Wildfire Liability from Utility-Caused Fires

What cities need to know: The Legislature and Governor are considering consequential changes to the state's strong wildfire liability standards that hold electric utilities accountable when causing wildfires.

Background
On April 7, the Legislature and Governor received the SB 254 Report on Enhancing California's Resiliency to Natural Catastrophes. The report focuses on wildfire prevention, fire insurance, and liability safety standards — including proposals that would eliminate or weaken inverse condemnation protections for victims of utility-caused fires.

What is Inverse Condemnation?
A legal doctrine rooted in the U.S. and California Constitution entitling property owners to full compensation if their property is damaged by a public use. This rule applies to government agencies and utilities alike. After a wildfire, inverse condemnation is used to support victims — residents, businesses, and local agencies — recover their costs.

The Problem
When utility equipment causes a wildfire, a strict liability standard ensures the utility is held accountable. If that standard is weakened, costs don't disappear — they shift. Wildfire victims go uncompensated, city budgets absorb greater losses, and utility companies lose the incentive to invest in safer infrastructure.

No city is immune: if inverse condemnation is eliminated and strict safety standards dissolve, the financial burden of wildfire ripples statewide through rising insurance premiums and recovery costs, which are shifted to the state. This increases the risk of future fires for everyone.

Cal Cities' Solution
The state must focus on stopping utility-caused fires and protecting the safety of our communities — not shifting accountability and costs to victims, cities, and taxpayers.

Cal Cities **opposes the elimination of inverse condemnation for electric utility-caused wildfires** or allowing wildfire mitigation plans to waive negligence claims if a utility is "compliant." These plans do not account for negligent operational actions.

The state must **strengthen community wildfire mitigation efforts** through:

- Increasing the frequency of fire hazard severity zone map updates in local responsibility areas (every five years) to reflect the best available science;
- Adopting a science-based Zone Zero regulation to help homeowners harden properties and incorporate the Zone Zero rule based on FHSZ map designations;
- Streamlining administrative processes and permitting fuel reduction projects;
- Creating a robust home hardening certification program overseen by CalFire, consistent with Zone Zero rule and defensible space requirements; and
- Tightening the link between wildfire mitigation efforts and the availability and accessibility of fire insurance.