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# HOUSE NOTES

The Latest News from the State Capitol  
Louisiana House of Representatives  
May 11, 2007

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The Stelly Plan was the focus of one of the House Ways & Means Committee hearings this week. More than 25 bills have been filed in the House to repeal or amend the plan. Although there was considerable debate of the issue, no action was taken. The committee is expected to vote on the issue later in the session when there is a better idea of how all tax exemptions will affect the budget.

The full House also considered tax breaks this week, including [House Bill 772](#) which was introduced in an effort to attract the ThyssenKrupp AG steel mill. Less than 24 hours after the House unanimously passed the legislation, the company announced it had selected Alabama for the site of its new mill.

The House Insurance Committee considered bills this week to lower the cost and increase the availability of property insurance in the state. Some of the bills of interest considered by committees and the full House this week follow.

## TAX EXEMPTIONS

\* [House Bill 464](#) provides that the sales and use tax exemption for purchases of utilities by certain steelworks, blast furnaces, coke ovens, and rolling mills which are classified by the Louisiana Department of Labor as SIC 3312 of the Standard Industrial Classification Code, and which employ more than 125 full-time employees. becomes effective for all taxable periods beginning July 1, 2007.

The House voted 97-0 to approve

HB464.

## HEALTH INSURANCE

\* [House Bill 542](#) creates the Louisiana Children and Youth Health Insurance Program with benefits equivalent to the benefits provided for children under the requirements of the federal Children's Health Insurance Program.

Under this legislation, a child under the age of 19 is eligible for this program if he is:

1. ineligible for medical assistance under the Louisiana Medicaid program or LaChip;
2. in a family whose income is between 200% and 300% of the federal poverty level;
3. meets at least one of the following requirements:

(a). Be without health insurance for a period of time set forth in the rules promulgated by the Dept. of Health and Hospitals.

(b). Have a parent who has lost employment and health insurance, which leaves the child without available, affordable dependent health insurance coverage, until affordable employer-sponsored dependent health insurance coverage is again available as set forth in rules promulgated by the Dept. of Health and Hospitals.

(c). Be a newborn whose responsible relative does not have affordable private or employer-sponsored health insurance.

(d). Have lost benefits under the Louisiana Medicaid program or LaChip program within one year of applying for this

coverage.

This program will cover a child for 12 months. The program may also provide premium assistance to families toward the cost of privately sponsored health insurance, including employer-sponsored and individually purchased health insurance at the discretion of DHH. In making this determination, the department shall consider efficacy and cost-effectiveness.

Approved by the House Health & Welfare Committee, the bill awaits consideration by the full House.

### **PROPERTY INSURANCE**

\* Insureds who build or retrofit a structure to comply with the State Uniform Construction Code or install mitigation improvements to reduce the amount of loss from a windstorm or hurricane will receive a discount, credit, rate differential, adjustment in deductible, or other adjustment to reduce their insurance premium under [\*House Bill 558\*](#). The bill, which was approved by the House Insurance Committee, also authorizes the commissioner of insurance to promulgate rules and regulations, including the inspection and certification requirements for insureds who comply, to implement the provisions of this bill.

House Bill 558 awaits House consideration.

\* By a vote of 101-0, the House approved [\*House Bill 695\*](#) and sent it to the Senate for further debate.

The bill requires property insurers to consider the ability of a structure to resist damage caused by wind, in addition to its age, in determining whether to insure the structure. The bill further states that an insurer may not deny coverage solely on the basis of age of the structure and shall include among the factors it considers in determining insurability, measures undertaken by the owner to protect the structure against windstorm loss.

### **INSURERS**

\* [\*House Bill 862\*](#) requires Citizens Property Insurance Corporation, the state's "insurer of last resort" for residential and commercial property applicants who cannot obtain insurance through the voluntary market, to bundle their policies in groups of not less than 500 and offer them for sale to private insurers.

The legislation requires that the offer be made not less than once per calendar year and include policies written under both the Coastal Plan and the FAIR Plan.

Guidelines for the plan are to be developed by Louisiana Citizens Property Insurance Corporation's board of directors and approved by the House and Senate Insurance committees, and the commissioner of insurance.

The bill was unanimously approved by the House Insurance Committee and awaits consideration by the full House.

### **SCHOOL BUS SAFETY**

\* [\*House Bill 853\*](#) would change the procedure for notifying law enforcement authorities of violations of provisions for passing school buses.

