# HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HJR 279 Assets of the Florida Hurricane Catastrophe Fund
**SPONSOR(S):** Berfield and others
**TIED BILLS:** **IDEN./SIM. BILLS:** SJR 98

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR |
|---|---|---|---|
| 1) Insurance Committee | 16 Y, 1 N | Callaway | Cooper |
| 2) Judiciary Committee | | | |
| 3) Fiscal Council | | | |
| 4) Commerce Council | | | |
| 5) | | | |

## SUMMARY ANALYSIS


This House Joint Resolution proposes an amendment to the State Constitution, for approval or rejection by the electors, to limit the use of the assets of the Florida Hurricane Catastrophe Fund (FHCF or “fund”) and to restrict legislative appropriations from the fund. As currently required by general law in s. 215.555, F.S, the constitutional amendment would require the assets of the FHCF be used exclusively for paying catastrophic hurricane loss obligations arising out of reimbursement contracts with insurers, paying debt service on revenue bonds and financing arrangements issued by or on behalf of the fund, reinsurance costs of the fund, administrative expenses of the fund, and an annual appropriation for hurricane loss mitigation programs.

The proposed amendment also provides substantially the same requirement as current law that at least $10 million be appropriated annually from the FHCF, up to a maximum of 35 percent of the fund’s investment income, for hurricane loss mitigation programs. But the amendment differs from current law by requiring the Legislature to appropriate exactly $10 million from the FHCF in the General Appropriations Act for hurricane loss mitigation programs and to approve by a vote of three-fourths of the membership of each house of the Legislature in a separate bill or bills any additional appropriation from the fund for such programs for that purpose only. The proposed amendment also differs from current law by not specifying a funding source for the mitigation appropriation, other than the FHCF in general; whereas current law specifies any hurricane mitigation appropriation comes from the FHCF’s investment income.

If this joint resolution is passed by a three-fifths vote of both houses of the legislature, it will be submitted to the voters at the next general election or at an earlier special election specifically authorized for that purpose.

## FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

**Provide Limited Government:** The joint resolution restricts the use of funds in the Florida Hurricane Catastrophe Fund (FHCF or "fund") to reimbursing insurers for losses sustained, paying debt service on any revenue bonds issued or other financing arrangement entered into by the FHCF, to pay for any reinsurance purchased by the FHCF, to pay for the administrative expenses of the FHCF, and to pay for hurricane loss mitigation programs. The legislation also requires an annual $10 million minimum appropriation in the General Appropriations Act from the FHCF to fund hurricane loss mitigation programs and allows a maximum appropriation of 35% of the fund's investment income. In effect, the joint resolution prohibits the Legislature from amending the current law to allow for FHCF funds to be used for any other purposes than those specified in the amendment, which are substantially the same purposes currently expressed in s. 215.555, F.S. It also restricts legislative appropriations from the fund.

B. EFFECT OF PROPOSED CHANGES:

**BACKGROUND ON FLORIDA HURRICANE CATASTROPHE FUND**

The Florida Hurricane Catastrophe Fund (FHCF or "fund") is a tax-exempt trust fund created after Hurricane Andrew as a form of mandatory reinsurance for residential property insurers.[1] All insurers who write residential property insurance in Florida are required to buy reimbursement coverage (reinsurance) on their residential property exposure through the FHCF. The FHCF is administered by the State Board of Administration (SBA) and is a tax-exempt source of reimbursement to property insurers for a selected percentage (45, 75, or 90 percent) of hurricane losses above the insurer's retention/deductible.

Because the FHCF provides insurers an additional source of reinsurance to what is available in the private market, insurers are generally able to write more residential property insurance in the state than could otherwise be written. Because reinsurance purchased through the FHCF is significantly less expensive than private reinsurance, the FHCF also acts to lower residential property insurance premiums for consumers.

The FHCF must charge insurers the "actuarially indicated" premium for the coverage provided, based on hurricane loss projection models found acceptable by the Florida Commission on Hurricane Loss Projection Methodology. Each insurer's "reimbursement premium" is different, based on the insured value of the residential property it insures, their location, construction type, deductible amounts, and other factors.

