
Summary

This memo summarizes the current status of the imposition of State Responsibility Area (SRA) Fees. This fee will disproportionately impact owners of structures in rural counties as the majority of SRA land is located within rural areas.

Background

Assembly Bill 29X

The imposition of a special fee on structures located within the SRA was enacted via Assembly Bill 29X as part of the 2011-12 State Budget in June 2011. AB 29X imposes a fee of up to \$150 upon each habitable structure within the SRA. Those revenues are to be kept in a special fund for distribution for fire prevention activities within the SRA. The funds can be: 1) allocated to local fire safe councils for fire prevention projects; 2) retained by CAL FIRE to fund the costs of defensible space inspections; 3) used for fire hazard mapping purposes; 4) used for fire prevention education projects; and, 5) other activities deemed to be within the scope of fire prevention.

At this time, none of this revenue is slated to flow to any entity other than CAL FIRE, until at least 2017.

Issue

While the process of generating permanent regulations continues, the issue of SRA fees continues to generate activity within the Administration, the Legislature, and the Judicial Branch.

SRA Bills Sent

Following a postcard mailer "warning" those structure owners in the SRA that they would be receiving a bill, actual bills from the Board of Equalization (BOE) started going out on Monday, August 13. Those bills will be sent in alphabetical order by county starting with Alameda, Alpine and Amador counties. It is important to note that these bills are for the previous fiscal year (when AB 29X was initially passed), and that bills for the current fiscal year are expected to go out in early January 2013.

The Response

At the time of this writing Howard Jarvis Taxpayers Association (HJTA) reports that they will have information regarding the SRA fee and legal action against it via a banner on their front website page at www.hjta.org within the week. Additionally, they expect to file the initial class action lawsuit in the next 2-3 weeks.

The Administration/Budget Process

The Governor included funding for CAL FIRE and BOE's administrative costs for SRA fee implementation in his January Budget proposal, and these expenses were included in the final Budget. While the Governor and Department of Finance would have liked to see the fee expanded to be able to fund fire suppression activities, no action was taken to pursue that concept in the Legislature this year.

A chart (attached) outlines which items are going to be funded and in what amount through the 2016-17 Budget year. Based upon the chart, there is no funding for any local grant program through 2017. Effectively, this means that there is no return-to-source provision remaining in the SRA fee construct, as the local grant program was the only component through which SRA fee revenues could flow back to the regions from which it was collected.

Legislation

Despite two pieces of legislation introduced to address the SRA fee issue, AB 1506 by Assemblyman Kevin Jeffries (R-Riverside) and AB 2474 by Wes Chesbro (D-Humboldt), the Legislature has taken no action on the SRA fee issue since the passage of AB 29X. AB 1506 would have repealed the SRA fee and AB 2474 would have changed the SRA fee to make it more equitable to those who already pay for local fire services. Both measures have stalled in the legislative process and neither is expected to move forward this year.

Emergency Regulations

The Board of Forestry and Fire Protection (the Board) adopted an initial set of emergency regulations on August 22, 2011. The Brown Administration, notably the Department of Finance, was not satisfied with the regulations adopted by the Board in August as they did not maximize the amount of revenue generated, and a new set of emergency regulations was proposed and ultimately adopted in January 2012.

The emergency regulations impose a base fee of \$150 on residents in the SRA, with a \$35 reduction for structures located in a local fire protection district. Staff estimates that the new fee structure will generate around \$80 million in revenue to fill the \$50 million dollar hole left in CAL FIRE's Budget, with the remainder going towards fire prevention grants and covering the BOE's administrative fees for the program.

The Board had 180 days from the January adoption date to complete the process for the permanent regulations, and have since extended the emergency regulations for another 90 days to allow more time to adopt the permanent regulations.

Permanent Regulations

The Board of Forestry released draft permanent regulations for public review in early May 2012, although the release wasn't part of an official comment period. Subsequently, the Board held two off-site hearings in San Diego and Redding to solicit comments from the public on the draft. The Board of Forestry voted at its June 6, 2012 meeting to officially release the draft permanent regulations for a 45-day public comment period, and initially planned a vote on adoption August 8. However, adoption of the permanent regulations has been delayed until at least October. Board staff also announced its intent to schedule four additional off-site hearings during the comment period, but have yet to announce dates or locations. RCRC staff will distribute that information to RCRC member counties as soon as it is available.

All information currently available on the SRA fee regulations can be viewed on the Board of Forestry's website:

http://www.bof.fire.ca.gov/regulations/proposed_rule_packages/