



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 612** HLS 22RS 824
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 8, 2022	9:54 AM	Author: HUVAL
Dept./Agy.: Insurance		
Subject: Creates the LA Fortify Homes Program & Fortify Home Fund		Analyst: Patrice Thomas

INSURANCE DEPARTMENT EN SEE FISC NOTE SD EX Page 1 of 2
 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 that appropriated or transferred monies shall be 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, 2023 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	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total				\$0	\$0	\$0

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total				\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law may increase statutory dedication expenditures within the LA Department of Insurance (LDI) 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 to retrofit a "fortified roof" on residential properties from the newly created statutorily dedicated LA Fortify Homes Program Fund. **Monies in the fund are subject to appropriation or transfer by the legislature.** To the extent monies are available, the department will experience increases in expenditures from the LA Fortify Home Program Fund by an indeterminable amount in FY 23, FY 24, and FY 25.

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 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 \$139,111 in FY 24, and \$141,655 in FY 25).

	FY 22-23	FY 23-24	FY 24-25
Salary/Related Benefit*	\$66,240	\$134,877	\$137,321
Operating Expenses	\$3,488	\$3,572	\$3,657
Supplies.	\$646	\$662	\$677
Professional Services	\$77,500	\$0	\$0
Acquisitions	\$3,920	\$0	\$0
Sub-Total	\$151,794	\$139,111	\$141,655
Other Charges (Grants)*	Indeterminable	Indeterminable	Indeterminable

*Since proposed law is effective January 1, 2023, FY 23 expenditures represent 6 months of funding for salary and related benefits. Also, the amount of monies that will be appropriated or transferred by the legislature into the LA Fortify Home Program Fund is indeterminable.

Note: The proposed law is silent regarding administrative costs for running the LA Fortify Homes Program. The LFO presumes the cost of administering the program by LDI would be funded in addition to monies for grants. **See Page 2**

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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

Evan Brasseaux
 Interim Deputy Fiscal Officer



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 612** HLS 22RS 824
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: June 8, 2022	9:54 AM	Author: HUVAL
Dept./Agy.: Insurance		
Subject: Creates the LA Fortify Homes Program & Fortify Home Fund		Analyst: Patrice Thomas

CONTINUED EXPLANATION from page one:

Page 2 of 2

EXPENDITURE EXPLANATION Continued from Page 1

Treasury

Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking, and custodial functions for 436 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates it will be required to add one T.O. position at a total personnel services cost of approximately \$73,000, plus approximately \$2,450 for a one-time purchase of office equipment. These expenditures are assumed to be SGF in this fiscal note.

Senate Dual Referral Rules

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux
Interim Deputy Fiscal Officer