



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 28** SLS 25RS 209
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: April 24, 2025	7:40 PM	Author: TALBOT
Dept./Agy.: Department of Insurance / Department of Revenue		Analyst: Noah O'Dell
Subject: Individual Income Tax Credit: Fortified Roof		

TAX/TAXATION EG DECREASE GF RV See Note Page 1 of 2
Establishes an income tax credit for taxpayers who pay to have a fortified roof installed on their property. (gov sig)

Current law provides for a limited number of grants through the fortified homes program for fortified roof retrofits. Current law provides for a Construction Code Retrofitting Deduction (CCRD), limited to \$5,000, for 50% of eligible expenditures that include, but are not limited to retrofitting a roof.

Proposed law authorizes a nonrefundable individual income tax credit, up to \$10,000 per property, for the amount paid to fortify residential property to meet or exceed the fortified roof standard established by the Insurance Institute for Business and Home Safety. Taxpayers apply to the Dept. of Insurance (LDI) with qualified expenses incurred on or after July 1, 2025. LDI reviews applications and other necessary information, before issuing a credit certification letter. Credits are issued on a first-come first served basis with the total amount of credits issued each fiscal year limited to \$10M. Unused credits may be carried forward for up to 3 years. Taxpayers who receive a grant from the Louisiana Fortified Homes Program are not eligible for the tax credit. No credits will be issued after Dec. 31, 2031. Effective upon signature of the governor.

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.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
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						

EXPENDITURE EXPLANATION
The Department of Insurance (LDI) reports the bill is anticipated to increase \$339,202 SGR and three T.O. positions in FY26 associated with administration of the individual income tax credit. The department anticipates 1,500-2,000 taxpayers may apply for the credit, requiring three additional Insurance Specialists. A breakdown of anticipated costs from the department can be found on the next page. LFO acknowledges the increased workload predicted by LDI. To the extent the workload is less than predicted, the bill may be achievable with fewer than three positions.

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REVENUE EXPLANATION
The bill can only serve to decrease general fund revenue which would begin in FY26 when 2025 returns are first filed, though the LFO has no basis for estimating the magnitude of the revenue loss associated with the bill. The uncertainty is due to the unknown number of taxpayers who may retrofit their residential property with a fortified roof.

The bill allows for a nonrefundable tax credit for expenses, limited to \$10,000 per property, associated with retrofitting the insurable property owned by a resident taxpayer for which a homestead exemption is claimed. The aggregate amount of credits issued each year is limited to \$10M. Taxpayers who receive a grant from the LA Fortify Homes Program are not eligible for the income tax exemption.

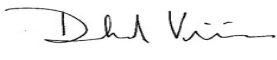
LFO notes it is unclear if the taxpayer can claim the credit after making an insurance claim on the roof.

The bill contains anti-stacking provisions to prevent taxpayers from receiving any other state credit, exemption, exclusion, deduction, or tax benefits associated with the qualified expenses under the program.

Taxpayers who may claim the CCRD when voluntarily retrofitting their roof are more likely to claim the income tax credit under the bill, due to the larger incentive. The bill offers a dollar for dollar nonrefundable tax credit on qualifying expenses up to \$10,000, whereas the CCRD offers a 3% tax savings on 50% of qualifying expenses, limited to \$5,000. However, it's possible taxpayers undergoing a wider array of renovations to their home could claim the fortified roof under the income tax credit provided by the bill and other renovations such as a garage door under the CCRD.

Note: A portion of the SGF impact may originate as the LDR retention of 1% of income collections initially classified as SGR but ultimately reverted to the SGF for use in the budget. Should LDR reversions cease, this could become an SGR impact.

True state exposure may not be determined until processes for credit approval are known.

<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 type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input checked="" type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	Deborah Vivien Chief Economist



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CONTINUED EXPLANATION from page one: Page 2 of 2
EXPENDITURES

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Insurance Specialist (3 positions)	\$266,773	\$277,444	\$288,542	\$300,083	\$312,087
Operating Expenses	\$16,959	\$17,637	\$18,343	\$19,077	\$19,840
Professional Services - IT application website	\$46,200	\$0	\$0	\$0	\$0
Equipment	\$9,270	\$0	\$0	\$0	\$0
Total Expenditures	\$339,202	\$295,081	\$306,885	\$319,160	\$331,927
T.O.	3	3	3	3	3

The agency states that the projected costs are estimated based on prior experience in setting up the fortified homes program.