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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair  
2025 - 2026 Regular Session

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### SB 1084 (Alvarado-Gil) - Personal income taxes: Fire Safe Home Tax Credits Act

**Version:** April 23, 2026

**Urgency:** No

**Hearing Date:** May 11, 2026

**Policy Vote:** REV. & TAX. 5 - 0

**Mandate:** No

**Consultant:** Robert Ingenito

**Bill Summary:** SB 1084 would authorize, as specified, (1) a home hardening credit, and (2) and vegetation management credit against the Personal Income Tax.

**Fiscal Impact:** The Franchise Tax Board (FTB) estimates that this bill would result in General Fund revenue losses of \$8.7 million in 2026-27, \$21 million in 2027-28, and \$28 million in 2028-29. FTB's administrative costs have yet to be identified.

**Background:** Tax expenditure programs (TEPs) are special tax provisions that reduce the amount of revenues the "basic" tax system would otherwise generate in order to provide (1) benefits to certain groups of taxpayers, and/or (2) incentives to encourage certain types of behavior and activities, such as charitable giving. Specifically, current law provides for, among other things, various income and corporation tax credits and deductions, as well as exemptions from the sales and use tax. The Department of Finance is required to publish a list of TEPs (currently totaling several hundred), which currently exceed \$94 billion annually.

Tax credits directly reduce the amount of tax owed by a taxpayer, making them more impactful than deductions because they result in a dollar-for-dollar reduction. They come in two main types: nonrefundable credits, which can reduce tax to zero, and refundable credits, which can result in a refund if they exceed tax liability. They are used to encourage specific behaviors like working, raising children, pursuing education, or investing in clean energy, but each credit has its own eligibility rules, income limits, and phase-outs. Under current state law, the only refundable credits are the Earned Income Tax Credit, the Young Child Tax Credit, the Foster Youth Tax Credit, and the Motion Picture and Television Production Credit.

The California Department of Forestry and Fire Protection (CAL FIRE) indicates that in 2025 there were 608,571 emergency responses; 8,232 wildfires; 507,817 acres burned; 16,627 structures damaged or destroyed; and 31 fatalities. Partial data for 2026 show that there have already been 172,125 emergency responses; 707 wildfires; 6,812 acres burned; and one structure damaged or destroyed. Fires attributed to power lines and electrical equipment comprise nine of California's 20 most destructive fires.

In 1982, the Legislature directed CAL FIRE to designate fire hazard zones in the state responsibility area (SRA) (SB 1916, Ayala, 1982). SRA lands are territories in the State outside the Federal Responsibility Area (FRA) and outside of local government land outside local agency fire protection, which is known as the Local Responsibility Areas (LRA). Following the 1991 Oakland-Berkeley firestorm, the Legislature mandated that CAL FIRE also designate Very High FHSZ in LRAs and, in 2021, required the adoption

of all three FHSZ classes in LRAs (AB 337, Bates, 1992; SB 63 (Stern, 2021). The fire hazard zones fall into three categories: Moderate, High, and Very High Fire Hazard.

Landowners in the SRA and the very high FHSZs must follow specified fire prevention practices and meet standards developed by the Board (AB 337, Bates, 1992). These practices and standards include maintaining a defensible space of 100 feet around structures, performing certain activities to reduce the amount of flammable material near and on structures, and meeting specific building standards developed by CAL FIRE and the Department of Housing and Community Development that help a structure withstand ignition and reduce fire risk. State fire marshals make site inspections in high-risk areas and cite homeowners if any violations are observed. Homeowners must make any necessary improvements to their property to ensure compliance.

In 2019, the Legislature required the Office of Emergency Services (OES) to enter into a joint powers agreement with CAL FIRE to develop and administer a comprehensive Wildfire Mitigation Program to provide financial assistance to create fire-resistant homes, businesses, and public buildings and facilitate vegetation management. Areas eligible for financial aid under the program include very high FHSZs, SRA, and any other lands designated by the JPA (AB 38, Wood, 2019). The pilot home hardening initiative provides funding for defensible space and ignition-resistant retrofits to harden approximately 2,500 homes in six counties over the next three years by leveraging funds provided by the Federal Emergency Management Agency (FEMA). The State provides 25 percent of funding, while FEMA provides the remaining 75 percent. In 2024, the Legislature authorized a gross income exclusion, for state tax purposes, of a qualified wildfire loss mitigation payment received by a qualified taxpayer through the California Wildfire Mitigation Financial Assistance Program (SB 946, McGuire).

**Proposed Law:** This bill, among other things, would do the following:

- Authorize two credits against the Personal Income Tax, as specified, for tax years 2027 through 2031:
  - A home hardening credit equal to 50 percent of the costs incurred for “Qualified home hardening,” as defined. The measure would cap the per taxable year credit based on the zone designation where the residence is located:
    - \$1,000 if located in a high fire hazard severity zone.
    - \$2,000 if located in a very high fire hazard severity zone.
  - A vegetation management credit equal to 50 percent, up to \$500, of the cost of “Qualified vegetation management,” utilizing the definition in existing law of activities to reduce risk to structures from wildland fire.

**Related Legislation:**

- SB 295 (McGuire, 2019) was very similar to this bill, and was held under submission on the Suspense File of the Assembly Appropriations Committee.

- SB 952 (Dahle, 2024), also was very similar to this bill, and was held under submission on the Suspense File of this Committee.
- SB 269 (Choi, 2025) also was very similar to this bill, and was held under submission on the Suspense File of this Committee.

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