LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **SB 28** SLS 25RS 209
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action: **w/ HSE COMM AMD**
Proposed Amd.:
Sub. Bill For.:

Date: June 3, 2025 8:29 PM **Author:** TALBOT
Dept./Agy.: Department of Insurance / Department of Revenue
Subject: Individual Income Tax Credit: Fortified Roof **Analyst:** Noah O'Dell

TAX/TAXATION RE1 DECREASE GF RV See Note

Establishes an income tax credit for taxpayers who pay to have a fortified roof installed on their property. (gov sig)

Current law provides for a limited number of grants through the fortified homes program for fortified roof retrofits. Current law provides for a Construction Code Retrofitting Deduction (CCRD), limited to $5,000, for 50% of eligible expenditures that include, but are not limited to retrofitting a roof.
Proposed law authorizes a nonrefundable individual income tax credit, up to $10,000 per property, for the amount paid to fortify residential property to meet or exceed the fortified roof standard established by the Insurance Institute for Business and Home Safety (IIBHS). The tax credit is earned when certified by IIBHS. However, taxpayers must apply to the Dept. of Revenue and submit a copy of the certificate from IIBHS. Taxpayers claim the credit when filing their income tax return. Credits are issued on a first-come first served basis with the total amount of credits issued each fiscal year limited to $10M. Unused credits may be carried forward for up to 3 years. Taxpayers who receive a grant from the Louisiana Fortified Homes Program are not eligible for the tax credit. No credits will be issued after Dec. 31, 2031. Effective upon signature

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	**INCREASE**	**INCREASE**	**INCREASE**	**INCREASE**	**INCREASE**	
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total						

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	**DECREASE**	**DECREASE**	**DECREASE**	**DECREASE**	**DECREASE**	
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total						

EXPENDITURE EXPLANATION

The bill is anticipated to increase SGR expenditures in the Department of Revenue (LDR) and the Department of Insurance (LDI), in addition to at least (2) T.O. positions.

LDR reports one Revenue Tax Specialist 1 with a salary and related benefits of $93,317 will be necessary beginning in FY26 to review and process applications and returns claiming the credit. LDR reports the ability to absorb this amount within its current budget but may require additional resources if the aggregate impact of all bills enacted during this session is substantive.

Because administration of the tax credit in the proposed measure references statutes and regulations relative to the Fortify Homes Program, it appears LDI holds certain obligations related to credit administration which include taxpayer documentation, coordinating between agencies, and handling certain inquiries. LDI reports associated costs of five T.O. positions (four Insurance Specialists and an Insurance Manager) with related salary and benefits collectively of $482,534, recurring annual operating expenses of $28,265, equipment costs of $15,450, and $450,010 in professional services ($132,000 of which are recurring annually) related to IT-costs of system upgrades. LFO cannot corroborate whether these extensive costs are necessary to perform this function. To the extent LDI is able to carry out the responsibilities in the proposed measure utilizing fewer resources, the cost may be less than that indicated.

REVENUE EXPLANATION

The bill can only serve to decrease general fund revenue which would begin in FY26 when 2025 returns are first filed, though the LFO has no basis for estimating the magnitude of the revenue loss associated with the bill due to the unknown number of taxpayers who may retrofit their residential property with a fortified roof.

The bill allows for a nonrefundable tax credit for expenses, limited to $10,000 per property, associated with retrofitting the insurable property owned by a resident taxpayer for which a homestead exemption is claimed. The aggregate amount of credits issued each year is limited to $10M through TY 2031. Taxpayers who receive a grant from the LA Fortify Homes Program are not eligible for the income tax exemption.

Administration of the credit is unclear because the credit is earned when certified by the Insurance Institute for Business and Home Safety (IIBHS). **The state has no control over how many credits are earned, but the bill limits credits to be granted.** Taxpayers must apply to LDR with a certificate from IIBHS for the credits to be granted. Granted credits are limited to $10M annually on a first-come first-serve basis with excess credits rolling to the next fiscal year ($70M program total). Applications must be submitted for LDR to tally against the allowable cap of granted credits and to presumably notify the year in which the credit may be available and when funding for credits has been exhausted. Apparently, the taxpayer will assume the risk of not receiving a granted credit for a credit that is legally earned under the... **CONTINUED ON PAGE 2**

Senate	Dual Referral Rules	House	
[x]	13.5.1 >= $100,000 Annual Fiscal Cost {S & H}	[x]	6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
[x]	13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}	[ ]	6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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Chief Economist

REVENUE EXPLANATION CONTINUED

program of the program reaches the cap. Of note, taxpayers may have to pay between $275-$600 to certain certified evaluators to obtain the necessary certification documentation.

It is unclear if the taxpayer can claim the credit after making an insurance claim on the roof. The bill contains anti-stacking provisions to prevent taxpayers from receiving any other state credit, exemption, exclusion, deduction, or tax benefits associated with the qualified expenses under the program. Taxpayers who may claim the CCRD when voluntarily retrofitting their roof are more likely to claim the income tax credit under the bill, due to the larger incentive. The bill offers a dollar for dollar nonrefundable tax credit on qualifying expenses up to $10,000, whereas the CCRD offers a 3% tax savings on 50% of qualifying expenses, limited to $5,000. However, it's possible taxpayers undergoing a wider array of renovations to their home could claim the foritifed roof under the income tax credit provided by the bill and other renovations such as a garage door under the CCRD.