Under current law, the maximum amount the FHCF must pay in any 1 year is $15 billion, adjusted annually based on the percentage growth in fund exposure, but not to exceed the dollar growth in the cash balance of the fund.[2] The total industry retention is $4.5 billion per hurricane, also adjusted annually based on the FHCF's exposure (regardless of any change in the FHCF's cash balance).[3]

The FHCF generally operates on a "contract year." The contract year runs from June 1st to May 31st of the next calendar year. The start of hurricane season coincides with the start of the fund's contract year.

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[1] s. 215.555, F.S. (2005).
[2] s. 215.555((4)(c)1., F.S. (2005).
[3] s. 215.555(1)(e)1., F.S. (2005).

For the current 2005-06 contract year (June 1, 2005 – May 31, 2006), the insurance industry as a whole has an aggregate retention of $4.5 billion, meaning the total of all individual insurer retentions/deductibles will hypothetically total to $4.5 billion per event, assuming all participating insurers reached their retention. Although the insurance industry's aggregate deductible/retention totals $4.5 billion, loss recovery from the FHCF is based on an individual insurer meeting its own retention prior to losses being reimbursed. The industry aggregate retention is expected to grow to $5.4 billion for the 2006-2007 contract year.

Each insurer must meet a retention/deductible before FHCF monies are available to pay claims. The retention level for each insurer is different because the retention level is based on the amount of premium the insurer pays to the FHCF. Insurers with a high FHCF premium will absorb more as a retention/deductible than an insurer with a low FHCF premium. The insurer must meet its retention level for each storm in a hurricane season before the FHCF will step in to pay its claims. For insurers who experience losses due to multiple storms in a year, the insurer's full retention is applied to the two storms causing its two largest losses and its retention for the other storms causing loss is one-third of the full retention.[4]

As with the FHCF retention/deductible levels, every insurer participating in the FHCF has coverage based on its FHCF reimbursement premium. Each insurer has a maximum amount of coverage the FHCF will pay for claims each year. The maximum amount of coverage is different for each insurer because it is linked directly to the amount of premiums the insurer pays to the FHCF. Thus, insurers that pay higher premiums to the FHCF have more coverage than those that pay lower premiums. For the current contract year (2005-2006), the insurance industry as a whole is covered for up to $15 billion, meaning $15 billion is the most the FHCF will pay to the insurance industry on claims for a hurricane season. The coverage limit for the fund for the 2006-2007 contract year will remain at $15 billion because the fund's capacity does not grow in years the fund's cash balance declines. This will happen in 2005 due to payouts on 2005 hurricane losses.

Additionally, insurers also choose a percentage level of reimbursement by the FHCF. By statute, insurers can select 45, 75, or 90 percent coverage reimbursement for losses that exceed its deductible/retention for each hurricane.[5] Most insurers choose the 90 percent reimbursement percentage.[6] This means once an insurer triggers FHCF coverage, 90 percent of its losses will be covered by the FHCF, up to the insurer's limit of coverage. Insurers may purchase additional reinsurance in the private market to cover their hurricane losses for amounts below the retention, amounts above their reimbursement limit, or for the coinsurance amount (e.g., 10 percent) that is the insurer's responsibility for the layer of coverage provided by the FHCF.

If the cash balance of the fund is not sufficient to cover losses, the law allows the issuance of revenue bonds, which are funded by emergency assessments on property and casualty policyholders.[7]
The FHCF is authorized to levy emergency assessments against all property and casualty insurance premiums paid by policyholders (other than workers' compensation and, until June 1, 2007, medical malpractice), including surplus lines policyholders, when reimbursement premiums and other fund resources are insufficient to cover the fund's obligations.[8] Annual assessments (which have never been levied) are capped at 6 percent of premium with respect to losses from any 1 year and a maximum of 10 percent of premium to fund hurricane losses from multiple years.[9]

The FHCF is expected to pay out $3.8 billion to insurers as a result of the 2004 hurricanes. Because the amount paid in 2004 was less than the FHCF's cash balance, bonding was not necessary.

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[4] s. 215.555(1)(e)4., F.S. (2005).
[5] s. 215.555(1)(e)2., F.S. (2005).
[6] Florida Hurricane Catastrophe Fund, Fiscal Year 2003-2004 Annual Report 23.
[7] s. 215.555(6)(a)1., F.S. (2005); s. 215.555(6)(b)1., F.S. (2005).
[8] s. 215.555(6)(b)1., F.S. (2005); s. 215.555(6)(b)(10), F.S. (2005).
[9] s. 215.555(6)(b)2., F.S. (2005).

