

Disaster relief - Hawaii

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DISASTER RELIEF: CONSIDERATIONS
FOR STATE ACTION

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SUMMARY

The public attitude toward disaster relief has varied with changing social and political ideas from the paternalism of older and medieval civilizations to the laissez faire attitude of many modern governments. Disaster relief in the United States principally comes from two major sources--the federal government and the Red Cross. The federal government has undertaken much of the burden of disaster relief by: (1) intensifying existing programs which can aid disaster victims; (2) loaning its facilities and donating surplus property; and (3) adapting existing programs to disaster needs. In contrast, little in this respect is done on the state level. The Red Cross is the official (but not the sole) private agency for rendering relief in disaster situations.

Hawaii's own state government, as reflected by recent legislative enactments, has gone farther in providing relief than other states studied in this report. In Hawaii, the major assistance measures concern loans, taxation, and housing and land problems. Each type of relief measure has its advantages and disadvantages and the success of recent legislation, in part, can be evaluated: repayment experience indicates that loans formerly given have not been successful whereas loans presently given offer better prospects; authorizations of tax refunds and forgivenesses have had questionable results; and provisions for land and housing, although new, have good prospects.

The determination of which relief measures should be incorporated into general legislation is a major legislative problem. Another problem occasioned by general legislation is the necessity for a standard to decide when relief will be given. Every unfortunate occurrence is not a state-wide disaster and there remains for such future events the question: Has the state itself suffered a disaster? The answer must be in the affirmative before public funds can be properly used for relief. Two other problems involve the need for a definite relief policy and the possible need for centralized administration or coordination between the various relief programs.

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	i
I. INTRODUCTION.	1
II. RESPONSIBILITY FOR DISASTER RELIEF.	4
Development of Disaster Relief	4
Sources and Kinds of Relief Given Today.	6
III. ANALYSIS OF DISASTER RELIEF IN HAWAII	18
Loans.	18
Tax Relief	22
Housing and Land	28
Federal Assistance	29
IV. PROBLEMS IN GENERAL LEGISLATION	32
Problems of Definition	32
Principles of the Relief Policy.	38
Organization of Relief Efforts	41
V. POSSIBLE PROVISIONS FOR GENERAL LEGISLATION	43

Appendixes

Appendix A. Selected Federal Disaster Assistance . . .	49
Appendix B. Inquiry Concerning State Disaster Relief Practices.	58
Appendix C. Letter from Governor Lawrence of Pennsylvania.	60

Tables

1. Loans Authorized By State Law Available To Disaster Victims, 1955 To 1960, State Of Hawaii	20
2. Tax Relief Authorized By State Law To Assist Disaster Victims, 1955 To 1960, State Of Hawaii	22
3. Claimants For Tax Recoveries Under Act 207, S.L.H. 1955, For Puna Volcano Damage (1955) By Percentage Recovery Groupings As Of December 31, 1959, State Of Hawaii.	24
4. Percentage Tax Recoveries Under Act 207, S.L.H. 1955, For Puna Volcano Damage (1955) By Amount Of Loss As Of December 31, 1959 State Of Hawaii	25
5. Certified Losses For Damage By Hurricane "Dot" (1959) As Of August 5, 1960, State Of Hawaii. .	26
6. Provision Of Public Housing And Land Authorized By Law To Assist Disaster Victims, 1955 To 1960, State Of Hawaii	28
7. Selected Disaster Relief Undertaken In Hawaii With Federal Funds Or Authorization, 1955 To 1960.	30

I. INTRODUCTION

Hawaii is different from her sister states in many respects. Her historical structure, character of population, economy, location, climate and political structure are different from those of most states. The nature and frequency of disaster causing natural phenomena is another of these distinguishing features. Any community can be struck by fire and other accidents causing a degree of human suffering and economic loss termed a "disaster". Many communities because of geography are under the constant threat of floods and storms. Hawaii's concentration of population causes her to be fearful of disastrous accidents. Further, experience shows that she can be struck by violent windstorms and hurricanes. In addition, volcanic eruptions in populated areas and catastrophic tsunamis within the United States are prominent only in Hawaii. Hawaii's exposure to disasters makes the threat of disaster and the need for relief very real problems.

Areas of Concern

Among various groups of people there are areas of principal concern. To the tourist and casual observers a volcanic eruption or tsunami is an attraction, something never seen before. The physical scientist on the other hand seeks to learn about the nature of the earth. Sociologists study and analyze human reactions to such occurrences. This scientific knowledge is and will continue to provide information to help alleviate what is the present concern of the legislature of the State of Hawaii, the human suffering and economic losses caused by disasters. The state government's concern and responsibility over disasters includes many activities which can be classified into three major categories:

1. Before-the-fact activities
 - (a) avoiding the disaster
 - (b) preparing for the disaster
 - (c) warning of the disaster
2. Activities during and immediately preceding the disaster
 - (a) keeping order
 - (b) saving lives and property
 - (c) cleaning up
3. After-the-fact activities
 - (a) relief
 - (b) rehabilitation

This report concerns the last of these areas of responsibility, namely disaster rehabilitation. Relief measures, however, cannot be divorced from the other areas of government responsibility. Disaster relief assumes that an area of the state has been stricken and that losses have occurred. It has been found that this does not necessarily have to happen. Scientific studies may show the way to preventing a seismic wave from reaching the coast line. It may be possible also through zoning and community planning to keep the population out of a danger area. Even if there is no way to prevent an area from being struck, preparation and warning can minimize the possible damage that can be done. In order that any disaster relief measure be considered an efficient use of public funds, it must be certain that the damage could not reasonably have been prevented and that the losses were minimized.

Approach

The first problem considered is the responsibility for disaster relief. It is seen that the responsibility for providing assistance to disaster victims has been shifting. Presently it is undertaken at various levels of government and by different private organizations. Part II discusses the development of disaster relief and considers three present sources of relief

giving: (1) private individuals and organizations, (2) the federal government, and (3) state governments.

Against this backdrop, Part III deals with the disaster relief given in Hawaii since 1955. It was found best to treat the relief given by categories rather than chronologically. The examination and analysis of the particular types of assistance granted will be helpful in deciding which of these present possibilities is most promising for general legislation. Many of the relief measures are relatively new so that their effectiveness cannot be fully measured. For some, particularly those enacted in 1955, there is sufficient experience from which to evaluate performance.

Aside from the consideration of the types of relief which it would be advisable to authorize, there are other basic problems that arise in attempting to provide disaster relief through general legislation. A question, somewhat strained in the light of recent disaster experience, that will present itself in future years is: "What constitutes a disaster?" What is needed is more than a dictionary definition since the more complex problem is that of deciding when an unfortunate occurrence justifies the expenditure of public funds. This problem, along with the question of the relief policy and administrative organization, will be discussed in Part IV. There are many alternative forms that general legislation for disaster relief can take. One of the possibilities is outlined in Part V.

II. RESPONSIBILITY FOR DISASTER RELIEF

The underlying problem dealt with in this report is disaster relief as a responsibility of state government. Disasters and disaster relief are problems of long standing when compared with modern problems of intergovernmental relationships. Disaster relief is intermeshed in sometimes overlapping activities of local government, state government, private agencies and the federal government. In terms of government responsibility for disaster relief, the government to which reference is made must be identified. The governments interested could be county, state, federal or even the United Nations. When considering disaster relief in terms of public responsibility, a maze of private organizations and individuals comes into focus.

Development of Disaster Relief

The public attitude toward disaster as represented in government and individual action has varied in time with changing social conditions.¹ The development has gone through several stages: (1) government action prompted by the paternalism of the older and medieval worlds, (2) laissez faire attitude of government accompanying the political changes of the eighteenth and nineteenth centuries, (3) the development of philanthropy, and (4) centralization of relief giving with added support from the general public through fund raising campaigns.

It is easier to trace the shifting responsibility for relief than the relative amounts or actual effect of the assistance. In older societies the

¹This discussion summarizes an article by Aleta Brownlee, Disasters and Disaster Relief, Encyclopedia of the Social Sciences, Vol. V (1931), pp. 163-165.

state possessed stores of grain which were distributed in times of famine and need. Here perhaps the only need that was met was hunger and the extent to which it was met depended upon how much grain there was in the public granary. The relative cost of providing the assistance, a problem which faces modern governments, probably was not of any real concern. Military forces were used, as they are similarly used today, to maintain order and assist in relief or construction.

With the political and economic developments that gave rise to the present forms of democratic governments came the ideas of personal liberty, inalienable rights and economic freedom. This new found freedom gave the individual the right of self-determination -- the right to participate in determining his nation's destiny and to a greater extent the right to find his own way in the economic market. Economic freedom, however, has been found not an assurance of success. The laissez faire attitude of government allows one to enjoy the fruits of his success or suffer the consequences of his failure. This laissez faire attitude has affected most of the relationships between the people and the state and in terms of disaster relief, assistance became less the concern of the state. This is not to say, however, that under older civilizations the individual in need was better off. The diminished concern of the state over disaster relief did not, however, result in the termination of public concern over disaster.

The greater weight of responsibility was then shifted from the state to private individuals. Wealthier individuals through philanthropy together with contributions from the general public at one stage provided most of the assistance to the victims of disasters. With the development of a middle class the trend has been toward centralization of this private relief giving.

Disasters have a strong and widespread emotional appeal and by the use of publicity and fund raising campaigns, considerable sums can be accumulated for relief giving purposes. Relief has often been prompted or restricted because of religious faith or national allegiance. However, the occurrence of two world wars and the work of the United Nations have brought about relief of an international character.

