

I- 1095 Final Text

BILL REQUEST - CODE REVISER'S OFFICE

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ATTY/TYPIST: ML:akl

BRIEF DESCRIPTION:

Initiative Measure No.1095

filed November 27, 2019

AN ACT Relating to preventing and reducing wildfires by investing in fire prevention, preparedness, and forest health funded by increasing the existing progressive tax on property and casualty insurance premiums; amending RCW 48.14.020; and adding a new chapter to Title 76 RCW.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** INTENT. Washington is facing a wildfire crisis. In the last five years, wildfires have burned more than two million acres of Washington lands. And the problem is getting worse. In 2018, Washington endured over 1,800 wildfires - the most in state history.

Wildfires threaten public health and safety and cause catastrophic damage in Washington including, but not limited to, loss of life, destruction of homes and structures, devastation of forests and public lands, loss of economic and employment opportunities, and reduced air and water quality. Wildfire smoke spreads to every corner of the state, preventing routine outdoor activities and endangering the health of Washingtonians, particularly the young, elderly, and other vulnerable populations.

The state spends an average of \$153 million dollars per year battling wildfires. These costs will continue to rise as wildfires increase in number and intensity, especially as drought emergencies extend throughout the state. And while fighting wildfires as they erupt is essential, it is not enough. Prevention is crucial. The magnitude and frequency of wildfires have increased, in part, due to inadequate investments in forest health. Making sure forests are healthy and resilient to fire in the first place helps reduce wildfire risk to people and property, eventually lowering wildfire-related costs.

The people's intent in enacting this act is to take substantial action to address the wildfire crisis by investing in: (1) Fire prevention, including helping communities prepare for, survive, and recover from wildfire, improving warning and communications systems, particularly in rural areas, to enhance communications during emergencies, and increasing outreach to communities in their native language; (2) fire preparedness, including hiring and training additional wildland firefighters, enhancing the wildfire air attack program, and supporting local firefighting efforts with emergency communications systems and other firefighting equipment; and (3) forest health, including restoring the health of 1.25 million acres of forest by removing brush and other material that fuels severe wildfires, thinning overcrowded forests, and reducing forest vulnerability to drought.

These investments will improve the lives of Washingtonians, save taxpayers money by helping to reduce the occurrence and intensity of wildfires, improve the ability to immediately and aggressively respond to wildfires, and reduce the cost of recovering from wildfires. Paying for these investments through a slight increase in the existing progressive insurance premium tax on property and casualty policies will provide a stable and significant source of funding.

NEW SECTION. **Sec. 2.** WILDFIRE PREVENTION AND PREPAREDNESS FUND.

(1) The wildfire prevention and preparedness fund is created in the state treasury. All collected receipts attributable to the one percent added to the existing insurance premium tax on property and casualty policies by RCW 48.14.020, except for the amounts necessary to comply with the fire insurance premium tax revenue allocations under RCW 41.24.030, 41.16.050, and 43.43.944, must be deposited in the fund and may be spent only after appropriation. The state treasurer is authorized to create subfunds or subaccounts as may be necessary or appropriate to implement the purposes of this act.

(2) After reasonable administrative costs:

(a) One-third of total expenditures from the fund must be used for the fire prevention investments authorized under section 3 of this act;

(b) One-third of total expenditures from the fund must be used for the fire preparedness investments authorized under section 4 of this act; and

(c) One-third of total expenditures from the fund must be used for forest health investments authorized under section 5 of this act.

(3) The Legislature may appropriate funds to the department as the primary state agency responsible for wildfires and forest management and to other state agencies and entities as necessary to implement the purposes of this chapter.

NEW SECTION. **Sec. 3.** FIRE PREVENTION INVESTMENTS. The fire prevention account is created in the state treasury. All moneys from the fund directed to wildfire prevention under subsection 2(2)(a) of this act must be deposited in the account. Moneys in the account may be spent only after appropriation. Moneys in the account must be used for programs, activities, projects, or compensation for positions that help communities prepare for, survive, and recover from wildfires. These include, but are not limited to: Grants to local communities to improve wildfire prevention and recovery; investments to help communities adapt, such as for installation of smoke filtration systems in schools and other public buildings; grants to communities to develop infrastructure for improved warning and communications systems, such as reliable broadband that will allow for prepositioning of firefighters and improve communications during emergency events; increased engagement with non-English-speaking communities in their native language; services and efforts associated with the Firewise USA and Fire Adapted Communities Programs; and matching grants issued to rural communities under the

Washington Department of Commerce's Community Development Block Grant program, including for development of fire stations with the capability to temporarily house displaced persons during wildfires and other disasters.

NEW SECTION. **Sec. 4.** FIRE PREPAREDNESS INVESTMENTS. The fire preparedness account is created in the state treasury. All moneys from the fund directed to wildfire preparedness under subsection 2(2)(b) of this act must be deposited in the account. Moneys in the account may be spent only after appropriation. Moneys in the account must be used for programs, activities, projects, or compensation for positions that assist in wildfire preparedness. These include, but are not limited to, training and hiring firefighters, acquiring helicopters and other fire suppression equipment, funding a firefighter training academy, and increasing the department's support of local fire departments, particularly in rural communities, such as providing personnel, wildfire firefighting equipment, and emergency communications systems.

