

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL**No. 1297** Session of
2011

INTRODUCED BY BAKER, YUDICHAK, GORDNER, SOLOBAY, FERLO,
GREENLEAF, KASUNIC, LEACH, SCHWANK, WILLIAMS, BLAKE, BOSCOLA,
COSTA, ARGALL, BROWNE, BREWSTER, YAW AND BRUBAKER,
OCTOBER 18, 2011

SENATOR CORMAN, APPROPRIATIONS, RE-REPORTED AS AMENDED, NOVEMBER
14, 2011

AN ACT

1 Providing for a Small Business Flood Relief Program; making an
2 appropriation; and providing for termination of the program.

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 Small
7 Business Flood Relief Act of 2011.

8 Section 2. Declaration of policy.

9 (1) Hurricane Irene and Tropical Storm Lee and the
10 resulting flood emergency impacted many small businesses of
11 this Commonwealth, causing substantial economic and physical
12 damage.

13 (2) Small businesses are an integral part of communities
14 and a vital component to Pennsylvania's economy.

15 (3) Federal emergency declarations designated certain
16 areas as eligible for business disaster assistance.

1 (4) Pursuant to section 17(b) of Article VIII of the
2 Constitution of Pennsylvania, the Commonwealth should provide
3 additional assistance to certain small businesses to
4 supplement compensation received from private insurance and
5 the Federal Government.

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 "Adjusted loss." The difference between:

11 (1) eligible loss; and

12 (2) covered loss.

13 "Covered loss." Any amount received by or due the recipient
14 from private insurance and Federal loans on account of an
15 eligible loss. The term does not include an insurance deductible
16 paid by the recipient.

17 "Department." The Department of Community and Economic
18 Development of the Commonwealth.

19 "Eligible loss." Damage caused as a result of Hurricane
20 Irene and Tropical Storm Lee to a small business and certified
21 by the Pennsylvania Emergency Management Agency.

22 "Program." The Small Business Flood Relief Program
23 established under section 6.

24 "Small business." A person that is engaged in a for-profit
25 enterprise and that employs 100 or fewer individuals.

26 "Working capital." Capital used by a small business for
27 operations, excluding fixed assets and machinery and equipment.

28 Section 4. Powers and duties of department.

29 The department shall adopt guidelines to administer the
30 program.

1 Section 5. Restricted account.

2 A restricted account is established in the State Treasury to
3 be known as the Small Business Flood Relief Account. The account
4 shall be for the purpose of making loans that shall be provided
5 to small businesses eligible for assistance under the program
6 authorized under section 6 and be funded by the appropriation
7 contained in section 7 from which loans to small businesses
8 shall be provided by the department to eligible small
9 businesses.

10 Section 6. Small Business Flood Relief Program.

11 (a) Establishment.--There is established the Small Business
12 Flood Relief Program.

13 (b) Eligibility.--To be eligible for a loan, a small
14 business must meet all of the following:

15 (1) Be located in a county that has been declared a
16 Federal disaster area as a result of Hurricane Irene or
17 Tropical Storm Lee.

18 (2) Suffered an eligible loss.

19 (3) Be a small business.

20 (4) Be registered and in good standing with the
21 Department of Revenue in terms of:

22 (i) Having filed State tax returns.

23 (ii) Not being delinquent in the payment of State
24 taxes.

25 (c) Procedure.--

26 (1) A small business shall apply for a loan under this
27 section by or on October 2, 2012, on a form furnished by the
28 department, setting forth the facts establishing eligibility.
29 An application under this paragraph is subject to 18 Pa.C.S.
30 § 4904 (relating to unsworn falsification to authorities).

1 (2) The department shall investigate the application to
2 determine eligibility.

3 (3) Within 30 days of receipt of the application, the
4 department shall make an eligibility and loan determination.

5 (d) Loans.--

6 (1) The minimum loan amount to be awarded is \$10,000 and
7 the maximum loan amount to be awarded under this program is
8 \$100,000 or the adjusted loss, whichever is less.

9 (2) Loan proceeds may be used by a small business under
10 this program for working capital, inventory, equipment
11 purchase and real property improvements, if the real property
12 is owned by the borrower, but cannot be used for refinancing
13 existing debt or outstanding debt payments. Equipment and
14 real property must be located within this Commonwealth.

15 (3) Loan proceeds must be drawn within 60 days of the
16 loan approval date. Failure to draw funds within the required
17 time period will result in revocation of the loan.

18 (4) Loan applications will be reviewed and loans
19 approved on a first-come, first-served basis until available
20 funds are exhausted.

21 (e) Loan terms.--

22 (1) A loan for working capital or inventory shall be
23 made at an interest rate not to exceed 3% for the term of the
24 loan. The repayment period shall not exceed five years.

25 (2) A loan for equipment purchase or real property
26 improvement shall be made at an interest rate not to exceed
27 1% for the term of the loan. The repayment period shall not
28 exceed 10 years.

29 SECTION 7. GUIDELINES. 

30 THE DEPARTMENT SHALL ADOPT GUIDELINES TO IMPLEMENT AND

1 OPERATE THE PROGRAM. THE GUIDELINES MAY INCLUDE THE FOLLOWING:

2 (1) REPAYMENT SCHEDULES.

3 (2) COLLATERAL OR LIEN POSITION REQUIREMENTS.

4 (3) OTHER REQUIREMENTS DEEMED APPROPRIATE BY THE

5 DEPARTMENT.

6 Section 7 8. Appropriation. ←

7 The sum of ~~\$15,000,000~~ \$10,000,000 is appropriated to the ←

8 department to carry out the program under this act.

9 Section 8 9. Termination. ←

10 The program established under section 6 and the Small

11 Business Flood Relief Account established under section 5 shall

12 terminate on December 31, 2012, and any money remaining in the

13 account shall be transferred to the General Fund.

14 Section 9 10. Effective date. ←

15 This act shall take effect immediately.