



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 663** HLS 25RS 1355

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 9, 2025	4:19 PM	<b>Author:</b> FIRMENT
<b>Dept./Agy.:</b> Revenue/Insurance		
<b>Subject:</b> Using Sale/Use tax revenues for roofing in coastal zones		<b>Analyst:</b> Mimi Blanchard

TAX/INSURANCE PREMIUM

OR SEE FISC NOTE SD RV

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Provides for the disposition of certain state sales and use tax collections for the purpose of fortifying residential roofs in the coastal zone

Proposed law creates the Fortify Coastal Homes Fund to be used exclusively for issuing grants to fortify homes in the coastal zone, distributed in the same manner as the LA Fortified Homes Program. Upon a natural disaster declaration by the governor in deposit into the fund the lesser of 5% (up to \$60M) of state sales and use tax collections within the coastal zone during the two full months immediately following any natural disaster declaration by the governor that touches any of the 20 coastal zone parishes.

Effective July 1, 2026.

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.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Treasury requires certain resources to create and administer a statutory dedication, as in this bill. Should aggregate session action result in the creation of funds beyond that which can be absorbed within existing resources, additional funding may be required.

The Department of Insurance (DOI) reports that they will require three additional grant specialists at an estimated cost of \$285,448, with a one-time equipment expense of \$9,270. However, these positions will only be required if a declared disaster occurs, and any necessary IT modifications can be absorbed within the existing IT maintenance contract.

Additionally, there may be an indeterminable potential increase in expenditures for the Department of Revenue (LDR) related to the collection, reporting, and enforcement. LFO believes that these costs can be absorbed within the departments existing budget.

REVENUE EXPLANATION

The bill dedicates a potentially significant portion of state sales tax. In the bill, 5% of state sales tax generated in the 20 coastal parishes, including the large parishes of St. Tammany, Jefferson, Orleans, and Calcasieu and more, will be dedicated (up to \$60M, possibly every 2 months) depending on the governor’s declaration of a natural disaster in the coastal zone (as defined in Act 588 of 12RS). There appear to be no provisions in the bill for the dedication if the disaster is declared and/or renewed over an extended timeframe or two disasters occur within 2 months. Sales tax from all parishes are dedicated even if the natural disaster occurs in only one parish. As reference, in 2024, the governor declared 6 natural disasters in the state with automatic renewals.

The revenue impact of proposed law depends on the occurrence of natural disasters within the coastal zone. To the extent that disasters occur, a portion of state sales tax collections from the coastal zone would be redirected from SGF to the Fortify Coastal Homes Fund to be distributed in the same manner as the LA Fortified Homes Program. Additionally, monies otherwise typically dedicated to the Construction Subfund may be reduced. The amount redirected to the fund will depend on the sales tax collected in the coastal zone during the immediate two months following each disaster. It is not clear if available return data can effectively quantify state sales tax collections within the coastal zone due to remittances from combined locations for certain vendors.

The timing of sales tax collections may also impact the amount available for the Fortify Coastal Homes Fund, as the bill dedicates taxes immediately in the month following the disaster. For example, after Hurricane Katrina, reduced economic activity during the initial aftermath led to lower sales tax collections. Alternatively, if the disaster occurs toward the end of a month, the following month’s collections will be based on pre-disaster activity and may not include increases due to sales related to the recovery.

<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}	<div>Deborah Vivien Chief Economist</div>