STATE OF CALIFORNIA — DEPARTMENT OF FINANCE

ECONOMIC AND FISCAL IMPACT STATEMENT (REGULATIONS AND ORDERS)

STD. 399 (Rev. 10/2019)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME	CONTACT PERSON	EMAIL ADDRESS	TELEPHONE NUMBER
Board of Forestry and Fire Protection	Tony Andersen	Tony.Andersen@bof.ca.gov	(916) 862-0120
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400			NOTICE FILE NUMBER
Defensible Space Zone 0			Z

A. ESTIMATED PRIVATE SECTOR COST IMPACTS *Include calculations and assumptions in the rulemaking record.*

1. Check the appropriate box(es) below to indicate whether this regulation:

- [x] a. Impacts business and/or employees
- [x] b. Impacts small businesses
- [x] c. Impacts jobs or occupations
- [x] d. Impacts California competitiveness
- [ ] e. Imposes reporting requirements
- [x] f. Imposes prescriptive instead of performance
- [x] g. Impacts individuals
- [ ] h. None of the above (Explain below):

If any box in Items 1 a through g is checked, complete this Economic Impact Statement.
If box in Item 1.h. is checked, complete the Fiscal Impact Statement as appropriate.

2. The Board of Forestry and Fire Protection (Agency/Department) estimates that the economic impact of this regulation (which includes the fiscal impact) is:

- [ ] Below $10 million
- [ ] Between $10 and $25 million
- [ ] Between $25 and $50 million
- [x] Over $50 million *[If the economic impact is over $50 million, agencies are required to submit a Standardized Regulatory Impact Assessment as specified in Government Code Section 11346.3(c)]*

3. Enter the total number of businesses impacted: 22,891

Describe the types of businesses (Include nonprofits): see supplement

Enter the number or percentage of total businesses impacted that are small businesses: estimated 97%

4. Enter the number of businesses that will be created: 110 eliminated: 20

Explain: see supplement

5. Indicate the geographic extent of impacts:
- [ ] Statewide
- [x] Local or regional (List areas):

6. Enter the number of jobs created: 25148 and eliminated: 267

Describe the types of jobs or occupations impacted: Construction workers, gardeners, arborists, landscapers, people offering services tailored to compliance needs: including proximity clearing and repair/replacement of vulnerable sheds/fencing/gates.

7. Will the regulation affect the ability of California businesses to compete with other states by making it more costly to produce goods or services here? [x] YES [ ] NO

If YES, explain briefly:

ECONOMIC IMPACT STATEMENT (CONTINUED)

B. ESTIMATED COSTS *Include calculations and assumptions in the rulemaking record.*

1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime? $ 1,738,000,000

   a. Initial costs for a small business: $968.63 Annual ongoing costs: $ 0 Years: 5

   b. Initial costs for a typical business: $968.63 Annual ongoing costs: $ 0 Years: 5

   c. Initial costs for an individual: $960.54 Annual ongoing costs: $ 0 Years: 5

   d. Describe other economic costs that may occur: other structure maintenance and beautification activities may be triggered by the implementation of an ember-resistant zone. Tree-trimming permits and other permits may be required in some circumstances.

2. If multiple industries are impacted, enter the share of total costs for each industry: see supplement

3. If the regulation imposes reporting requirements, enter the annual costs a typical business may incur to comply with these requirements. *Include the dollar costs to do programming, record keeping, reporting, and other paperwork, whether or not the paperwork must be submitted.* $ ______

4. Will this regulation directly impact housing costs? ☒ YES ☐ NO

   If YES, enter the annual dollar cost per housing unit: $see supplement

   Number of units: ______

5. Are there comparable Federal regulations? ☐ YES ☒ NO

   Explain the need for State regulation given the existence or absence of Federal regulations: statute requires regulatory development to address the wildfire crisis

   Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: $ ______

C. ESTIMATED BENEFITS *Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. Briefly summarize the benefits of the regulation, which may include among others, the health and welfare of California residents, worker safety and the State's environment: see supplement

2. Are the benefits the result of: ☒ specific statutory requirements, or ☐ goals developed by the agency based on broad statutory authority?

   Explain: Benefits are reduction in buildings lost to wildfire per the direction of the authorizing statute.

3. What are the total statewide benefits from this regulation over its lifetime? $ 55.18 billion

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: see supplement

D. ALTERNATIVES TO THE REGULATION *Include calculations and assumptions in the rulemaking record. Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. List alternatives considered and describe them below. If no alternatives were considered, explain why not: see supplement

ECONOMIC IMPACT STATEMENT (CONTINUED)

2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:

Regulation: Benefit: $ 55400000000 Cost: $ 1737000000

Alternative 1: Benefit: $ 32400000000 Cost: $ 1236000000

Alternative 2: Benefit: $ 98433000000 Cost: $ 2547000000

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: see supplement

4. Rulemaking law requires agencies to consider performance standards as an alternative, if a regulation mandates the use of specific technologies or equipment, or prescribes specific actions or procedures. Were performance standards considered to lower compliance costs? ☒ YES ☐ NO

Explain: see supplement

E. MAJOR REGULATIONS *Include calculations and assumptions in the rulemaking record.*

California Environmental Protection Agency (Cal/EPA) boards, offices and departments are required to submit the following (per Health and Safety Code section 57005). Otherwise, skip to E4.

