
SENATE COMMITTEE ON REVENUE AND TAXATION

Senator Jerry McNerney, Chair
2025 - 2026 Regular

Bill No: SB 1404

Author: Stern

Version: 4/20/26 Amended

Consultant: Grinnell

Hearing Date: 4/22/26

Tax Levy: No

Fiscal: Yes

WILDFIRE PREVENTION: STATE RESPONSIBILITY AREAS: FIRE PREVENTION FEE

Ends the suspension of the State Responsibility Area Fire Prevention Fee, effective January 1, 2027.

Background

The California Department of Forestry and Fire Protection (CAL FIRE) provides wildland fire protection on non-federal lands outside cities. To meet this duty, the State Board of Forestry and Fire Protection (“the Board”) designates the State Responsibility Area (SRA) every five years. When designating the SRA, the Board determines the areas in which the financial responsibility of preventing and suppressing fires is primarily the responsibility of the state. Lands in the SRA include:

- Lands covered wholly or in part by forests or by trees producing or capable of producing forest products.
- Lands covered wholly or in part by timber, brush, undergrowth, or grass, whether of commercial value or not, which protects the soil from excessive erosion, retard runoff of water, or accelerate water percolation, if such lands are sources of water that is available for irrigation or for domestic or industrial use.
- Lands in areas that are principally used or useful for range or forage purposes, which are contiguous to the lands described above.

Lands that are not in the SRA are in the local or federal responsibility area, as specified in statute:

- Lands owned or controlled by the federal government or any agency of the federal government.
- Lands within the exterior boundaries of any city.
- Any other lands within the state which do not come within any of the classes that are described above.

Additionally, the Board is authorized to designate roads, pipelines, streams, or other recognizable landmarks within the SRA. Nearly one-third of the state’s total acreage is in the SRA. Last updated in 2020, California’s Open Data Portal posts a GIS map of the SRA.¹

¹ <https://calfire-forestry.maps.arcgis.com/apps/webappviewer/index.html?id=468717e399fa4238ad86861638765ce1>

Most Californians pay for *structural* fire protection through property taxes or benefit assessments that fund firefighting services provided by city and county fire departments or special districts. Generally, local agencies provide structure protection and basic medical assistance in the SRA, while CAL FIRE must provide *wildland* fire protection there and may provide structural fire protection as well. Because SRA residents get a significant benefit from CAL FIRE protection paid for by the state General Fund, which is not directly provided to urban residents, the Legislature began to consider proposals for a fee that applies in the SRA to complement General Fund CAL FIRE spending in the 2000s.

SRA Fee. In 2011, the Legislature imposed a fee on owners of structures in SRAs to pay for the state's costs of protecting them against fires (ABx1 29, Blumenfeld), known as the SRA Fire Prevention Fee. CAL FIRE provided a list to the Board of Equalization (BOE) of owners of habitable structures located in the SRA and the amount of fees to be assessed on each structure. BOE then issued bills and collected the fees, which were due and payable within 30 days of receiving the bill.

Habitable structures included single family homes, multi-dwelling structures, mobile homes, manufactured homes, and condominiums on July 1 of the fiscal year for which the fee is due, but not commercial, industrial, or incidental buildings such as detached garages, barns, outdoor sanitation facilities and sheds. Initially set at \$150 per habitable structure on a parcel within the SRA, the Board could increase the fee for inflation according to the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States. The Board subsequently exempted structures deemed uninhabitable as a result of a natural disaster, and allowed a discount of \$35 for owners of habitable structures who were also within the boundaries of a local fire protection agency or district by regulation.

The Legislature could then appropriate fee proceeds for the following purposes, after reimbursing BOE for expenses:

- A local assistance grant program.
- Grants to Fire Safe Councils, the California Conservation Corps, or certified local conservation corps for fire prevention projects and activities in the SRA.
- Grants to a qualified nonprofit organization with a demonstrated ability to satisfactorily plan, implement, and complete a fire prevention project applicable to the SRA. The Department may establish other qualifying criteria.
- CAL FIRE inspections for compliance with defensible space requirements around habitable structures in the SRA.
- Public education to reduce fire risk in the SRA.
- Fire severity and fire hazard mapping by the Department in the SRA.
- Other fire prevention projects in the SRA.

Approved by the Legislature as a majority-vote fee, not a 2/3 vote tax, the SRA Fee was controversial from inception. The Legislature considered but did not enact several proposals to repeal, limit, or modify the fee before enacting AB 2048 (Dahle, 2014), which made several consensus administrative changes to the SRA Fee. Additionally, the Howard Jarvis Taxpayers Association (HJTA) sued CAL FIRE in October 2012, arguing that the fee was a *tax* and therefore should have been subject to a two-thirds vote, as required under Section Three of Article XIII of the California Constitution.

