

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations

BILL: SB 510

INTRODUCER: Senator Latvala

SUBJECT: Hurricane Loss Mitigation Program

DATE: April 8, 2011

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Gizzi	Yeatman	CA	Favorable
2.	Martin	Meyer, R.	BTA	Pre-meeting
3.			BC	
4.				
5.				
6.				

I. Summary:

This bill extends the repeal date of the Hurricane Loss Mitigation Program to June 30, 2021, and deletes obsolete provisions.

This bill substantially amends section 215.559, of the Florida Statutes.

II. Present Situation:

Hurricane Loss Mitigation Program

The Florida Legislature passed the Bill Williams Residential Safety and Preparedness Act, creating the Hurricane Loss Mitigation Program in 1999. Located in s. 215.559, F.S., the Hurricane Loss Mitigation Program receives an annual appropriation of \$10 million from the Florida Hurricane Catastrophe Fund which is submitted to the Division of Emergency Management within the Department of Community Affairs for administration of purposes specified in this section. “Section 215.559, F.S., provides minimum funding levels for specific areas and creates an Advisory Council to make recommendations on developing programs”.¹

Of the \$10 million dollars that are allocated by the Legislature, \$7 million must be used to improve wind resistance of residences and mobile homes, through loans, subsidies, grants, demonstration projects and direct assistance, educate individuals on Florida Building Code cooperative programs, and provide other efforts to prevent or reduce losses or the cost of

¹ Florida Division of Emergency Management, *Florida Hurricane Loss Mitigation Program, 2010 Annual Report*, at 5 (Dec. 27, 2010) (on file with the Senate Committee on Community Affairs).

rebuilding after a disaster. The remaining \$3 million must be used to retrofit existing facilities used as public hurricane shelters.²

Of the \$7 million that is allocated to improve wind resistance and prevent or reduce losses after a disaster:

- 40% must be used to inspect and improve tie-downs for mobile homes, through grants under the Manufactured Housing and Mobile Home Mitigation Enhancement Program at Tallahassee Community College;³
- 10% must be allocated to the Florida International University Type I Center that is dedicated to hurricane research⁴; and
- 50% is allocated to directed programs developed by the Division of Emergency Management within the Department of Community Affairs with the advice from the statutorily created Residential Construction Mitigation Program (RCMP) Advisory Council.⁵

The statutorily created RCMP Advisory Council provides project recommendations, selection criteria and guiding principles to administer the Hurricane Loss Mitigation Program. The RCMP Advisory Council meets at least once during the state fiscal year to review current year projects and prepare recommendations for projects that may be eligible for funding during the next fiscal year.⁶ Subsection (5) of s. 215.559, F.S., provides that the advisory council shall consist of:

- A representative designated by the Chief Financial Officer;
- A representative designated by the Florida Home Builders Association;
- A representative designated by the Florida Insurance Council;
- A representative designated by the Federal of Manufactured Home Owners;
- A representative designated by the Florida Association of Counties; and
- A representative designated by the Florida Manufactured Housing Association.

Subsection (7), of s. 215.559, F.S., requires the Department of Community Affairs to provide a full report along with an accounting and evaluation of activities conducted under this section to the Speaker of the House of Representatives, the President of the Senate, and the majority and Minority Leaders of the House of Representatives and the Senate on January 1 of each year.⁷

The 2010 Annual Report indicated that a total of \$2,467,389 was advertised in the Notice of Funding Availability (NOFA) for RCMP competitive funding for the 2010-2011 State Fiscal Year, of which 17 projects were recommended for funding.⁸ According to the 2010 report, the following amounts were awarded for the 2010-2011 fiscal year at this point in time:

² Section 215.559(2)(a)-(b), F.S. For more information on the shelter retrofit program, visit the following website <http://www.floridadisaster.org/Response/engineers/index.htm> (last visited on Feb. 25, 2011).

³ Section 215.559(3), F.S.

⁴ Section 215.559(4), F.S.

⁵ Florida Division of Emergency Management, *supra* note 1, at 2. *See also* s. 215.559(5), F.S.

⁶ *Id.* at 23.

⁷ A copy of the 2010 Annual Report is on file with the Senate Committee on Community Affairs.

⁸ *Id.* at 16.

Amount Awarded: State Fiscal Year 2010-2011	
Shelter Retrofit Program	\$3,000,000.00
Residential Construction Program Retrofits	\$822,176.00
Mitigation Planning	\$318,719.00
Public Outreach	\$297,972.00
Manufactured Homes (tie-down retrofit)	\$2,800,000.00
Hurricane Mitigation Research	\$700,000.00
TOTAL AWARD AMOUNT	\$7,938,867.00

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Subsection (8) of s. 215.559, F.S., currently allows the \$3 million appropriated to retrofit existing facilities used as public hurricane shelters to be used for hurricane shelters as identified in the General Appropriations Act during the 2010-2011 fiscal year only. In the absence of this subsection (8), the department must prioritize the use of these funds for projects included in the September 1, 2000, version of the Shelter Retrofit Report prepared in accordance with s. 252.385(3), and each annual report thereafter, and must give funding priority to projects in regional planning council regions that have shelter deficits and to projects that maximize use of state funds.

Under current law, the Hurricane Loss Mitigation Program is set to be repealed on June 30, 2011.

III. Effect of Proposed Changes:

Section 1 extends the repeal date of the Hurricane Loss Mitigation Program to June 30, 2021. Under current law this program was set to expire and be repealed on June 30, 2011. This section also deletes obsolete provisions in current subsection (8) which allowed the \$3 million appropriated to retrofit existing facilities used as public hurricane shelters to be used for hurricane shelters as identified in the General Appropriations Act during the 2010-2011 fiscal year only.

Section 2 provides that this act shall take effect July 1, 2011.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

⁹ *Id.* at 28-29. The report indicated that additional projects will be awarded for the 2010-2011 fiscal year through the RFP process and has yet to be allocated.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

As a result of this bill, projects and individuals will be eligible to apply for assistance under the Hurricane Loss Mitigation Program until it is repealed on June 30, 2021.

C. Government Sector Impact:

The \$10 million appropriated from the Florida Hurricane Catastrophe Fund to the Hurricane Loss Mitigation Program every year, helps maintain the tax exempt status of the Florida Hurricane Catastrophe Fund. The value of the federal tax exemption is approximately \$455 million, should the Hurricane Loss Mitigation Program be repealed on June 30, 2011, *and* the \$10 million is no longer spent on mitigation projects, then the tax exemption may be in jeopardy.¹⁰

As a result of this bill, the Hurricane Loss Mitigation Program, under the Department of Community Affairs, and any concurrent benefits thereof, will continue to exist until it is repealed on June 30, 2021.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

¹⁰ Conversation with Leonard Schulte, Director of Legal Analysis & Risk Evaluation at Florida Hurricane Catastrophe Fund (March 10, 2011). *See also* Fla. H.R. Comm. on Insurance, HB 719 (1995) Staff Analysis (one file with the Senate Committee on Community Affairs).

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
