
SUBSTITUTE SENATE BILL 6433

State of Washington

59th Legislature

2006 Regular Session

By Senate Committee on Government Operations & Elections (originally sponsored by Senators Kastama, Jacobsen, Poulsen, Pridemore, Rockefeller, Shin, Haugen, Rasmussen, Keiser, Regala, Thibaudeau, Franklin, McAuliffe and Kohl-Welles)

READ FIRST TIME 02/03/06.

1 AN ACT Relating to establishing the emergency management,
2 preparedness, and assistance account; amending RCW 48.18.170 and
3 48.18.180; adding new sections to chapter 38.52 RCW; creating new
4 sections; and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that recent events,
7 including the 9/11 terrorist acts, the tsunami in southeast Asia,
8 Hurricanes Katrina and Rita in the gulf coast, outbreaks of avian flu,
9 and the earthquake in Pakistan, have demonstrated the need for a
10 coordinated, comprehensive all-hazards disaster plan involving
11 citizens, industry, local governments, and the state. Washington
12 state's topography, geography, location, and strategic and economic
13 interests place the state at particular risk from both natural
14 disasters and man-made disasters. In response, Washington state and
15 its local governments have implemented nationally recognized all-
16 hazards emergency management and disaster response plans. However,
17 recent studies have revealed the lack of a secure funding source for
18 resolving impediments to the ability of state and local programs to
19 integrate and coordinate comprehensive disaster preparedness. In

1 addition, local programs suffer disparities in funding and expertise,
2 leaving troublesome gaps in a well-coordinated statewide all-hazards
3 emergency management system.

4 Recognizing that all disasters are local disasters, the legislature
5 therefore intends to strengthen state and local emergency response,
6 mitigation, preparation, and coordination by establishing a stable
7 source of funding with the intent that Washington state become the
8 nationally recognized leader in emergency management. The funding will
9 be dedicated to the development and coordination of state and local
10 government emergency management programs by supporting joint training
11 exercises, citizen and industry coordination with emergency management
12 efforts, public education, and relationship building among local and
13 state emergency management officials.

14 NEW SECTION. **Sec. 2.** The emergency management, preparedness, and
15 assistance account is created in the custody of the state treasurer.
16 All receipts from the surcharge authorized by section 3 of this act
17 must be deposited into the account. Expenditures from the account may
18 be used only as provided in section 4 of this act. Only the director
19 or the director's designee may authorize expenditures from the account.
20 The account is subject to allotment procedures under chapter 43.88 RCW,
21 but an appropriation is not required for expenditures.

22 NEW SECTION. **Sec. 3.** In order to provide funds for emergency
23 management, preparedness, and assistance, an annual surcharge of two
24 dollars per policy must be imposed on every homeowner's, mobile
25 homeowner's, tenant homeowner's, and condominium unit owner's insurance
26 policy, and an annual four-dollar surcharge shall be imposed on every
27 commercial fire, commercial multiple peril, and business owner's
28 property insurance policy, issued or renewed on or after the effective
29 date of this section. The surcharge must be paid by the policyholder
30 to the insurer. The insurer must collect the surcharge and remit it to
31 the department of revenue, which will collect, administer, audit, and
32 enforce the surcharge under chapter 82.32 RCW. The surcharge is not to
33 be considered premiums of the insurer and is not subject to premium
34 taxes, however, nonpayment of the surcharge by the insured may be a
35 valid reason for cancellation of the policy. The surcharge imposed on
36 policyholders under this section is not subject to retaliatory tax

1 provisions. All proceeds of the surcharge must be deposited in the
2 emergency management, preparedness, and assistance account and may not
3 be used to supplant existing state general fund or local funding.

4 NEW SECTION. **Sec. 4.** (1) Funds appropriated from the emergency
5 management, preparedness, and assistance account must be allocated by
6 the department as follows:

7 (a) Twenty percent to the military department to be used for
8 administrative expenses and to fund the assessment required by section
9 6 of this act; and

10 (b) Eighty percent for grants to regional agencies, local
11 governments, tribal governments, regional incident management teams,
12 and private organizations to: Develop and coordinate comprehensive
13 emergency management plans and train elected and appointed officials on
14 state laws, ordinances, disaster command and response structures, and
15 the roles and responsibilities of officials before, during, and after
16 a disaster; administer periodic joint emergency management training
17 exercises; and implement projects that will strengthen emergency
18 response, mitigation, preparation, and coordination.

19 (2) Projects funded under this section must include, but need not
20 be limited to, projects that will promote neighborhood level public
21 education on disaster preparedness and recovery issues, situate all
22 weather radios in public buildings, enhance coordination of relief
23 efforts of statewide private-sector organizations, and improve the
24 training and operations capabilities of agencies assigned lead or
25 support responsibilities in the state comprehensive emergency
26 management plan.

