



STATE FARM
FARMERS
21ST CENTURY
SAFECO
PROGRESSIVE
NAMIC

MEMORANDUM

Date: April 26, 2007

To: The Honorable Charles M. Calderon, Chair
Members, Assembly Revenue and Taxation Committee

From: Rex D. Frazier, President
Michael A. Gunning, Vice President
Michael A. Paiva, Senior Legislative Advocate
Ermelinda Ruiz, Legislative Advocate

Re: AB 1239 (Garrick): Property taxation: fire safety devices
As Introduced February 23, 2007
Assembly Revenue and Taxation Committee: May 7, 2007
PIFC Position: Support

The Personal Insurance Federation of California (PIFC), representing insurers who write over 50% of all personal lines insurance sold in California, including State Farm, Farmers, Safeco, 21st Century, Progressive, and NAMIC, **supports Assembly Bill 1239** authored by Assembly Member Garrick.

AB 1239 would exempt newly constructed home fire safety devices from being included in property valuation for purposes of taxation. This measure will provide an additional incentive for property owners to install sprinkler systems in their homes and other property.

Fire safety devices dramatically reduce the damage caused by fire. According to the Home Fire Sprinkler Coalition, the installation of both smoke alarms and fire sprinkler systems reduces the risk of death in a home fire by 82%.

The City of Scottsdale, Arizona enacted a home sprinkler ordinance in 1986 and published a study after 15 years. The study revealed benefits to both homeowners and to local government. The results showed that during the 15 year period there were no fire related deaths in homes with sprinklers compared to 13 fire related deaths in homes without sprinklers. In addition, the average fire loss in homes with sprinklers was \$2,166 compared to fire loss in homes without sprinklers \$45,019. Homes with sprinkler systems used an average of 341 gallons of water per fire compared to 2,935 gallons of water released by firefighter hoses in homes without sprinkler systems.

PERSONAL INSURANCE FEDERATION OF CALIFORNIA

980 Ninth Street Suite 2030 Sacramento California 95814
T (916) 442 6646 F (916) 446 9548 E pifc@pifc.org www.pifc.org

Existing law recognizes the value of fire safety devices (primarily sprinkler systems) and provides an exemption from property tax reassessment for installing a sprinkler system in an existing building. AB 1239 would expand that exemption to include newly constructed buildings with fire safety devices.

For the above reasons, PIFC supports AB 1239 (Garrick). If you have any questions, please contact Ermelinda Ruiz at (916) 442-6646.

cc: Assembly Member Martin Garrick, Author
Assembly Revenue and Taxation Committee
Michelle Justin, Assembly Republican Caucus
Mike Prozio, Deputy Legislative Secretary for the Governor
Kathleen Webb, Office of the Insurance Advisor

4.AsmRevTAx4-07