

2017 Regular Session

HOUSE BILL NO. 654

BY REPRESENTATIVE REYNOLDS

FUNDS/FUNDING: Levies an insurance surcharge and dedicates the revenue to the
Emergency Management Assistance Trust Fund

1 AN ACT

2 To enact R.S. 29:726.4 and R.S. 47:1515.4, relative to an insurance surcharge; to provide
3 for the imposition and collection of an insurance surcharge; to establish the
4 Emergency Management Assistance Trust Fund; to provide for the deposit of monies
5 from the insurance surcharge into the fund; to provide for the use of the fund; to
6 provide for effectiveness; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 29:726.4 is hereby enacted to read as follows:

9 §726.4. Imposition and Collection of Insurance Surcharge; Emergency Management
10 Assistance Trust Fund

11 A. In order to provide funds for emergency management assistance, an
12 annual three dollar surcharge per policy shall be imposed on every homeowner's,
13 mobile home owner's, tenant homeowner's, and condominium unit owner's policy,
14 and an annual five dollar surcharge shall be imposed on every commercial fire,
15 commercial multiple peril, and business owner's property insurance policy, issued
16 or renewed on or after July 1, 2017. The surcharge shall be paid by the policyholder
17 to the insurer. The insurer shall collect the surcharge and electronically remit it to
18 the Department of Revenue, which shall collect, administer, audit, and enforce the
19 surcharge pursuant to R.S. 47: 1515.4. The Department of Revenue shall require and
20 ensure that all filings, remittances, and payments of the surcharge are made

1 electronically. The surcharge shall not be considered premiums of the insurer.
2 Nonpayment of the surcharge by the insured may be a valid reason for cancellation
3 of the policy. All proceeds of the surcharge shall be deposited in the Emergency
4 Management Assistance Trust Fund as provided in this Section.

5 B.(1) There is hereby established in the state treasury a special fund, the
6 Emergency Management Assistance Trust Fund. Out of the funds remaining in the
7 Bond Security and Redemption Fund after a sufficient amount is allocated from that
8 fund to pay all obligations secured by the full faith and credit of the state which
9 become due and payable within any fiscal year as required by Article VII, Section
10 9(B) of the Constitution of Louisiana, the treasurer shall deposit in and credit to the
11 Emergency Management Assistance Trust Fund revenues received by the state from
12 the surcharge on insurance provided in Subsection A of this Section. All
13 unexpended and unencumbered monies in the fund at the end of the fiscal year shall
14 remain in the fund. Monies in the fund shall be invested by the treasurer in the same
15 manner as monies in the state general fund, and any interest earned on the investment
16 of monies in the fund shall be credited to the fund.

17 (2) The fund shall be used solely by the Governor's Office of Homeland
18 Security and Emergency Preparedness. If adequate monies are available in the fund
19 as determined by the Governor's Office of Homeland Security and Preparedness,
20 every parish shall receive monies from the fund in an amount sufficient to fund a
21 dedicated, full-time office of homeland security and emergency preparedness
22 director position.

23 Section 2. R.S. 47:1515.4 is hereby enacted to read as follows:

24 §1515.4. Authority to collect insurance surcharge for emergency management
25 assistance

26 A. The secretary of the Department of Revenue is hereby authorized to
27 collect, administer, audit, and enforce the insurance surcharge imposed pursuant to
28 R.S. 29:726.4 for emergency management assistance.

1 B. The Department of Revenue and the Governor’s Office of Homeland
2 Security and Emergency Preparedness may enter into an agreement to provide the
3 manner of collection, the fees to be collected, and the costs of collection, if any, to
4 be paid by the Governor’s Office of Homeland Security and Emergency
5 Preparedness, and such other terms and conditions necessary to effectuate the
6 agreement. The Department of Revenue shall require all filings, remittances, and
7 payments of the surcharge and any documents relating thereto to be made
8 electronically.

9 C. The secretary of the Department of Revenue, in consultation with the
10 Governor’s Office of Homeland Security and Emergency Preparedness, may
11 promulgate rules and regulations in accordance with the Administrative Procedures
12 Act regarding the surcharge.

13 Section 3. This Act shall become effective upon signature by the governor or, if not
14 signed by the governor, upon expiration of the time for bills to become law without signature
15 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
16 vetoed by the governor and subsequently approved by the legislature, this Act shall become
17 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 654 Original

2017 Regular Session

Reynolds

Abstract: Levies an insurance surcharge and dedicates the revenue to the Emergency Management Assistance Trust Fund to be used for a dedicated, full-time office of homeland security and emergency preparedness director in every parish.

Proposed law levies an annual \$3 surcharge per policy on every homeowner's, mobile home owner's, tenant homeowner's, and condominium unit owner's policy, and an annual \$5 surcharge on every commercial fire, commercial multiple peril, and business owner's property insurance policy, issued or renewed on or after July 1, 2017.

Proposed law requires the insurer to collect the surcharge and electronically remit it to the Dept. of Revenue. The Dept. of Revenue is further authorized to collect, administer, audit, and enforce the surcharge.

Proposed law establishes the Emergency Management Assistance Trust Fund and requires deposit into the fund the revenues received by the state from the surcharge on insurance

provided for in proposed law. Further provides, that if adequate monies are available in the fund, as determined by the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), every parish shall receive funds at least sufficient to fund a dedicated, full-time office of homeland security and emergency preparedness director position.

Proposed law authorizes the Dept. of Revenue and GOHSEP to enter into an agreement to provide the manner of collection, the fees to be collected, and the costs of collection, if any, to be paid by GOHSEP, and such other terms and conditions necessary to effectuate the agreement.

Proposed law authorizes the secretary of the Dept. of Revenue, in consultation with GOHSEP, to promulgate rules and regulations in accordance with the APA regarding the surcharge.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 29:726.4 and 47:1515.4)