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**SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION**

**Senator Bill Dodd**

**Chair**

**2021 - 2022 Regular**

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<b>Bill No:</b>	SB 450	<b>Hearing Date:</b>	3/23/2021
<b>Author:</b>	Hertzberg		
<b>Version:</b>	3/10/2021 Amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Brian Duke		

**SUBJECT:** Fire protection: fire districts: funding: working group: report

**DIGEST:** This bill requires the State Board of Fire Services (Board), within the Office of the State Fire Marshal (SFM), to convene a working group to discuss and make recommendations on the most efficient mechanisms and structure to administer the Special District Fire Response Fund (SDFR Fund), as specified.

**ANALYSIS:**

Existing law:

- 1) Establishes the Office of the SFM, within the Department of Forestry and Fire Protection (Cal FIRE), to, among other things, foster, promote, and develop ways and means of protecting life and property against fire and panic.
- 2) Establishes the Board, within the Office of the SFM, as specified, and requires the Board to, among other things, make full and complete studies, recommendations, and reports to the Governor and the Legislature for the purpose of recommending the establishment of minimum standards with respect to fire protection, as specified.
- 3) Establishes the SDFR Fund as a subaccount within the California Fire Response Fund to be appropriated by the Legislature for the purpose of funding fire suppression staffing in underfunded special districts that provide fire protection services, as specified.
- 4) Specifies that funds in the California Fire Response Fund are subject to appropriation by the Legislature according to a specified methodology, which states funds must be used to expand fire suppression staffing in underfunded special districts that provide fire suppression staffing, and must not supplant existing state or local funds utilized for these purpose.

- 5) Allocates 20% of the above described moneys to Cal FIRE to fund fire suppression staffing, and 80% to the SDFR Fund, a subaccount, for districts that provide fire protection services in accordance with the following criteria:
  - a. 50% for districts formed after July 1, 1978, and employ full-time or full-time-equivalent station-based personnel who are immediately available to comprise at least 50% of an initial full alarm assignment.
  - b. 25% for districts formed before July 1, 1978, are underfunded due to a disproportionately low share of property tax revenue and an increase in service level demands since July 1, 1978, and employ full-time or full-time-equivalent station-based personnel who are immediately available to comprise at least 50% of an initial full alarm assignment.
  - c. 25% for districts that provide fire protection services and employ full-time or full-time-equivalent station-based personnel who are immediately available to comprise between 30% and 50% of an initial full alarm assignment.

This bill:

- 1) Requires the Board, on or before February 15, 2022, to convene a working group to discuss and make recommendations on the most efficient mechanisms and structure to administer the SDFR Fund, as specified.
- 2) Provides that the working group shall include, but not be limited to, representatives from all of the following organizations:
  - a. California Professional Firefighters.
  - b. California Fire Chiefs Association.
  - c. Fire Districts Association of California.
  - d. California Metropolitan Fire Chiefs Association.
  - e. Cal FIRE.
  - f. Office of Emergency Services (OES).
- 3) Requires the working group hold its first meeting no later than March 2, 2022. At the first meeting, the working group shall determine a schedule to have six additional meetings completed no later than May 1, 2022.
- 4) Requires the working group to evaluate and provide recommendations on all of the following:
  - a. Mechanisms to ensure that underfunded special districts that provide fire protection services are aware of funding opportunities in the

- SDFR Fund to be used exclusively to expand and increase fire suppression staffing in qualified districts.
- b. The grant submission process.
  - c. The interval of grant opportunities.
  - d. Mechanisms to support the grant application process for eligible special districts that provide fire protection services.
  - e. Mechanisms to report the additional services provided to the community due to the funding.
  - f. Opportunities to leverage funding from other sources to supplement the SDFR Fund.
- 5) Requires that the recommendations developed pursuant to this bill be completed and delivered to the Legislature and Department of Finance (DOF) no later than June 1, 2022, as specified.
- 6) Provides that it is the intent of the Legislature in seeking guidance from experts from the firefighting community pursuant to this bill to get information on the most appropriate methods to identify and provide funding to underfunded fire districts meeting specified requirements, and to increase fire response capacity that results in better community outcomes, prevents civilian injury or death, protects against firefighter injury or death, and reduces property loss while improving community resilience to fire threats.
- 7) Includes a sunset date of January 1, 2026.