In terms of rehabilitative relief, much of the assistance given to disaster victims in the United States comes from private sources collected by larger relief giving agencies. The largest of these is the American National Red Cross. Although it is a private organization, it is recognized by the federal government as the official organ through which assistance by way of grants is given to individual citizens. The Red Cross establishes its policies on a national level regarding when and how much assistance is to be given. The federal government also gives assistance upon the occurrence of a disaster by loaning equipment and supplies to local governments, sharing the costs of emergency relief and redevelopment, and loaning money to individuals for housing and commercial purposes.

Sources and Kinds of Relief Given Today

Assistance following a disaster can be classified into three categories as to source: (1) private individuals and organizations, (2) the federal government, and (3) state and local governments. It is important to examine the source of the disaster relief funds because it, in some manner, determines the purposes of relief, the standards for distribution, the amounts available for distribution, and the manner in which the funds are distributed.

Private Funds

Funds from private individuals and organizations were, at first, derived from a few rich philanthropists motivated by humanitarian thoughts. Presently, there is a broader base for these funds and substantial amounts are raised through fund raising campaigns and distributed by professional relief giving organizations such as the Red Cross. Although it is a private organization, it is recognized by the state and federal government as having responsibility for granting relief to disaster victims. The following assistance is available from the Red Cross:

A. Rescue activities:

1. Assist government in disseminating warnings of approaching tornadoes, hurricanes, floodwaters, severe storms, forest fires, and other impending catastrophes.
2. Transport and store temporarily the household furnishings for voluntary evacuation of affected persons and their belongings.
3. Mobilize volunteers to assist government in the rescue of those who may be isolated, injured, or in imminent danger.
4. Operate a welfare inquiry service to persons outside the disaster area to provide information on those who may be injured, ill, hospitalized, or killed.

B. Mass care in mitigating immediate suffering:

1. Food. At fixed or mobile feeding stations or other facilities.
2. Clothing. By utilization of donated articles or by an order on a local merchant of their choice.
3. Shelter (temporary). Assist victims of a disaster in finding shelter with friends or relatives; by placement in homes where space is offered; and by placement in unoccupied rooms, apartments or houses; provide mass shelter in public or private buildings declared by competent authority to be safe and suitable for housing large numbers of people on a temporary basis, and, when necessary, in tents suitable for family occupancy.
4. Medical and nursing care. Cooperate with and assist local public health offices, physicians, dentists, nurses, and hospitals by providing additional facilities to meet the emergency. While primary responsibility for the care of the sick and injured rests with public health authorities and local physicians, Red Cross care may include--

- (a) Transportation for the injured and sick.
- (b) Provision of additional physicians and nurses to supplement local hospital staffs.
- (c) Arrangement of hospital care for disaster victims.
- (d) Establishment of emergency aid stations and emergency hospitals.
- (e) Furnish medical and hospital supplies.
- (f) Provide medical and nursing care in shelters.
- (g) Assign nurses for bedside care in hospitals and homes.

C. Rehabilitation and recovery assistance, aimed at enabling families and individuals to reach and maintain predisaster standards of living. Need, and not loss, is the basis of assistance. Following an evaluation of the needs and resources available assistance will be extended as follows:

- 1. Food, clothing and other maintenance, until other regularly constituted benefits are obtainable in the community.
- 2. Assistance with the basic needs in the building and repair of owner-occupied homes and other essential structures.
- 3. Household furnishings. Purchase of basic furnishing essential to family living.
- 4. Medical and nursing care for those made ill or injured because of the disaster, or whose condition is aggravated by the disaster.
- 5. Occupational supplies and equipment for small farmers, owners of small businesses, and self-employed individuals and families in need of occupational equipment, to restore them to an income-producing status.

D. Trained personnel for--

- 1. Administration and supervision of disaster relief operations.
- 2. Survey of disaster damages.
- 3. Welfare casework.
- 4. Nursing care.
- 5. Advice as to repair or replacement of damaged housing.
- 6. Occupational counseling.

E. Financial:

- 1. Funds for relief and administration costs.
- 2. Transportation and communication costs.²

A disaster for the purposes of providing national funds for Red Cross rehabilitative assistance must affect five or more families. In contrast to the Red Cross, the Salvation Army, another organization which renders aid

²United States Senate, Report of the Committee on Government Operations, Federal Disaster Relief Manual, Report No. 807, 86th Congress (1959).

during disasters, has no established standard regarding when it enters a disaster situation. The Salvation Army and other relief organizations provide assistance when the local office or representatives determine that there is a need for their services. Assistance, however, is usually limited to the period of crisis and does not often extend beyond immediate needs.

The Salvation Army provides relief without reference to the religious affiliations of the disaster victims. There have been relief organizations which collected funds for assistance to the needy of their own religious or ethnic group. Following the Baltimore fire of 1904, for example, in which some 4,000 businesses were destroyed, there was a tendency for various ethnic groups to "take care of their own." With the growth of the Red Cross, whose activities are on a nationwide scale, and with disaster relief coming from government sources, possible gaps left by specialized relief are being minimized.

Sources--A disaster of catastrophic dimension has wide emotional appeal. Such an appeal can bring funds from without the state, thus easing the burden on the local community which may not be able to support a large-scale relief operation. Large relief funds were raised following the Chicago fire of 1871, the San Francisco earthquake and fire of 1906, the tidal floods in Sussex County, England in 1953 and following other disasters of great magnitude. The major problems encountered because of these large funds dealt with their administration and the need for establishing standards for distribution. Most of the money for these types of funds is contributed without restrictions as to distribution. The relief organizations, therefore, had a relatively free hand in establishing their standards for distribution.

Federal Assistance

Prior to 1947 there was no general policy for disaster relief on the federal level. Assistance in the early days of the Republic had been through special acts to meet specific emergency situations. For example, in the early 1800's Congress extended the time for payment of certain debts due the federal government from victims of the Portsmouth fire. From 1920 to 1946 Congress continually authorized credits and expenditures from quartermaster stores to victims of disaster both here and abroad. By special acts also, the federal government assumed liability for flood damage where the damage could be attributed to the existence of a federal waterworks project or the inadequacy of the project.

Public Law 875--Following World War II, Congress began formulating a general disaster policy. It authorized the President to direct the Federal Works Administrator to make surplus wartime supplies available to states, local governments and citizens in disaster situations. The present policy for disaster relief was established by the Federal Disaster Act of 1950, Public Law 875 of the 81st Congress, which gives the President broad powers to provide immediate assistance through all departments of the government when a major disaster occurs. The degree of federal responsibility for disaster relief is described in a sub-committee report of the Commission on Intergovernmental Relations:

Disasters, generally, can be divided into three phases. The first phase is marked by the presence of the disaster and the direct threat to lives and property. During this phase, it is commonplace that both governmental and private agencies make use of all their available resources to save lives and property. The second phase is the period immediately following the disaster when the area is cleared of debris;

communications, transportation, and law enforcement are restored; housing, food, and medicine are supplied; and temporary repairs are made to bring the area back to normal conditions. The third phase occurs later when, in the absence of a direct threat to lives and property, the community plans and undertakes the permanent restoration of all essential public facilities. /emphasis supplied/

Public Law 875 is concerned with providing and coordinating the assistance of agencies of the National Government during the first two phases of a major disaster. During these phases, the National responsibility is that of supplementing State and local resources. The third phase is deemed to be completely the responsibility of State and local authorities.³ /emphasis supplied/

Disaster relief offered by the federal government can be divided into two categories. The first comes from those agencies which ordinarily do not provide assistance of the type given during a disaster. There is no regular relationship between the agency and the disaster clientele, but on the occurrence of a disaster the agency diverts from its usual activities and enters into a new area of operation. The most common activity is the loaning of equipment and personnel that can be used for disaster relief operations. This type of aid is given for the most part to state and local governments in order to reinforce local efforts in emergency situations. Examples of this type of assistance are the authorizations given to: the Department of Defense to give a multitude of services; the Department of Commerce to provide food, clothing, medical equipment; the Food and Drug Administration to inspect and certify food and drugs affected by the disaster; the Geological Survey to furnish geologists and other trained technicians; and the General Services Administration to provide the use of its facilities and equipment and the donation of surplus property. These are some of the activities authorized by Public Law 875 of the 81st Congress and represent a major portion of the federal disaster relief program.

³Commission on Intergovernmental Relations, National Disaster Relief (1955), p. 13.

The other type of federal disaster relief comes from agencies which regularly engage in activities readily adaptable to emergency situations but not primarily geared for them. The programs of these agencies are adapted to disaster situations by intensifying their operations, broadening the base of coverage and relaxing restrictions so as to provide more and expeditious relief within the framework of the existing program. The Small Business Administration (SBA), for example, will grant loans for home repair for damage suffered by a disaster, whereas in its regular program homes do not qualify for SBA loans. While the SBA's authority is limited to making loans where there is reasonable assurance of repayment, it will make a greater effort to find such a basis for disaster loans. The requirements of the Urban Renewal Program of the Housing and Home Finance Agency are similarly adapted to disaster situations. For example, its requirement that the area, in order to qualify, must be residential is waived to allow commercial locales to qualify for redevelopment.

To aid farmers in distress due to the occurrence of a disaster, the Farmers Home Administration has a program of disaster loans. Various other agricultural assistance programs administered by the Department of Agriculture are intensified. Other areas of federal government activity are likewise intensified, such as the rescue work of the Coast Guard, the employment activities of the Department of Labor and many operations of the Department of the Interior, Department of Health, Education and Welfare and other federal agencies having the resources to provide disaster relief. The table found in Appendix A lists most of the federal disaster assistance available.

Recipients--The disaster assistance granted by the federal government is given to state and local governments or to individuals. The aid given to

state and local governments is usually of the first type--loans of equipment, personnel and facilities. The federal government also reimburses the state for expenditures for debris clearance, protective measures and the temporary replacement of public facilities. Except for the urban renewal program, most of this type of assistance is gauged to help the local government through the initial stages of the emergency. Beyond this emergency period the responsibility lies within the state.

