

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

SENATOR FISHER, ENVIRONMENTAL RESOURCES AND ENERGY, AS AMENDED,
MARCH 27, 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.

14 "Department." The Department of Environmental Resources of
15 the Commonwealth.

16 "Dwelling." A building or structure whose primary use is
17 residential.

18 "Property." A dwelling or commercial property.

19 "Qualified property." Property containing a business, an
20 office, a manufactory, a public accommodation or other lawful
21 nonresidential enterprise with fewer than 25 employees, provided
22 that the owner can demonstrate hardship in obtaining and
23 repaying a conventional loan and provided that other criteria
24 which may be established by the department are met. THE TERM
25 SHALL INCLUDE A PUBLIC SCHOOL BUILDING.

26 "Sinkhole." A hole in the land surface which results from
27 the collapse of the roof of a cave, or from the subsidence of
28 surface material into a subsurface opening which has been
29 created specifically by the chemical weatherization of carbonate
30 rock.

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1 "Sinkhole damage." Actual physical damage to property
2 arising out of or caused by sudden settlement or collapse of the
3 earth supporting such property, provided that such settlement or
4 collapse results from a sinkhole.

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

7 Section 4. Sinkhole Damage Revolving Loan Fund.

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

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

26 (b) Grants.--Grants may be awarded only to those homeowners
27 whose dwellings are unsafe for occupancy as a result of a
28 sinkhole emergency, as defined in this act and may be awarded to
29 move persons whose dwellings are destroyed or endangered until
30 the homes are repaired, until there is no further danger from

1 sinkhole subsidence or until a new permanent replacement
2 residence is found.

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

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

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

23 (2) Loans awarded pursuant to subsection (c) shall be
24 made on a priority basis, in accordance with regulations
25 promulgated as provided for in section 6, and considering the
26 following:

27 (i) That preference shall be given to loans for
28 dwellings.

29 (ii) That, in the case of loans for dwellings,
30 preference shall be given to persons who demonstrate

1 hardship in obtaining and repaying a conventional loan.

2 (iii) That, in the case of loans for commercial
3 property, preference shall be given to qualified property
4 as defined herein.

5 (iv) That, after establishing priority in accordance
6 with subparagraphs (i), (ii) and (iii), loans shall be
7 made on a priority basis according to the severity of
8 damages.

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

12 (1) A dwelling must have incurred sinkhole damage of
13 \$1,000.

14 (2) Commercial property must have incurred sinkhole
15 damage as follows:

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

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

19 Section 6. Rulemaking.

20 The department shall propose rules and regulations which it
21 deems necessary to accomplish the purposes and carry out the
22 provisions of this act, and the Environmental Quality Board
23 shall have the power and its duty shall be to adopt any such
24 rules and regulations which it deems necessary to accomplish the
25 purposes and carry out the provisions of this act.

26 Section 7. Guidelines and model ordinances.

27 The department shall also develop and publish nonbinding
28 guidelines and model ordinances for use by counties and other
29 municipalities in addressing the control and regulation of land
30 development in order to reduce property damage caused by

1 sinkholes.

2 Section 8. Geologic survey.

3 Within three years of the effective date of this act, the
4 department shall complete its ongoing survey and mapping of
5 those areas of this Commonwealth subject to sinkhole
6 development.

7 Section 9. Annual appropriation estimate.

8 The department shall submit to the Governor and General
9 Assembly an annual estimate of the amount needed to be
10 appropriated to the department for allocation to the Sinkhole
11 Damage Revolving Loan Fund to insure its fiscal sufficiency to
12 meet the needs of the sinkhole damage assistance program.

13 Section 10. Appropriation.

14 (a) Appropriation.--The sum of \$1,150,000, or as much
15 thereof as may be necessary, is hereby appropriated to the
16 Department of Environmental Resources for the fiscal year July
17 1, 1990, to June 30, 1991, to be allocated as follows:

18 (1) The sum of \$1,000,000 is allocated to the Sinkhole
19 Damage Revolving Loan Fund.

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

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

25 Section 11. Effective date.

26 This act shall take effect immediately.