

SENATE BILL REPORT

SB 5296

As Reported By Senate Committee On:
Government Operations & Elections, February 19, 2007

Title: An act relating to establishing the emergency management, preparedness, and assistance account.

Brief Description: Establishing the emergency management, preparedness, and assistance account.

Sponsors: Senators Kastama, Swecker, Rasmussen, Hobbs, Franklin and Kline.

Brief History:

Committee Activity: Government Operations & Elections: 2/08/07, 2/19/07 [DPS-WM, DNP, w/oRec].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: That Substitute Senate Bill No. 5296 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; Kline, Pridemore and Swecker.

Minority Report: Do not pass.

Signed by Senator Benton.

Minority Report: That it be referred without recommendation.

Signed by Senator Roach, Ranking Minority Member.

Staff: Mac Nicholson (786-7445)

Background: The State Military Department, specifically the emergency management division, administers emergency management and disaster relief programs. The Director of the Military Department is appointed by the Governor and is charged with developing and maintaining a comprehensive emergency management plan for the state. Local jurisdictions are directed to establish comprehensive local emergency management plans, and submit their plans to the director for recommendations. Local jurisdictions may also establish and operate joint local emergency management organizations.

The Emergency Management Council, whose members include representatives of city and county governments, law enforcement, fire chiefs, emergency management directors, and medical professions, advises the Governor and the Director on matters pertaining to state and local emergency management. The council studied local and tribal emergency management

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

organizations and issued a report in September 2004. The report made a number of recommendations, including the establishment of a stable state funding source to support emergency planning.

In 2006, the Legislature authorized the Emergency Management Preparedness Assistance Grant program and provided \$1.6 million for competitive grants for high impact, short term emergency preparedness projects. Thirty grants were made to local and tribal governments, regional agencies, regional incident management teams, and private organizations.

Summary of Bill: The emergency management, preparedness, and assistance account is created in the custody of the State Treasurer. The account is appropriated.

An annual surcharge of two dollars is imposed on every homeowner's, mobile homeowner's, tenant homeowner's, and condominium unit owner's insurance policy. An annual surcharge of four dollars is imposed on every commercial fire, commercial multiple peril, and business owner's property insurance policy. The surcharge is collected by the insurer and remitted to the Department of Revenue (DOR), who must deposit the funds in the emergency preparedness account.

Twenty percent of the funds in the account may be used by the military department for administrative expenses; to fund biennial assessments of emergency management; to train elected and appointed officials on roles and responsibilities before, during, and after a disaster; and to implement state agency projects that strengthen emergency response.

Eighty percent of the funds in the account will be used for grants to regional agencies, local and tribal governments, regional incident management teams, and private organizations. Grant funding is to be used to develop and coordinate emergency management plans and train elected and appointed officials; administer periodic joint emergency management training exercises; and implement projects that strengthen emergency response, mitigation, preparation, and coordination. Projects funded must include projects that will promote neighborhood level public education, enhance coordination of relief efforts, and improve training and operations capabilities of agencies. Grant funding may also be used as seed money to establish a dedicated, full-time emergency management director in every county that does not currently have one.

The Military Department is given rule-making authority to implement the legislation. Rules must specify match requirements and requirements that local agencies have a comprehensive emergency management plan or be a member of a joint organization for emergency management and have a local director or designated coordinator who works at least 15 hours per week in that capacity. Rules must also establish preferential funding for projects and exercises addressing needs identified in the biennial assessment and establish a formula that establishes a base grant allocation and weighted factors for funds to be allocated over the base grant amount.

The 80/20 distribution formula may be adjusted when necessary to meet any matching requirements imposed as a condition of receiving federal funds. Local governments may not use funds received to supplant existing funding.

The Military Department is directed to conduct a biennial strategic assessment of emergency management in conjunction with the Emergency Management Council. The assessment must

evaluate needs, abilities, and effectiveness of emergency management at the local and state level. The assessment must also make findings and recommendations.

The Joint Legislative Audit and Review Committee (JLARC) must study and review the performance of programs implemented under the legislation and report to the Legislature by December 2009. Funding from the account may be used to conduct the study.

The definition of premium in the insurance statutes does not include the annual surcharge established in the bill.

EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Government Operations & Elections): A definition of "mobile home" is added for the purposes of imposing the surcharge. The Office of the Insurance Commissioner is required to provide to the Department of Revenue all information needed by Revenue to collect the surcharge. The Military Department, as part of the biennial strategic emergency management assessment, is required to evaluate the coordination between state, local, and tribal governments and private industries or organizations that provide basic human safety and health needs including water, food, shelter, and medical care.

Appropriation: None.

Fiscal Note: Available. Requested January 22, 2008.
[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony: PRO: This is an important piece of legislation that addresses emergency preparedness in the state. The bill creates a stable source of funding, allowing the state to be ready whether or not there is a disaster. In Florida, a similar emergency management funding program went in place after catastrophe. The surcharge in this bill is not a tax for retaliatory tax purposes. The public is supportive of this legislation. Washington is one of the highest hazard areas in nation. In the last year, two major disasters have occurred in the state, flooding in November and the windstorm in December. If you compare emergency response in Florida with other states, you see faster response and recover because of a good, established emergency management program. Florida is ahead of the curve because of dedicated funding to emergency management. Washington shouldn't have to wait until the next disaster to establish a stable funding source for emergency management. Safe food is a top priority during a disaster. The private sector should be included in a greater capacity in the legislation. Cities that have high risk areas should get some targeted funds under the legislation.

CON: Insurance companies domiciled in Washington are the companies that will be adversely impacted by retaliatory taxes. For every dollar added to premiums in this state, Washington domiciled insurers have up to five dollars of exposure in other states. This is a penalizing, crippling reality. The provisions of the act do not alleviate retaliatory tax issues. The funding amounts in the bill are minimal, however, once surcharges are identified as funding sources its very easy for them to increase annually, which is a concern.

OTHER: Retaliatory taxes are incredibly complicated and insurance companies have grave concerns about the funding source triggering retaliatory taxes in other states. Those concerns are not addressed in the bill. If emergency preparedness is a state problem, it should be funded through the general fund, and not just by those purchasing insurance. Insurance companies don't want to collect and administer the surcharge.

Persons Testifying: PRO: Senator Kastama, prime sponsor; Eric Holdeman, King County Office of Emergency Management; Steve Bailey, Washington State Emergency Manager's Association; Doug Levy, Cities of Everett, Kent, Federal Way, Renton, and Puyallup; Jan Gee, Washington Food Industry.

CON: Mel Sorensen; Property, Casualty Insurers Association; Cliff Webster, American Insurance Association; Bob Mitchell, Washington Realtors.

OTHER: Jean Leonard, State Farm Insurance and Washington Insurers.