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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, Lias, Hunt, and Randall

Read first time 03/29/19. Referred to Committee on Ways & Means.

1 AN ACT Relating to funding fire prevention and suppression  
2 activities; amending RCW 48.14.020; adding new sections to chapter  
3 76.04 RCW; creating a new section; and providing an expiration date.

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

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

8 NEW SECTION. **Sec. 2.** FINDINGS AND DETERMINATIONS. (1) The  
9 legislature finds that the risk of catastrophic wildfire has  
10 significantly increased in recent years and a forest health crisis  
11 exists in the state of Washington. In 2018, more than forty percent  
12 of wildfires occurred in western Washington and more than two million  
13 acres have burned in the last five years alone. Communities in every  
14 corner of the state have felt the impact of smoke resulting from  
15 wildfires, posing serious risks to vulnerable populations and the  
16 general public.

17 (2) The state and its local, federal, and tribal partners have  
18 been working to restore our forests to health, protect communities  
19 and firefighters from catastrophic fire, and protect the health and  
20 well-being of children and families, and need to increase the ability

1 to respond to wildfires which have steadily increased in intensity  
2 and magnitude. Wildfire risk and forest health and resiliency is at a  
3 critical point of needing increased dedicated resources across to the  
4 entire state of Washington.

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

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

18 NEW SECTION. **Sec. 3.** WILDFIRE PREVENTION AND SUPPRESSION  
19 ACCOUNT. (1) The wildfire prevention and suppression account is  
20 created in the state treasury.

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

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

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

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

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

37 (e) Activities to improve forest health and reduce vulnerability  
38 to drought, insect infestation, disease, and other threats to healthy  
39 forests. Funding priority must be given to programs, activities, or

1 projects aligned with the twenty-year forest health plan and  
2 prioritized pursuant to RCW 76.06.200 and 79.10.530 across any  
3 combination of local, state, federal, tribal, and private ownerships;

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

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

9 (6) The legislature may direct the forest health advisory  
10 committee established in RCW 76.06.200 and wildland fire advisory  
11 committee established in RCW 76.04.179 to provide recommendations for  
12 investments under this section.

13 **Sec. 4.** RCW 48.14.020 and 2016 c 133 s 1 are each amended to  
14 read as follows:

15 (1) Subject to other provisions of this chapter, each authorized  
16 insurer except title insurers (~~shall~~) must on or before the first  
17 day of March of each year pay to the state treasurer through the  
18 commissioner's office a tax on premiums. Except as provided in  
19 subsection (~~(3)~~) (4) of this section, such tax (~~shall~~) must be in  
20 the amount of two percent of all premiums, excluding amounts returned  
21 to or the amount of reductions in premiums allowed to holders of  
22 industrial life policies for payment of premiums directly to an  
23 office of the insurer, collected or received by the insurer under RCW  
24 48.14.090 during the preceding calendar year other than ocean marine  
25 and foreign trade insurances, after deducting premiums paid to  
26 policyholders as returned premiums, upon risks or property resident,  
27 situated, or to be performed in this state. For tax purposes, the  
28 reporting of premiums (~~shall~~) must be on a written basis or on a  
29 paid-for basis consistent with the basis required by the annual  
30 statement. For the purposes of this section the consideration  
31 received by an insurer for the granting of an annuity (~~shall~~) may  
32 not be deemed to be a premium.

33 (2)(a) The taxes imposed in this section do not apply to amounts  
34 received by any life and disability insurer for health care services  
35 included within the definition of practice of dentistry under RCW  
36 18.32.020 except amounts received for pediatric oral services that  
37 qualify as coverage for the minimum essential coverage requirement  
38 under P.L. 111-148 (2010), as amended, and for stand-alone family  
39 dental plans as defined in RCW 43.71.080(4)(a), only when offered in

1 the individual market, as defined in RCW 48.43.005(27), or to a small  
2 group, as defined in RCW 48.43.005(33).

3 (b) Beginning January 1, 2014, moneys collected for premiums  
4 written on qualified health benefit plans and qualified dental plans  
5 offered through the health benefit exchange under chapter 43.71 RCW  
6 must be deposited in the health benefit exchange account under RCW  
7 43.71.060.

8 (3) Beginning January 1, 2020, each authorized property and  
9 casualty insurer must pay an additional tax of 0.52 percent of all  
10 premiums collected or received by the insurer under RCW 48.14.090  
11 during the preceding calendar year, other than ocean marine and  
12 foreign trade insurances, after deducting premiums paid to  
13 policyholders as returned premiums, upon risks or property that is  
14 resident, situated, or to be performed in this state. For tax  
15 purposes, the reporting of premiums must be on a written basis or on  
16 a paid-for basis consistent with the basis required by the annual  
17 statement. Revenue from the tax under this subsection must be  
18 deposited into the wildfire prevention and suppression account  
19 created in section 3 of this act.

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

33 ((4)) (5) Each authorized insurer ((shall)) must with respect  
34 to all ocean marine and foreign trade insurance contracts written  
35 within this state during the preceding calendar year, on or before  
36 the first day of March of each year pay to the state treasurer  
37 through the commissioner's office a tax of ninety-five one-hundredths  
38 of one percent on its gross underwriting profit. Such gross  
39 underwriting profit ((shall)) must be ascertained by deducting from  
40 the net premiums (i.e., gross premiums less all return premiums and

1 premiums for reinsurance) on such ocean marine and foreign trade  
2 insurance contracts the net losses paid (i.e., gross losses paid less  
3 salvage and recoveries on reinsurance ceded) during such calendar  
4 year under such contracts. In the case of insurers issuing  
5 participating contracts, such gross underwriting profit (~~(shall)~~) may  
6 not include, for computation of the tax prescribed by this  
7 subsection, the amounts refunded, or paid as participation dividends,  
8 by such insurers to the holders of such contracts.

9 ~~((5))~~ (6) The state does hereby preempt the field of imposing  
10 excise or privilege taxes upon insurers or their appointed insurance  
11 producers, other than title insurers, and no county, city, town or  
12 other municipal subdivision shall have the right to impose any such  
13 taxes upon such insurers or these insurance producers.

14 ~~((6))~~ (7) If an authorized insurer collects or receives any  
15 such premiums on account of policies in force in this state (~~(which)~~)  
16 that were originally issued by another insurer and (~~(which)~~) that  
17 other insurer is not authorized to transact insurance in this state  
18 on its own account, such collecting insurer (~~(shall be)~~) is liable  
19 for and (~~(shall)~~) must pay the tax on such premiums.

20 NEW SECTION. Sec. 5. (1) By July 1, 2025, in compliance with  
21 RCW 43.01.036, the joint legislative audit and review committee, in  
22 consultation with the department of natural resources and the office  
23 of the insurance commissioner, must report to the legislature on the  
24 following:

- 25 (a) The effectiveness of the expenditures made by this act;  
26 (b) The amount raised by the tax created in this act; and  
27 (c) The number and type of policies the tax created in this act  
28 applies to.

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

33 (3) This section expires July 1, 2026.

34 NEW SECTION. Sec. 6. Sections 1 through 3 of this act are each  
35 added to chapter 76.04 RCW with the subchapter heading of "WILDFIRE  
36 PREVENTION ACT."

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