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**HOUSE BILL 2413**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** Representatives Fitzgibbon, Frame, Pollet, Wylie, and Doglio; by request of Department of Natural Resources

Read first time 01/14/20. Referred to Committee on Appropriations.

1 AN ACT Relating to funding for wildfire prevention and  
2 preparedness activities; amending RCW 48.14.040; adding new sections  
3 to chapter 76.04 RCW; adding a new section to chapter 48.02 RCW;  
4 creating new sections; prescribing penalties; and providing an  
5 expiration date.

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

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that the risk of  
8 catastrophic wildfire has significantly increased in recent years due  
9 in large part to a forest health crisis that exists in the state of  
10 Washington. In 2018, more than forty percent of wildfires occurred in  
11 western Washington, in 2019, over thirty percent of wildfires were  
12 west of the Cascade mountains, and more than two million acres have  
13 burned in the last five years alone. Communities in every corner of  
14 the state have felt the impact of these wildfires, either through  
15 direct loss of property or from the smoke resulting from wildfires  
16 that poses a serious risk to the health of vulnerable populations and  
17 the general public. Additionally, there are vulnerable populations,  
18 as identified in RCW 19.405.020, that face greater barriers to a  
19 healthy environment because of cumulative environmental hazards.

20 (2) The legislature finds that as a result of the wildfire and  
21 forest health crisis, it is necessary to dedicate resources in all

1 areas of the state to restore our forests to health and to more  
2 effectively respond to wildfires in order to better protect the  
3 health and safety of children, families, communities, and our most  
4 vulnerable populations from the effects of catastrophic wildfires.

5 (3) It is the intent of the legislature to take immediate action  
6 to increase the resources required to implement the state's "20-year  
7 eastern forest health strategy," "10-year wildland fire protection  
8 strategy," and "forest action plan" including, but not limited to,  
9 restoring one million two hundred fifty thousand acres of diseased  
10 and dying forestland, providing resources to local fire service  
11 districts, adding additional wildland firefighters, enhancing and  
12 improving the capability to attack wildfires with air resources, and  
13 providing communities and vulnerable populations with the resources  
14 to prepare for wildfire.

15 (4) The legislature intends that these investments protect the  
16 state economy, environment, and people. Funding dedicated to  
17 implement the state's "20-year eastern forest health strategy," the  
18 "10-year wildland fire protection strategy," and the "forest action  
19 plan" will promote reductions in fire frequency and intensity,  
20 improve the state's ability to immediately and aggressively respond  
21 to wildfires, reduce wildfire damage to real and personal property,  
22 lessen postfire recovery costs and economic impacts, mitigate health  
23 costs of asthma and other respiratory ailments due to wildfire smoke,  
24 and provide investments for populations vulnerable to and impacted by  
25 wildfire.

26 NEW SECTION. **Sec. 2.** A new section is added to chapter 76.04  
27 RCW to read as follows:

28 (1) The wildfire prevention and preparedness account is created  
29 in the state treasury. All receipts identified in this section must  
30 be deposited in the account. Moneys in the account may be spent only  
31 after appropriation.

32 (2) The moneys collected by the surcharge imposed under section 3  
33 of this act must be deposited in the account and appropriated for the  
34 following priorities:

35 (a) Funding fire preparedness activities consistent with the  
36 goals contained in the "10-year wildland fire protection strategy"  
37 including, but not limited to, funding for full-time firefighters and  
38 investments in ground and aerial firefighting equipment and  
39 technology;

1 (b) Fire prevention activities consistent with the "20-year  
2 eastern forest health strategy," the "10-year wildland fire  
3 protection strategy," and the "forest action plan" including, but not  
4 limited to, the national fire protection association's firewise USA  
5 and the fire-adapted communities network programs to help communities  
6 take action before, during, and after wildfires. If necessary or  
7 advisable, the department may develop rules for the programs  
8 authorized under this subsection (2)(b);

9 (c) Activities to restore and improve forest health and reduce  
10 vulnerability to drought, insect infestation, disease, and other  
11 threats to healthy forests. These activities include forest  
12 management, such as thinning and use of prescribed fire, postfire  
13 recovery activities, such as reforestation, and research and design  
14 with respect to cross-laminate timber and other emerging products and  
15 markets for those products. Funding priority must be given to  
16 programs, activities, or projects aligned with the "20-year eastern  
17 forest health strategy," the "10-year wildland fire protection  
18 strategy," and the "forest action plan" prioritized pursuant to RCW  
19 76.06.200 and 79.10.530 across any combination of local, state,  
20 federal, tribal, and private ownerships;

21 (d) Funding of fire prevention, preparedness, or recovery  
22 activities for other state agencies consistent with the "20-year  
23 eastern forest health strategy," the "10-year wildland fire  
24 protection strategy," and the "forest action plan"; and

25 (e) Funding for the investment in and maintenance of tracking and  
26 reporting systems to ensure accountability and transparency in  
27 wildfire prevention and preparedness activities and costs.

28 (3) Appropriations for forest health activities in each biennium  
29 must not be less than twenty-five million dollars.

30 (4) No expenditures from the wildfire prevention and preparedness  
31 account may be made without an appropriation.

32 (5) The legislature may direct the forest health advisory  
33 committee established in RCW 76.06.200 and wildland fire advisory  
34 committee established in RCW 76.04.179 to provide recommendations for  
35 investments under this section.

36 (6)(a) The forest health advisory committee and wildland fire  
37 advisory committee must use environmental justice or equity focused  
38 tools, such as the Washington tracking network's environmental health  
39 disparities tool, to identify highly impacted communities. Analysis

1 of how to benefit these communities must be used as a factor in  
2 determining recommendations for investments under this section.

