

No. 1986-88

AN ACT

SB 642

Amending the act of March 28, 1986 (P.L.75, No.25), entitled "An act providing for grants to persons for property damaged or destroyed by tornado or flood; establishing the basis for the grants; and making an appropriation," extending the provisions of this act to certain disasters occurring in calendar years 1984 and 1986; providing a moratorium on certain assessments; and making appropriations to the Governor and the Pennsylvania Emergency Management Agency for disaster relief and for allocations to various municipalities in Westmoreland, Somerset and Fayette Counties for reimbursement for flood damages.

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

Section 1. The title and sections 1, 2 and 3 of the act of March 28, 1986 (P.L.75, No.25), entitled "An act providing for grants to persons for property damaged or destroyed by tornado or flood; establishing the basis for the grants; and making an appropriation," item vetoed in part, are amended to read:

AN ACT

Providing for grants to persons for property damaged or destroyed by tornado or flood; establishing the basis for the grants *and tax moratoria*; and making [an appropriation] *appropriations*.

Section 1. [Power to administer emergency funds to disaster-stricken counties.

(a) The General Assembly hereby finds and declares that:

(1) During 1985, tornadoes and flooding occurred in several counties of this Commonwealth, causing substantial damages, in excess of \$60,000,000, to private homes, in addition to the damage to businesses, industry and public facilities.

(2) Federal emergency declarations designated certain areas as eligible for emergency relief.

(3) The combination of private insurance and Federal grants and loans for private homeowners provides insufficient compensation for their losses.

(4) Because many of the victims of these disasters reside in areas which prior to the disaster were economically distressed and because their losses are inadequately covered, it is in the public interest pursuant to section 17 of Article VIII of the Constitution of Pennsylvania to provide additional aid to private homeowners to supplement the compensation which they receive from private insurance and the Federal Government.

(b) An applicant's request for funding shall be subject to the following evaluation:

(1) Upon receipt and approval of a sworn application by any homeowner for nonbusiness or nonfarm real or personal property damaged or destroyed in a declared disaster during 1985, the Department of Public Welfare may make an individual homeowner grant to cover a portion of the adjusted loss.

(2) The adjusted loss shall be the total eligible loss minus any amount received by or due the applicant from private insurance and Federal or State grants and shall not include any insurance deductible paid by the homeowner.

(3) Total eligible loss shall be any loss from damage to an owner-occupied primary residence and any loss from damage to personal property, including clothing, household furnishings and appliances. Eligible loss shall not include any item used principally for recreational purposes.

(4) Homeowners whose household 1985 income does not exceed 300% of the 1985 poverty income guidelines shall be eligible to participate in this grant program. The homeowner, in order to be eligible for this program, must have registered at a disaster assistance center, unless extenuating circumstances prevented him or her from doing so. Extenuating circumstances shall be determined on an individual basis.

(5) The amount of the grant shall be determined in accordance with the following schedule:

- (i) 75% of the first \$5,000 of adjusted loss.
- (ii) 50% of the second \$5,000 of adjusted loss.
- (iii) 10% of the remaining adjusted loss.
- (iv) No grant shall exceed \$12,500.

(c) If the real property was condemned under eminent domain proceedings and where the measure of damage is calculated under section 602 of the act of June 22, 1964 (Sp.Sess., P.L.84, No.6), known as the Eminent Domain Code, the property owner shall not be eligible for a grant under subsection (b) for property for which compensation is granted in the eminent domain proceedings.

(d) The Department of Public Welfare shall administer the program in the following manner:

(1) All grants under this act shall be administered by the Department of Public Welfare in prompt fashion.

(2) Applications shall be available to disaster victims within 60 days of the effective date of this act.

(3) If sufficient funds are not allocated under this act, distribution of the grants shall be on a pro rata basis.

(4) The Department of Public Welfare may promulgate rules and regulations necessary to carry out the provisions of this act.

(e) The sum of \$15,000,000, or as much thereof as may be necessary, is hereby appropriated to the Department of Public Welfare for the purposes of this act. Notwithstanding the provisions of any other act to the contrary, the funds hereby appropriated shall not lapse until June 30, 1987.

(f) A person making a false claim under the provisions of this act shall be subject to a penalty in the amount of three times the amount of the grant

with interest of 6% from the date of the grant. This penalty may be enforced by the Commonwealth in an assumpsit action and collected in the manner that other debts due and owing the Commonwealth are collected.

