

SENATE BILL REPORT

SB 5284

As Reported by Senate Committee On:
Financial Institutions, Economic Development & Trade, February 21, 2019
Ways & Means, March 1, 2019

Title: An act relating to smoke detection devices.

Brief Description: Concerning smoke detection devices.

Sponsors: Senators Liias, Wagoner, Van De Wege and Hasegawa.

Brief History:

Committee Activity: Financial Institutions, Economic Development & Trade: 1/24/19, 2/21/19 [DPS-WM, DNP].
Ways & Means: 2/28/19, 3/01/19 [DP2S].

Brief Summary of Second Substitute Bill

- Requires property sellers to provide at least one smoke detection device before the buyer occupies the dwelling unit; and
- Imposes a fine if there is a fire and a property seller did not provide a smoke detection device.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE

Majority Report: That Substitute Senate Bill No. 5284 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Wilson, L., Ranking Member; Das and Hobbs.

Minority Report: Do not pass.

Signed by Senator Ericksen.

Staff: Kellee Gunn (786-7429)

SENATE COMMITTEE ON WAYS & MEANS

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: That Second Substitute Senate Bill No. 5284 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Braun, Ranking Member; Honeyford, Assistant Ranking Member, Capital; Becker, Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Liias, Palumbo, Pedersen, Rivers, Schoesler, Van De Wege, Wagoner, Warnick and Wilson, L..

Staff: Claire Goodwin (786-7736)

Background: Landlords must disclose fire safety and protection information to all tenants. This includes written notice that the dwelling unit is equipped with a smoke detection device. Written notice must specify that it is the tenant's responsibility to maintain the smoke detection device, including replacing batteries when necessary. At the time of a vacancy, the owner shall make certain that the smoke detection device is operational before renting to another tenant. If either the tenant or the owner fails to comply, they may be fined up to \$200.

The fire marshal operates within the Washington State Patrol (WSP) and provides fire fighter training as well as other services.

Summary of Bill (Second Substitute): Following a sale, the property seller must provide at least one smoke detection devices before the buyer or any other person occupies the dwelling unit. A property owner shall be fined \$5,000 if they fail to install a smoke detection device and a fire causes property damage, personal injury, or death to a tenant or a member of a tenant's household. This shall be enforced by either the state fire marshal under WSP, the chief of the city or town fire department, or by the county fire marshal.

The \$200 fine on tenants and landlords for not maintaining a smoke detection device under current law, and the \$5,000 fine after a fire occurs, shall be deposited into the Smoke Detection Device Awareness Account, under the administration of the state fire marshal. Expenditures from the account must be used to raise public awareness of owners and tenants' duties pertaining to smoke detection devices and of the danger to life and property resulting from a failure to comply.

The property seller's notice to the buyer includes a check box, confirming the property is equipped with smoke detection devices or, if not, that the seller has provided one to the buyer.

In making the rates for insurance coverage for dwelling units, insurance companies shall consider the benefits of fire alarms in their rate making. If an insurer determines a separate fire alarm factor is valid, then an exhibit supporting these changes and any credits or discounts resulting from such changes must be included in the initial filing. An insurer does not need to file any exhibits, or offer any related discounts, if there is no material anticipated change in losses due to the use of fire alarms or if a discount is not actuarially supported. These discounts for dwelling unit coverage applies to rate filings filed on or after January 1, 2020.

Licensed real estate brokers and nonprofits or individuals who have voluntarily assisted in installing a smoke detection device in a unit are not liable for the failure of any seller or other property owner's compliance.

This act shall be called the Greg “Gibby” Gibson Home Fire Safety Act.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Second Substitute):

- Replaces Section 4 with a new section that states insurers shall consider the benefits of fire alarms in their rate making, and, if valid, file an exhibit supporting these changes, and removes the proposed certification process the insured may be required to do to qualify. If insurer determines there is no change in losses due to the use of the smoke alarm, then an insurer need not file any exhibits. Insurers offering a fire alarm discount may review their in-force customers and apply the alarm discount as the insurer deems appropriate.

EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE COMMITTEE (First Substitute):

- Mandates that a seller provide at least one smoke detection device in the property they are selling, and correspondingly makes changes to the seller’s disclosure form.
- Establishes that nonprofit entities, or other individuals, volunteering their time to install a smoke detection device are not liable.
- Provides that the \$200 fine under current law imposed on tenants and landlords, as well as on owners, be deposited into the smoke detection device awareness account.
- Requires insurers to consider giving a discount for properly installed and maintained smoke detection devices, and allows an insurer to then require the insured to certify the dwelling is in compliance with local or state fire or safety standards, and/or demonstrate the dwelling is in compliance with local or state fire or safety standards.
- Names the act the Greg “Gibby” Gibson Home Fire Safety Act.
- Clarifies that enforcement of the \$5,000 fine shall only occur after a fire happens, and it is evident that the dwelling unit did not have at least one smoke detector.
- Institutes multiple effective dates, including an emergency.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony on Original Bill (Financial Institutions, Economic Development & Trade): *The committee recommended a different version of the bill than what was heard.* PRO: In January 2016, a person I went to high school with died in a house fire. He was sleeping and there were no smoke detectors. This person's story is more common than we realize. At least one person a month dies in fires like these. A ten-year

smoke alarm is inexpensive and easy to put in. This is the third attempt with this legislation. A carbon dioxide bill passed a few years ago and this legislation is modeled after that. This bill encourages the insurance industry to provide a discount, creates a fine, and institutes disclosure when transferring property. We should not lose people in preventable ways.

There is nothing in the bill for local governments to receive notice of a sale. An inspection may be needed, and so the closing agents and the local government should establish a system for notice. This could result in a significant workload increase for county fire marshals. Nothing is mentioned in the bill about inspections. It seems as if an inspection would occur after a fire. There is a concern on how this would be enforced. It is unclear about how the certification for an insurance discount would work. Of the 20 top companies providing home and property insurance, all provide discounts to the property owner for having smoke detectors.

OTHER: There are some questions regarding implementation, when is there a right of access to the property, and when an inspection is required. This could create workload issues on county fire marshals in rural areas. Lenders provide information on smoke detectors, but not everyone gets a loan to buy a property. There are technical concerns regarding with certification and mandate for an appropriate reduction in insurance. The language regarding self certification by the seller needs to be clarified.

Persons Testifying (Financial Institutions, Economic Development & Trade): PRO: Senator Marko Liias, Prime Sponsor; Paul Jewell, Washington State Association of Counties; Robert Bradley, Washington State Association of Fire Marshals; Lonnie Johns-Brown, Office of the Insurance Commissioner; Gerry Gibson, Gibby Home Fire Prevention; Bonnie Gibson, Gibby Home Fire Prevention.

OTHER: Amy Brackenbury, Washington Association of Building Officials; Bob Mitchell, Washington REALTORS; Jean Leonard, NAMIC; Washington INSURERS; Mel Sorensen, PCI.

Persons Signed In To Testify But Not Testifying (Financial Institutions, Economic Development & Trade): No one.

Staff Summary of Public Testimony on First Substitute (Ways & Means): *The committee recommended a different version of the bill than what was heard.* None.

Persons Testifying (Ways & Means): No one.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.