

HOUSE BILL REPORT

HB 1679

*As Reported By House Committee on:
Financial Institutions & Insurance
Revenue*

Title: An act relating to funding the fire services trust fund.

Brief Description: Creating the fire services trust fund.

Sponsor(s): Representatives Orr, Ferguson, R. Meyers, R. Fisher, Jones, Anderson, Wilson, Hochstatter, Dorn, Winsley, Rasmussen, Paris and Mitchell.

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, March 5, 1991, DP;
Revenue, March 10, 1991, DPS.

**HOUSE COMMITTEE ON
FINANCIAL INSTITUTIONS & INSURANCE**

Majority Report: *Do pass.* Signed by 12 members:
Representatives Dellwo, Chair; Zellinsky, Vice Chair;
Broback, Ranking Minority Member; Anderson; Dorn; Inslee;
R. Johnson; R. Meyers; Paris; Schmidt; Scott; and Winsley.

Minority Report: *Do not pass.* Signed by 1 member:
Representative Mielke, Assistant Ranking Minority Member.

Staff: John Conniff (786-7119).

Background: In 1986, the Legislature created the state Fire Protection Policy Board under the Department of Community Development. The board is comprised of 10 members including fire chiefs from eastern and western Washington, fire fighters, and an insurance industry representative. The board has responsibility for developing a comprehensive state policy regarding fire protection services. The board's duties include fire protection training and education as well as development of a master plan for the construction, equipping, and maintenance of fire training and education facilities.

Summary of Bill: The Fire Services Trust Fund is created through an insurance premium tax increase of one-tenth percent. Expenditures from the fund for fire training and

education, including maintenance, operation, and capital improvements at the state's fire training centers must be authorized by the director of the Department of Community Development.

Fiscal Note: Not requested.

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

Testimony For: Increasing demand for fire training and decreasing funding of training centers and related training costs requires a permanent funding solution. Increasing the insurance premium tax for payment of fire training logically connects the costs of training fire fighters with beneficiaries of fire services. Fire fighters not only respond to fires but also respond to calls for emergency medical care. The efforts of fire fighters reduce losses covered by insurance policies.

Testimony Against: Any increase in state premium taxes will result in greater tax burdens for Washington insurers doing business in other states as these other states require Washington insurers to pay an increased amount of taxes consistent with any increase in Washington insurance taxes. While the insurance industry supports fire fighter training, the industry believes that the public as a whole benefits and therefore, funding should be provided through general funds rather than provided exclusively by the insurance industry.

Witnesses: Duane M. Malo, Washington State Assn. of Fire Chiefs (Pro); Stanley Anderson, Fire Protection Policy Board of Island Fire Dist. #5 (Pro); Craig Anderson, Island County Fire Dist. #5 (Pro); Jim Graue, Washington State Fire Chiefs (Pro); Joseph Basta, Washington State Fire Fighters Assn. (Pro); Jay D. Matsen, King County Fire Dist. #10 (Pro); Mike Kapphahn, Farmers Insurance (Con); and Dan Wolfe, Safeco Insurance (Con).

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *That Substitute House Bill No. 1679 be substituted therefor, and the substitute bill do pass.* Signed by 13 members: Representatives Wang, Chair; Fraser, Vice Chair; Holland, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Appelwick; Belcher; Brumsickle; Day; Leonard; Morris; Phillips; Rust; and Van Luven.

Minority Report: Do not pass. Signed by 2 members:
Representatives Morton and Silver.

Staff: John Conniff (786-7119).

Summary of Recommendation of Committee on Revenue Compared to Recommendation of Committee on Financial Institutions & Insurance: The premium tax increase is deleted and a \$6.8 million appropriation is made contingent upon passage of HB 1833 repealing the premium tax credit for insurer contributions to the insurance guaranty associations.

Fiscal Note: Available.

Appropriation: Yes.

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

Testimony For: Same as Committee on Financial Institutions & Insurance.

Testimony Against: Same as Committee on Financial Institutions & Insurance.

Witnesses: Gordon L. Walgren, Fire Sprinkler Advisory Board (pro); Joseph C. Basta, Washington State Fire Fighters (pro); Duane M. Mald, Washington State Association of Fire Chiefs (pro); Stan Anderson, Fire Protection Policy Board (pro); Paul O'Connor, Fire Sprinkler Advisory Board of Puget Sound (pro); Jack Quien, Grays Harbor Fire District 2 (pro); Joe Biller, Island County Fire Association (pro); Roger Ferris, Washington Fire Commissioner's Association (pro); Patrick Hughes, King County Fire District 40 (pro); Peter P. Basta (pro); Basil Badley, AIA (con); Mike Kapphahn, Farmer's Insurance (con); John Gullickson, SAFECO (con); Walt Corneille, AETNA (con); Otto Jensen, State Fire Chiefs (pro); Kevin J. Dayton, Washington State Firefighters (pro); and Jim Hawkins, King County Fire District 11 (pro).