



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **HB 612** HLS 22RS 824  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action: **W/ SEN FLOOR AMD**  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 4, 2022 7:06 AM	<b>Author:</b> HUVAL
<b>Dept./Agy.:</b> Insurance	<b>Analyst:</b> Patrice Thomas
<b>Subject:</b> Creates the LA Fortify Homes Program & Fortify Home Fund	

INSURANCE DEPARTMENT REF +\$5,151,794 SG EX See Note Page 1 of 1  
 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 roofs of 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 - "fortified roof". 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, appropriated self-generated revenue from LDI over "baseline" not to exceed \$5 M per fiscal year and used to cover the cost of grants, and unexpended shall remain in the fund. 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, 2024 and sunsets June 30, 2025.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$5,151,794	\$5,139,110	\$0	\$0	\$10,290,904
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$0</b>	<b>\$5,151,794</b>	<b>\$5,139,110</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,290,904</b>

  

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$5,000,000)	(\$5,000,000)	\$0	\$0	(\$10,000,000)
Agy. Self-Gen.	\$0	\$5,000,000	\$5,000,000	\$0	\$0	\$10,000,000
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Proposed law increases SGR expenditures within the LA Department of Insurance (LDI) by \$5 M as a result of making financial grants to retrofit roofs of insurable property in the state. The proposed law creates the LA Fortify Homes Program, which shall be administered by LDI and will make financial grants of \$5 M per year to retrofit a "fortified roof" on residential properties.

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 (\$646) as well as one-time costs for IT programming (\$77,500), computer equipment (\$2,290), and office furniture (\$1,630) in FY 24. In FY 25, 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 \$151,794 in FY 24 and \$139,110 in FY 25).

	FY 23-24	FY 24-25
Salary/Related Benefit*	\$66,240	\$134,877
Operating Expenses	\$3,488	\$3,572
Supplies.	\$646	\$662
Professional Services	\$77,500	\$0
Acquisitions	\$3,920	\$0
Other Charges (Grants)	\$5,000,000	\$5,000,000
<b>Total</b>	<b>\$5,151,794</b>	<b>\$5,139,110</b>

\*Since proposed law is effective January 1, 2024, FY 24 expenditures represents 6 months of funding for salary and related benefits.

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 \$5 M for grants.

**REVENUE EXPLANATION**

Under the proposed law, the \$5 M of annual funding for the LA Fortify Homes Program is appropriated from self-generated revenue within LDI over "baseline" level. LDI currently generates SGR in excess of its operating budget authority and the excess amount is included as SGF revenue by the Revenue Estimating Conference (REC). LDI could absorb the \$5 M required by the proposed law with their existing revenues. There would be a decrease of \$5 M SGF by the REC.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}	<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	
<input 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}	

*Evan Brasseaux*  
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**Evan Brasseaux**  
 Interim Deputy Fiscal Officer