NEW SECTION. **Sec. 5.** FOREST HEALTH INVESTMENTS. The forest health account is created in the state treasury. All moneys from the fund directed to forest health under subsection 2(2)(c) of this act must be deposited in the account. Moneys in the account may be spent only after appropriation. Moneys in the account must be used for programs, activities, projects, or compensation for positions that assist in improving forest health. These include, but are not limited to: Improving forest health by reducing the amount of material that may fuel more severe wildfires through prescribed burning, brush removal, thinning, and responsible timber harvesting; researching technologies for converting wildfire fuels into productive energy sources, including funding for a community college to develop a center to research innovative uses for wood, including new ways to add value to wood products; reducing forest vulnerability to drought, insect infestation, and other threats to

forest health that may increase wildfire risk; and other land management and treatment techniques in accordance with the department's 20-Year Forest Health Strategic Plan, with the ultimate goal of restoring the health of at least 1.25 million acres of forest.

Sec. 6. RCW 48.14.020 and 2016 c 133 s 1 are each amended to read as follows:

(1) Subject to other provisions of this chapter, each authorized insurer except title insurers shall on or before the first day of March of each year pay to the state treasurer through the commissioner's office a tax on premiums. Except as provided in subsection (3) of this section, such tax shall be in the amount of three percent of all premiums attributable to property and casualty policies and two percent of all premiums attributable to other policies, excluding amounts returned to or the amount of reductions in premiums allowed to holders of industrial life policies for payment of premiums directly to an office of the insurer, collected or received by the insurer under RCW 48.14.090 during the preceding calendar year other than ocean marine and foreign trade insurances, after deducting premiums paid to policyholders as returned premiums, upon risks or property resident, situated, or to be performed in this state. For tax purposes, the reporting of premiums shall be on a written basis or on a paid-for basis consistent with the basis required by the annual statement. For the purposes of this section the consideration received by an insurer for the granting of an annuity shall not be deemed to be a premium.

(2) (a) The taxes imposed in this section do not apply to amounts received by any life and disability insurer for health care services included within the definition of practice of dentistry under RCW 18.32.020 except amounts received for pediatric oral services that qualify as coverage for the minimum essential coverage requirement under P.L. 111-148 (2010), as amended, and for stand-alone family

dental plans as defined in RCW 43.71.080(4)(a), only when offered in the individual market, as defined in RCW 48.43.005(~~((27))~~), or to a small group, as defined in RCW 48.43.005(~~((33))~~).

(b) Beginning January 1, 2014, moneys collected for premiums written on qualified health benefit plans and qualified dental plans offered through the health benefit exchange under chapter 43.71 RCW must be deposited in the health benefit exchange account under RCW 43.71.060.

(3) In the case of insurers which require the payment by their policyholders at the inception of their policies of the entire premium thereon in the form of premiums or premium deposits which are the same in amount, based on the character of the risks, regardless of the length of term for which such policies are written, such tax shall be in the amount of (~~((two))~~) three percent of the gross amount of such premiums and premium deposits upon property and casualty policies, and two percent of the gross amount of such premiums and premium deposits upon other policies, on risks resident, located, or to be performed in this state, in force as of the thirty-first day of December next preceding, less the unused or unabsorbed portion of such premiums and premium deposits computed at the average rate thereof actually paid or credited to policyholders or applied in part payment of any renewal premiums or premium deposits on one-year policies expiring during such year.

(4) Each authorized insurer shall with respect to all ocean marine and foreign trade insurance contracts written within this state during the preceding calendar year, on or before the first day of March of each year pay to the state treasurer through the commissioner's office a tax of ninety-five one-hundredths of one percent on its gross underwriting profit. Such gross underwriting profit shall be ascertained by deducting from the net premiums (i.e., gross premiums less all return premiums and premiums for reinsurance) on such ocean marine and foreign trade insurance contracts the net losses paid (i.e., gross losses paid less salvage

and recoveries on reinsurance ceded) during such calendar year under such contracts. In the case of insurers issuing participating contracts, such gross underwriting profit shall not include, for computation of the tax prescribed by this subsection, the amounts refunded, or paid as participation dividends, by such insurers to the holders of such contracts.

(5) The state does hereby preempt the field of imposing excise or privilege taxes upon insurers or their appointed insurance producers, other than title insurers, and no county, city, town or other municipal subdivision shall have the right to impose any such taxes upon such insurers or these insurance producers.

(6) If an authorized insurer collects or receives any such premiums on account of policies in force in this state which were originally issued by another insurer and which other insurer is not authorized to transact insurance in this state on its own account, such collecting insurer shall be liable for and shall pay the tax on such premiums.

NEW SECTION. **Sec. 7.** DEFINITIONS. The definitions in this section apply throughout this act unless the context clearly requires otherwise.

(1) "20-Year Forest Health Strategic Plan" means the department's treatment framework to improve forest health and mitigate wildfire threats as required by chapter 36, Laws of 2016 sp. sess., chapter 95, Laws of 2017, and chapter 248, Laws of 2017.

(2) "Department" means the department of natural resources, or its authorized representatives, as defined in chapter 43.30 RCW.

(2) "Firefighter" has the same meaning as forest fire service under RCW 76.04.005.

(3) "Firewise USA and Fire Adapted Communities Programs" means programming and services associated with the National Fire Protection Association's Firewise USA program or efforts to inform and prepare citizens and communities to safely coexist with wildland fire.

(4) "Fund" means the wildfire prevention and preparedness fund established under section 2 of this act.

NEW SECTION. **Sec. 8.** The department may adopt rules, develop guidance, and create forms and other documents necessary to effectuate the provisions and purposes of this chapter.

NEW SECTION. **Sec. 9.** The commissioner may adopt rules, develop guidance, and create forms and other documents necessary to effectuate the provisions and purposes of this act.

NEW SECTION. **Sec. 10.** Sections 1 through 5 and 7 through 8 of this act constitute a new chapter in Title 76 RCW.

NEW SECTION. **Sec. 11.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

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