

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 11, 2003

TO: Honorable Bill Ratliff, Chair, Senate Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB463 by Janek (Relating to structure that constitute insurable property under the Texas Windstorm Insurance Association.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The Department of Insurance indicates that costs associated with the bill could be absorbed within current resources.

The Comptroller's office estimates structures in these areas could be insured for windstorm coverage that could, possibly, trigger construction activity, increased property tax, sales tax, and insurance tax revenues. Condominiums, apartments, duplexes, other multifamily residences and hotels and resort facilities would not be covered, and only structures for which a building permit or plat had been filed before the bill took effect would be considered insurable property.

Further, if such were to happen, and a hurricane occurred, many more conditions would have to be met before an impact on General Revenue would be realized: many insured structures would need to be damaged, and the damage would need to be so severe as to trigger Catastrophe Pool assessments, which could then be taken as credits against insurance premium taxes.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance

LBB Staff: JK, RR, RT, RB