

# SENATE BILL REPORT

## SB 5557

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As of February 12, 2019

**Title:** An act relating to seismic hazard risk reduction.

**Brief Description:** Concerning seismic hazard risk reduction.

**Sponsors:** Senators Liias, Hunt, Van De Wege, Das, Kuderer and Takko.

**Brief History:**

**Committee Activity:** Local Government: 2/07/19.

**Brief Summary of Bill**

- Creates a functional recovery task force to determine criteria and implementation measures necessary for the adoption of a functional recovery standard to apply to all emergency services buildings and state-owned buildings, and establishes incentives and measures towards seismic hazard risk reduction.

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### SENATE COMMITTEE ON LOCAL GOVERNMENT

**Staff:** Greg Vogel (786-7413)

**Background:** Resilient Washington Subcabinet Report. On November 4, 2016, the Governor issued Directive 16-19, establishing a Resilient Washington Subcabinet. Through this subcabinet, the Washington Military Department's Emergency Management Division was directed to assess the state's strategy in creating a resilient Washington with regard to the hazards posed by earthquakes and tsunamis. Workgroups consisting of key stakeholders and subject matter experts were formed to identify gaps, develop and prioritize actions, estimate implementation costs, and draft a report with initial findings and recommendations. The report, published in August 2017, contains recommendations from workgroups in the categories of (1) assessment, inventorying, data collection and storage; (2) building code revision; (3) outreach and training; and (4) multi-agency collaboration.

Budget Provisos Related to Seismic Assessment. The 2018 supplemental capital budget provided \$1.2 million in funding for seismic school assessment and \$200,000 for creating an inventory of all unreinforced masonry buildings in Washington. The initial draft of the report

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for seismic needs for schools is due to the Legislature by October 1, 2018, and the final report is due June 30, 2019. The inventory for the unreinforced masonry buildings is due December 15, 2018.

State Building Code. The State Building Code establishes minimum performance standards and requirements for construction and construction materials in the state, consistent with accepted standards of engineering, fire, and life safety. The code comprises a number of model codes and standards, developed and published by international and national organizations, which are adopted by reference in the State Building Code Act. Model codes and standards adopted in the act include the International Building Code, the International Residential Code, and the Uniform Plumbing Code Standards.

Military Department. The Washington State Military Department has several major operational divisions: Emergency Management, Army National Guard, Air National Guard, State Guard, Washington Youth Academy, and State and Federal Support Services. These divisions utilize state and federal resources to perform homeland defense, homeland security, and emergency mitigation, preparedness, response and recovery activities.

Property Tax. All property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law. The Washington Constitution limits regular property tax levies to a maximum of 1 percent of the property's value—\$10 per \$1,000 of assessed value. The Legislature has established individual district rate maximums and aggregate rate maximums to keep the total tax rate for regular property taxes within the constitutional limit.

Additionally, the annual growth of regular levy revenue is limited to the lesser of inflation or 1 percent, plus the value of new construction for jurisdictions with a population of 10,000 or more. For jurisdictions with a population less than 10,000, revenue growth is limited to 1 percent.

National Institute of Standards and Technology Special Publication 1224. To address the gap between current and desired performance of buildings in the event of a natural hazard, the United States Congress tasked the National Institute of Standards and Technology to identify research needs and implementation activities that would help improve building performance in case of a natural hazard. This mandate would expand the application of immediate occupancy performance beyond critical buildings, such as hospitals, to other buildings that are important to residents, businesses, and the broader community. The report was published in August 2018.

California Administrative Code, Part 1, Chapter 4. California Administrative Code, Part 1, Chapter 4, Administrative Regulations for the Division of the State Architect, Structural Safety provides rules and regulations for essential buildings to be designed and constructed to resist gravity forces, to minimize hazards and to resist, insofar as practical, the forces generated by winds and major earthquakes of the intensity and severity of the strongest anticipated at the building site without catastrophic collapse, with allowance for some repairable architectural or structural damage. An essential services building as designed and constructed must be capable of providing essential services to the public after a disaster.

An essential services building is defined as any building or portion of a building which is used or designed to be used as a fire station, police station, emergency operations center, California Highway Patrol office, sheriff's office or emergency communication dispatch center.

