
HOUSE BILL 2265

State of Washington

56th Legislature

1999 Regular Session

By Representatives Pennington, Hatfield, Mielke, Doumit and Alexander

Read first time 03/09/1999. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to establishing a fund to provide additional
2 resources for emergencies and disasters; amending RCW 43.79A.040;
3 adding new sections to chapter 38.52 RCW; and adding a new section to
4 chapter 48.14 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 38.52 RCW
7 to read as follows:

8 (1) There is hereby created an account called the emergency
9 management and hazard mitigation trust fund in the custody of the state
10 treasurer. The account shall consist of amounts deposited into the
11 account by the insurance commissioner as provided in section 2 of this
12 act, other funds appropriated or deposited to the account, and income
13 derived from the investment of moneys in the account. Only the
14 director or the director's designee may authorize expenditures from the
15 account. The account is subject to allotment procedures under chapter
16 43.88 RCW, but an appropriation is not required for expenditures.

17 (2) The purpose of this account is to provide supplemental moneys:

1 (a) To focus on predisaster planning and preparedness, proactive
2 and reactive mitigation, and response to and recovery from emergencies
3 and disasters in order to reduce the impact of disasters on the state;

4 (b) To help to protect lives, property, and the environment from
5 the risk and impact of natural hazards; and

6 (c) To promote the development of a standardized, trained, and
7 adequately staffed and equipped state-wide emergency management and
8 mitigation system for use by all state and local emergency management
9 agencies.

10 (3) The account shall be used for risk-based all hazard planning,
11 mitigation, training, public education and awareness programs, and
12 disaster response, relief, and recovery. These moneys are intended to
13 supplement and not supplant existing state and local fiscal resources
14 dedicated to emergency management. Use of the account is intended to
15 revitalize and improve upon the existing emergency management
16 infrastructure throughout the state to effectively mitigate against the
17 effects and cost of any disaster. The account shall be employed:

18 (a) To provide that all residents of the state are educated before,
19 during, and after a disaster to protect themselves, their families, and
20 their homes, businesses, and other private or public property;

21 (b) To encourage that structures, whether public or private, be
22 designed, constructed, retrofitted, or refloated away from flood prone
23 areas, in accordance with the most current life, safety, and property
24 protection codes; and

25 (c) To strengthen state and local government and private sector
26 emergency plans, training, mitigation, and resources for response and
27 recovery from disaster.

28 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.14 RCW
29 to read as follows:

30 (1) The insurance commissioner is hereby authorized to make an
31 annual assessment against each insurer doing business in the state on
32 so much of the estimated business of any such company related to the
33 insurance of real property in the form of an annual identifiable
34 surcharge of five dollars imposed on every homeowner's, mobile
35 homeowner's, tenant home renter's, and condominium unit owner's
36 insurance policy and an annual identifiable surcharge of ten dollars
37 imposed on every commercial fire, commercial multiple peril, and
38 business owner's property insurance policy issued or renewed on or

1 after January 1, 2000. The commissioner is authorized to reduce either
2 surcharge by fifty percent for each policy that the insurer certifies
3 is covered by flood insurance offered in accordance with the national
4 flood insurance program administered by the federal emergency
5 management agency.

6 (2) The commissioner is further authorized to establish a waiver
7 program to exempt any policy from the surcharge for one or more years
8 upon certification that significant mitigation measures have been
9 implemented for the insured property that substantially reduce the risk
10 posed by a natural hazard or hazards. This waiver program shall be
11 established by rule in consultation with the emergency management
12 council as provided in section 3(4) of this act.

13 (3) The commissioner shall, as soon as may be practicable after
14 receipt of such surcharge from the companies, deposit the receipts in
15 the emergency management and hazard mitigation trust fund established
16 in section 1 of this act.

17 NEW SECTION. **Sec. 3.** A new section is added to chapter 38.52 RCW
18 to read as follows:

19 (1) Of the annual amount available for disbursement from the
20 emergency management and hazard mitigation trust fund established in
21 section 1 of this act, the director shall provide that:

22 (a) Fifty percent shall be made available to implement and
23 administer state and local emergency management programs, including
24 training and public awareness, of which twenty-five percent, the state
25 share, shall be used by the department and seventy-five percent, the
26 local share, shall be allocated to local directors. Subject to the
27 availability of sufficient funds in the state share, as determined by
28 the department, the department shall appoint a full-time state hazard
29 mitigation office and such full-time duty state hazard mitigation
30 officers as may be needed to administer the mitigation program for each
31 emergency management region of the state;

32 (b) Twenty percent shall be allocated to provide for state relief
33 assistance for nonfederally declared disasters or the state share of
34 federally declared disasters; and

35 (c) Thirty percent shall be made available for grants and loans to
36 state or regional agencies or authorities, local governments, and local
37 private nonprofit organizations to implement programs or projects that
38 will further state and local emergency management objectives, of which

