

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 4129 Residential Property Structural Soundness Evaluation Grant Program

**SPONSOR(S):** Crisafulli

**TIED BILLS:** **IDEN./SIM. BILLS:** SB 638

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Insurance & Banking Subcommittee	12 Y, 1 N	Callaway	Cooper
2) Economic Affairs Committee			

### SUMMARY ANALYSIS

The bill repeals section 627.0629(8), F.S., which establishes a mitigation evaluation grant program for policyholders of Citizens Property Insurance Corporation (Citizens) insured in the high-risk account. Repealing s. 627.0629(8), F.S., will preclude certain policyholders of Citizens from receiving grants from the state to use to pay for a mitigation inspection. However, no funding has been provided by the state since the program's authorization.

There is no fiscal impact on state or local government.

The bill is effective on July 1, 2011.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

Section 627.0629(8), F.S., enacted in 1997<sup>1</sup>, requires the Department of Community Affairs to establish a program to provide grants for policyholders of Citizens Property Insurance Corporation (Citizens) insured in the high-risk account<sup>2</sup> to pay for a wind mitigation evaluation of their home. The program is administered by Citizens.<sup>3</sup> The statute conditions implementation of the program on an appropriation in the General Appropriations Act (GAA). No appropriation in the GAA has ever been made for the program.

The bill repeals section 627.0629(8), F.S., which establishes the mitigation evaluation grant program because the statute conditions the program on appropriation of funds and no appropriation has ever been made for the program and due to budget constraints no future appropriation for the program is anticipated.

#### B. SECTION DIRECTORY:

**Section 1:** Deletes s. 627.0629(8), F.S., relating to a mitigation grant program for certain policyholders of Citizens Property Insurance Corporation.

**Section 2:** Provides an effective date of July 1, 2011.

### II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

None.

##### 2. Expenditures:

None. No funds were ever appropriated in the GAA for the program, according to a representative of the Division of Emergency Management within the Department of Community Affairs.<sup>4</sup>

#### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

##### 1. Revenues:

None.

##### 2. Expenditures:

None.

---

<sup>1</sup> Section 4, ch. 97-55, L.O.F.

<sup>2</sup> The high-risk account consists of personal lines, commercial residential and commercial non-residential wind-only and multi-peril policies issued by Citizens Property Insurance Corporation in limited eligible coastal areas which cover damage to property from windstorm only or from windstorm and other perils.

<sup>3</sup> When s. 627.0629(8), F.S., was initially enacted, Citizens had not been created. Thus, the original statute established the grant program for policyholders of the Florida Windstorm Underwriting Association (Association), the predecessor of Citizens. The original statute also required the Association to administer the grant program. When Citizens was created in 2002 by the merger of the Association and the Florida Residential Property and Casualty Joint Underwriting Association, the statute was amended to make the grant program available for Citizens' policyholders and to require Citizens administer the program. (s. 1067, ch. 2003-261, L.O.F.).

<sup>4</sup> Telephone conversation between staff from the Insurance & Banking Subcommittee and William Booher of the Division of Emergency Management on 2/21/11.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Repealing s. 627.0629(8), F.S., will preclude certain policyholders of Citizens from receiving grants from the state to use to pay for a mitigation inspection. However, no funding has been provided by the state since the program's authorization. According to representatives of Citizens, no grants have been awarded under this program since the inception of Citizens in 2002 because funds have not been provided in the GAA.

Mitigation inspections are available in the private market. The cost of mitigation inspections performed by the private market is not cost prohibitive.<sup>5</sup>

D. FISCAL COMMENTS:

None.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

Rulemaking authority given by s. 627.0629(8), F.S., to the Department of Community Affairs relating to the mitigation evaluation grant program is removed by the bill. According to a representative of the Division of Emergency Management within the Department of Community Affairs, no rules were promulgated for the program as no funding was ever received for the program.<sup>6</sup>

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

None.

---

<sup>5</sup> Mitigation inspections in the private market cost \$150 -250 per inspection.

<sup>6</sup> Telephone conversation between staff from the Insurance & Banking Subcommittee and William Booher of the Division of Emergency Management on 2/21/11.