Essential Facilities in the 2018 International Building Code. The 2018 International Building Code defines "essential facilities" as buildings and other structures that are intended to remain operational in the event of extreme environmental loading from flood, wind, snow, or earthquakes.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** A functional recovery task force is established to determine criteria and implementation measures necessary for the adoption of a functional recovery standard to apply to all emergency services buildings and state-owned buildings that meets or exceeds the building standard for new essential facilities as defined in the 2018 International Building Code.

"Functional recovery standard" is defined as a set of enforceable building code provisions and regulations that provide specific design and construction requirements intended to result in a building for which post-earthquake structural and nonstructural capacity are maintained or can be restored to support the basic intended functions of the building's pre-earthquake use and occupancy within a maximum acceptable time, where the maximum acceptable time might differ for various uses or occupancies.

Emergency services buildings include essential facilities as defined in the 2018 International Building Code and any building, including buildings designed and constructed, for public agencies use, or designed to be used, as a fire station, police station, emergency operations center, Washington State Patrol office, sheriff's office, emergency communication dispatch center, or emergency shelter.

The task force is comprised of legislative members, state agency and local government representatives, and other public and private sector entities. The task force must provide periodic progress reports and a final report of findings and recommendations to the Governor and the appropriate committees of the Legislature by December 1, 2021.

A property tax exemption for the costs of new construction or seismic retrofitting that meets a functional recovery standard must be implemented by July 1, 2026.

Local governments are authorized to enact programs and incentives to encourage new construction or seismic retrofitting that meets a functional recovery standard.

A one-to-one public-private grant program is established for the seismic retrofit costs of unreinforced masonry buildings.

The state building code must include Appendix A of the 2018 International Existing Building Code, which provides guidelines for the seismic retrofit of existing buildings, by December 31, 2025.

The Military Department Emergency Management Division must partner with local government jurisdictions, nongovernmental associations, state agencies, and other relevant organizations to improve seismic risk reduction in Washington with synchronized catastrophic planning, mitigation, and recovery activities for seismic hazards.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** Yes.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Proposed Substitute:** PRO: FEMA estimates for fatality counts for an earthquake and tsunami is 13,000 people, and also 27,000 injured, 1 million displaced from homes, and 2 and a half million will need assistance for access to food and clean water. This is a challenging and dire situation. There is certainty that this will happen and the state needs to begin preparing for this. A survey shows that there are thousands of URM buildings. The costs to upgrade these critical facilities is no small amount. Locals, schools, and emergency facilities cannot bear it on their own. They need help from the state to make it possible. Eventually this will be a huge drain on resources, but it will be less of a drain the earlier efforts are started. It is critical for saving lives and reducing extreme economic losses in response to ensuing disasters that will happen during the our lifetime.

Places around the world that have done the best post-disaster have adopted stricter standards and educated the public on this issue. Seismic risk is difficult to tackle, but this bill is great because it provides a funding mechanism to address costs for seismic retrofit and functional recovery construction.

The ideas put out are a starting point for discussion. What really makes sense is to give the Military Department resources. They have resources for a broad array of threats, but none specific to earthquakes. Buildings are designed to stay up long enough for people to escape, but they also need to stay operable. There is a need for some of our buildings to be functional after an earthquake to serve and shelter people, such as community centers, fire stations, and police stations. Increasing building code standards makes sense.

The involvement of county assessors was not considered in the property tax plan, therefore that may need to be studied and also have stakeholders think about private sector investment. However, the days of hoping and praying it doesn't happen should be over. It will cost less if preparations start now. Steps need to be taken forward this biennium.

**OTHER:** The core goals of this bill are well supported but the property tax exemption section contains a tax recovery scheme that poses a huge fiscal note and wave of work for counties. It also poses some structural problems for counties too. The exemption aimed at the private sector allows them to recover 100 percent of qualifying costs for new construction

and retrofits as a bottom line property tax credit. The exemption would likely exceed tens of millions of dollars.

It would be a burden to counties, maybe not the bigger counties that could absorb the exemption without disadvantaging junior taxing districts, but for Grays Harbor, the commercial percentage of overall value is much greater. Therefore, the shift would be much greater. The rest of the bill is exceptional, however there should possibly be a study on the subject of incentives.

**Persons Testifying:** PRO: Senator Marko Liias, Prime Sponsor; Corina Forson, DNR.

OTHER: Steven Drew, Washington Association of Assessors, Thurston County Assessor.

**Persons Signed In To Testify But Not Testifying:** No one.