

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 104** HLS 13RS 238  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 15, 2013 11:48 AM	<b>Author:</b> THIBAUT
<b>Dept./Agy.:</b> Louisiana Department of Insurance	<b>Analyst:</b> Alan M. Boxberger
<b>Subject:</b> Extend military auto insurance rebate to reserve forces	

INSURANCE/AUTOMOBILE OR DECREASE GF RV See Note Page 1 of 1  
 Extends military rebate on automobile insurance to reservists and La. National Guard members

Present law provides that automobile insurers shall provide a rebate of 25% of the policy premium to all active duty members of the military and that insurers providing such coverage shall be entitled to a credit that will be applied to the premium taxes imposed on the insurer. Proposed law extends the 25% rebate to members of the Louisiana National Guard and reservists.

<b>EXPENDITURES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>REVENUES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Louisiana Department of Insurance currently analyzes premium tax filings of insurers writing policies in Louisiana to determine the total value of the military rebate on automobile insurance. Proposed law will not alter the work process or workload.

**REVENUE EXPLANATION**

While a precise estimate of the revenue loss that will result from the bill is difficult to determine, some idea of the additional exposure can be obtained. The average discount taken for policies issued to active duty members of the military was \$65.58 in the tax year of 2011. By extending the military rebate on automobile insurance to reservists and Louisiana National Guard members, the state will realize a state general fund (SGF) revenue impact equal to the rebate on a per-member basis, as insurers providing the discount are entitled to a credit applied toward premium taxes imposed pursuant to R.S. 22:838 and 831 in an amount equal to the discount provided.

The Military Department provided that the state possesses a current troop strength of approximately 9,399 Army National Guard and 1,412 Air National Guard members, for a total of 10,800. Thus, based on the average rebate amount received by the existing recipients of this benefit, the state realizes a revenue loss exposure of approximately \$708,000 per year associated with extending the military rebate for members of the Louisiana National Guard.

The LFO has been unsuccessful in determining the number of reservists serving in Louisiana. For every 1,000 such members, the potential additional exposure to the state will be an additional \$65,580 loss of SGF revenues.

The current program resulted in \$1.573 million of premium tax credit in FY12.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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