The federal government has not established any new programs for direct assistance to individuals, the second type of assistance. Although substantial assistance is given, it is made available by adaptations of existing programs. The federal government does not assist disaster victims as such; it merely broadens and intensifies existing channels of assistance in order to aid those who might be eligible under more liberal standards.

State Assistance

The material published on disaster relief makes little mention of state efforts. In an effort to determine what the individual states do in the area of disaster relief, a questionnaire was sent to the governors of the other 49 states (Appendix B). The inquiry sought to determine what assistance, if any, the states furnish to disaster victims. Rehabilitative relief was distinguished in the questionnaire from the emergency type relief given by the Red Cross and state public welfare agencies or indirect assistance through disaster-control public works projects. Based on a response from 73 per cent of the sister states, it appears that states generally do not give relief to disaster victims on an individual basis.

State assistance is usually limited to immediate short-term assistance during the "period-of-crisis". The typical state attitude is described in a

letter received from Governor Lawrence of Pennsylvania (Appendix C). States also provide relief by assisting the Red Cross, channeling disaster victims to appropriate federal agencies where they might qualify for special assistance and assuming increased liability for public welfare payments. In establishing state policy, the states consider the Red Cross to be the official relief dispensing agency. Governor DiSalle of Ohio expresses the characteristic reliance on the Red Cross in the following manner:

You are probably aware of the fact that all relief to individuals in connection with natural disasters is not only the function, but the responsibility of the Red Cross under its charter as granted by Congress in 1905. Also, I am sure that you know, under the administration of Public Law 875, the National Disaster Act, relief can only be given to political subdivisions on the basis of emergency temporary repairs to public property, although, in some cases, under certification by health authorities, certain conditions existing in or on private property can be alleviated or abated through grants under this Act.

All requests we receive for individual help or the restoration of private property, business, etc., under conditions other than those outlined above, are referred to the Red Cross as coming entirely within the scope of their responsibility. They /the Red Cross/ not only expect such action, but encourage it on the basis that the function has been delegated to them by the Congress. It is noted, in this respect, that the Small Business Administration (SBA) has a responsibility for granting aid on behalf of individuals, or for action in relation to private property, but this, too, is most effectively obtained through the assistance of the Red Cross, although the loans the SBA provides can be obtained directly through banks and financial institutions.⁴

Hawaii Compared--None of the states from which replies were received approaches, either in degree or kind, the disaster relief assistance given in the past five years in Hawaii. The differences, however, may not in all cases be attributable to a difference in legislative policy towards disaster relief. Many states do not experience disasters in the numbers or intensity as have occurred in Hawaii. For this reason there might not have been the need for

⁴Letter received by the Legislative Reference Bureau, University of Hawaii, in response to disaster questionnaire.

disaster relief. In response to the same inquiry, the director of the division of finance and administration of the state of Tennessee reported:

Fortunately in Tennessee we have been confronted with disaster relief problems only on a very limited scale. The General Assembly has not enacted legislation providing for any type of relief or assistance to individual citizens.

Similar responses were received from Alaska, Maryland and New Mexico.

Some states, by their constitutions, are restricted in the manner in which assistance can be given. A letter received by the legislative reference bureau from the director of the budget of the state of New York states:

New York does not give relief to disaster victims on an individual basis, other than the kinds which are enumerated in section C of your questionnaire [emergency relief and public works]. Direct appropriations to individuals and grants to individuals from a State fund are banned by a general constitutional prohibition against a loan or gift of State credit in aid of any individual or private undertaking (New York State Constitution, Article VII, Section 8). Similarly, political subdivisions of the State may not give or loan money or property to or in aid of any individual or private undertaking (New York State Constitution, Article VIII, Section 1).

Section 8 of Article VII of the New York constitution states that "The money of the state shall not be given or loaned to or in aid of any private corporation or association, or private undertaking. . . ." It would appear that the state of New York cannot engage in the type of loaning activities undertaken by the Hawaii state government.

Similar constitutional restrictions are found in the state of Wisconsin. Following flash floods in 1942 the Wisconsin legislature enacted legislation "to provide relief for victims of the flood of September 17, 1942. . . ." The Act authorized "such emergency relief for the inhabitants affected by such flood as the committee [created by the Act] may deem necessary in the interest of the public health and welfare. . . ." Based upon two Wisconsin attorney general's opinions, it was determined that the use of the fund created by the

Act was seriously restricted. It was held that the funds could not be used for internal improvements, the restoration of residential properties, business establishments, public utility facilities, etc., because they conflicted with Article VIII, section 10 of the Wisconsin constitution. As a result of this difficulty, the Act was eventually repealed. This incident is said to characterize the Wisconsin attitude toward disaster relief to private individuals.⁵ The relationships between the state and local political subdivisions and responsibility of each are different in Wisconsin from those in Hawaii. In Wisconsin the state cannot undertake public works projects which are the responsibility of the counties.

In other states, as is seen, prohibitions on the use of public funds for private purposes have been interpreted to restrict direct appropriations and loans to individuals suffering disaster losses and the use of public moneys to benefit, in a direct manner, a distinct number of individuals. It should be noted that the interpretations given by other states of their own constitutions have no direct bearing on whether the Hawaii legislature is similarly restricted. In this respect Hawaii has a new constitution different from that of Wisconsin and New York.

Limited State Action--Out of the responses of the 36 states answering the inquiry of the legislative reference bureau on disaster relief, only three reported that they engaged in disaster relief activities similar to those found in Hawaii. Massachusetts and Connecticut both have authorized special tax relief for victims of particular disasters. In Massachusetts on the occasion of several major disasters, the state by special legislation, authorized pro-rata tax refunds to adjust the value of the property to its

⁵Letter received from M. G. Toepel, Chief Librarian, Legislative Reference Library, State of Wisconsin, in response to questionnaire sent by the Legislative Reference Bureau, University of Hawaii.

lower value and refund taxes paid which were on the basis of the higher assessed value of the property before the disaster. Tax refunds or credits were authorized in Connecticut in 1955 following a disaster which struck that state. A sum of \$595,540 was refunded or credited from the sales and use taxes, cigarette tax, gasoline tax and the alcoholic beverage tax. A third state, Kentucky, after severe floods in 1957 deposited \$2,275,000 in state banks for loans to disaster victims at the prevailing rates of interest. The fact that the loans were made at regular rates of interest diminished the value of the program.⁶

Summary--The greater burden of disaster relief is undertaken by private individuals through organizations such as the Red Cross and by the federal government. As a general rule, individual states do not provide disaster relief. Their efforts are limited to participating with the federal government in grant-in-aid programs and assisting or cooperating with the efforts of other organizations and the federal government. Hawaii, as will be shown in Part IV, has gone farther than any other state in granting disaster relief.

⁶Letter received from C. Wheeler, Director, Legislative Research Commission, Commonwealth of Kentucky, in response to questionnaire sent by the Legislative Reference Bureau, University of Hawaii.

III. ANALYSIS OF DISASTER RELIEF IN HAWAII

As reflected by legislative enactments, disaster relief is becoming an increasing concern and responsibility of the Hawaii state government. Following the disastrous tsunami of 1946 the legislature did not meet in special session, though a delegation was sent to Washington, D. C. in an attempt to get federal assistance. By contrast, relief measures have since been passed following the volcanic eruptions of 1955, hurricane "Dot" of 1959, the volcanic eruptions in 1959-1960 and the tsunami of 1960. When the state legislature was called into special session in 1960, twelve acts were enacted providing for a wide range of disaster relief. The principal relief measures enacted in recent years are broken down for discussion purposes into three categories: loans, tax relief, and measures dealing with housing and land. Covered also is the application of some of the disaster relief given by authority of the federal government.

Loans

The giving of money by one person to another, in order to be considered a loan in the true sense of the word, must be done with the understanding that it is to be repaid with a corresponding moral and legal obligation so to do. For proper business practices the lender must receive a security of some sort or be otherwise reasonably assured that the money will be returned. In the case of loans to disaster victims the state does not engage in the activity of loaning money for the same reasons a lending institution does. There are, however, certain business practices which cannot be ignored both for the purpose of getting the money back and for the purpose of providing the relief needed.

The applicants for loans from a state agency are generally those who cannot borrow from private lending institutions. Their inability to negotiate a loan privately may be occasioned by a tight money market, an interest rate which they cannot afford to pay, a repayment schedule which will be too hard to meet, or by lack of tangible security. There are rigid standards applied by profit-making lenders to insure that in the normal course of business the borrower will be able to repay the loan. The state, whose resources and motives are different from those of a private lending institution, can waive many of the requirements imposed by the latter. It can provide the capital in a tight money market; it can forego profit for the sake of lowering the interest rate; and it can give greater weight to the human resources of the borrower, looking beyond the tangible assets and making a greater effort to find the required reasonable assurance that the loan will be repaid.

Ability to Repay

There are two additional reasons why the borrower may not be able to obtain a loan from a private lending institution. He might have a record as a poor security risk, or the loan, because of the poor prospects of the anticipated venture, may represent a bad investment. A lender must be assured that under normal conditions the borrower's income will be such that he will be able to repay the loan. A loan made without this condition can actually work to the detriment of the borrower. Since the disaster victim may be allowed to apply his borrowed funds in a fruitless enterprise, he is in a worse position than when he first borrowed the money. He might have pursued a different and more profitable course of conduct rather than have been encouraged by an ill-considered loan. In any event he now has a debt which he cannot repay.

Loans in Hawaii

Table 1 shows the three types of state loans made to disaster victims.