**Section 2. Rules and regulations.**

In order to facilitate the speedy implementation of the program, the Department of Public Welfare shall have the power and authority to promulgate and adopt and use regulations that shall be published in the Pennsylvania Bulletin. The regulations shall not be subject to review pursuant to the act of June 25, 1982 (P.L.633, No.181), known as the Regulatory Review Act.

**Section 3. Effective date.**

This act shall take effect immediately and shall apply retroactively to all disasters for which the Presidential Declaration was issued in calendar year 1985.]

*Legislative intent.*

*The General Assembly hereby finds and declares that:*

*(1) During August 1984, during 1985 and during 1986, tornadoes and flooding occurred in several counties of this Commonwealth, causing substantial damages, in excess of \$60,000,000, to private homes, in addition to the damage to businesses, industry and public facilities.*

*(2) Federal emergency declarations designated certain areas as eligible for emergency relief.*

*(3) The combination of private insurance and Federal grants and loans for private homeowners and persons renting the homes in which they reside provides insufficient compensation for their losses.*

*(4) Because many of the victims of these disasters reside in areas which prior to the disaster were economically distressed and because their losses are inadequately covered, it is in the public interest pursuant to section 17 of Article VIII of the Constitution of Pennsylvania to provide additional aid to private homeowners and persons renting the homes in which they reside to supplement the compensation which they receive from private insurance and the Federal Government.*

**Section 2. Emergency funds to disaster-stricken counties.**

*(a) Program.—The Department of Public Welfare shall administer a program which provides emergency funds to residents of counties stricken by the disastrous floods and tornadoes of 1984, 1985 and 1986 which were the subject of Federal emergency declarations.*

*(b) Eligibility.—An applicant's request for funding shall be subject to the following evaluation:*

*(1) Upon receipt and approval of a sworn application by any homeowner for nonbusiness or nonfarm real property damaged or destroyed, or any homeowner or tenant of premises he rents as his primary residence for personal property damaged or destroyed, in a declared disaster during 1984, 1985 or 1986, the Department of Public Welfare may make an individual grant to cover a portion of the adjusted loss.*

*(2) The adjusted loss shall be the total eligible loss minus any amount received by or due the applicant from private insurance and Federal or*

*State grants and shall not include any insurance deductible paid by the applicant.*

*(3) Total eligible loss shall be any loss from damage to an owner-occupied primary residence and any loss from damage to personal property, including clothing, household furnishings and appliances incurred by a homeowner in his owner-occupied primary residence or incurred by a tenant in premises he rents as a primary residence. Eligible loss shall not include any item used principally for recreational purposes.*

*(4) Applicants whose household 1985 income does not exceed 300% of the 1985 poverty income guidelines shall be eligible to participate in this grant program. The applicant, in order to be eligible for this program by reason of a loss in a declared disaster during 1984, 1985 or 1986, must have registered at a disaster assistance center, unless extenuating circumstances prevented him or her from doing so. Extenuating circumstances shall be determined on an individual basis.*

*(5) The amount of the grant shall be determined in accordance with the following schedule:*

- (i) 75% of the first \$5,000 of adjusted loss.*
- (ii) 50% of the second \$5,000 of adjusted loss.*
- (iii) 10% of the remaining adjusted loss.*
- (iv) No grant shall exceed \$12,500.*

*(c) Limitation on eligibility.—If the real property was condemned under eminent domain proceedings and where the measure of damage is calculated under section 602 of the act of June 22, 1964 (Sp.Sess., P.L.84, No.6), known as the Eminent Domain Code, the property owner shall not be eligible for a grant under subsection (b) for property for which compensation is granted in the eminent domain proceedings.*

*(d) Administration.—The Department of Public Welfare shall administer the program in the following manner:*

*(1) All grants under this act shall be administered by the Department of Public Welfare in prompt fashion.*

*(2) Applications shall be available to disaster victims within 60 days of the effective date of this act.*

*(3) If sufficient funds are not allocated under this act, distribution of the grants shall be on a pro rata basis.*

*(e) Rules and regulations.—In order to facilitate the speedy implementation of the program, the Department of Public Welfare shall have the power and authority to promulgate, adopt and use regulations that shall be published in the Pennsylvania Bulletin. The regulations shall not be subject to review pursuant to the act of June 25, 1982 (P.L.633, No.181), known as the Regulatory Review Act.*