1 fifty percent shall be dedicated to mitigation projects. These
2 projects shall include proactive mitigation to reduce the risk from the
3 impact of disaster, and reactive mitigation to reduce the effects of
4 disasters based on past experience. Projects shall include, but need
5 not be limited to, projects that will promote public education or
6 awareness of disaster mitigation, improving land use planning, and
7 developing or revising building codes that incorporate the latest
8 available information on risk reduction from natural hazards. Programs
9 and projects, other than those determined to be for mitigation, shall
10 include, but need not be limited to, programs and projects that improve
11 preparedness planning, enhancement, and coordination of relief efforts
12 of state-wide private sector organization and improvement of training
13 and operational capabilities of agencies assigned lead or support
14 responsibilities in emergency management, including the state fire
15 marshal's office for coordinating fire services.

16 (2) The department shall, by rule, establish criteria and
17 procedures for the equitable allocation of funds as provided in
18 subsection (1)(a) and (b) of this section, and shall establish criteria
19 and procedures for competitive allocation of funds provided in
20 subsection (1)(c) of this section. Not more than five percent of any
21 award made under this section may be used for administrative expenses.
22 The distribution formula provided in this section may be adjusted
23 proportionally when necessary to meet any matching requirements imposed
24 as a condition of receiving federal disaster relief assistance or
25 planning funds.

26 (3) Whenever the amounts available under subsection (1)(b) of this
27 section are insufficient to meet the estimated amounts needed to
28 respond to and recover from any nonfederally declared disaster or to
29 provide the state share in any federally declared disaster, the
30 governor, in consultation with the director, shall seek additional
31 funds adequate to meet the needs of such disaster, plus an amount equal
32 to an additional fifteen percent of such funds to be utilized
33 exclusively for mitigation. Within thirty days of the close of each
34 fiscal year, any unexpended balance of funds allocated in accordance
35 with the provisions of subsection (1)(b) of this section for
36 nonfederally declared disasters or the state share of federally
37 declared disasters, shall be made available for supplemental mitigation
38 grants in accordance with the provisions of subsection (1)(c) of this
39 section.

1 (4) The emergency management council created in RCW 38.52.040 shall
2 assist the department with the development of the rules necessary for
3 the administration of the account and the disbursement of any grants,
4 loans, or other funds for programs and projects. The council shall
5 also assist the insurance commissioner with the development of a
6 certification program for mitigation waivers granted pursuant to
7 section 2 of this act.

8 **Sec. 4.** RCW 43.79A.040 and 1998 c 268 s 1 are each amended to read
9 as follows:

10 (1) Money in the treasurer's trust fund may be deposited, invested,
11 and reinvested by the state treasurer in accordance with RCW 43.84.080
12 in the same manner and to the same extent as if the money were in the
13 state treasury.

14 (2) All income received from investment of the treasurer's trust
15 fund shall be set aside in an account in the treasury trust fund to be
16 known as the investment income account.

17 (3) The investment income account may be utilized for the payment
18 of purchased banking services on behalf of treasurer's trust funds
19 including, but not limited to, depository, safekeeping, and
20 disbursement functions for the state treasurer or affected state
21 agencies. The investment income account is subject in all respects to
22 chapter 43.88 RCW, but no appropriation is required for payments to
23 financial institutions. Payments shall occur prior to distribution of
24 earnings set forth in subsection (4) of this section.

25 (4)(a) Monthly, the state treasurer shall distribute the earnings
26 credited to the investment income account to the state general fund
27 except under (b) and (c) of this subsection.

28 (b) The following accounts and funds shall receive their
29 proportionate share of earnings based upon each account's or fund's
30 average daily balance for the period: The Washington advanced college
31 tuition payment program account, the agricultural local fund, the
32 American Indian scholarship endowment fund, the Washington
33 international exchange scholarship endowment fund, the energy account,
34 the fair fund, the game farm alternative account, the grain inspection
35 revolving fund, the rural rehabilitation account, the stadium and
36 exhibition center account, the youth athletic facility grant account,
37 the self-insurance revolving fund, the sulfur dioxide abatement
38 account, ((and)) the children's trust fund, and the emergency

1 management and hazard mitigation trust fund. However, the earnings to
2 be distributed shall first be reduced by the allocation to the state
3 treasurer's service fund pursuant to RCW 43.08.190.

4 (c) The following accounts and funds shall receive eighty percent
5 of their proportionate share of earnings based upon each account's or
6 fund's average daily balance for the period: The advanced right of way
7 revolving fund, the advanced environmental mitigation revolving
8 account, the federal narcotics asset forfeitures account, the high
9 occupancy vehicle account, the local rail service assistance account,
10 and the miscellaneous transportation programs account.

11 (5) In conformance with Article II, section 37 of the state
12 Constitution, no trust accounts or funds shall be allocated earnings
13 without the specific affirmative directive of this section.

--- END ---