Table 1

LOANS AUTHORIZED BY STATE
LAW AVAILABLE TO DISASTER VICTIMS
1955 TO 1960
STATE OF HAWAII

<u>Nature</u>	<u>Standards for Eligibility</u>	<u>Administering Agency</u>	<u>Legal Authority</u>
General legislation-- emergency farm loans waiving security requirements	Sustained financial loss due to disasters	Department of Economic Development*	Act 168, Regular Session 1955
General legislation-- farm loans under regular program	Qualification for the regular classes of loans; not emer- gency loans	Department of Economic Development	Chapter 102, Revised Laws of Hawaii 1955
Special legislation-- commercial disaster loans	Sustained financial loss due to May, 1960 tsunami	Department of Economic Development	Act 6, Special Session 1960

*Loans given to victims of the 1955 Puna eruption by Farm Loan Board. Board abolished and functions transferred to Department of Economic Development by Hawaii State Government Reorganization Act of 1959.

The first entry describes those loans made pursuant to a 1955 legislative authorization for emergency farm loans. The repayment experience on these loans has been poor. The department of economic development reported that out of the 35 emergency loans made to Puna farmers by the now abolished farm loan board, only four are not delinquent and no payments of any kind were received

on 24 of the loans.⁷ This poor repayment experience suggests that the purpose of the emergency loans, rehabilitation, was not advanced by the granting of the loans because the borrower's financial condition has not improved (evidenced by his inability to repay the loan). Another possibility is that the state's interests were not looked after because of the failure to collect the debts.

The present practices of the department of economic development in granting and administering loans are different from the practices of the old farm loan board. The farm loan board did not have full-time staff employees to investigate applications and service the loans. The personnel of the land office administered the farm loan program on a part-time basis; inadequacy of staff, then, may account for the fact that the repayment experience is poor. The department of economic development, in administering the loans comprising the balance of those listed on Table 1, is able to devote more staff time and personnel to the loan programs.

Participating Loans--Emergency loans by the farm loan board were made entirely with state funds. The department of economic development, however, in an attempt to minimize the state's investment in individual loans has established a policy of encouraging prospective borrowers to obtain all possible assistance from private lending institutions and federal loan programs. State loans are currently being given to those who cannot borrow money from private lenders. The loans are on a participating basis with the Farmers Home Administration and local banks. By bringing in outside funds the available state funds can be applied over a broader base. Also, the contracts with the local banks provide that they will service the loan, thus bringing to the program the experience of professional lending institutions. It is yet too early

⁷Figures as of December 31, 1959, Department of Economic Development, State of Hawaii, Progress Report--Farm Loan Program (March, 1960).

to evaluate fully the performance of the current practices of the department of economic development. These practices, however, may result in more effective disaster relief and present a possibility for inclusion in general disaster relief legislation.

Tax Relief

The legislature has provided two kinds of tax relief to victims of disasters.

Table 2

TAX RELIEF AUTHORIZED BY
STATE LAW TO ASSIST DISASTER VICTIMS
1955 TO 1960
STATE OF HAWAII

<u>Nature</u>	<u>Standards for Eligibility</u>	<u>Administering Agency</u>	<u>Legal Authority</u>
General legislation-- deduction from personal income tax over a five-year period	Loss of property due to certain natural disasters	Department of Taxation	Section 121-5, Revised Laws of Hawaii 1955
Special legislation-- refund and forgive- ness of taxes for a ten-year period	Losses due to 1955 Puna eruption	Department of Taxation and Claims Commission created by Act	Act 207, Regular Session 1955
Special legislation-- refund and forgive- ness of taxes for a five-year period	Losses due to 1959 hurricane	Department of Taxation and Claims Commission created by Act	Act 19, Regular Session 1960

As shown in Table 2, the first type is in the nature of general legislation providing for deductions from the personal income tax. The remaining two are in

the nature of special legislation providing relief for sufferers of particular disasters. The personal income tax deduction although of general application is allowed only for four types of natural disasters: earthquakes, volcanic eruptions, tidal waves and floods. A disaster not caused by any of these particular natural forces or caused by a catastrophic accident is not covered by the statute. The extraordinary relief that is given is the allowance of five years to write off the loss instead of the regular provision by which the loss must be taken only in the year in which it occurred.

Tax Refund and Forgiveness

The relief granted by the latter two categories listed in Table 2 are in the form of refunds and forgivenesses of property and general excise taxes given to the disaster victims of the 1955 Puna eruptions and the 1959 hurricane. The individual disaster victim was required to enumerate his disaster losses not otherwise compensated for and have them certified by the claims commission created for that purpose. After this certification the claims commission forwarded the schedule of certified losses to the director of taxation. The disaster victim thereafter was authorized to recover through tax forgivenesses the total amount of his loss. As authorized, the principle of this relief was reimbursement (theoretically he could recover his total loss); for practical purposes, the limit of recovery was tax liability. The recovery did not take into consideration either the need or the available resources of the claimant. A state can, if it wishes, adopt a policy of reimbursing disaster victims for the full measure of their losses. This can be more easily done, of course, by direct appropriation or it can be indirectly done through tax forgiveness by which the cost to the state is felt in future revenue losses.

Experience to Date

Of the two provisions for tax refunds and forgivenesses, the first, Act 207 of the twenty-eighth legislature (1955), can be subject to analysis. As of December 31, 1959, an average of 60.5 per cent of the loss to all victims for which claims were filed has been recovered. Expressed as a percentage of individual losses, however, recoveries have not been equal; most of the victims recovered either more or less than the average. Table 3 shows that 20.5 per cent of the claimants received a 100 per cent recovery, while 46.1 per cent of the claimants got a recovery of 20 per cent or less.

Table 3

CLAIMANTS FOR TAX RECOVERIES UNDER ACT 207, S.L.H. 1955
FOR PUNA VOLCANO DAMAGE (1955) BY PERCENTAGE
RECOVERY GROUPINGS AS OF DECEMBER 31, 1959
STATE OF HAWAII

<u>Percentage of Individual Loss Recovered</u>	<u>Claimants</u>	<u>Percentage of Claimants</u>	<u>Percentage of Total Certified Loss</u>	<u>Total Amount of Certified Loss</u>	<u>Total Amount Recovered</u>
100.0	16	20.5	50.3	\$ 588,296.63	\$588,296.63
80.1 - 99.9	5	6.4	.9	10,456.42	9,674.58
60.1 - 80	5	6.4	1.3	14,657.21	9,543.08
40.1 - 60	7	9.0	2.4	27,918.58	14,238.74
20.1 - 40	9	11.6	26.2	306,426.53	65,445.96
.1 -20.1	32	41.0	18.5	216,814.73	21,624.31
0.0	4	5.1	.5	6,193.18	0.0
60.5 (average)	78	100.0	100.0	\$1,170,763.28	\$708,823.30

Source: Compiled from data furnished by Department
of Taxation, State of Hawaii.

As shown on Table 4 those with the smaller losses generally recovered a smaller percentage than did those with larger losses.

Table 4

PERCENTAGE TAX RECOVERIES UNDER ACT 207, S.L.H. 1955
FOR PUNA VOLCANO DAMAGE (1955)
BY AMOUNT OF LOSS AS OF DECEMBER 31, 1959
STATE OF HAWAII

<u>Range of Loss</u>	<u>Number of Claimants</u>	<u>Percentage of Claimants</u>	<u>Certified Loss</u>	<u>Recovery</u>	<u>Percentage of Loss Recovered</u>
Over 100,000	2	2.6	\$ 633,061.23	\$491,335.10	77.6
50,000 - 99,999	2	2.6	163,967.45	93,591.42	57.1
25,000 - 49,999	2	2.6	86,016.90	51,505.02	59.9
10,000 - 24,999	8	10.3	109,671.56	22,403.97	20.4
5,000 - 9,999	13	16.7	93,562.44	23,105.79	24.7
1,000 - 4,999	30	38.4	73,399.67	19,703.59	26.8
999 and under	21	26.8	11,084.01	7,178.41	64.8
Total	78	100.0	\$1,170,763.26	\$708,823.30	60.5

Source: Compiled from data furnished by Department of Taxation, State of Hawaii.

The five-year period allowed for recovery by Act 207 has been extended an additional five years. This extension may or may not permit those whose recoveries have been small to recover their losses to a greater degree. The future recovery will depend, as it has to date, on tax liability.

The impact of the latter of these two measures, Act 19 of the regular session of 1960, has not yet been felt.

Table 5

CERTIFIED LOSSES FOR DAMAGE BY
HURRICANE "DOT" (1959)
AS OF AUGUST 5, 1960
STATE OF HAWAII

<u>Amount of Claim</u>	<u>Number of Claimants</u>	<u>Percentage of Total Amount Claimed</u>	<u>Average Size of Individual Claim</u>
Over \$750,000	1	43	\$999,490.57
\$500,000 - \$750,000	1	27	644,062.87
\$100,000 - \$499,999	1	10	240,300.66
\$10,000 - \$99,999	6	12	47,069.84
Under \$10,000	<u>157</u>	<u>8</u>	1,230.47
Total	166	100	

Source: Compiled from data furnished by the
Department of Taxation, State of Hawaii.

It should be noted, however, (Table 5) that nine out of 166 claimants have an aggregate claim of 92 per cent of the total possible recovery. The fact that these nine claimants (5.4 per cent) are authorized to recover 92 per cent of the total possible recovery is consistent with the theory of reimbursement. The advisability of reimbursement is discussed in Part IV of this report; the practical limit of tax liability, however, deserves some mention here.

