

Proposal for Establishing a Wildland Fire and Natural Disaster Fund in Nevada

Introduction

The state of Nevada faces escalating risks from wildland fires and natural disasters due to changing climate patterns, urban expansion, and prolonged drought conditions. This proposal seeks to establish a sustainable fund to support mitigation, preparedness, response, and recovery efforts statewide.

The fund will be financed through contributions from utility companies via a fee or tax mechanism and complemented by a captive insurance fund model for long-term financial stability.

Funding Mechanisms

1. Utility Contribution Mechanisms

- **Revenue-Based Fee or Tax:** A percentage-based fee on the gross revenue collected by utility companies operating in Nevada. This approach ensures consistent contributions tied to utility performance.
- **Investment Income Tax:** An annual tax on interest income earned from utility company investments. This model minimizes direct impact on consumer billing while incentivizing responsible financial practices by utilities.

2. Captive Insurance Fund

A captive insurance fund is a self-insurance mechanism that allows entities to pool resources for specific risks. NV Energy's existing model provides a blueprint for establishing a state-wide disaster fund. Contributions to this fund will grow through strategic investments, ensuring financial preparedness for high-cost events.

- **Captive Insurance Basics:**
 - Captive insurance involves creating a subsidiary to provide insurance coverage for its parent organization.
 - Funds are accumulated through premiums paid by participants and invested for growth.
 - Claims are paid out to address covered risks, such as wildland fire damage and disaster recovery efforts.
- **Applicability:** This fund would only apply to companies that establish a dedicated fund specifically for mitigating risks related to wildland fires or other disasters.

Fund Objectives and Use

The proposed fund will be used to:

1. Mitigation

- Fuels reduction projects, including prescribed burns, thinning, and mowing.
- Infrastructure hardening to reduce vulnerability to wildland fires and disasters.
- Community wildfire defense grants to support local preparedness.

2. Preparedness

- Training programs for first responders and emergency management personnel.
- Public awareness campaigns for disaster readiness.
- Development of evacuation plans and community shelters.

3. Response

- Mobilization of firefighting and emergency response resources.
- Deployment of personnel and equipment to disaster-affected areas.
- Support for local and regional coordination during emergencies.

4. Recovery

- Ecosystem restoration and reforestation.
- Repair and rebuilding of infrastructure damaged by disasters.
- Financial assistance to affected communities for recovery efforts.

Eligible Uses

The fund will prioritize activities that directly contribute to reducing risk, enhancing response, and supporting recovery. Eligible uses include:

- Wildland fire mitigation projects, including mechanical thinning and prescribed burns.
- Roadside treatments to improve access for emergency vehicles.
- Emergency responder training and equipment procurement.
- Community planning for disaster preparedness and response.
- Financial assistance to rebuild critical infrastructure.
- Targeted grazing programs for wildfire hazard reduction.

Ineligible Uses

To maintain the fund's focus, the following uses will be ineligible:

- Administrative costs not directly tied to disaster mitigation or response.
- Projects unrelated to disaster risk reduction or recovery.

- Individual payouts for personal property damage (except as part of community assistance programs).
- Non-emergency infrastructure projects without disaster mitigation components.
- Political lobbying or advocacy activities unrelated to the fund's purpose.

Fund Management

The fund will be managed through the **Nevada Resiliency Committee** or a similar established committee/board. This body will be responsible for:

- Overseeing the allocation of funds in accordance with established guidelines.
- Reviewing project proposals to ensure alignment with fund objectives.
- Monitoring fund performance and providing annual reports to ensure transparency and accountability.
- Coordinating with the Nevada Division of Forestry, Division of Emergency Management, and State Fire Marshal's Office for efficient resource utilization.

Implementation Plan

Phase 1: Legislative Approval

- Draft and introduce a bill outlining the fund's structure, funding mechanisms, and governance.
- Engage stakeholders, including utility companies, state agencies, and local governments, for feedback and support.

Phase 2: Fund Establishment

- Create a governing board comprising representatives from the Nevada Division of Forestry, Division of Emergency Management, State Fire Marshal's Office, and other key agencies.
- Establish financial accounts and investment strategies for the captive insurance fund.

Phase 3: Statewide Rollout

- Expand fund operations to cover all regions of Nevada.
- Monitor fund performance and publish annual reports for transparency.

Conclusion

The proposed Wildland Fire and Natural Disaster Fund represents a forward-thinking solution to Nevada's escalating risks. By leveraging utility contributions and a captive insurance model, the state can ensure a proactive, sustainable approach to disaster mitigation, preparedness, response, and recovery. This fund will protect lives, property, and the environment while enhancing the state's resilience to future challenges.