

AN ACT Relating to funding fire prevention and preparedness activities; amending RCW 48.14.040; adding new sections to chapter 76.04 RCW; adding a new section to chapter 48.02 RCW; creating a new section; providing an expiration date; and declaring an emergency.

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

NEW SECTION. **Sec. 1.** SHORT TITLE. Chapter . . ., Laws of 2019 (this act) may be known and cited as the wildfire prevention and preparedness act.

NEW SECTION. **Sec. 2.** FINDINGS AND DETERMINATIONS.

(1) The legislature finds that the risk of catastrophic wildfire has significantly increased in recent years due in large part to a forest health crisis that exists in the state of Washington. In 2018, more than forty percent of wildfires occurred in western Washington, over 30 percent of wildfires were west of the Cascade mountains in 2019, and more than two million acres have burned in the last five years alone. Communities in every corner of the state have felt the impact of these wildfires, either through direct loss of property or by smoke resulting from wildfires that poses a serious risk to the health of vulnerable populations and the general public.

(2) The legislature finds that as a result of the wildfire and forest health crisis, it is necessary to dedicate resources in all areas of the state to restore our forests to health, and more effectively respond to wildfires in order to better protect the health and safety of children, families and communities from the effects of catastrophic wildfires.

(3) It is the intent of the legislature to take immediate action to increase the resources required to implement the state's 20-Year Eastern Forest Health Strategy, 10-Year Wildland Fire Protection Strategy, and Forest Action Plan including, but

not limited to, restoring a minimum of 1.25 million acres of diseased and dying forestland, providing resources to local fire service districts, adding additional wildland firefighters, enhancing and improving the capability to attack wildfires with air resources and providing communities with the resources to prepared for wildfire.

(4) The legislature intends that these investments protect the state economy and environment. Funding dedicated to implement the state's 20-Year Eastern Forest Health Strategy, the 10-Year Wildland Fire Protection Strategy, and the Forest Action Plan will promote reductions in fire frequency and intensity, improve ability to immediately and aggressively respond to wildfires, reduce wildfire damage to real and personal property, lessen post fire recovery costs and economic impacts, and mitigate health costs of asthma and other respiratory ailments due to wildfire smoke.

NEW SECTION. **Sec. 3.** WILDFIRE PREVENTION AND PREPAREDNESS ACCOUNT.

(1) The wildfire prevention and preparedness account is created in the state treasury.

(2) The receipts collected by the surcharge imposed under section 4 of this act must be deposited and appropriated for the following priorities:

(a) Funding fire preparedness activities consistent with the goals contained in the 10-Year wildland fire protection strategy including but not limited to funding for full-time firefighters, investments in ground and aerial firefighting equipment and technology.

(b) Fire prevention activities consistent with the 20-year Eastern Forest Health Strategy, 10-year Wildland Fire Protection Strategy and Forest action plan including but not limited to the

National Fire Protection Association's Firewise USA® and the Fire-Adapted Communities Network programs to help communities take action before, during, and after wildfires. If necessary or advisable, the department may develop rules for the programs authorized under this subsection;

(c) Activities to restore and improve forest health and reduce vulnerability to drought, insect infestation, disease, and other threats to healthy forests including forest management such as thinning and use of prescribed fire, post-fire recovery activities such as reforestation, and research and design into cross laminate timber and other emerging products and markets. Funding priority must be given to programs, activities, or projects aligned with the 20-year Eastern Forest Health Strategy, the 10-year Wildland Fire Protection Strategy, and the Forest Action Plan prioritized pursuant to RCW 76.06.200 and 79.10.530 across any combination of local, state, federal, tribal, and private ownerships.

(d) Funding of fire prevention, preparedness, or recovery activities for other state agencies consistent with the 20-year Eastern Forest Health Strategy, the 10-year Wildland Fire Protection Strategy and Forest Action Plan.

(e) Funding for the investment in and maintenance of tracking and reporting systems to ensure accountability and transparency in wildfire prevention and preparedness activities and costs.

(3) Appropriations for forest health activities in each biennium must not be less than 25 million dollars.

(4) No expenditures from the wildfire prevention and preparedness account may be made without appropriation.

(5) The legislature may direct the forest health advisory committee established in RCW 76.06.200 and wildland fire

advisory committee established in RCW 76.04.179 to provide recommendations for investments under this section.