Variation in Tax Liability--Tax liability is not a logical measure of disaster needs, disaster losses or the size and scope of an individual or corporate enterprise. Any number of claimants who have the same total need, wealth and income can have varying tax liability by virtue of the fact that one

has more of his assets in taxable property or his business entails the collection of a greater amount of excise taxes. For example, consider two hypothetical merchants, one selling automobiles and one running a supermarket, both of whom suffered \$35,000 disaster losses. Their experience under a tax rebate law would be as shown below:

	<u>Annual Sales</u>	<u>Annual Profit Margin</u>	<u>Annual Profit</u>	<u>Total Excise Taxes Collected and Tax Recovery for 5-Year Period</u>
Automobile Dealer	\$ 50,000	20%	\$10,000	\$ 8,750
Supermarket Operator	\$200,000	5%	\$10,000	\$35,000

In this situation one merchant can claim \$35,000 because of his disaster injury while the other receives a credit of only \$8,750. Regardless of what relief principle is used, a practical limit of tax liability injects variables that have little relation to need, rehabilitation or loss.

Term of Exemption--The fact that the exemptions extend over a comparatively long period of time further affects the efficiency of this type of relief. The need for rehabilitation should be met as soon after the disaster as possible. It is at this time the disaster victim needs whatever assistance the state or anyone else will give him. Depending upon his own efforts, resources and the assistance given to him, the disaster victim within a given period of time may again become self-sufficient. This period of time as contemplated by Act 207 is five years and has been recently extended to ten years.

Housing and Land

The housing and land problem created by the occurrence of the two most recent disasters has been treated in two types of relief measures. They differ from the loans and tax relief in that they do not deal with money but are in the nature of relief in kind.

Table 6

PROVISION OF PUBLIC HOUSING AND LAND
AUTHORIZED BY LAW TO ASSIST DISASTER VICTIMS
1955 TO 1960
STATE OF HAWAII

<u>Nature</u>	<u>Standards for Eligibility</u>	<u>Administering Agency</u>	<u>Legal Authority</u>
Special legislation-- sale, lease or lease with option to purchase public lands (auction provision waived)	Residential sites-- persons dispossessed or displaced by natural disaster-- authority extends to May 10, 1961	Department of Land and Natural Resources	Act 19, Regular Session, 1960
Special legislation-- lease of public lands with option to purchase under certain conditions (auction provision waived)	Commercial sites-- owner or lessee of land damaged by May, 1960 tsunami	Department of Land and Natural Resources	Act 4, Special Session, 1960
Special legislation-- construction of dwelling	State project authorized without federal participation*	Hawaii Housing Authority	Act 7, Special Session, 1960

*Under the authority of this Act the Hawaii Housing Authority participates with the federal government in another project. See Table 7.

The first type of assistance, the construction of dwellings, is represented by the third item in Table 6. This kind of disaster relief is particularly well suited to both the needs of the disaster victims and the interests of the state. Since many families were left with housing requirements following the tsunami of May, 1960, the units to be built by the Hawaii Housing Authority will fill a real need. Also, the construction of these dwellings will constitute a valuable public asset.

The second type of relief in this category is indicated by the first two items in Table 6. They provide for preferential treatment to be given to the victims of disasters with reference to the acquisition of land. Scarcity of land has been and is a continuing problem in Hawaii, but for the disaster victim the need is more critical. The concession granted is the waiver of sale by auction requirement and the cost to the state is the difference between the price paid by the disaster victims and the possible higher price the state could have received if the land had been sold or leased by auction. This possible higher price, however, would very likely be caused by land speculation. Measured against a possible bookkeeping loss to the state is the fact that individuals in need are helped and the community as a whole will benefit by the rehabilitation of those who suffered losses.

Federal Assistance

The federal rehabilitative assistance considered in this report deals with housing, land and loans. Federal aid in both areas is substantial. With regard to the land problem, a most ambitious undertaking is the urban renewal project being carried out by the Housing and Home Finance Agency in conjunction with the Hawaii Redevelopment Agency (second item in Table 7). Through this project about \$5 million of federal funds will be spent to acquire, clear,

Table 7

SELECTED DISASTER RELIEF UNDERTAKEN IN HAWAII
WITH FEDERAL FUNDS OR AUTHORIZATION
1955 TO 1960

<u>Nature</u>	<u>Standards for Eligibility</u>	<u>Administering Agency</u>	<u>Legal Authority</u>
Special legislation-- land exchanges*	Loss of property due to 1955 lava flow	Department of Land and Natural Resources	Public Law 844, 84th Congress
General legislation-- construction of dwellings	Qualify as a federally-aided housing project	Hawaii Housing Authority and Public Housing Ad- ministration	Act 7, Special Session 1960
General legislation-- acquisition, clear- ance, redevelopment and sale of land in area damaged	Qualify under special disaster urban re- newal program of the Housing and Home Finance Agency	Hawaii Re- development Agency and Housing and Home Finance Agency	Acts 3 and 5, Special Session 1960
General legislation-- loans with federal funds in participa- tion with local banks	Qualify for disaster loans under federal program and presiden- tial declaration of disaster	Small Busi- ness Admin- istration	15 U.S.C.A. 661, 1959

*Federal authorization needed under territorial status. State appropriation made to implement exchanges (Act 23, Regular Session 1960).

develop and sell the area damaged by the May, 1960 tsunami. The local share will consist of: (1) \$2.5 million in state funds raised through issuance of bonds; (2) a \$25,000 state appropriation; and (3) a \$25,000 Hawaii county appropriation. The latter two items (\$50,000) were for surveying and planning. Benefits from this project will be threefold: the area will be cleared and developed to the benefit of the city of Hilo; it will be developed so as to minimize possible future damage; and about \$5 million in federal funds will be contributed to the state. Another project dealing with land and housing is the planned construction of 80 housing units with federal funds. Combined with the housing planned by the Hawaii Housing Authority, federal and state efforts will result in a total of about 115 housing units for disaster victims.

Another area of federal activity is the granting of loans through the disaster programs of the Small Business Administration (SBA) and the Federal Housing Authority. An estimated \$12 to \$15 million will be loaned to the disaster victims by the SBA in participation with local banks. The SBA in granting its loans requires the borrower to show his ability to repay; but in examining this ability, it applies more liberal standards than ordinarily used by this agency. In contacting disaster victims with reference to the commercial disaster loans, the department of economic development has often channeled eligible applicants to the SBA and those who could not qualify for SBA loans were then considered for state loans. This practice and the exchange of credit information between the two organizations have resulted in a minimum of duplication and a useful degree of coordination between the state and federal government.

IV. PROBLEMS IN GENERAL LEGISLATION

Problems in Definition

The word "disaster" does not have a precise meaning in the sense that there are no mathematical formulae or strict standards to determine whether or not a disaster has occurred. Disaster is a concept which varies with the "ego involvement" of the person or groups concerned.⁸ A person or group of persons suffering great losses because of a tragic fire have experienced a disaster. However, depending upon the severity and magnitude of the loss, it may not constitute a disaster for the community or state as a whole. Whether the state itself has experienced a disaster is then a determining factor in deciding whether extraordinary assistance is given by it.

Standards Presently Used

Disaster relief given by individual citizens is basically charity prompted by the knowledge that human suffering exists and the needs of the disaster victims cannot be met with their own resources. A person is likely to contribute more when he knows that a greater amount of suffering exists; a great calamity is likely to invoke wide emotional appeal. Much of this charitable thought has been institutionalized by private relief giving organizations, such as the Red Cross and the Salvation Army. In providing disaster relief, however, the Red Cross has found it necessary to establish a definition for disaster and a standard for dispensing assistance. It defines a disaster as:

. . . [A] great natural catastrophe such as a flood, tornado, or hurricane, and also a sudden and extraordinary catastrophe such as fire, explosion, transportation wreck, or similar public calamity in which numbers of persons are plunged into helplessness and suffering.⁹

⁸Hoyt Lemons, "Physical Characteristics of Disaster: Historical and Statistical Review," The Annals of the American Academy of Political and Science (January, 1957), p. 1.

⁹American National Red Cross, Disaster Manual for Chapters (1955), p. 3.

Red Cross rehabilitative relief, however, is limited to the above occasions only when five or more families are affected. Situations involving fewer than five families according to Red Cross policy should be the responsibility of the local community and, therefore, such assistance is not financed from funds of the Red Cross national organization. The Red Cross, it would seem, defines a disaster for relief purposes as one in which the need cannot be met by the local community. The measure used to determine this is demand by five or more families. The Salvation Army has no such standard. Discretion is given to the local commander in determining when relief is to be given.

Congress was also faced with the need for a definition and standard. For the purposes of federal disaster relief authorized by Public Law 875 of the 81st Congress, the following definition is given:

"Major disaster" means any flood, drought, fire, hurricane, earthquake, storm, or other catastrophe in any part of the United States, which, in the determination of the President, is or threatens to be of sufficient severity and magnitude to warrant disaster assistance by the Federal Government to supplement the efforts and available resources of States and local governments in alleviating the damage, hardships, or suffering caused thereby, and respecting which the governor of any State . . . certifies the need for disaster assistance under this Act, and shall give assurance of expenditure of a reasonable amount of the funds of the government of such State, local governments therein, or other agencies, for the same or similar purposes with respect to such catastrophe. . . .

Discretion is left to the President to declare a "major disaster". He is required to await the certification of the appropriate governor and to have reasonable assurances that local funds will be likewise employed to treat the emergency situation.

Elements of Definition

Event and Effects--The concept of disaster entails two things--an event with a creating force either natural or man-made and an unfortunate effect of

some magnitude. With regard to the event, neither the Red Cross nor the Congress in Public Law 875 makes a distinction between disasters caused by natural forces and those which are man-made. Hawaii's major disaster experience within the last five years has been only with those caused by nature. There is, however, no reason to believe that a man-made disaster, if one should occur, would not have the same terrible effects. A most recent example of this type of disaster is the airplane collision which occurred over New York City in December of 1960.

