LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 22, 2013

TO: Honorable John Carona, Chair, Senate Committee on Business & Commerce

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB19** by Carona (Relating to certain residential and other structures and mitigation of loss to those structures resulting from natural catastrophes; providing a criminal penalty.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB19, Committee Report 1st House, Substituted: a negative impact of ($1,000,000) through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	($500,000)
2015	($500,000)
2016	($500,000)
2017	($500,000)
2018	($500,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Fund* 1
2014	($500,000)
2015	($500,000)
2016	($500,000)
2017	($500,000)
2018	($500,000)

Fiscal Analysis

The bill would amend the Insurance Code relating to certain residential and other structures and mitigation of loss to those structures resulting from natural catastrophes. The bill would require the Texas Department of Insurance (TDI) and the Office of Public Insurance Counsel (OPIC) to establish a statewide loss mitigation grant program. The bill would also authorize TDI and OPIC to collect information related to premium credits, surcharges, and credits, and require the agencies to establish a public education effort for the program.

The bill would require counties to verify compliance with building standards as a precondition to obtaining utility services and would authorize counties to charge a fee not to exceed $25 to issue a certificate of compliance; however, the bill would prohibit fees collected from exceeding the cost to issue the certificates.

The bill would take effect September 1, 2013.

Methodology

Based on information provided by TDI, it is assumed that there are 40,000 eligible homes for the Loss Mitigation Grant Program with a grant award between $5,000 and $10,000 per home. This analysis also assumes that up to 50 grants per year could be awarded at the maximum grant award of $10,000 per home at a cost of $500,000 per year from General Revenue funds which is reflected in the table above.

Based on information provided by OPIC and the Comptroller of Public Accounts, it is assumed that all duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

The bill would require counties to verify compliance with building standards as a precondition to obtaining utility services. This may increase workload for some counties but it is assumed that these duties could be absorbed within existing resources.

The bill would create a Class C Misdemeanor. A Class C misdemeanor is punishable by a fine of not more than $500. Costs associated with enforcement and prosecution could likely be absorbed within existing resources. Increased revenue from new fines imposed and collected is not anticipated to have a significant fiscal impact.

Source Agencies: 304 Comptroller of Public Accounts, 359 Office of Public Insurance Counsel, 405 Department of Public Safety, 452 Department of Licensing and Regulation, 454 Department of Insurance

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