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COMMITTEE REPORT

May 2, 2017

**S. 315**

Introduced by Senator Cromer

S. Printed 5/2/17--H.

Read the first time March 7, 2017.

**THE COMMITTEE ON**

**LABOR, COMMERCE AND INDUSTRY**

To whom was referred a Bill (S. 315) to amend Section 38‑75‑470, Code of Laws of South Carolina, 1976, relating to the Hurricane, Earthquake, and Fire Advisory Committee, so as to, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

P. MICHAEL FORRESTER for Committee.

**A** **BILL**

TO AMEND SECTION 38‑75‑470, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE HURRICANE, EARTHQUAKE, AND FIRE ADVISORY COMMITTEE, SO AS TO AUTHORIZE THE ADVISORY COMMITTEE TO ADDRESS THE MITIGATION OF PROPERTY LOSSES DUE TO FLOOD; TO AMEND SECTION 38‑75‑480, RELATING TO THE LOSS MITIGATION GRANT PROGRAM, SO AS TO ESTABLISH THAT GRANTS MAY BE MADE TO LOCAL GOVERNMENTS TO MITIGATE LOSSES AND PROVIDE TECHNICAL ASSISTANCE FOR THE DEVELOPMENT OF PROACTIVE HAZARD MITIGATION STRATEGIES AND TO ALLOW THE DEPARTMENT OF INSURANCE TO ACCEPT GRANTS IN AID FOR THE MITIGATION OF LOSSES FOR ELIGIBLE PROPERTIES; AND TO AMEND SECTION 38‑75‑485, RELATING TO THE SOUTH CAROLINA HURRICANE DAMAGE MITIGATION PROGRAM, SO AS TO ESTABLISH CERTAIN CRITERIA THAT A RESIDENTIAL PROPERTY MUST MEET IN ORDER TO BE ELIGIBLE FOR A NONMATCHING GRANT, TO PROHIBIT THE PROGRAM FROM ISSUING A GRANT FOR A RESIDENTIAL PROPERTY FROM EXCEEDING FIVE THOUSAND DOLLARS, TO ALLOW FOR MATCHING GRANT FUNDS TO BE MADE AVAILABLE TO LOCAL GOVERNMENTS AND NONPROFIT ENTITIES UNDER CERTAIN CIRCUMSTANCES, AND TO ESTABLISH A FORMULA FOR DETERMINING NONMATCHING GRANT AWARDS BASED ON AN APPLICANT’S HOUSEHOLD INCOME.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 38‑75‑470(A) of the 1976 Code is amended to read:

“Section 38‑75‑470. (A) The Director of Insurance shall appoint an advisory committee to the director ~~and the South Carolina Building Codes Council~~ to study issues associated with the development of strategies for reducing loss of life and ~~mitigating~~ to address the mitigation of property losses due to hurricane, earthquake, flood, and fire. The advisory committee also shall consider the associated costs ~~associated with these strategies~~ to individual property owners. The advisory committee is composed of:

(1) the director or his designee;

(2) the Chairman of the Building Codes Council or his designee;

(3) a representative from Clemson University involved with wind engineering;

(4) a representative from an academic institution involved with the study of earthquakes;

(5) a representative from an insurer writing property insurance in South Carolina;

(6) a representative from the Department of Commerce;

(7) a representative from the South Carolina’s Municipal Association;

(8) a representative from the South Carolina Association of Counties;

(9) a representative from the Homebuilders Association;

(10) a representative from the Manufactured Housing Institute of South Carolina;

(11) a representative from the State Fire Marshal’s office;

(12) a representative from the South Carolina Emergency Management Division;

(13) a representative from the State Flood Mitigation Program;

(14) two at‑large members appointed by the director;

(15) two at‑large members appointed by the Governor;

(16) a general contractor;

(17) a representative from the South Carolina Association of Realtors; and

(18) a structural engineer.”

