

May 13, 2010

TO THE MISSISSIPPI HOUSE OF REPRESENTATIVES:

GOVERNOR'S VETO MESSAGE FOR HOUSE BILL 1642, SECTION 19:

I am vetoing Section 19 of House Bill 1642: "AN ACT MAKING AN APPROPRIATION FOR THE PURPOSE OF DEFRAYING THE EXPENSES OF THE MISSISSIPPI DEPARTMENT OF INSURANCE FOR THE FISCAL YEAR 2011," and assign the following reasons for my line item veto.

Section 19 of House Bill 1642 appropriates \$20 million from the Hurricane Disaster Reserve Fund to be deposited into the Mississippi Windstorm Underwriting Association Reinsurance Assistance Fund (the "Windpool") for defraying the expenses of windstorm reinsurance for residents of the coast.

In my January State of the State speech, I told legislators that I would oppose any effort to raid the Hurricane Disaster Reserve Fund, which exists solely to pay matching funds that we owe the federal government for \$400 million of hazard mitigation expenditures in South Mississippi. For more than three years, we have tried to get the federal government to accept in-kind payment of the nearly \$100 million we owe them, but they have not agreed. Further, the devastation caused by recent tornadoes in Central and North Mississippi will require additional state funds to match federal disaster-related expenditures. Therefore, spending \$20 million of the Hurricane Disaster Reserve for any purpose other than this federal match is not only unacceptable, but irresponsible.

Additionally, Section 19 of House Bill 1642 would require an additional \$20 million to be paid into the Windpool, which will have already received \$160 million from state and Community Development Block Grant funds by the end of the current fiscal year. While I continue to believe the state must focus on lowering insurance rates along the coast, I believe a long-term approach requires us to focus on strengthening construction instead of continuing to subsidize insurance policies through the Windpool.

In March, I was pleased to announce with Insurance Commissioner Mike Chaney the creation of the Wind Mitigation Retrofit Program, which will use \$20 million in federal money to provide grants to coast homeowners to retrofit homes to make them more hurricane resistant. The program will defray the cost of reinsurance, lower the risk for insurance companies writing policies in Mississippi, and reduce insurance premiums on the Coast. Unlike annual subsidies to purchase reinsurance for the Windpool, this program is a sustainable solution to reducing the cost of insurance in our coastal region.

As Governor, I remain committed to ensuring the Legislature does not spend money which is already owed to the federal government from the Hurricane Disaster Reserve Fund, as well as continuing to support long-term solutions to help address the cost of insurance and strength of our coastal communities.

For these reasons, I am vetoing Section 19 of House Bill 1642.

Respectfully submitted,
Haley Barbour
Governor