3 (b) For the purposes of (a) of this subsection, "highly impacted  
4 communities" has the same meaning as defined in RCW 19.405.020.

5 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.02  
6 RCW to read as follows:

7 (1) Beginning July 1, 2021, each property and casualty insurer,  
8 except a medical professional liability business, must collect a  
9 wildfire surcharge of five dollars per policy in this state during  
10 the previous calendar year. However, the minimum wildfire surcharge  
11 payment from any one property and casualty insurer in the state must  
12 not be less than one thousand dollars per year.

13 (2) Beginning July 15, 2021, wildfire surcharge payments are due  
14 and payable by July 15th of each year. Any property and casualty  
15 insurer failing to pay the wildfire surcharge by July 31st must pay  
16 the same penalties as the penalties for failure to pay taxes when due  
17 under RCW 48.14.060. The wildfire surcharge required by this section  
18 is in addition to all taxes and fees now imposed or that may be  
19 subsequently imposed.

20 (3) All moneys collected under this section must be deposited in  
21 the wildfire prevention and preparedness account created in section 2  
22 of this act.

23 (4)(a) Each property and casualty insurer may annually collect  
24 wildfire surcharges remitted in preceding years by means of a  
25 policyholder surcharge on premiums charged for property and casualty  
26 insurance. The recoupment is at a uniform rate reasonably calculated  
27 to collect the wildfire surcharge remitted by the insurer.

28 (b) If an insurer fails to collect the entire amount of the  
29 recoupment in the first year under this section, it may repeat the  
30 recoupment procedure provided for in this subsection in succeeding  
31 years until the wildfire surcharge is fully collected or a de minimis  
32 amount remains uncollected. Any such de minimis amount may be  
33 collected as provided in (d) of this subsection.

34 (c) The amount and nature of any recoupment must be separately  
35 stated on either a billing or policy declaration sent to an insured.  
36 The amount of the recoupment must not be considered a premium for any  
37 purpose, including the premium tax or agents' commissions.

1 (d) An insurer may elect not to collect the wildfire surcharge  
2 from its insured. In such a case, the insurer may recoup the wildfire  
3 surcharge through its rates, if the following requirements are met:

4 (i) The insurer remits the amount of surcharge not collected by  
5 election under this subsection; and

6 (ii) The surcharge is not considered a premium for any purpose,  
7 including the premium tax or agents' commissions.

8 (5) The definitions in this subsection apply throughout this  
9 section unless the context clearly requires otherwise.

10 (a) "Property and casualty insurer" means every insurer, as  
11 defined in RCW 48.01.050, having a certificate of authority to do  
12 property and casualty business in this state.

13 (b) "Receipts" means net direct premiums consisting of direct  
14 gross premiums, as defined in RCW 48.18.170, paid for insurance  
15 written or renewed upon risks or property resident, situated, or to  
16 be performed in this state, less return premiums and premiums on  
17 policies not taken, dividends paid or credited to policyholders on  
18 direct business, and premiums received from policies or contracts  
19 issued in connection with qualified plans as defined in RCW  
20 48.14.021.

21 **Sec. 4.** RCW 48.14.040 and 2008 c 217 s 7 are each amended to  
22 read as follows:

23 (1) If pursuant to the laws of any other state or country, any  
24 taxes, licenses, fees, deposits, or other obligations or  
25 prohibitions, in the aggregate, or additional to or at a net rate in  
26 excess of any such taxes, licenses, fees, deposits or other  
27 obligations or prohibitions imposed by the laws of this state upon  
28 like foreign or alien insurers and their appointed insurance  
29 producers or title insurance agents, are imposed on insurers of this  
30 state and their appointed insurance producers or title insurance  
31 agents doing business in such other state or country, a like rate,  
32 obligation or prohibition may be imposed by the commissioner, as to  
33 any item or combination of items involved, upon all insurers of such  
34 other state or country and their appointed insurance producers or  
35 title insurance agents doing business in this state, so long as such  
36 laws remain in force or are so applied.

37 (2) For the purposes of this section, an alien insurer may be  
38 deemed to be domiciled in the state wherein it has established its  
39 principal office or agency in the United States. If no such office or

1 agency has been established, the domicile of the alien insurer  
2 (~~shall be~~) is deemed to be the country under the laws of which it  
3 is formed.

4 (3) For the purposes of this section, the regulatory surcharge  
5 imposed by RCW 48.02.190 (~~shall~~) and the wildfire surcharge imposed  
6 by section 3 of this act may not be included in the calculation of  
7 any retaliatory taxes, licenses, fees, deposits, or other obligations  
8 or prohibitions imposed under this section.

9 NEW SECTION. **Sec. 5.** A new section is added to chapter 76.04  
10 RCW to read as follows:

11 (1) By July 1, 2025, and in compliance with RCW 43.01.036, the  
12 joint legislative audit and review committee, in consultation with  
13 the department and the office of the insurance commissioner, must  
14 report to the legislature on the following:

15 (a) The effectiveness of the expenditures made pursuant to  
16 section 2 of this act;

17 (b) The amount raised by the wildfire surcharge created in  
18 section 3 of this act; and

19 (c) The number and type of policies the wildfire surcharge  
20 created in section 3 of this act applies to.

21 (2) The joint legislative audit and review committee must include  
22 recommendations on any adjustments that may be necessary or advisable  
23 to the wildfire surcharge created in section 3 of this act, or the  
24 mechanism of funding dispensation as created in section 2 of this  
25 act.

26 (3) This section expires July 1, 2026.

27 NEW SECTION. **Sec. 6.** This act may be known and cited as the  
28 wildfire prevention and preparedness act.

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