LEGISLATIVE FISCAL OFFICE
Fiscal Note

Date: April 29, 2022
Dept./Agy.: Insurance
Subject: Creates the LA Fortify Homes Program & Fortify Home Fund

In accordance with Legislative Fiscal Office procedures, the Fiscal Note is based on the bill in its current form as of the publication date.

**INSURANCE DEPARTMENT**

**Subject:** Creates the LA Fortify Homes Program & Fortify Home Fund

**Provides for the Louisiana Fortify Homes Program**

Proposed law creates the LA Fortify Homes Program within the LA Department of Insurance (LDI) and provides that the Commissioner of Insurance may make financial grants to retrofit insurable property with a homestead exemption to resist loss and meet or exceed the fortified home standards of the Insurance Institute for Business and Home Safety. To receive a grant under proposed law, the grantee shall obtain all permits required for construction, arrange and pay for inspections performed by a certified inspector, comply with applicable building codes, and maintain records. Proposed law provides the grantee's name and municipal address as well as the amount of the grant shall be a public record. Proposed law creates the LA Fortify Homes Fund within the state treasury, which shall be appropriated self-generated revenue from LDI not to exceed $10 M per fiscal year and used to cover the cost of grants. Proposed law provides that funds not expended shall remain in the fund for distribution in subsequent fiscal years. Proposed law does not create an entitlement for property owners to receive grant funding or create any obligation for the state. Proposed law effective Jan. 1, 2023.

**EXPENDITURE EXPLANATION**

Proposed law increases SGR expenditures within the LA Department of Insurance (LDI) by $10 M as a result of making financial grants to retrofit insurable property in the state. The proposed law creates the LA Fortify Homes Program, which will make financial grants of $10 M per year to retrofit residential property.

To implement the program, LDI anticipates this measure will require an additional Insurance Specialist position ($85,000 salary and $47,480 related benefits), operating services ($3,488), and supplies ($546) as well as one-time costs for IT programming ($77,500), computer equipment ($2,290), and office furniture ($1,630) in FY 23. Beginning in FY 24 and subsequent fiscal years, this fiscal note assumes a 2% market rate adjustment in salaries for the Insurance Specialist position and a 2.4% inflation increase in operating services (total expenditures of $142,079 in FY 24, $147,762 in FY 25, $153,673 in FY 26, and $159,820 in FY 27).

**REVENUE EXPLANATION**

**Note:** The proposed law is silent regarding administrative costs for running the LA Fortify Homes Program. The LFO presumes that costs of administering the program by LDI would be funded in addition to the $10 M for grants.

**LEGAL EFFECT:**

Proposed law is effective January 1, 2023, and affects the fiscal year then ending.

- Salary/Related Benefit
- Operating Expenses
- Supplies
- Professional Services
- Acquisitions
- Other Charges (Grants)
- **Total**

**FY 22-23**

- Fiscal Note:
- **ENGROSSED**
- Opp. Chamb. Action:
- **Sub. Bill For.**

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