There seems to be no justification in providing assistance in natural disasters and not for man-made disasters. Two of our country's most tragic catastrophes give an interesting contrast in this regard as one, the San Francisco earthquake and fire of 1906, was caused by nature and the other, the Chicago fire of 1871, by human carelessness (allegedly putting a lighted lantern too near Mrs. O'Leary's cow).

Suddenness--In order to be considered a disaster in the ordinary sense of the word, the event must be extraordinary and occur suddenly. The sudden nature of the event does not allow the community to plan for it; planning cannot minimize the effects or prevent the occurrence of many disasters. This is particularly true of man-made disasters. The suddenness of the happening tends to maximize the damage. People in danger have no chance to retreat to safety or to salvage their possessions. Since advance warning of any appreciable length of time is impossible for many of the common occurrences which cause great damage, the element of suddenness is a contributing factor to the unfortunate effects of what constitutes a disaster.

For these reasons the problems of relief considered here should be distinguished from the problems caused by the relatively slow progression of

economic and natural forces which can likewise cause human suffering. Although the effects of general economic distress are a legitimate government problem, they can be treated differently, as by going to the causes. There are many federal and state activities which are now being carried on to assist in solving the long-range problems of the farmers, small business and economically depressed areas. The relative urgency of the need for relief caused by great catastrophies requires that such relief be considered separate and distinct from the above problems.

Magnitude of the Loss—By far the most difficult disaster element to measure is the unfortunate effect or the human suffering required to classify an event as a disaster. In order to consider any occurrence a disaster, there must be a loss of property or life or both and a resulting adverse effect on the community. Unfortunate circumstances by themselves do not necessarily constitute a disaster. The loss and tragic consequences of a fire are the same to an individual victim regardless of whether his neighbors were also burned out. Yet one whose house burns in a general conflagration might receive special assistance while the other person, when he alone was damaged, will not. The justification is that in one case a state disaster has occurred and in the other it has not.

If relief measures were made available for every isolated, unfortunate event, the state would, in effect, be an insurer. It would be obliged to give assistance for losses suffered because of a multitude of natural and man-made tragedies. If such is the case, assistance would reflect an excessive dependence on the state and lose its character as disaster relief. This is not the concept of government under which we now operate. Special assistance to

individuals, in order to be considered a proper government activity, must be related to the welfare of the state itself.

Whether state disaster relief is needed and justified depends on the character and quantity of the loss. The character of the loss has more of a bearing on the type of assistance needed and the quantity of the loss on whether it is the responsibility of the state. There are two notable standards used today, the one used by the Red Cross and the one used by the federal government for the purposes of Public Law 875. The type of standard used by the Red Cross is not suitable for the purposes of state disaster relief because its basic responsibility and the types of relief given are different from those of the state.

Number of Persons Standard--The Red Cross and the federal government have assumed the responsibility for providing emergency relief to stricken communities and individual disaster victims. Red Cross assistance includes a wide range of activities, such as aid in disseminating warnings, furnishing rescue work, finding temporary shelter, providing clothing, mass feeding and medical and nursing care. Similarly, the activities of the federal government encompass a wide range. A large part of the Red Cross program, then, is emergency assistance and their standard is gauged, to a great extent, to this need. Since the Red Cross and the federal government have assumed the responsibility for emergency relief, state disaster relief now under consideration need concern itself only with rehabilitative assistance.

A number of families affected or any other arbitrary standard is not an adequate criterion on which to decide whether state rehabilitative assistance is required. To a limited degree the number of families affected measures the magnitude of the loss but it does not adequately describe the character of the loss. Examination of the character of the loss is necessary to determine the

need for any particular type of assistance. For example, the number of persons injured determines the need for medical care and the number of hungry people determines the need for mass feeding.

Hawaii's Standard--Following the tsunami of May, 1960, there was no real question, after the impact was fully known, that the situation was one of state-wide concern. For possible future disasters of lesser magnitude the question might be difficult to resolve. If only one person is affected, the state cannot provide him with special assistance. If everyone in the state is affected, then it is surely a public problem. Between these two extremes is the area in which discretion must be exercised. Research reveals no ready formula which would determine when state action is warranted and when it is not. Public Law 875 which formalizes the federal disaster program, in a sense, comes to the same conclusion; the President is empowered to declare a major disaster whenever he determines that an event is of sufficient severity and magnitude to warrant disaster assistance from the federal government.

Summary--It appears that the decision whether a disaster is of state-wide concern and the granting of assistance a matter of public purpose must be made upon the facts and circumstances surrounding each individual case. A disaster may affect many persons but amount to a small property loss and conversely there may be a great deal of property damage with effects on few individuals. A disaster may strike, damaging much property and affecting many individuals; the normal resources of the community and state, however, may be such that the victims can be assisted through normal channels. What is needed, then, is not a definition, but rather the provision for a responsible exercise of discretion. The most that can be offered here is the suggestion that there are a number of factors which should be considered in making this decision once the extent of the loss is known. Some of these factors are:

1. The effect on the health and living standards of a substantial number of persons.
2. Employment problems created.
3. The effect on farming, business and industry.
4. The total effect on the economy of the state.

Principles of the Relief Policy

It is essential, once it is determined that relief will be given, to decide under what principle it will be dispensed. This policy itself guides the types and amounts of assistance which will be necessary. If relief is on a per capita basis, each victim is given an equal amount of money or share of other assistance. On a reimbursement basis those who suffered losses are given back either in money or kind the full measure of their losses. The other alternative is assistance based on need.

Need for the purposes of public welfare payments is that amount a person or family requires to maintain a standard of subsistence consistent with decency and health, minus its material and human resources which can be used to meet this need. This standard alone, however, cannot be used to define need for the purposes of disaster rehabilitation. The loss of all material resources in a disaster requires something more than food, shelter, clothing and other miscellaneous items. The status of the families impoverished by a disaster is most often different from that of families on the relief roles. A disaster victim, unless he is already on the relief roles, has displayed his ability to be self-supporting. Rehabilitation is a sound principle of any relief or welfare policy, but in the case of the disaster victim it demands greater emphasis.

The application of relief funds has certain logical priorities. Emergency relief has the first call on the available resources; the homeless are to be fed, clothed and given shelter. After this stage, however, a more complicated problem arises of getting the victims back on their feet and assisting them in becoming self-sufficient. This is the nature of relief considered by this report and in which the problem of the relief policy is brought forth. With unlimited and unrestricted funds (an unreal situation), each victim could be reimbursed for the total amount of his loss and, aside from the loss of loved ones, the only effect of the disaster would be, in a sense, a bad nightmare. With limited state funds, however, some basic policy must be established.

The problem of the relief policy has been discussed following most disasters where funds were available for distribution. The Red Cross has established its national policy and other relief organizations have likewise passed on the question. Two of the basic Red Cross policies are:

1. Red Cross relief to disaster victims is extended only as necessary to supplement the actual and potential resources of the families and individuals affected.
2. Need and not loss is the basis upon which assistance to disaster sufferers is given through the Red Cross.¹⁰

Following the Baltimore fire of 1904:

The Citizens' Committee adopted and pronounced the following policy: There should be a clear understanding by all that relief was to meet actual need, to secure the necessities of living, and was not merely a reimbursement against losses by the fire.¹¹

¹⁰American National Red Cross, Disaster Manual for Chapters (1955), p. 114.

¹¹E. T. Devine, Principles of Relief (1910), p. 434.

A similar question was raised following the San Francisco earthquake and fire of 1906. Part of a study of the relief granted relates:

In the beginning of the Relief Survey it has been shown how, with what seemed to be an instinctive insistence, the trend of the work was toward the formulation of a definite rehabilitation policy. The principle, one might say axiom, which determined the character of this policy was that help should be extended with reference to needs and not with reference to losses. It was not easy to hold to the relief principle in the face of a sentiment by no means weak nor voiceless that each sufferer was entitled to an equal share of the funds.¹²

Source of Funds as Guide

There is a difference in the character of private relief funds and state relief funds which guides the relief policy. Funds of a private relief organization are received by voluntary donations from individuals given for charitable and altruistic reasons. The purposes of and the restrictions on these funds are that they shall benefit the victims of the disaster. Executing this purpose involves the disbursement of the funds to the recipients and the transfer of funds accomplishes the purposes of the donors.

This transfer of funds will also benefit the state to the extent that the disaster victims could not with their own resources soon become self-sufficient and healthy members of the community. If there are sufficient funds to go beyond the need for rehabilitation and the disaster victims are reimbursed for their losses over and above their own resources and need, the donative intent is not violated although the benefit to the state ceases, as reimbursement for losses which go beyond the need for rehabilitation is merely a transfer of funds from one person to another.

State funds that are appropriated for disaster relief are derived from taxes and other state revenues. They are collected to promote the general welfare of the state. When a disaster strikes, the public welfare is enhanced

¹²Russell Sage Foundation, San Francisco Relief Survey (1913), p. 107.

by using state funds to benefit the victims so they are able to regain their former economic and living standards to the betterment of the community and state as a whole. This then is the justification for appropriating public money for the benefit of a particular class of citizens. The purpose of such legislation is to promote the public welfare and in the case of disaster relief it involves assistance to individuals. However, when disaster relief goes beyond the rehabilitative need, the public purpose ceases to exist. There appears no public purpose in providing special disaster assistance to those who by their own resources can adequately compensate for their disaster losses.