However, the loss estimates for the FHCF are estimates and as losses develop, the actual payments may exceed the current estimates.

For the current 2005-2006 contract year, the fund's $15 billion capacity consists of $3 billion in cash (before losses) and $12 billion in bonding capacity. The FHCF is expected to pay out $2.6 billion to insurers as a result of the 2005 hurricane season. To date, approximately $.5 billion has actually been paid by the fund to insurers. The remainder will be paid out as insurers request reimbursement and provide proof of losses. Based on the latest data, the FHCF does not believe it will have to bond in order to pay claims from the 2005 hurricane season. However, the loss estimates for the FHCF are still preliminary and as losses develop, the actual payments may exceed the current estimates, which may require bonding. The FHCF predicts it will have no cash on hand entering the 2006 hurricane season. This puts the FHCF at its greatest risk of having to issue bonds since its inception.

Because the FHCF is not likely to have cash to carry over to fund claims resulting from the 2006 hurricane season, it will have to rely solely on premiums collected in 2006 to reimburse insurers for losses. This makes bonding more likely if the fund has to pay claims as a result of 2006 hurricanes. The fund's anticipated premium revenue for 2006 equals $750 million. However, premiums to the FHCF are paid by insurers in three installments. Thus, $750 million is not likely to be available to pay claims at the start of the 2006-2007 contract year (June 1, 2006). Rather, the fund anticipates a cash inflow of $250 million by August 1, 2006, another $250 million by October 1, 2006, and a final $250 million by December 1, 2006. Thus, should an early season hurricane occur, it may be necessary for the FHCF to borrow money to cover losses. For low amounts of losses, this could be done with a simple bridge loan. For large amounts of loss, revenue bonds would need to be issued.

In summary, from the inception of the fund in 1993 until the 2004 hurricane season, the fund paid insurers for claims for only two hurricanes, Hurricanes Erin and Opal in 1995. Until 2004, the amount the FHCF paid to insurers totaled approximately $13 million. Thus, going into the 2004 hurricane season the FHCF had accumulated over $6 billion in cash. As a result of the 2004 hurricanes, the fund has spent or expects to spend almost $3.8 billion of its cash reimbursing insurers for hurricane losses. Going into the 2005 hurricane season, the fund's cash had decreased to $3 billion. With reimbursement to insurers for 2005 hurricane losses expected to be $2.6 billion, the fund anticipates it will start the 2006 hurricane season with no cash. Thus, it is important to note that the $6 billion it took the FHCF to accumulate over ten years was depleted in just two years.

## USE OF FLORIDA HURRICANE CATASTROPHE FUND MONIES

By statute, monies in the FHCF can be used only to reimburse insurers for losses sustained, to pay debt service on any revenue bonds issued by the FHCF, to pay for hurricane mitigation programs outlined in the statute, to pay for reinsurance purchased by the FHCF, and to pay for the administration costs of the FHCF.[10] To date, the FHCF has never issued revenue bonds or purchased reinsurance. Thus, FHCF monies have been used for the other enumerated purposes (i.e. reimbursement to insurers for losses, hurricane mitigation, and administrative expenses).

### Hurricane Loss Mitigation Funding from FHCF

Beginning in fiscal year 1997-1998 and each fiscal year thereafter, the Legislature must appropriate from the investment income of the FHCF at least $10 million but no more than 35 percent of the investment income based upon the most recent fiscal year-end audited financial statements. The stated purpose of this appropriation is to fund local governments, state agencies, public and private educational institutions, and nonprofit organizations, to support hurricane loss mitigation programs intended to:

- Improve hurricane preparedness;
- Reduce potential losses in the event of a hurricane;

[10] s. 215.555(3), F.S. (2005).

- Provide research into the means to reduce such losses;
- Educate or inform the public as to the means to reduce hurricane losses;
- Assist the public in determining the appropriateness of particular upgrades to structures or in the financing of such upgrades; or
- Protect local infrastructure from potential damage from a hurricane.[11]

In other words, $10 million is the minimum taken from the FHCF each year and 35 percent of the fund's investment income is the maximum taken from the fund each year by the Legislature.