The SRA Fee was also administratively problematic. CAL FIRE sent SRA boundaries to county assessor offices, which then provided CAL FIRE with parcels within those boundaries, which were then sent to BOE to bill. CAL FIRE adjusts the SRA map every five years, or more frequently when local agency boundaries change, which can alter which property owners are subject to the fee. Determining the correct names of property owners and identifying specific parcels was difficult and often imprecise. Property changed ownership, and with it, the name of the property owner on the bill. Structures were demolished, converted, or newly constructed. BOE-administered special taxes and fees are usually collected or paid by businesses—not individuals, where enforcement is more difficult.

As a result, costs incurred to collect the SRA fee were about 10% of fee proceeds, among the worst cost-to-revenue ratios for any of the state’s special fees and taxes. Taxpayers filed approximately 90,000 petitions for redetermination in 2012-2013 challenging the application and amount of the fee, largely due to HJTA’s outreach, although that later dwindled to 40,000. Additionally, 10% of property owners simply didn’t pay the fee. Despite these difficulties, the fee generated around \$80 million annually for its specified purposes, with a spike of \$143 million in 2013-14, for a total of almost one half of one billion dollars during its five-year existence.

AB 398. In 2017, the Legislature enacted AB 398 (Eduardo Garcia) which, among other provisions, suspended the SRA Fee from July 1, 2017 until January 1, 2031, at which point it would be repealed. One part of AB 398 extended the California Air Resources Board’s authority to establish and utilize, through regulations, a cap-and-trade program, with proceeds allocated to the Greenhouse Gas Reduction Fund (GGRF). As a result, BOE did not issue bills for the 2017-2018 year. AB 398 also stated the intent of the Legislature to replace the moneys that would have been collected from the fee with money from GGRF to fund fire prevention activities.

AB 398’s enactment also blunted legal challenges against the SRA Fee. In September of 2020, the Third District Court of Appeals dismissed HJTA’s legal challenges, finding that the Plaintiff failed to bring the action to trial within the 5-year period required by statute. The Sacramento Superior Court also ruled against an individual plaintiff who sued BOE on similar grounds.²

AB 102. Enacted the month before AB 398, the Taxpayer Transparency and Fairness Act of 2017 created the California Department of Tax and Fee Administration (CDTFA) and shifted the Board of Equalization’s (BOE’s) statutory tax administration functions to the newly formed Department (AB 102, Committee on Budget). As a result, CDTFA now operates almost all tax and fee programs previously administered by BOE. BOE continues to administer its core property tax functions as provided in the California Constitution. CDTFA never administered the SRA Fee, but would administer the fee if the Legislature revived it.

Funding CAL FIRE. CAL FIRE’s funding to perform wildfire resilience activities has grown over the past ten years—from about \$100 million in 2015-2016 to about \$700 million in 2025-2026. CAL FIRE’s wildfire resilience activities, however, are a relatively small percentage (10% - 20%) of its overall budget. Most of CAL FIRE’s budget remains dedicated to its base fire protection program (such as firefighting personnel and equipment) and emergency fire suppression program (emergency fire response resources) funded by the Emergency Fund.

² Gregory Steshenko v. California Board of Equalization, et al. Sacramento County Superior Court: 34-2016-00202671-CU-CR-GDS; Santa Cruz County Superior Court: 16CV007757

Last year, the Legislature extended the cap-and-invest program, formerly known as cap-and-trade, and modified the methodology for allocating the associated GGRF revenues, including creating new allocation “tiers” (AB 1207, Irwin, and SB 840, Limón). SB 840 provided that CAL FIRE’s fire prevention activities that would have been funded by the SRA Fee are in Tier One, and thus granted a variable continuous appropriation from GGRF depending on GGRF revenues beginning in the 2026-2027 fiscal year. Prior to SB 840, GGRF provided CAL FIRE a fixed annual allocation of \$200 million GGRF for wildfire resilience activities.

In his 2026-2027 GGRF expenditure plan, the Governor proposes to allocate a total of over \$1.6 billion to discretionary activities, including \$1.25 billion to backfill CAL FIRE costs that otherwise would be paid by the General Fund. The administration does not anticipate GGRF will have adequate revenues to support the full amounts identified in SB 840 for certain programs.

Seeking to maintain the state’s wildfire prevention and mitigation efforts, the author wants to reinstate the SRA Fee.

Proposed Law

Senate Bill 1404 ends the suspension of the SRA Fee, effective January 1, 2027. The measure also modifies the legislative finding made in AB 398, to replace the moneys that would have been collected from the Fee with money from GGRF to fund fire prevention activities, to apply only between January 1, 2017 and January 1, 2028. The bill also deletes the section of law that would have repealed the SRA Fee as of January 1, 2031.

State Revenue Impact

No estimate.

