral.

(c) Use.--A business loan may be used to repair or replace any of the following when lost or seriously damaged due to a small disaster:

(1) Fixed equipment.

(2) Major moveable equipment.

(3) Furnishings.

(4) Real property.

(5) A leasehold improvement.

(6) Inventory, if it can be shown that an insurance policy at a reasonable premium in relation to value was not available to replace the inventory.

(d) Principal.--

(1) At the discretion of the Department of Community and

1 Economic Development, an individual business loan may be
2 increased up to 150% of eligible repair or replacement costs
3 to assist in business retention and recovery.

4 (2) The sum of all business loans may not exceed more
5 than one-half of all funds available for expenditure in the
6 fund in any fiscal year.

7 Section 9. Municipal loans.

8 (a) Term.--

9 (1) Except as set forth in paragraph (2), a municipal
10 loan shall be for a term of no more than 15 years.

11 (2) The term of a loan may be:

12 (i) extended by hardship suspension of payment; or

13 (ii) shortened under section 13(c)(1).

14 (b) Use.--

15 (1) A municipal loan may be used for repairing or
16 replacing any of the following when lost or seriously damaged
17 due to a small disaster:

18 (i) A building.

19 (ii) Major equipment other than vehicles, plows,
20 backhoes and similar gasoline-powered or diesel-powered
21 mobile machinery.

22 (iii) Office machinery.

23 (iv) A street.

24 (v) A water and sewer line.

25 (vi) A public utility.

26 (vii) A recreational facility.

27 (2) A municipality affected by a small disaster may
28 apply for a loan to rectify conditions or inadequate public
29 facilities that led directly to the small disaster or
30 contributed substantially to its occurrence or the inability

1 of local officials to bring the damage under control. This
2 paragraph includes the following:

3 (i) Missing or inadequate storm sewers or other
4 water management structures, including work within stream
5 channels.

6 (ii) Inadequate fire hydrants or related water
7 lines.

8 (iii) Watershed plans.

9 (iv) Engineering studies and designs necessary to
10 effect mitigation improvements.

11 (c) Limitation.--

12 (1) Small-disaster mitigation assistance may be used
13 only for municipally owned or controlled improvements.

14 (2) Firefighting apparatus and other emergency services
15 equipment and vehicles, including trucks, tankers and other
16 vehicles, are not eligible for mitigation assistance.

17 (d) Chronic flooding.--

18 (1) The agency may consult with the Department of
19 Environmental Protection to identify areas of chronic
20 flooding that result in frequent damage to communities but
21 that do not rise to the level of a small disaster.

22 (2) The agency, in conjunction with the Department of
23 Environmental Protection, may use up to 25% of the annual
24 revenue of the fund, exclusive of carryover reserves, to
25 provide municipal loans to correct conditions described in
26 paragraph (1).

27 (e) Hazard mitigation.--Hazard mitigation loans shall be
28 subject to the following:

29 (1) A low-interest loan shall be available for the
30 balance of project work not covered by a grant under section

1 11(a). The maximum total assistance of loans and grants shall
2 not be more than \$10,000,000.

3 (2) A hazard mitigation loan shall be for a term of 20
4 years.

5 (3) The interest rate shall be determined under section
6 7(d).

7 (f) Formula.--

8 (1) A municipality shall be eligible for a mitigation
9 grant of 50% of total project cost if, for the preceding
10 year, its median per capita personal income exceeds the State
11 median per capita personal income by more than 20%.

12 (2) A municipality shall be eligible for a mitigation
13 grant of 60% of total project cost if, for the preceding
14 year, its median per capita personal income is in the
15 following range:

16 (i) Is less than the State median per capita
17 personal income by no more than 20%.

18 (ii) Exceeds the State median per capita personal
19 income by no more than 20%.

20 (3) A municipality shall be eligible for a mitigation
21 grant of 70% of total project cost if, for the preceding
22 year, its median per capita personal income is less than the
23 State median per capita personal income by more than 20%.

24 Section 10. Residential loans.

25 (a) Use.--

26 (1) Except as set forth in paragraph (2), a residential
27 loan:

28 (i) may be made only for the replacement or repair
29 of the structure of a primary residence; and

30 (ii) may not be made for repairs to landscaping,

1 ponds, pools or outbuildings.

2 (2) Paragraph (1)(ii) does not apply to a repair
3 necessary to respond to serious hazards resulting from small
4 disaster damage.

5 (3) An individual who has been forced from a primary
6 rental residence by a small disaster is eligible for a
7 residential loan to purchase a home approximately equivalent
8 to the prior residence in size but no smaller than 400 square
9 feet per individual of interior living space.

10 (b) Security.--A residential loan must be secured by a
11 mortgage on the real property that is the subject of the loan.

12 (c) Condition.--Section 13(c)(1) applies to a residential
13 loan.

14 Section 11. Grants.

15 (a) Hazard mitigation.--A municipality may receive a grant
16 for hazard mitigation work in an amount of no more than
17 \$5,000,000 per event.

18 (b) Conversion.--If individual financial circumstances
19 indicate that a person eligible for a loan under this act does
20 not reasonably have the ability to repay the loan, the
21 administering agency may convert some or all of the amount of
22 the loan to a grant.

23 Section 12. Training, administration and operations.

24 (a) Specialized staff.--The agency and each administering
25 agency shall recruit, train and develop staff specializing in
26 small disaster assistance in their respective program areas. The
27 staff sections shall be deployed by each administering agency in
28 response to a declared small disaster, as directed by the
29 agency. These personnel shall also be available to the agency at
30 the direction of the Governor to respond to any major disaster

1 in this Commonwealth.

2 (b) Funding for staff.--The agency and each administering
3 agency shall receive up to \$1,000,000 annually from the fund to
4 establish a permanently staffed small disaster response team.
5 When the small disaster response team is deployed on assignment,
6 the agency shall reimburse the administering agency from the
7 fund for standard and necessary travel and living costs for each
8 team deployed to the small disaster.

9 (c) Authority to approve expenditures.--In response to a
10 small disaster, the agency shall have final authority to approve
11 expenditures from the fund for additional purposes it deems
12 necessary to small disaster recovery unless the uses are
13 specifically prohibited by this act.

14 Section 13. Insurance coverage.

15 (a) Loans.--A loan recipient must maintain adequate property
16 insurance coverage for the full value of the subject property
17 for the term of the disaster assistance loan, including flood
18 insurance coverage, if the property is located within a flood
19 plain.

20 (b) Grants.--Grant recipients must maintain adequate
21 insurance coverage for 20 years.

22 (c) Violation.--

23 (1) If a recipient violates subsection (a), the
24 principal and interest on the loan shall become due
25 immediately.

26 (2) If a recipient violates subsection (b), the amount
27 of the grant shall be repaid to the fund.

28 Section 14. Operation.

29 (a) Initiation.--The agency may not utilize any of the money
30 in the fund for the purposes under section 4(b) until the amount

1 of money in the fund meets or exceeds \$10,000,000.

2 (b) Suspension.--If the agency determines that the amount of
3 money in the fund has fallen to a level making the fund
4 actuarially unsound, the agency shall suspend using the fund for
5 the purposes under section 4(b) and administering the fund under
6 section 5 until the amount of money in the fund becomes
7 actuarially sound.

8 Section 15. Effective date.

9 This act shall take effect in 60 days.