The following chart shows the investment income earned by the fund each year since its inception, and 35 percent of each year's amount:

**FHCF Investment Income**

| Fiscal Year | Investment Income | 35% of Investment Income |
|---|---|---|
| 94-95 | $ 20,183,000 | $ 7,064,050 |
| 95-96 | $ 46,379,000 | $16,232,650 |
| 96-97 | $ 74,425,000 | $26,048,750 |
| 97-98 | $109,979,000 | $38,492,650 |
| 98-99 | $132,516,000 | $46,380,600 |
| 99-00 | $173,839,000 | $60,843,650 |
| 00-01 | $220,915,000 | $77,320,250 |
| 01-02 | $122,535,000 | $42,887,250 |
| 02-03 | $104,939,000 | $36,728,650 |
| 03-04 | $ 58,127,000 | $20,344,450 |
| 04-05 | $108,672,000 | $38,035,200 |

Source: *Florida Hurricane Catastrophe Fund Audited Financial Statements.*

The following chart delineates the annual appropriations made by the Legislature and the amounts, if any, vetoed by the Governor:

**FHCF Hurricane Mitigation Funding**

| Fiscal Year | Total Appropriated by Legislature | Total Vetoed by Governor |
|---|---|---|
| 97-98 | $10,000,000 | $2,822,400 |
| 98-99 | $12,500,000 | $0 |
| 99-00 | $10,300,000 | $2,200,000 |
| 00-01 | $12,200,000 | $0 |
| 01-02 | $30,000,000 | $0 |
| 02-03 | $19,075,309 | $0 |
| 03-04 | $10,000,000 | $0 |
| 04-05 | $10,000,000 | $0 |

Source: *Florida Hurricane Catastrophe Fund Fiscal Year 2003-2004 Annual Report.*

[11] s. 215.555(7)(c), F.S. (2005). These hurricane loss mitigation provisions were enacted in 1995 in order for the FHCF to be an integral part of state government and not be taxable by the federal government. The mandatory use of some portion of the FHCF monies for the public purpose of mitigation was one factor relied upon by the Internal Revenue Service in granting tax-exempt status to the FHCF. One of the 1995 changes to the FHCF statute was an expansion of the monies available for a wider range of hurricane loss mitigation projects. The 1995 act required the minimum annual $10 million appropriation, capped at 35 percent of investment income (a change from the prior law that allowed up to 2 percent of premium income to be used), and the act broadened the hurricane loss mitigation purposes. *See* Ch. 95-1, L.O.F.; Florida Hurricane Catastrophe Fund Fiscal Year 2003-2004 Annual Report 18.

Through fiscal year 2004-2005, the total amount of funds for hurricane mitigation appropriated from the FHCF to the State of Florida is $109,052,909.[12]

From the amount of FHCF monies appropriated, the Legislature is required to direct $10 million to the Department of Community Affairs (DCA) for hurricane loss mitigation purposes.[13] The majority of the funds appropriated for this purpose have supported the Hurricane Loss Mitigation Program administered by DCA. Legislation in 1999 created the Hurricane Loss Mitigation Program and required $7 million of the $10 million FHCF appropriation for hurricane loss mitigation be appropriated to the Department of Community Affairs (DCA) for specified purposes.[14] In 2000, the law was changed to require the full $10 million FHCF appropriation to DCA for specified purposes.[15]

Under current law, $7 million of the $10 million appropriation to DCA from the FHCF must be used for programs to improve the wind resistance of residences and mobile homes, cooperative programs with local governments and the Federal Government, and other efforts to prevent or reduce losses or reduce the cost of rebuilding after a disaster. The law further directs 40 percent of the $7 million (approximately $2.8 million) be used to inspect and improve tie-downs for mobile homes and 10 percent (approximately $700,000) be allocated to the State University System dedicated to hurricane research.[16] The remaining $3 million must be used to retrofit existing facilities used as public hurricane shelters. The Hurricane Loss Mitigation Program law is scheduled for repeal on June 30, 2011.[17]