Comments

1. Purpose of the bill. According to the author, “California must be strategic in how it uses limited resources to meet two urgent priorities: reducing emissions and strengthening wildfire resilience. SB 1404 strikes that balance by reinstating the State Responsibility Area (SRA) Fee, a proven, adjustable mechanism that ensures communities in high-risk areas contribute to and receive dedicated wildfire prevention services. While the state may have been able to withstand the fee suspension in budget surplus years with a growing cap-and-invest market, California’s standing today requires thoughtful, grounded approaches to how it achieves both its climate and fire resiliency goals. At a time when the federal government has abdicated its responsibility to reduce pollution and hamstrung California’s efforts to protect its own citizens, reinstating the SRA Fee allows the state to maintain current fire prevention efforts while allowing flexibility for state dollars to go towards climate change mitigation initiatives.”

2. Who pays? The SRA Fee is predicated on similar logic as benefit assessments: that property owners receiving a specific benefit should pay for it in proportion to the benefit received, instead of shifting the costs of providing the benefit to the general public. In the last decade, wildfires of unprecedented ferocity have ravaged many areas of the state, driving the state’s costs to prevent and mitigate wildfires higher, so assigning at least some of these costs to those who benefit most makes sense. However, while CAL FIRE’s wildland fire protection primarily benefits those property owners, preventing and mitigating wildfires benefit all the state’s residents to some

degree. Additionally, the SRA Fee is just one way the state pays these increased costs of preventing and mitigating wildfires. Home insurance premiums generally account for fire risk. Utilities collect billions of dollars from ratepayers each year for fire prevention activities such as undergrounding power lines and clearing vegetation. Opponents of the bill state that almost all property owners in the SRA have a local fire agency responsible for structure protection, and few saw the benefit of SRA Fee-funded projects. The Committee may wish to consider whether removing AB 398's SRA Fee suspension results in an appropriate assignment of CAL FIRE's costs between SRA landowners and the general public.

3. Logistics. As noted above, the SRA Fee posed distinct challenges for state agencies seeking to effectively administer it. It's unclear whether previous experience, the passage of time, and improved information technology can resolve or mitigate those challenges should the Legislature reinstate the fee. CDTFA will administer the fee should it be reinstated, but CAL FIRE will have to provide updated information to the Department. Notably, SRA maps have not been generally updated since 2020, and accurate maps are necessary to ensure that those who benefit most pay appropriate costs. CAL FIRE will receive petitions for redetermination from taxpayers who challenge whether they are subject to the fee or are charged too much. Given that the SRA includes one third of the state's acreage, it's likely that both agencies will need more time, additional resources, or both, to implement SB 1404. The Legislature will have to appropriate funds to pay those costs before any fee can generate revenue. Additionally, those who previously litigated the Legislature's enactment of the SRA Fee by majority vote could choose to do so again if the Legislature ends its suspension.

4. Exemptions. The SRA Fee's sole exemption was for structures rendered uninhabitable as a result of a natural disaster. Qualifying for an exemption required two specific certifications. First, the property owner must certify that a structure is not habitable as a result of a natural disaster. Second, the property owner must either document that the habitable structure passed a defensible space inspection conducted by CAL FIRE within one year of the date the structure was damaged or destroyed, or certify that clearance was in place at the time that the structure was damaged or destroyed. While additional exemptions could enhance fairness and equity for affected property owners should the Legislature reinstate the fee, exemptions pose tradeoffs for effective implementation. Specifically, like the existing exemption, there are additional burdens on property owners to supply information necessary to qualify. Depending on the type of exemption, state agencies will incur additional costs to verify that the information the property owner supplies to qualify for the exemption is true and correct, especially if verification is required annually.

4. A deal's a deal? As noted above, AB 398's SRA Fee suspension was part of a larger agreement to extend the state's cap-and-trade program. Approving AB 398 required a series of agreements to reach the required 2/3 vote, which SB 1404 would undo by reinstating the fee, which is set to be repealed on January 1, 2031. While the Legislature extended and renamed cap-and-trade last year, the state sales and use tax exemption on manufacturing equipment, also extended and expanded by AB 398, is set to sunset on July 1, 2030. Opponents argue that SB 1404 violates this nearly ten-year-old agreement.

5. Double referred. The Senate Committee on Natural Resources and Water approved SB 1404 by a vote of 4 to 2 on April 14th. The Committee on Revenue & Taxation is considering the measure as the committee of second reference.

6. Related legislation. At its May 6th hearing, the Committee will consider SB 1084 (Alvarado-Gil), which enacts the Fire Safe Home Tax Credits Act and would authorize a home hardening credit and vegetation management credits against the Personal Income Tax. The Committee approved a similar bill last year, SB 269 (Choi), which subsequently died on the Senate Appropriation Committee's Suspense File.

Support and Opposition (4/20/26)

Support: Climate Resolve
Elevate California
Environmental Defense Fund
Environmental Protection Information Center
Natural Resources Defense Council
350 Humboldt

Opposition: Jill Cox, Trinity County Supervisor, District 2
California Association of Realtors
California State Association of Counties
California Taxpayers Association
County of Butte
Howard Jarvis Taxpayers Association
Rural County Representatives of California
3 Individuals

-- END --