27 (3) Grant funding may also be used as seed money to establish a
28 dedicated, full-time emergency management director in every county that
29 does not have such a director as of the effective date of this section.

30 (4) The department must establish criteria and procedures for
31 competitive allocation of these funds by rule. At a minimum, the rules
32 must:

33 (a) Establish preferential funding for projects and exercises
34 addressing needs and recommendations identified by the department in
35 the assessment conducted under section 6 of this act;

1 (b) Specify a formula that establishes a base grant allocation and
2 weighted factors for funds to be allocated over the base grant amount
3 for regional agencies, local governments, tribal governments, regional
4 incident management teams, and private organizations with existing
5 emergency management and preparedness programs that are located in a
6 part of the state where the risk of exposure to disasters is deemed by
7 the department to be particularly acute;

8 (c) Specify match requirements; and

9 (d) Include requirements that, at a minimum, a local emergency
10 management agency have: A comprehensive emergency management plan or
11 be a member of a joint local organization for emergency management; and
12 a local director who works at least forty hours a week in that
13 capacity, or have designated by ordinance or resolution an emergency
14 management coordinator who works at least fifteen hours a week in that
15 capacity.

16 (5) No more than five percent of any award made under subsection
17 (1)(b) of this section may be used for administrative expenses.

18 (6) The distribution formula provided in this section may be
19 adjusted proportionally when necessary to meet any matching
20 requirements imposed as a condition of receiving federal disaster
21 relief assistance or planning funds.

22 (7) Local governments receiving funds under this section may not
23 use the funds to supplant existing funding.

24 NEW SECTION. **Sec. 5.** The department must submit a report
25 quarterly to the office of financial management and the legislative
26 fiscal committees detailing information on the emergency management,
27 preparedness, and assistance account, including: The amount and type
28 of deposits into the account; the current available fund balance as of
29 the reporting date; and the projected fund balance at the end of the
30 biennium based on current revenue and expenditure patterns.

31 NEW SECTION. **Sec. 6.** Beginning in January 2008 and biennially
32 thereafter, the department must conduct in conjunction with the
33 emergency management council a strategic assessment of, and issue a
34 report on, the ability of state, local, and tribal emergency management
35 organizations to effectively provide for all phases of comprehensive
36 emergency management. The assessment must:

1 (1) Evaluate state, local, and tribal emergency management
2 capabilities and needs;

3 (2) Evaluate the ability of state, local, and tribal emergency
4 management organizations to provide emergency management mitigation,
5 preparedness, response, and recovery;

6 (3) Evaluate the effectiveness of the emergency management
7 structure at the state, local, and tribal levels;

8 (4) Provide findings and make recommendations that increase the
9 ability of state, local, and tribal emergency management organizations
10 to meet current and future risks; and

11 (5) Detail where and for what purpose funds under section 4(1)(b)
12 of this act have been distributed.

13 NEW SECTION. **Sec. 7.** The joint legislative audit and review
14 committee must study and review the performance of programs implemented
15 under this act. The committee must examine at least the following
16 factors: The number and type of joint exercises conducted under
17 section 4 of this act; the number of programs receiving grant money and
18 the status of those programs; the coordination of comprehensive
19 emergency management plans between state and local jurisdictions; the
20 number of training programs administered; the number of comprehensive
21 emergency management or safety plans created using funds distributed
22 under section 4 of this act; and the number of emergency preparedness
23 officials created and trained with funds distributed under this act.
24 The committee must provide a final report on this review by December
25 2008.

26 **Sec. 8.** RCW 48.18.170 and 1947 c 79 s .18.17 are each amended to
27 read as follows:

28 "Premium" as used in this code means all sums charged, received, or
29 deposited as consideration for an insurance contract or the continuance
30 thereof. Premium does not include the annual surcharge imposed under
31 section 3 of this act. Any assessment, or any "membership," "policy,"
32 "survey," "inspection," "service" or similar fee or charge made by the
33 insurer in consideration for an insurance contract is deemed part of
34 the premium.

1 **Sec. 9.** RCW 48.18.180 and 1994 c 203 s 2 are each amended to read
2 as follows:

3 (1) The premium stated in the policy shall be inclusive of all
4 fees, charges, premiums, or other consideration charged for the
5 insurance or for the procurement thereof.

6 (2) No insurer or its officer, employee, agent, solicitor, or other
7 representative shall charge or receive any fee, compensation, or
8 consideration for insurance which is not included in the premium
9 specified in the policy.

10 (3) Each violation of this section is a gross misdemeanor.

11 (4) This section does not apply to a fee paid to a broker by an
12 insured as provided in RCW 48.17.270.

13 (5) This section does not apply to the surcharge imposed under
14 section 3 of this act.

15 NEW SECTION. **Sec. 10.** Sections 2 through 6 of this act are each
16 added to chapter 38.52 RCW.

17 NEW SECTION. **Sec. 11.** Sections 4 through 7 of this act take
18 effect January 1, 2007.

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