Even though the law allows an appropriation for hurricane loss mitigation programs in an amount up to 35 percent of FHCF's investment income based upon the most recent fiscal year-end audited financial statements, the law further provides moneys in excess of $10 million are not available for appropriation if the SBA finds such an appropriation would *jeopardize the actuarial soundness of the fund*. This raises a timing problem, due to the fact that the SBA has historically established rates for the FHCF in March for contracts beginning on June 1, which is prior to the time the Legislature typically makes its annual appropriation for the upcoming fiscal year (*sine die* in May). Therefore, any amount appropriated in excess of $10 million for loss mitigation has been deemed to jeopardize the actuarial soundness of the fund unless the SBA increased premiums to account for the excess appropriation. To account for this situation, in March the SBA establishes FHCF premiums based on various levels of mitigation funding ranging from $10 million to 35 percent of investment income. However, insurers do not know what their exact FHCF premium is until after the Governor signs the budget.

When the Legislature appropriated $30 million for loss mitigation in 2001, FHCF premiums increased by $20 million to achieve actuarial soundness. The $20 million increase in FHCF premiums was a 4.5 percent increase and resulted in an average 0.59 percent increase in residential property insurance premiums.[18] The $19.075 million appropriation in 2002 resulted in a FHCF premium increase of 1.98 percent and the likely impact of this appropriation on residential property rates was an increase of 0.25 percent.[19]

**Multiple Hurricane Deductible Program Funding from the FHCF**

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[12] Total Appropriated by Legislature – Total Vetoed by Governor = Total Funds Appropriated from FHCF to the State of Florida.
[13] s. 215.559, F.S. (2005).
[14] Ch. 99-305, L.O.F.
[15] Ch. 2000-140, L.O.F.
[16] s. 215.559(4), F.S. (2005); s. 215.555(5), F.S. (2005). In addition to the expenditure required by s. 215.559(4) and (5), in calendar year 2005, the Department of Community Affairs (DCA) spent the remainder of its $7 million appropriation as follows: 47% (approximately $3.5 million) was directed to programs to help prevent or reduce losses or reduce the cost of rebuilding after a disaster and 3% (approximately $190,000) was directed to the low interest loan program as directed by section 2 of Ch. 2005-111, L.O.F. *Florida Hurricane Loss Mitigation Program Report to the Florida Legislature* (January 1, 2006).
[17] s. 215.559(9), F.S. (2005).
[18] Insurers are expressly allowed to fully recoup FHCF premiums in the premiums they charge to residential property policyholders. *See* s. 627.062(5),F.S. Information regarding the premium increase obtained from personal communication from the FHCF on January 20, 2006 (on file with committee).
[19] Personal communication received from the Florida Hurricane Catastrophe Fund on January 20, 2006 (on file with committee).

Funds from the FHCF were appropriated by the Legislation in 2004 to fund the multiple hurricane deductible reimbursement program. This appropriation was in addition to the $10 million appropriation for hurricane mitigation funding appropriated by the Legislature for the 2004-2005 fiscal year.

Due to the hurricanes that occurred during the 2004 hurricane season, the Legislature convened in Special Session in December 2004 to address hurricane related issues. During this Special Session, House Bill 9A was passed.[20] This bill created a program to reimburse policyholders of residential property insurance for multiple deductibles applied by insurers for two or more hurricanes after the policyholder absorbed one full hurricane deductible. Eligibility for reimbursement provided by the program expired March 1, 2005. The program was funded with up to $150 million out of the FHCF. The FHCF was authorized to recover the cost of the program funding with increased fund premiums for insurers over a five-year period beginning June 1, 2006.

The Department of Financial Services (DFS) administered the multiple hurricane deductible reimbursement program. In implementing the program DFS did not transfer the total amount of monies allocated for the program ($150 million) from the FHCF to DFS. Rather, DFS transferred approximately $51 million, which based on their projections, appeared to be sufficient to fund the program. As of January 20, 2006, DFS approved almost $44 million for payment and used approximately $700,000 for administrative costs. The unspent monies (approximately $6.6 million) have been returned to the FHCF.