## Background

*Purpose of the bill.* According to the author's office, "last November at the ballot box, voters overwhelmingly approved Proposition 19, which significantly changed Constitutional rules for property tax assessment transfers in order to correct unfair tax loopholes, provide housing relief for millions of seniors and working families, and create record homeownership opportunities for renters and new homeowners statewide as tens of thousands of homes will become available for the first time in decades. Most importantly, the measure generates desperately needed revenue for fire protection and emergency response in the state's most underfunded areas. SB 450 creates a working group to seamlessly implement the fire prevention funding provisions of Proposition 19 and thereby increase our state's fire response and prevention capacity."

*Proposition 19.* In November 2020, the California voters approved Proposition 19 by a vote of 51.1%-49.9%. The proposition was placed on the ballot by ACA 11 (Mullin, Resolutions Chapter 31, Statutes of 2020). The "Home Protection for

Seniors, Severely Disabled, Families, Wildfire and Natural Disasters Act” allows for property tax base year value transfers for replacement properties without regard to the replacement property’s location or value; limits or repeals the parent-child, grandparent-grandchild exclusion from change in ownership; directs the DOF to determine any state-accrued revenues and savings resulting from these changes; and allocates 75% of that amount for fire suppression staffing and 15% to reimburse eligible local agencies that incur a net revenue loss from this measure’s provisions.

According to the Legislative Analyst’s Office (LAO) analysis of Proposition 19, the “measure allows more people to buy and sell homes without facing an increased property tax bill. Because of this, the measure probably would increase the number of homes sold each year. This would increase money going to the state and local governments from a number of other taxes collected on the sale of a home. These increases could be in the tens of millions of dollars per year. The measure says most of this increase in state tax revenue would have to be spent on fire protection.”

*State Board of Fire Services.* The Board was established by AB 3080 (Hoge, Chapter 332, Statutes of 1996), succeeding the State Fire Advisory Board. The Board consists of a total of 17 members. Four of the members are Ex-Officio voting members that include the SFM, the Chief Deputy Director of Cal FIRE (who is not the SFM), the Director of OES, and the Chairperson of the California Fire Fighter Joint Apprenticeship Program. The Governor is required to appoint the remaining 13 members from various organizations and areas of expertise, as specified.

According to the Board’s internet website, the Board “provides a forum for addressing fire protection and prevention issues of statewide concern; develops technical and performance standards for training of fire service personnel; accredits curriculum; establishes policy for the certification system for the California Fire Service; advises the State Fire Marshal on dissemination of regulations; and sits as an appeals board on the application of the California State Fire Marshal regulations.”

*Special District Fire Response Fund.* Under the assumption that Proposition 19’s changes would increase income tax revenues related to additional sales of property, Proposition 19 created the California Fire Response Fund and the SDFR Fund, within the California Fire Response Fund. The State Controller is required to transfer 75% of those moneys to the California Fire Response Fund, and 80% of that amount is to be allocated to the SDFR.

Proposition 19 requires that the SDFR Fund be appropriated to special districts that provide fire protection services as follows: 50% of the amount to be used to fund fire suppression staffing in underfunded special districts that provide fire protection services, as specified; 25% to be used to fund fire suppression staffing in special districts that provide fire protection services and are underfunded due to a disproportionately low share of property tax revenue, as specified; and, 25% to be used to fund fire suppression staffing in underfunded special districts that provide fire protection services and employee full-time or full-time-equivalent station-based personnel, as specified.

Further, the California Constitution requires that, in determining whether a special district that provides fire protection services is underfunded, the Legislature shall take into account the following factors, in order of priority: the degree to which the special district's property tax revenue is insufficient to sustain adequate fire suppression, as specified; whether the special district, upon formation, received a property tax allocation in accordance with existing law; and, geographic diversity.

This bill requires the Board to convene a working group to discuss and make recommendations on the most efficient mechanisms and structure to administer the SDFR Fund. The working group shall include, but not be limited to, representatives from all of the following organizations: California Professional Firefighters; California Fire Chiefs Association; Fire Districts Association of California; California Metropolitan Fire Chiefs Association; Cal FIRE; and, OES. This bill specifies how the working group shall evaluate and provide recommendations, and includes a sunset date of January 1, 2026.