SECTION 2. Section 38‑75‑480 of the 1976 Code is amended to read:

“Section 38‑75‑480. (A) There is established within the Department of Insurance a loss mitigation grant program. Funds may be appropriated to the grant program, and any funds appropriated must be used for the purpose of making grants to local governments or for the study and development of strategies for reducing loss of life and mitigating property losses due to hurricane, flood, earthquake, and fire. Grants to local governments must be for the following purposes:

(1) ~~implementation of building code enforcement programs including preliminary and ongoing training of inspectors;~~ mitigating losses for eligible residential properties within the local jurisdiction in accordance with the guidelines established by the director or his designee; and

(2) ~~conducting assessments to determine need for and desirability of making agreements to provide enforcement services pursuant to Section 6‑9‑60; and~~

~~(3)~~ providing technical assistance to and acting as an information resource for local governments in the development of proactive hazard mitigation strategies as they relate to reducing the loss of life and mitigating property losses due to natural hazards to include hurricane, flood, earthquake, and fire.

(B) Funds may be appropriated for a particular grant only after a majority affirmative vote on each grant by the advisory committee and submission of a resolution approved by a majority of the members of the relevant local governing body approving the application for grant funds.

(C) The Department of Insurance may make application and enter into contracts for and accept grants in aid from federal and state government and private sources for the purposes of:

(1) ~~implementation of building code enforcement programs including preliminary and ongoing training of inspectors;~~ mitigating losses for eligible residential properties in accordance with the guidelines established by the director or his designee; and

(2) conducting ~~assessments to determine need for and desirability of making agreements to provide enforcement services pursuant to Section 6‑9‑60;~~ loss mitigation studies for the development of strategies or measures aimed at reducing loss of life and mitigating property lossess due to hurricane, flood, earthquake, and fire; or

(3) ~~study and development of strategies for reducing loss of life and mitigating property losses due to hurricane, flood, earthquake, and fire; and~~

~~(4)~~ any other purposes consistent with this article.”

SECTION 3. Section 38‑75‑485 of the 1976 Code is amended to read:

“Section 38‑75‑485. (A) There is established within the Department of Insurance, the South Carolina Hurricane Damage Mitigation Program. The advisory ~~council~~ committee, established pursuant to Section 38‑75‑470, shall provide advice and assistance to the program administrator with regard to his administration of the program.

(B) This section does not create an entitlement for property owners or obligate the State in any way to fund the inspection or retrofitting of residential property in this State. Implementation of this program is subject to annual legislative appropriations.

(C) The program shall develop and implement a comprehensive and coordinated approach for hurricane damage mitigation that includes the following:

(1) The program may award matching or nonmatching grants based upon the availability of funds. The program administrator also shall apply for financial grants to be used to assist single‑family, site‑built or manufactured or modular, owner‑occupied, residential property owners to retrofit their ~~properties~~ primary legal residence to make them less vulnerable to hurricane damage.

(a) To be eligible for a matching grant, a residential property must:

(i) ~~have been granted a homestead exemption~~ be the applicant’s primary legal residence;

(ii) ~~be a dwelling with an insured value of three hundred thousand dollars or less; and~~ be actually owned and occupied by the applicant;

(iii) be the owner’s legal residence as described in Section 12‑43‑220(c);

(iv) be a single family, site-built, manufactured, or modular, owner‑occupied residential property;

(v) be a residential property covered by a current homeowners or dwelling insurance policy that:

(A) is issued by an insurer licensed in this State or a surplus lines insurer, where the policy is lawfully placed by a broker authorized to do business in this State; and

(B) provides insurance coverage of the residential property equal to or greater than the fair market value of the residential property as defined in Section 12‑37‑3135(a)(2) and reflected in the county records;

(vi) have undergone an acceptable wind certification and hurricane mitigation inspection in accordance with program requirements.

(b) All matching grants must be matched on a dollar‑for‑dollar basis for a total of ten thousand dollars for the mitigation project. ~~with the state’s contribution not to~~ No grant issued by the program for any mitigation project for a residential property may exceed five thousand dollars.