**<u>THE PROPOSED HOUSE JOINT RESOLUTION</u>**

The House Joint Resolution proposes an amendment to the State Constitution, for approval or rejection by the electors, to limit the use of the assets of the FHCF and to restrict legislative appropriations from the fund. Like the requirements in s. 215.555, F.S, the constitutional amendment would require the assets of the FHCF be used exclusively for paying catastrophic hurricane loss obligations arising out of reimbursement contracts with insurers, paying debt service on revenue bonds and financing arrangements issued by or on behalf of the fund, reinsurance costs of the fund, administrative expenses of the fund, and an annual appropriation for hurricane loss mitigation programs.

The proposed amendment, in effect, prohibits the Legislature from amending the current law to allow for FHCF funds to be used for any other purposes than those specified in the amendment, which are substantially the same purposes currently expressed in s. 215.555, F.S. The proposed amendment uses, but does not define or expand upon the phrase, “hurricane loss mitigation programs.” This is the phrase used in the current statute, but the current statute also specifies types of programs which qualify as hurricane loss mitigation programs and requires allocation of $10 million to the Department of Community Affairs for specified purposes, as described above. The proposed amendment does not abrogate the Legislature’s authority to determine what constitutes a “hurricane loss mitigation program.”

The proposed amendment also provides substantially the same requirement as the current statute that the minimum annual appropriation from the FHCF for hurricane loss mitigation programs is $10 million and the maximum is 35 percent of the fund’s investment income. In effect, the Legislature would be prohibited from amending the law to allow for any less than $10 million to be appropriated annually for hurricane loss mitigation programs, or more than 35 percent of investment income based on the most recent fiscal year-end audited financial statements. However, the amendment differs from current law by requiring the Legislature appropriate exactly $10 million from the FHCF in the General Appropriations Act for hurricane loss mitigation programs, and any additional appropriation from the fund for such programs must be approved by a vote of three-fourths of the membership of each house of the Legislature in a separate bill or bills for that purpose only. It also differs in that current law requires the mitigation funding to be paid from the investment income of the fund, whereas, the joint

[20] Ch. 2004-480, L.O.F.

resolution does not specify the fund's investment income is to be used to pay the mitigation appropriation.

The proposed amendment specifies it does not limit the authority of the Legislature to abolish or otherwise terminate the operations of the FHCF.

If the joint resolution is passed by a three-fifths vote of both houses of the legislature, it will be submitted to the voters at the next general election or at an earlier special election specifically authorized for that purpose.

C. SECTION DIRECTORY

This joint resolution, creating Article X, section 27 of the Florida Constitution, and containing ballot summary language describing the proposed new section of the Florida Constitution, is not divided into sections.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   None.

2. Expenditures:

   Agencies such as the Department of Community Affairs which may be appropriated funds from the FHCF for hurricane loss mitigation programs might be less likely to obtain total funding above $10 million, due to the requirement for a separate bill and super-majority vote.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   To the extent agencies, such as the Department of Community Affairs, which may be appropriated funds from the FHCF for hurricane loss mitigation programs might be less likely to obtain total funding above $10 million, due to the requirement for a separate bill and super-majority vote, local governments having projects that might have been recipients of those funds might receive fewer dollars.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Residential property insurers and their policyholders are afforded greater protection, due to a state constitutional requirement that the funds of the FHCF be used only for those purposes currently authorized by general law. As such, the reinsurance coverage provided by the FHCF, which is significantly less expensive than private reinsurance and tends to lower residential property insurance premiums, is protected from possible legislative changes to allow funds to be used for other purposes.

Additionally, use of FHCF monies for other purposes would more rapidly decrease the amount in the fund. Once the fund does not have enough money to pay claims, it must assess most property and

casualty policyholders (except workers' compensation and medical malpractice) to raise funds to pay claims.

Hurricane loss mitigation funding above $10 million may be less likely due to the requirement for a separate bill and super-majority vote. If this occurs, it is less likely for residential property insurance premiums to be increased as a result of such additional appropriations.

The bill may negatively impact any potential private sector beneficiary of appropriations from the FHCF beyond those purposes currently authorized by statute or of appropriations in excess of $10 million.

D. FISCAL COMMENTS:

None.

## III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This joint resolution does not require counties or municipalities to take an action requiring the expenditure of funds, does not reduce the authority that counties or municipalities have to raise revenue in the aggregate, and does not reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

## IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

None.