Under HB853, a written notification provided to the bus driver by the school board must be signed by the school bus driver, and, under penalty of criminal prosecution, in the presence of two witnesses. The form also requires the license plate number and color of the vehicle. The notice may be sent to the appropriate law enforcement agency by mail, fax, or electronically. If mailed, the notice must be postmarked the day after the violation.

House Bill 853 was approved by a vote of 98-0.

### **INSURANCE INCENTIVE PROGRAM**

\* [\*House Bill 678\*](#) establishes the Insure Louisiana Incentive Program, a state match grant program for property insurers who commit to writing new business in Louisiana.

The purpose of the program is to foster economic development and stability in Louisiana by encouraging additional insurers to participate in the voluntary property insurance market. Further, the bill seeks to increase the availability of property insurance, to provide competitive insurance rates, and to substantially reduce the volume of business written by Louisiana Citizens Property Insurance Corporation, thereby providing a less expensive alternative to its policyholders and reducing Citizens' exposure to an increased deficit and future assessments.

The bill provides that the commissioner of insurance shall issue a public invitation to insurers to submit grant applications. In initial applications, the minimum grant award would be \$2 million and the maximum award \$10 million. In the initial allocation of grants, the commissioner must allocate 50 % of the total amount of funds available to insurers seeking grants between \$5 and \$10 million and 50 % percent to insurers seeking grants between \$2 million and \$5 million. Also, the commissioner shall give preference to domestic insurers during the initial allocation process. Under the provisions for a second invitation, the commissioner shall not allocate individual grants less than \$2 million nor in excess of \$10 million, but insurers who have been allocated a grant in response to the first invitation may apply for an additional grant up to the \$10 million limit.

Any remaining monies in the fund shall be returned to the state general fund after the commissioner has finalized all authorized grants.

The total amount of available program funds is whatever the legislature appropriates or makes available to the fund.

Insurers must write 25% of the net written premium for policyholders whose property was formerly insured by Citizens. At least 50% of the net written premium is required from policyholders whose property is located in parishes included in the federal

Gulf Opportunity Zone Act.

The bill also provides compliance criteria for insurers who receive the grant.

Finally, the Act would become effective contingent upon the appropriation of an amount equal to the amount of monies appropriated in the form of tax credits and or refunds to homeowner and commercial policyholders by other legislation enacted during the 2007 Regular Session.

House Bill 678 awaits action by the full House.

## **SMALL ENGINEERING CONSULTANT PROGRAM**

\* *House Bill 339* would allow the state Department of Transportation and Development to establish a "Small Engineering Consultant Program" to annually pre-qualify small engineering consultant firms with no more than three engineers to perform preconstruction engineering services on small projects, estimated to be below \$500,000, selected by DOTD,. The number of projects awarded to the consulting firm would be limited to five.

In order to be prequalified, a firm must annually apply for participation and meet certain qualifications which include being in business for a continuous three-year period, be registered in satisfactory standing with the secretary of state, be licensed by the Louisiana Professional Engineering and Land Surveying Board, be licensed by the state and employ a licensed engineer who will be in responsible charge of engineering work.

The bill establishes terms of qualification and disqualification and requires the department to annually solicit participants in the program on its Web site. All firms that timely apply, meet the qualifications, and which are not disqualified shall be accepted as pre-qualified firms.

The department will notify all pre-qualified firms regarding projects and prepare a short list of firms comprised of the five that are geographically closest to the construction site, or all interested firms if fewer than five

express interest. The winning firm is selected at random from the short list. The proposed law requires that the selection be made at an announced and publicly-viewable forum.

House Bill 339 was approved 96-1 by the full House.

## **HOMEOWNER'S BILL OF RIGHTS**

\* [HCR 11](#) authorizes and directs the State Licensing Board for Contractors to work with the attorney general to develop legislation creating a homeowner's bill of rights to protect homeowners from unscrupulous contractors, particularly in those areas impacted by Hurricane Katrina.

The concurrent resolution directs the board and the attorney general to provide a written report to the legislature detailing their combined efforts to accomplish these goals and make recommendations for any necessary legislation by January 1, 2008.

The House approved HCR 11 by a vote of 90-0.

## **FAILED TO PASS**

\* [House Bill 729](#) would have added "recognized political party or its committees" to the list of persons recognized as poll watchers. The bill was defeated by the House, 31-58.

\* [House Bill 138](#), which would have required legislators to disclose income from lobbyists and from principals and employers of lobbyists was deferred by the House & Governmental Affairs Committee.