Organization of Relief Efforts

The disaster relief authorized in Hawaii cannot be considered one program. In attempting to review the disaster relief provided for in Hawaii, it was necessary to examine the activities of seven different state agencies and departments. Legislation has been piece-meal as the varying types of relief fell within the jurisdiction of these administrative departments. These departments are, of course, best equipped to administer the relief which falls within the specialized talents of their staff or which concerns powers ordinarily exercised by them. There might be a need, however, to centralize or coordinate their activities in some manner.

It is difficult for the legislature to determine: (1) what is needed in the way of relief, (2) the extent the needs are being met by existing state programs and outside sources, (3) possible duplication of activities, and (4) the effectiveness of its total disaster relief effort. These and other problems may exist for the administration as well. Additional hardships are often imposed upon the disaster victim himself because of the lack of organization. There seems to be no way to avoid having to shuffle him from one relief

agency to another. He may have to contact several different state agencies and might qualify for relief under one program and be found ineligible under another. Combined with the several state programs, the activities of separately administered private and federal agencies seem to aggravate an intrinsically confused disaster situation.

To a great extent all relief programs cannot be centrally administered; there exist different organizations with varying responsibilities and purposes. On the state level, however, there is an opportunity and perhaps a need to have a single policy-making body in which the administration of the state disaster relief can be centralized. Short of this there is at least a need for coordination.

V. POSSIBLE PROVISIONS FOR GENERAL LEGISLATION

The foregoing sections of this report have indicated some of the major problems involved in disaster relief. Briefly, they are:

1. Should man-made disasters be included in any general legislation?
2. Who should decide when a disaster has occurred and what factors should be considered?
3. Under what principle should the relief be dispensed?
4. Which of the presently authorized relief measures or other relief measures should be included in general legislation?
5. Is there any need for centralizing the administration of the various relief programs or at least coordinating them?

There are many alternatives in answering these questions and suggesting the possibilities for general legislation. Following is an outline of a possible disaster relief act. It should be considered only as an alternative as it includes determinations tentatively made for the purposes of presentation.

A difficult problem and one which represents something new is the suggestion that some administering or coordinating authority might be necessary. It would be possible to establish an ex officio council of state officers whose functions are particularly adapted to disaster needs. The council would include all those department heads who presently administer disaster relief programs and others whose duties or office might be helpful. A council would be equipped to determine the collective and individual needs of the stricken community, administer or at least coordinate all state programs, report on the effectiveness of the relief granted and suggest other possibilities for future legislation.

An ex officio body, however, is not a working body in that the members themselves do not perform the staff work. It would be essential then for the council to create a staff. In a sense, such a staff exists within the framework of the departments which presently administer the various disaster relief programs. The members of the council then would contribute personnel who would devote their full time to the administration of the disaster relief authorized. The council could provide for uniformity in determining eligibility, a single contact point for disaster victims, better means to avoid duplication and possible double recoveries and a collective body to analyze the results of the total state effort. The staff could best operate from the disaster area; therefore, being closer to the problems involved, shortening lines of communication and preventing unfortunate delays.

Such a council would be called into existence by the governor upon the occurrence of a disaster to administer a single relief program and would terminate upon its reporting on the operation of the program. Being a temporary agency, it could exist independent of any of the principal departments. It could also make use of procedures and material prepared in advance to facilitate the expeditious granting of relief. The first council would come into existence at the passage of the enabling legislation in order to prepare material and establish operating procedure in anticipation of a future disaster. After accomplishing its functions, its existence would terminate and, thereafter, the governor would be authorized to create a new council when the need arose.

There remains much to be worked out by the council as, to a great extent, each department must use its own specialized knowledge and experience in administering programs that come within its regular area of operation. It may

be difficult for one knowledgeable in land problems to understand the details of granting loans and vice versa. Another question that arises is the degree of authority which would be centralized in the staff of the council. Problems can arise where one of a number of departments is given some authority over the others. These are problems for which some solution will have to be found and incorporated into the law or established by the council itself in setting up its future procedure.

Assuming, then, that such a council is desirable and that there is a need for administrative centralization or coordination of disaster relief programs, certain other details must be passed upon. The following discussion deals with those details and suggests a possible means of resolving the questions that would arise.

Governor's Declaration

Special disaster relief logically operates only when the disaster, either natural or man-made, is of such severity and magnitude that it is a matter of state-wide concern. As discussed earlier in this report, there is no set formula to determine when disaster relief is in the public interest and when it is not. It is necessary to have this decision made after the disaster occurs so that all the facts and circumstances can be analyzed in arriving at the correct decision.¹³ The governor as the chief administrative officer should make this decision. After the facts are known and the need for assistance determined, a proclamation would be issued establishing a disaster rehabilitation council and putting into operation the various types of disaster relief authorized.

¹³A determination of this nature should not be confused with a civil defense emergency which is primarily concerned with preparedness.

Relief Measures

A. Various types of relief legislation which have been heretofore embodied in special acts can be redrafted to have general applicability once the disaster law is invoked. These can include:

1. Authorization for state housing projects and state contribution for federal housing projects Act 7, Special Session, 1960
2. Sale and lease of public lands without auction:
 - (a) residential Act 19, Regular Session, 1960
 - (b) commercial Act 4, Special Session, 1960
3. Commercial disaster loans Act 6, Special Session, 1960

B. Relief which is presently embodied in general legislation can be conditioned on the governor's proclamation so as to apply only when the disaster is declared.

1. Emergency farm loans Section 102-9(e), (1), Revised Laws of Hawaii 1955
2. Five-year casualty deduction from personal income Section 121-5(f), Revised Laws of Hawaii 1955

C. Presently authorized government services could be intensified and concentrated to give disaster victims the full benefit of assistance. The governor can require each department to prepare a schedule of all its activities which would be useful for rehabilitative relief. Departments which perform services particularly adaptable to disaster assistance are:

1. Department of social services.
2. Department of labor and industrial relations.
3. Department of economic development.
4. Department of agriculture and conservation.

Disaster Rehabilitation Council

A. The council would exist from the time it is called into existence by governor until the relief is granted and a report filed.

B. The general purpose of the council would be to establish policy and to create a staff to administer the relief authorized as one program. This would include duties to:

1. Provide one source of information and place of application for disaster victims.
2. Make known all available assistance to victims.
3. File a report at the conclusion of its operation detailing:
 - (a) the effectiveness of the authorized relief,
 - (b) the needs, if any, which were not adequately met, and
 - (c) proposals for other types of relief measures to be included in the relief program and proposals for any other statutory changes.

C. Composition of the council--The council would be composed of seven state officers who presently administer the types of relief authorized or could assist in the general purposes of the council. The following lists the officers and the services or functions which they are particularly qualified to perform:

1. Governor--general administrative direction.
2. Director of the budget--determination of fiscal needs, review of fiscal operations, review of operations to avoid duplication and to expedite fiscal problems.
3. Director of social services--determination of individual and family needs and provision of staff for case work and personal contacts with individual victims.

4. Director of economic development--supervision and administration of loan programs and the determination of economic and business needs.
5. Director of land and natural resources--supervision and administration of land disposal programs and the determination of land problems and needs.
6. Administrator of the Hawaii Housing Authority--supervision and administration of housing programs and the determination of housing needs.
7. Chief executive of each county affected--representation of the community affected and aid in determining community needs.

Appendix A

SELECTED FEDERAL DISASTER ASSISTANCE

Agency	Types	Recipient	Requirements*	Special Authority
Office of Civil and Defense Mobilization (OCDM)	Administration and coordination of federal disaster relief	State and local governments	Disaster area declared by President	Public Law 875, 81st Congress; Executive Orders 10427, 10737 and 10773
	Financial assistance for protective work, debris clearance and temporary replacement of public facilities	State and local governments	Showing of need to alleviate effects of a disaster	Public Law 875, 81st Congress, Executive Orders 10427, 10737 and 10773
	Reimbursement for disaster relief operations	State and local governments	Work done in accordance with plan approved in advance	Public Law 875, 81st Congress, Executive Orders 10427, 10737 and 10773
.....				
Department of Agriculture				
Agricultural Research Service	Furnishes veterinarians and trained scientific personnel	Individuals	Disaster area declared by President and in need of emergency assistance	Public Law 875, 81st Congress

Agricultural Marketing Service	Administration and direction of food distribution	Agencies distributing food for mass feeding	Disaster area declared by President and in need of assistance	Public Law 875, 81st Congress

Appendix A (continued)

Agency	Types	Recipient	Requirements*	Special Authority
	Furnishes veterinarians, food inspectors and sani- tation and food graders	State and local governments	Disaster area declared by Presi- dent and in need of technical advice	Public Law 875, 81st Congress
Community Stabiliza- tion Service	Feed for livestock at reduced prices or by donation	Farmers	Disaster area declared by Presi- dent and Secretary of Agriculture	Public Law 115, 83rd Congress; Public Law 875, 81st Congress
	Facility for acquisition, storage and handling of food and feed	State and local governments	Disaster area declared by Presi- dent and Secretary of Agriculture	Public Law 875, 81st Congress
	Distribution of surplus feed grain free of charge as emergency assistance for a limited period of time only	Farmers who own livestock	Disaster area declared by Presi- dent and Secretary of Agriculture	Public Law 875, 81st Congress
	Assistance in acquiring feed grains required to maintain foundation herds by sharing the cost of distribution	Farmers	Disaster area declared by Presi- dent and Secretary of Agriculture	Public Law 875, 81st Congress

Appendix A (continued)

