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**SENATE BILL 5996**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Senators Van De Wege, Rolfes, Frockt, Billig, Keiser, Liias, Hunt, and Randall

AN ACT Relating to funding fire prevention and suppression activities; amending RCW 48.14.020; adding new sections to chapter 76.04 RCW; creating a new section; and providing an expiration date.

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

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

NEW SECTION. **Sec.**  FINDINGS AND DETERMINATIONS. (1) The legislature finds that the risk of catastrophic wildfire has significantly increased in recent years and a forest health crisis exists in the state of Washington. In 2018, more than forty percent of wildfires occurred in western Washington 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 smoke resulting from wildfires, posing serious risks to vulnerable populations and the general public.

(2) The state and its local, federal, and tribal partners have been working to restore our forests to health, protect communities and firefighters from catastrophic fire, and protect the health and well-being of children and families, and need to increase the ability to respond to wildfires which have steadily increased in intensity and magnitude. Wildfire risk and forest health and resiliency is at a critical point of needing increased dedicated resources across to the entire state of Washington.

(3) It is the intent of the legislature to take immediate action to increase the resources required to restore 1.25 million acres of diseased and dying forestland, support local fire departments, hire new wildland firefighters, enhance and improve the wildfire air attack program, and provide communities the resources to prepare for wildfire prevention and suppression.

(4) The legislature intends that these investments protect the state economy and environment. Funding for effective fire suppression, initial attack, and forest health will promote reductions in fire frequency and intensity, improve ability to immediately and aggressively respond to wildfires, reduce postfire recovery costs and economic impacts, and mitigate health costs of asthma and other respiratory ailments due to wildfire smoke.

NEW SECTION. **Sec.**  WILDFIRE PREVENTION AND SUPPRESSION ACCOUNT. (1) The wildfire prevention and suppression account is created in the state treasury.

(2) The receipts collected by the tax imposed under RCW 48.14.020 must be deposited and distributed for the following purposes listed in order of priority:

(a) Emergency fire costs incurred by the department as defined in RCW 76.04.005.

(b) Funding fire preparedness activities, including but not limited to funding for full-time firefighters, investments in aerial assets, firefighter training, and the creation of a fire training academy;

(c) Fire suppression activities for other state agencies as appropriate;

(d) Fire prevention, including firewise and fire-adapted communities programs to help communities take action before, during, and after wildfires. The department of natural resources must develop draft procedures, criteria, and, if necessary or advisable, rules for the programs authorized under this subsection;

(e) Activities to improve forest health and reduce vulnerability to drought, insect infestation, disease, and other threats to healthy forests. Funding priority must be given to programs, activities, or projects aligned with the twenty-year forest health plan and prioritized pursuant to RCW 76.06.200 and 79.10.530 across any combination of local, state, federal, tribal, and private ownerships;

(4) Fund balance in excess of eighty million dollars, as calculated at the end of December in any year may be used to cover the cost of forest health activities for the following calendar year.

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

(6) 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.

**Sec.**  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~~)) must 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)~~)) (4) of this section, such tax ((~~shall~~)) must be in the amount of two percent of all premiums, 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~~)) must 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~~)) may 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) Beginning January 1, 2020, each authorized property and casualty insurer must pay an additional tax of 0.52 percent of all premiums 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 that is resident, situated, or to be performed in this state. For tax purposes, the reporting of premiums must be on a written basis or on a paid-for basis consistent with the basis required by the annual statement. Revenue from the tax under this subsection must be deposited into the wildfire prevention and suppression account created in section 3 of this act.

(4) 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 percent of the gross amount of such premiums and premium deposits upon 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)~~)) (5) Each authorized insurer ((~~shall~~)) must 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~~)) must 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~~)) may 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)~~)) (6) 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)~~)) (7) If an authorized insurer collects or receives any such premiums on account of policies in force in this state ((~~which~~)) that were originally issued by another insurer and ((~~which~~)) that other insurer is not authorized to transact insurance in this state on its own account, such collecting insurer ((~~shall be~~)) is liable for and ((~~shall~~)) must pay the tax on such premiums.

NEW SECTION. **Sec.**  (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 tax created in this act; and

(c) The number and type of policies the tax 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 tax 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.**  Sections 1 through 3 of this act are each added to chapter 76.04 RCW with the subchapter heading of "WILDFIRE PREVENTION ACT."

**--- END ---**