The Legislature **Must Reject** Wildfire Liability Reforms to Limit Public Agency Recovery when Private Electric Utilities Cause Wildfires

This Proposal Will Undermine Community Rebuilding Efforts and Wrongly Shift Costs to Wildfire Victims and Local Agencies

The Governor's Office is proposing a last-minute, gut-and-amend package negotiated behind-closed-doors on wildfire liability reforms limiting public agency recovery when private electric utilities cause wildfires. While we recognize the Governor's efforts to consider ratepayers, the proposal will ultimately have devastating consequences for public agencies and wildfire victims already struggling to rebuild their communities. The proposal relies on the false hopes that public property, infrastructure and emergency response costs can be recovered from FEMA or insurance. Limiting public agency recovery will only shift costs to taxpayers and leave public agencies financially stranded – or even worse, bankrupt.

Our organizations strongly oppose the following reforms and urge the Legislature to reject them outright from being included in any wildfire package that will advance this legislative session.

1. **Limiting Public Property and Infrastructure Damages Imperils Public Agencies Tasked with Rebuilding their Communities**

The proposal will have negligent private electric utilities pay just pennies on the dollar to rebuild critical infrastructure and public facilities that are destroyed. Limiting such costs to the mere depreciated value of the public facility or infrastructure will impact the rebuilding of:

- Public facilities and buildings
- Water, sewer, roads, communication, and traffic signal infrastructure
- Parks, schools, libraries, and fire stations

When a private electric utility causes a wildfire, they are required to fully compensate for property damage. Public agencies cannot rebuild damaged infrastructure on recovery dollars that only cover the depreciated value of an asset. Rebuilding public facilities and infrastructure is not a luxury - it is an essential public service for homeowners, businesses, and communities to return home.

2. **Limiting Recovery for Emergency Response and Mutual Aid Forces Public Agencies to Absorb Costs and Increase Financial Risk, Waiting Years For FEMA Reimbursement While Communities Struggle to Recover**

The proposal prevents public agencies from recovering emergency response and mutual aid costs from the very private electric utilities who cause these devastating wildfires and inappropriately suggest FEMA as the solution. Limiting emergency response cost recovery will be catastrophic for small jurisdictions and fracture our mutual aid system upon which the state and communities rely on. There is a federal obligation to pursue negligent parties per the Stafford Act. This will create ambiguity when negligent parties must meet that requirement and will jeopardize federal reimbursement. FEMA has strict rules on recoverability, and some events aren't even eligible for FEMA reimbursement. Since FEMA is a reimbursement model, funds must be spent upfront. Interpretations in FEMA change from Administration to Administration, creating uncertainty whether future relief will even be available for these incidents.

3. Eliminating Property Tax Losses Leaves Communities Financially Stranded

Schools, cities, counties, and special districts rely on property taxes to fund basic needs in our communities. The proposal will financially strand public agencies by eliminating the ability to bring claims for lost property taxes. This has tremendous consequences for essential public services, including fire, police, social services programs, drinking water, wastewater, public facilities and infrastructure, wildfire mitigation projects, and drastically increases the risk of school closure.

There is no evidence in the SB 254 Report to suggest that public agency claims are unreasonable or unjustified. **Public agency damages amounted to merely 4% of the total wildfire claims that utilities paid from 2017 to 2024.** Public infrastructure, lost tax revenue, emergency response, and mutual aid are necessary and critical for local governments to function while struggling to rebuild their communities.

If public agencies cannot recover costs from negligent private electric utilities, local taxpayers will pay more instead. The very survivors whose community burned will foot the bill which is NOT an equitable approach to socializing wildfire risk.

PROTECT PUBLIC INFRASTRUCTURE.
SAFEGUARD EMERGENCY RESPONSE.
PROTECT TAXPAYERS FROM THIS PRIVATE ELECTRIC UTILITY BAILOUT.

When a wildfire strikes, firefighters, EMS, police officers, public agency staff, and local elected officials don't wait for lawsuits to take action.

PUBLIC AGENCIES ARE ON THE FRONT LINES.

We clear roads. Support evacuation and essential communications. Provide shelter and services. Restore water systems. Rebuild communities. Keep essential services running.

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