(c) The program must create a process in which mitigation contractors agree to participate and seek reimbursement from the State and homeowners selected from a list of participating contractors. All mitigation projects must be based upon the securing of all required local permits and inspections. Mitigation projects are subject to random reinspection ~~of~~. The program may re‑inspect up to ~~at least~~ ten percent of all projects.

(d) Matching fund grants also must be made available to local governments and nonprofit entities, on a first‑come, first‑served basis, for projects that reduce hurricane damage to single‑family, site‑built or manufactured or modular owner‑occupied, residential property, provided that:

(i) no matching grant for any one local government or nonprofit entity may exceed fifty thousand dollars in any fiscal year;

(ii) the total amount of matching grants awarded to all local governments and nonprofit entities combined may not exceed two hundred fifty thousand dollars in any fiscal year; and

(iii) the difference between two hundred fifty thousand dollars and the total amount of grants awarded to all local governments and nonprofit entities combined in any fiscal year may be applied to grants to individual homeowners who meet the qualifications for a grant described in items (a) through (d) or in item (g).

(e) Grants may be used for the following improvements:

(i) roof deck attachment;

(ii) secondary water barrier;

(iii) roof covering;

(iv) brace gable ends;

(v) reinforce roof‑to‑wall connections;

(vi) opening protection;

(vii) exterior doors, including garage doors;

(viii)tie downs;

(ix) problems associated with weakened trusses, studs, and other structural components;

(x) inspection and repair or replacement of manufactured home piers, anchors, and tiedown straps; and

(xi) any other mitigation techniques approved by the advisory committee.

(f) To be eligible for a nonmatching grant, a residential property must comply with the requirements set forth in subsections (C)(1)(a), (c), and (e).

(i) ~~Low‑income homeowners~~ For nonmatching grants, applicants who otherwise meet the requirements of subitems (a), ~~and~~ (c), and (e) may be ~~are~~ eligible for a grant of up to five thousand dollars and ~~are~~ may not be required to provide a matching amount to receive the grant. These grants must be used to retrofit single‑family, site‑built or manufactured or modular, owner‑occupied, residential properties~~, valued at one hundred fifty thousand dollars or less,~~ in order to make them less vulnerable to hurricane damage. The grant must be used for the retrofitting measures set forth in Section 38‑75‑485(C)(1)(e).

(ii) Nonmatching grant award amounts will be determined based on the cost of the mitigation project and a percentage of the total adjusted household income of the applicant according to the most recent federal income tax return. ~~For purposes of this item, “low‑income persons” means one or more natural persons or a family, the~~ Those applicants with a total annual adjusted gross household income of which does not exceed eighty percent of the median annual adjusted gross income for households within the county in which the person or family resides~~, whichever is greater~~ may be eligible for the maximum grant award amount of five thousand dollars. Applicants with a higher total annual adjusted household income may be awarded a lower amount. The director or his designee shall issue a bulletin annually that sets forth the maximum grant award amounts based on the total annual adjusted gross household income of the applicant adjusted for family size relative to the county area median income or the state median family income, whichever is higher, as published annually by the United States Department of Housing and Urban Development. If the cost of the mitigation project exceeds the amount of the grant award, the remaining cost is the applicant’s responsibility. No grant award may exceed five thousand dollars.

(2) The department shall define by regulation the details of the mitigation measures necessary to qualify for the grants ~~or public assistance~~ described in this section.

(3) Multimedia public education, awareness, and advertising efforts designed to specifically address mitigation techniques must be employed, as well as a component to support ongoing consumer resources and referral services.

(4) The department shall use its best efforts to obtain grants or funds from the federal government to supplement the financial resources of the program. In addition to state appropriations, if any, this program must be implemented by the department through the use of the premium taxes due to this State by the South Carolina Wind and Hail Underwriting Association, and one percent of the premium taxes collected annually and remitted to the Department of Insurance.

(5) The director or his designee may promulgate regulations necessary to implement the provisions of this article.”

SECTION 4. This act takes effect upon approval by the Governor.

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