*(f) Penalty.—A person making a false claim under the provisions of this act shall be subject to a penalty in the amount of three times the amount of the grant with interest of 6% from the date of the grant. This penalty may be enforced by the Commonwealth in an assumpsit action and collected in the manner that other debts due and owing the Commonwealth are collected.*

*(g) Appropriation.—The sum of \$15,000,000, or as much thereof as may be necessary, is hereby appropriated to the Department of Public Welfare for the purposes of this act. Notwithstanding the provisions of any other act to the contrary, the funds hereby appropriated shall not lapse: Provided, however, That any of the funds remaining unexpended or uncommitted after July 1, 1987, shall be used and are hereby appropriated for use by the Department of Public Welfare to reimburse municipalities for documented municipal expenditures incurred as a result of a declared disaster in 1984, 1985 or 1986 which were not reimbursed by the Federal or State government. If insufficient funds remain to reimburse such municipalities in full, reimbursement shall be made on a pro rata basis.*

**Section 3. Tax moratorium.**

*(a) Exemption for reconstruction and repairs.—Local taxing authorities may, by ordinance or resolution, exempt from real property taxation the assessed valuation of reconstruction or repairs made to properties damaged or destroyed as the result of a natural disaster which was within any geographic area subject to a Federal emergency declaration as provided herein. The exemption shall be limited to the additional assessment valuation attributable to the actual costs of reconstruction or repairs on the damaged or destroyed property.*

*(b) Exemption schedule.—For the first year for which such reconstruction or repairs would otherwise be taxable, 100% of the eligible assessment shall be exempted; for the second year, 50% of the eligible assessment shall be exempted and, for the third year, 25% of the eligible assessment shall be exempted. After the third year, the exemption shall terminate. No property shall be eligible for tax exemption under this section unless reconstruction or repairs are begun within five years of the date of the applicable Federal emergency declaration.*

*(c) Right to appeal.—Notwithstanding any other law to the contrary, persons who have suffered catastrophic losses to their property due to the disaster emergencies covered by this act shall have the right to appeal before the county commissioners, acting as a board of revision of taxes, or the board for the assessment and revision of taxes within the remainder of the county fiscal year in which the catastrophic loss occurred, or within three months of the effective date of this act, whichever time period is longer. The duty of the county commissioners, acting as a board of revision of taxes, or the board for the assessment and revision of taxes shall be to reassess the value of the property in the following manner: the value of the property before the catastrophic loss, based on the percentage of the taxable year for which the property stood at its former value, shall be added to the value of the property after the catastrophic loss, based on the percentage of the remainder of the taxable year. Any property improvements made subsequent to the catastrophic loss in the same tax year shall not be included in the reassessment described in this subsection for that tax year. Any adjustments in the tax required pursuant to this subsection which cannot take effect for the tax year in which the loss occurs shall be reflected by the appropriate taxing authorities in the form of a credit for the first succeeding tax year in which*

*such credit can be effectuated. As used in this section, "catastrophic loss" means any loss due to natural disaster covered by this act which affects the physical state of the real property and which exceeds 40% of the market value of the real property prior to the loss.*

*(d) Termination upon transfer.—The exemption from taxation authorized by this section shall terminate upon the sale or exchange of the property.*

*(e) Notice.—Local taxing authorities shall publish notice of property owners' rights to appeal their assessed valuations, pursuant to the assessment laws of this Commonwealth, due to the occurrence of a "catastrophic loss" and of the moratorium on taxation attributable to increases in assessed valuations due to reconstruction or repairs as required herein. The notice shall appear on at least two occasions in newspapers of general circulation within the affected areas within 60 days of the effective date of this act.*

*(f) Application.—This section shall apply only to property damaged or destroyed on or after January 1, 1984.*

*(g) Definition.—As used in this section the term "local taxing authority" means any political subdivision authorized to impose real property taxes.*

Section 2. The act is amended by adding sections to read:

*Section 4. Retroactivity.*

*This act shall apply retroactively to disasters for which the Presidential Declaration was issued in calendar year 1984, 1985 or 1986.*

*Section 5. Effective date.*

*This act shall take effect immediately.*

Section 3. This act shall take effect immediately.

APPROVED—The 7th day of July, A. D. 1986.

DICK THORNBURGH