Supporters argue that the text of Proposition 19 left a number of questions unanswered that are critical to its proper implementation and administration. This bill is designed to address one such issue by establishing that the SDFR Fund is structured in the most efficient manner by creating a working group comprised of emergency response experts and the firefighting community to process feedback and ensure that California's resources equitably provided to underfunded fire districts, as intended by the voters via Proposition 19.

### **Prior/Related Legislation**

AB 1447 (Cooley, 2021) would establish the Rural California Infrastructure Act to award grants to specified local agencies including special districts, independent fire districts, or counties to fund rural infrastructure projects related to, among other things, disaster preparedness, including creating or maintaining evacuation or shelter areas for emergency evacuations. (Pending in the Assembly Emergency Management Committee)

SB 45 (Portantino, 2021) would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022, which, subject to approval by the voters in the November 8, 2022 general election, would authorize the issuance of \$5.51 billion in general obligation bonds to finance projects for wildfire prevention, safe drinking water, drought preparation, and flood protection. (Pending in the Senate Governance and Finance Committee)

SB 109 (Dodd, 2021) would establish the Office of Wildfire Technology Research and Development, within OES to study, test, and advise state and local agencies regarding the procurement of emerging technologies and tools in order to more effectively prevent and suppress wildfires, as specified. (Pending in the Senate Appropriations Committee)

SB 539 (Hertzberg, 2021) would enact two new sections of property tax law to assist implementation of Proposition 19 (2020). (Pending on the Senate Floor)

SB 817 (Committee on Governmental Organization) would authorize specified members of the Board to assign a designee to serve as their proxy on the Board. (Pending in the Senate Governmental Organization Committee)

ACA 11 (Mullin, Resolutions Chapter 31, Statutes of 2020) placed the Home Protection for Seniors, Severely Disabled Families, Wildfire and Natural Disasters Act on the November 2020 general election ballot which allowed property tax base year value transfers for replacement properties without regard to the replacement property's location or value; limited or repealed the parent-child, grandparent-grandchild exclusion from change in ownership; directed the Director of Finance to determine any state-accrued revenue and savings resulting from these changes; and allocated 75% of that amount for fire suppression staffing and 15% to reimburse eligible local agencies that incur a net revenue loss from this measure's provisions.

SB 300 (Umberg, Chapter 26, Statutes of 2020) waived the statutory deadline for specified Assembly Constitutional Amendments to qualify for the November 3, 2020 statewide general election ballot, as specified.

AB 1956 (Limon, Chapter 632, Statutes of 2018) required Cal Fire to establish a local grants program and established the criteria for those grants, including prioritizing projects that are multi-year. Grants to local public are to be prioritized based on those entities' activities that result in being considered "fire adapted communities" on a list maintained by Cal Fire.

AB 3080 (Hoge, Chapter 332, Statutes of 1996) among other things, established the Board, within the Office of the SFM, to succeed to all of the powers, duties,

and responsibilities of the State Fire Advisory Board, which was abolished by enactment of this bill.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

**SUPPORT:**

California Professional Firefighters (Source)

**OPPOSITION:**

None on file

**ARGUMENTS IN SUPPORT:** In support of the bill, the California Professional Firefighters write that the “funding for local governments that will be generated by Proposition 19 is expected to be significant and will also result in additional revenue for the state that will be directed toward providing much-needed funding for fire districts. These districts have been historically under-funded, failing to receive or generate sufficient tax revenue to provide fire prevention and suppression in their communities. As fire seasons become longer and more dangerous this work has become more critical than ever. The Special Districts Fire Response Fund was created by Proposition 19 to capture the revenue generated by the measure’s provisions, but more preparatory work must be done to ensure that these funds are equitably administered and distributed in the areas of greatest need in compliance with the requirements of Proposition 19. SB 450 directs the State Board of Fire Services to convene a working group of fire service experts to examine and make recommendations regarding the administration of this fund.”

Further, the California Professional Firefighters state that to “ensure that all necessary perspectives are considered in this effort, the working group will include representatives from a range of organizations representing various aspects of fire and emergency services, including fire chiefs, fire districts, and the Office of Emergency Services. This group will convene no later than March 1, 2022 and will complete its work no later than May 1, 2022 so that the finalized recommendations for the grant process including application, disbursement and accountability measures may be established by the time funding becomes available.”