Sales Tax Exclusions

Act 462 of the 2007 Regular Session allows insureds to receive exclusions on state sales and use tax when purchasing storm shutter devices that provide window damage protection in a storm or hurricane.

Action Required

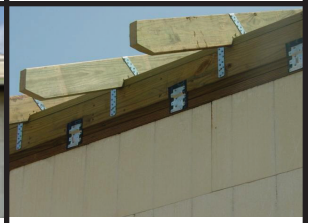
Home owners must take action to take advantage of these financial incentives being provided for storm and hurricane mitigation. Whether you plan to build a new home or retrofit your existing home, you will benefit from the insurance premium discounts, tax deductions and state sales and use tax exclusions now available.

The Louisiana Department of Insurance encourages residential property owners to take the steps necessary to become a recipient of these financial benefits for added storm and hurricane protection.

Hurricane hardware - tie studs to bottom plate anchored to raised foundation wall.

Metal roofing - hidden fasteners reduce leaks. Extra screws and edge details create 130-mph wind resistance.

Secondary water resistance - roof panel joints are covered with adhesive polymer modified bitumen tape.



Roof framing - the rim band is connected to the top plate which is bolted to the cement in the ICF blocks.

Photos courtesy of LSU AgCenter's LaHouse project.
For more information, visit www.louisianahouse.org

Louisiana Department of Insurance

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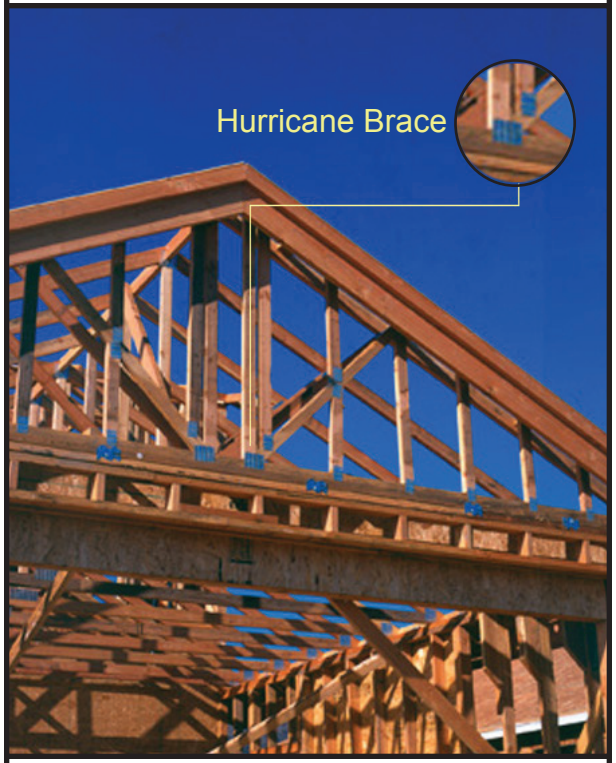
Residential Property Storm Mitigation Incentives



Louisiana Department of Insurance

James J. Donelon
Commissioner of Insurance

Residential Property Storm Mitigation Incentives

The first mandatory statewide building code, the Louisiana State Uniform Construction Code, was passed during the 2005 First Extraordinary Legislative Session, immediately following Hurricanes Katrina and Rita. Act 335 of the 2007 Regular Session of the Louisiana Legislature provides resources for training and enforcement of the code. The Legislature sought to encourage implementation of the code by providing incentives, still effective, to home owners who are willing to strengthen their homes against storms and hurricanes.

Mitigation incentives include:

- Insurance premium discounts when a home owner builds or retrofits a structure to comply with the Louisiana State Uniform Construction Code, or installs mitigation improvements demonstrated to reduce the amount of loss from a windstorm or hurricane.
- Tax deductions for voluntarily retrofiting an existing residential structure to bring it into compliance with the new building code.
- Exclusions from local sales and use tax when purchasing storm shutter devices for hurricane protection.

Advanced framing - larger lumber, but wider spacing and stack framing provides strength and more insulation with fewer studs and lower framing cost.

Insurance Premium Discounts

Act 323 of the 2007 Regular Session of the Louisiana Legislature requires insurance companies to establish and offer discounts to those property owners who:

* build or retrofit a structure to comply with the requirements of the Louisiana State Uniform Construction Code and/or;
* install damage mitigation improvements or retrofit their property utilizing construction techniques demonstrated to reduce the amount of loss from a windstorm or hurricane.

Premium discounts apply to one or two-family owner occupied homes and modular homes. They do not apply to commercial or commercial residential properties with three or more units, or to manufactured or mobile homes. Discounts are granted based on damage mitigation improvements and construction techniques listed on the Louisiana Hurricane Loss Mitigation Form. Contact your insurance company or agent for more information.

These damage mitigation improvements and /or construction techniques include, but are not limited to:

* building design
* roof bracing
* secondary water barriers
* opening protection
* roof-to-wall strength
* roof deck attachment
* roof covering and roof covering performance
* wall-to-floor-to-foundation strength
* window, door and skylight strength
* other mitigation improvements and/or construction techniques that the insurer may determine to reduce the risk of loss due to wind.

Inspection and certification must be performed by a building code enforcement officer, registered architect or engineer, or a registered third-party provider authorized by the Louisiana State Uniform Construction Code Council to perform building inspections. For a list of registered third party providers, visit www.dps.louisiana.gov/lsuccc.

Proof of eligibility for premium discounts must be provided by the insured. The insurer may require completion of the Louisiana Hurricane Loss Mitigation Form or other documentation to demonstrate compliance with the State Uniform Construction Code, such as permits, certificates of occupancy, inspection reports or receipts. If deemed necessary, the insurer may also perform its own independent inspection.

Tax Deductions

Act 467 of the 2007 Regular Session allows tax deductions for insureds who voluntarily retrofit an existing residential structure to bring it into compliance with the State Uniform Construction Code. This construction code retrofitting deduction is an amount equal to 50 percent of the cost paid or incurred for the retrofit, less the value of any other state, municipal or federally-sponsored financial incentives for the cost paid. The taxpayer must claim the homestead exemption for the home being retrofitted and the home cannot be rental property.

The tax deduction can be no more than $5,000 per retrofitted residential structure and is claimed on the tax return for the year in which the work is completed. Proof that the retrofit complies with the State Uniform Construction Code, documentation of the cost of the project, and assurance that the project was voluntary as defined by the law, must be submitted with the state tax return.