

Date August 29th, 2019

To: The Honorable Lorena Gonzalez, Chair
The Honorable Frank Bigelow, Vice Chair
Members, Assembly Appropriations Committee

From: Rex D. Frazier, President
Seren Taylor, Senior Legislative Advocate

Re: SB 295 (McGuire) Personal Income Taxes: Fire Safe Home Tax Credits

PIFC Position: Support

The Personal Insurance Federation of California (PIFC) is a statewide trade association that represents five of the nation's largest insurance companies (State Farm, Liberty Mutual Insurance, Progressive, Mercury, and Nationwide as well as associate member NAMIC) who write personal line auto and home insurance in California. PIFC is pleased to support SB 295 as amended on August 19th, 2019.

Wildfire has been an integral part of California ecosystems for centuries. Now, however, [nearly a third of homes in California](#) are in wildland urban interface (WUI) areas where houses intermingling with wildlands and fire is a natural phenomenon. About two million California homes in the WUI are at high or extreme risk from wildfire, but retrofits to fire-harden these homes can cost tens of thousands of dollars, making them unaffordable for many Californians. SB 295 would make such safety measures more affordable by allowing homeowners in specified fire hazard severity zones to claim a tax credit for vegetation management and home hardening improvements.

Hardening or mitigation of homes is a valuable tool that can lessen damages resulting from wildfires and other natural catastrophic events while a defensible space area around a building, in which vegetation and other types of combustible fuels have been cleared, can help slow the spread of fire to and from the structure.

These efforts are also very cost effective. In fact, the Federal Emergency Management Agency estimates that for every \$1 spent on fire hardening measures to bring buildings up to current codes, \$4 are saved—including countless lives, billions of dollars in property damage, and avoided insurance costs.

The 2017 and 2018 wildfires were the largest and most destructive in California's history. The insurance industry has been working diligently to help customers rebuild their homes, replace their personal property, and return to their lives. PIFC member companies are committed to supporting policies that help reduce the risks associated with devastating wildfires that have become part of California's "new normal".

Towards that end, **PIFC is pleased to support SB 295 (McGuire)**, which will provide Fire Safe Home Tax Credits to help Californians harden their homes against fire risk and make California a safer place to live. If you have any questions about this letter, please contact Seren Taylor at (916) 442-6646.

cc: Senator Mike McGuire, Author
Luke Reidenbach, Principal Consultant, Assembly Appropriations Committee
Suzanne Sutton, Consultant, Assembly Republican Caucus
Ronda Paschal, Deputy Legislative Secretary, Office of the Governor



STATE FARM

LIBERTY MUTUAL
INSURANCE

PROGRESSIVE

MERCURY

NATIONWIDE

NAMIC