NEW SECTION. **Sec. 4.** A new section is added to chapter 48.02RCW to read as follows: (1) Beginning July 1, 2020 each property and casualty insurer, except a medical professional liability business, must collect a wildfire surcharge of five dollars per policy in this state during the calendar year. However, the minimum wildfire surcharge payment from any one property and casualty insurer in the state must not be less than one thousand dollars per year.

(2) Wildfire surcharge payments are due and payable no later than July 15th of each year, beginning July 15, 2021. Any property and casualty insurer failing to pay the wildfire surcharge by July 31st must pay the same penalties as the penalties for failure to pay taxes when due under RCW 48.14.060. The wildfire surcharge required by this section is in addition to all taxes and fees now imposed or that may be subsequently imposed.

(3) All moneys collected under this section must be deposited in the wildfire prevention and preparedness account created in section 3 of this act.

(4) (a) Each property and casualty insurer may annually collect wildfire surcharges remitted in preceding years by means of a policyholder surcharge on premiums charged for property and casualty insurance. The recoupment is at a uniform rate reasonably calculated to collect the wildfire surcharge remitted by the insurer.

(b) If an insurer fails to collect the entire amount of the recoupment in the first year under this section, it may repeat the recoupment procedure provided for in this subsection (4) in succeeding years until the wildfire surcharge is fully collected

or a de minimis amount remains uncollected. Any such de minimis amount may be collected as provided in (d) of this subsection.

(c) The amount and nature of any recoupment must be separately stated on either a billing or policy declaration sent to an insured. The amount of the recoupment must not be considered a premium for any purpose, including the premium tax or agents' commissions.

(d) An insurer may elect not to collect the wildfire surcharge from its insured. In such a case, the insurer may recoup the wildfire surcharge through its rates, if the following requirements are met:

(i) The insurer remits the amount of surcharge not collected by election under this subsection; and

(ii) The surcharge is not considered a premium for any purpose, including the premium tax or agents' commissions.

(5) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Property and casualty insurer" means every insurer, as defined in RCW 48.01.050, having a certificate of authority to do property and casualty business in this state.

(b) "Receipts" means net direct premiums consisting of direct gross premiums, as defined in RCW 48.18.170, paid for insurance written or renewed upon risks or property resident, situated, or to be performed in this state, less return premiums and premiums on policies not taken, dividends paid or credited to policyholders on direct business, and premiums received from policies or contracts issued in connection with qualified plans as defined in RCW 48.14.021.27.

Sec. 5. RCW 48.14.040 and 2008 c 217 s 7 are each amended to read as follows:

(1) If pursuant to the laws of any other state or country, any taxes, licenses, fees, deposits, or other obligations or prohibitions, in the aggregate, or additional to or at a net rate in excess of any such taxes, licenses, fees, deposits or other obligations or prohibitions imposed by the laws of this state upon like foreign or alien insurers and their appointed insurance producers or title insurance agents, are imposed on insurers of this state and their appointed insurance producers or title insurance agents doing business in such other state or country, a like rate, obligation or prohibition may be imposed by the commissioner, as to any item or combination of items involved, upon all insurers of such other state or country and their appointed insurance producers or title insurance agents doing business in this state, so long as such laws remain in force or are so applied.

(2) For the purposes of this section, an alien insurer may be deemed to be domiciled in the state wherein it has established its principal office or agency in the United States. If no such office or agency has been established, the domicile of the alien insurer (~~shall be~~) is deemed to be the country under the laws of which it is formed.

(3) For the purposes of this section, the regulatory surcharge imposed by RCW 48.02.190 (~~shall~~) and the wildfire surcharge imposed by section 4 of this act may not be included in the calculation of any retaliatory taxes, licenses, fees, deposits, or other obligations or prohibitions imposed under this section.

NEW SECTION. Sec. 6. (1) By July 1, 2025, in compliance with RCW 43.01.036, the joint legislative audit and review committee, in consultation with the department of natural resources and the

office of the insurance commissioner, must report to the legislature on the following:

- (a) The effectiveness of the expenditures made by this act;
- (b) The amount raised by the surcharge created in this act;

and

(c) The number and type of policies the surcharge created in this act applies to.

(2) The joint legislative audit and review committee must include recommendations on any adjustments that may be necessary or advisable to the surcharge created under this act, or the mechanism of funding dispensation as created under this act.

(3) This section expires July 1, 2026.

NEW SECTION. Sec. 7. Sections 1 through 3 of this act are each added to chapter 76.04 RCW with the subchapter heading of "WILDFIRE PREVENTION & PREPAREDNESS ACT."