Agency	Types	Recipient	Requirements*	Special Authority
Farmers Home Administration	Disaster loans for restoration and rehabilitation of disaster damage	Farmers	Disaster area declared by President and Secretary of Agriculture	Public Law 115, 83rd Congress; Public Law 875, 81st Congress
Forest Service	Personnel and equipment for rescue work and fire fighting	State and local governments	Disaster area declared by President	Public Law 875, 81st Congress
Extension Service	Technical advice on clean-up of damaged property, sanitary precautions, use of food and other farm problems	Individuals in need of technical advice	Disaster area declared by President	Public Law 875, 81st Congress
Rural Electrification Administration	Power and rural telephone restoration and credit and technical advice for rural power and telephone facilities	Rural power and telephone companies	Disaster area declared by President	Public Law 875, 81st Congress
Soil Conservation Service	Technical assistance and loan of earth-moving equipment	Individuals in need	Disaster area declared by President	Public Law 875, 81st Congress
Agricultural Conservation Program Service	Technical assistance and cost sharing payments to farmers and ranchers for carrying out emergency conservation measures	Farmers	Disaster area declared by President and Secretary of Agriculture	Public Laws 85, 170, 766, 85th Congress

Appendix A (continued)

Agency	Types	Recipient	Requirements*	Special Authority
Department of Commerce	Provides food, clothing, medicine, equipment and other supplies for temporary relief	Shipwrecked persons and persons in remote locations	Disaster area declared by President	Public Law 875, 81st Congress
	Funds for repair of roads and bridges in federally aided highway system	State highway department	Gubernatorial declaration of disaster and concurrence by Secretary of Commerce	Federal Highway Act
	Rescue operations by ships under jurisdiction of Coast and Geodetic Survey and Maritime Commission	Individuals	Safety is endangered	Public Law 875, 81st Congress
	Warning and forecasting the approach of storms	Any agency or individual	Regularly given	Standing authority
.....				
Department of Defense	Emergency shelter, search and rescue, first aid, field sanitation, medical services, debris removal, emergency communications, maintenance of law and order, emergency transportation, emergency supplies and emergency construction	Individuals in need of search and rescue and state and local governments	Disaster area declared by President, or prior thereto, an impelling immediate need	Public Law 875, 81st Congress

U. S. Army Corps of Engineers	Flood control	State and local governments	Need where state and local resources are inadequate	Public Law 99, 84th Congress
.....				

Appendix A (continued)

Agency	Types	Recipient	Requirements*	Special Authority
Department of Health, Education, and Welfare	Surplus government property as beds, blankets, clothing etc.; surplus buildings for shelter	State and local governments	Disaster area declared by President	Public Law 875, 81st Congress
Public Health Service	Funds, personnel, use of equipment facilities and medical supplies; mainte- nance of water supply, sanitary services and food free from contamination; hospital and clinical facilities	State and local governments	Disaster area declared by Presi- dent; facilities when local facili- ties are inadequate	Public Law 875, 81st Congress
Food and Drug Administration	Inspecting and certifying food and drugs affected by disaster	State and local governments	Disaster area declared by President	Public Law 875, 81st Congress
Office of Education	Advice and assistance in establishing improvised temporary schools and limited financial assistance	State and local educational agencies	For financial assistance-- schools must be affected by fed- eral activities	Public Laws 815 and 874, 81st Congress
Office of Vocational Rehabilitation	Rehabilitation of adults suffering disaster-caused injuries and assistance in restoring rehabilita- tion facilities	State vocational rehabilitation agencies	Disaster area declared by Presi- dent and direction by the Office of Civil and Defense Mobilization	Public Law 875, 81st Congress

Appendix A (continued)

Agency	Types	Recipient	Requirements*	Special Authority
Department of the Interior				
Bureau of Reclamation	Assistance in a wide variety of work including flood control	Appropriate agencies and individuals in need	Disaster area declared by President	Public Law 875, 81st Congress
Geological Survey	Furnishes geologists and other trained personnel	Appropriate agencies and individuals in need	Disaster area declared by President	Public Law 875, 81st Congress
National Park Service	Personnel and equipment and use of facilities	Appropriate agencies and individuals in need	Disaster area declared by President	Public Law 875, 81st Congress
Fish and Wildlife Service	Personnel and equipment and use of facilities	Appropriate agencies and individuals in need	Disaster area declared by President	Public Law 875, 81st Congress
Department of Labor	Intensification of normal activities	Regular clientele	Disaster conditions	Standing authority
Department of Treasury	Intensification of normal activities and loan of personnel	Regular clientele	Disaster conditions	Standing authority
Coast Guard	Rescue, aid and evacuation and other activities to preserve life and property	State or local agencies or individuals in need	In need of services	Standing authority

Appendix A (continued)

Agency	Types	Recipient	Requirements*	Special Authority
Civil Service Commission	Loan of equipment and personnel	State and local governments	Disaster area declared by President	Public Law 875, 81st Congress
.....
Federal Aviation Agency	Loan of equipment and personnel	State and local governments	Disaster area declared by President	Public Law 875, 81st Congress
.....
Federal Communications Commission	Technical advice with respect to telecommunications and emergency procedure for use of radio waves	State and local governments	Disaster area declared by President	Public Law 875, 81st Congress
.....
General Services Administration				
Federal Supply Service	Administrative services, personnel, facilities and equipment to be used for storage and distribution of surplus property	State and local governments	Disaster area declared by President and direction from OCDM	Public Law 875, 81st Congress
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Transportation and Public Utilities Service	Planning and arranging for the use of commercial facilities for transportation	State and local governments	Disaster area declared by President and direction from OCDM	Public Law 875, 81st Congress
.....

Appendix A (continued)

Agency	Types	Recipient	Requirements*	Special Authority
Housing and Home Finance Agency				
Federal Housing Administration	Loans up to \$12,000 for single dwelling units	Individuals	Damage due to disaster	National Housing Act, sec. 203 (h)
Public Housing Administration	May request local authorities operating low-rent housing to waive eligibility requirements; application for loans for low-rent public housing handled on an emergency basis	State and local governments and agencies	Need of disaster victims	Public Law 875, 81st Congress
Urban Renewal Administration	Special disaster program following lines of urban renewal program	State and local governments	Disaster area declared by President and federal approval of project	Public Law 875, 81st Congress
Federal National Mortgage Associations	Purchases mortgages insured by other federal programs	Other programs	Disaster area declared by President	Public Law 875, 81st Congress
Community Facilities Administration	Interest free advances and loans for planning	State and local governments	Disaster area declared by President and unavailability of funds from local sources	Public Law 875, 81st Congress
Interstate Commerce Commission	Relaxes regulations and directs transportation to facilitate disaster relief	Public carriers and individuals	Disaster area declared by President	Public Law 875, 81st Congress

Appendix A (continued)

Agency	Types	Recipient	Requirements*	Special Authority
Small Business Administration	Directs loans in participation with lending institutions for small businesses and homes	Individuals, business concerns, churches and other businesses	Disaster area declared by President	Public Law 875, 81st Congress
.....
Veterans Administration	Suspend payments on loans made to veterans by Veterans Administration; lending of medical and other facilities	Veterans; state and local governments	Disaster area declared by President	Public Law 875, 81st Congress
.....

Source: Compiled from data of the United States Senate, 86th Congress, Federal Disaster Relief Manual, Report No. 807 (1959), pp. 1-90.

*In many cases a declaration by the President or another appropriate federal official is required. Such requirements are omitted where other significant requirements are noted.

Appendix B

INQUIRY CONCERNING
STATE DISASTER RELIEF PRACTICES

STATE _____

A. ☐ Our State has given relief to individual citizens suffering disaster losses by: (Please list amounts, statutory preferences and other particulars.)

1. direct appropriations to individuals _____

2. grants to individuals from a state fund _____

3. special tax relief (other than the normal deductions allowed for casualty losses) _____

4. state supported insurance program in which state funds are expended for administrative expenses or for the payment of claims _____

5. grants of land, housing (other than temporary housing) or other property _____

Appendix B (continued)

6. other privileges such as land exchanges or special franchises which can be considered as a permanent economic gain to the disaster victim _____

7. special loans for disaster victims (other than loans to depressed businesses generally or to farmers on account of depressed farming conditions not occasioned by a sudden disaster) _____

8. other (please specify) _____

B. The disaster relief specified in "A" has been given: (Check appropriate letter)

- ☐ (a) pursuant to continuing legislative authorization for such relief.
☐ (b) following most disasters as a matter of precedent.
☐ (c) on only one or a few occasions but not as a regular practice following most disasters.

C. ☐ Our State does not give relief to disaster victims on an individual basis other than (1) temporary relief for immediate needs (food, temporary housing, public welfare, employment services, miscellaneous social services, etc.), (2) public works projects or (3) assistance to local political subdivisions.

D. Comments (please comment if neither "A" or "C" apply) _____

Completed by _____

Title _____

C
O
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Appendix C

COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE
HARRISBURG

October 17, 1960

The Governor

Mr. Kenneth K. Lau
Director, Legislative
Reference Bureau
State of Hawaii
University of Hawaii
Honolulu 14, Hawaii

Dear Mr. Lau:

As requested, I am pleased to furnish the following information concerning disaster relief policies followed within this Commonwealth.

In Pennsylvania, State disaster relief is concerned with immediate, short-term assistance to people in need, combined with both immediate and long-term assistance in the repair and restoration of public facilities, including certain flood control activities.

Under the policy outlined above, the State assists people in need of emergency feeding and clothing during so-called "periods of crisis," but does not furnish permanent, or long-term economic assistance to the victims of natural disasters. With respect to the latter, the Commonwealth helps victims obtain such personal assistance as may be available through the Federal Government (special disaster loans, etc.) and through various nongovernmental agencies, including the Red Cross, the Salvation Army and others (replacement of homes, supply of household necessities, etc.).

I trust that I have given you the information desired, but additional details may be obtained, if desired, from Dr. Richard Gerstell, Director of Civil Defense, State Council of Civil Defense, Main Capitol Building, Harrisburg, Pennsylvania.

Very truly yours,

/s/ David L. Lawrence