1. Will the estimated costs of this regulation to California business enterprises **exceed $10 million**? ☒ YES ☐ NO

If YES, complete E2. and E3
If NO, skip to E4

2. Briefly describe each alternative, or combination of alternatives, for which a cost-effectiveness analysis was performed:

Alternative 1: see supplement

Alternative 2: see supplement

(Attach additional pages for other alternatives)

3. For the regulation, and each alternative just described, enter the estimated total cost and overall cost-effectiveness ratio:

Regulation: Total Cost $ 1737000000 Cost-effectiveness ratio: $ 31.89

Alternative 1: Total Cost $ 1236000000 Cost-effectiveness ratio: $ 26.21

Alternative 2: Total Cost $ 2547000000 Cost-effectiveness ratio: $ 38.65

4. Will the regulation subject to OAL review have an estimated economic impact to business enterprises and individuals located in or doing business in California exceeding $50 million in any 12-month period between the date the major regulation is estimated to be filed with the Secretary of State through12 months after the major regulation is estimated to be fully implemented?

☒ YES ☐ NO

If YES, agencies are required to submit a [Standardized Regulatory Impact Assessment (SRIA)] as specified in Government Code Section 11346.3(c) and to include the SRIA in the Initial Statement of Reasons.

5. Briefly describe the following:

The increase or decrease of investment in the State: see supplement

The incentive for innovation in products, materials or processes: see supplement

The benefits of the regulations, including, but not limited to, benefits to the health, safety, and welfare of California residents, worker safety, and the state's environment and quality of life, among any other benefits identified by the agency:
see supplement

FISCAL IMPACT STATEMENT

A. FISCAL EFFECT ON LOCAL GOVERNMENT *Indicate appropriate boxes 1 through 6 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

☐ 1. Additional expenditures in the current State Fiscal Year which are reimbursable by the State. (Approximate) (Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

$ ____________________

☐ a. Funding provided in ____________________

Budget Act of ____________ or Chapter ____________ , Statutes of ____________

☐ b. Funding will be requested in the Governor's Budget Act of ____________________

Fiscal Year: ____________

☒ 2. Additional expenditures in the current State Fiscal Year which are NOT reimbursable by the State. (Approximate) (Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

$ ____________________

Check reason(s) this regulation is not reimbursable and provide the appropriate information:

☐ a. Implements the Federal mandate contained in ____________________

☐ b. Implements the court mandate set forth by the ____________________ Court.

Case of: ____________________ vs. ____________________

☐ c. Implements a mandate of the people of this State expressed in their approval of Proposition No. ____________

Date of Election: ____________________

☐ d. Issued only in response to a specific request from affected local entity(s).

Local entity(s) affected: ____________________

☐ e. Will be fully financed from the fees, revenue, etc. from: ____________________

Authorized by Section: ____________ of the ____________ Code;

☐ f. Provides for savings to each affected unit of local government which will, at a minimum, offset any additional costs to each;

☒ g. Creates, eliminates, or changes the penalty for a new crime or infraction contained in ____________________

☐ 3. Annual Savings. (approximate)

$ ____________________

☐ 4. No additional costs or savings. This regulation makes only technical, non-substantive or clarifying changes to current law regulations.

☐ 5. No fiscal impact exists. This regulation does not affect any local entity or program.

☐ 6. Other. Explain ____________________

FISCAL IMPACT STATEMENT (CONTINUED)

B. FISCAL EFFECT ON STATE GOVERNMENT *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

☐ 1. Additional expenditures in the current State Fiscal Year. (Approximate)

$ ____________________

It is anticipated that State agencies will:

☐ a. Absorb these additional costs within their existing budgets and resources.

☐ b. Increase the currently authorized budget level for the ____________ Fiscal Year

☐ 2. Savings in the current State Fiscal Year. (Approximate)

$ ____________________

☒ 3. No fiscal impact exists. This regulation does not affect any State agency or program.

☐ 4. Other. Explain ____________________

C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

☐ 1. Additional expenditures in the current State Fiscal Year. (Approximate)

$ ____________________

☐ 2. Savings in the current State Fiscal Year. (Approximate)

$ ____________________

☒ 3. No fiscal impact exists. This regulation does not affect any federally funded State agency or program.

☐ 4. Other. Explain ____________________

FISCAL OFFICER SIGNATURE	DATE
Jane Van Susteren — Digitally signed by Jane Van Susteren Date: 2026.08.20 15:58:27 -07'00'	August 20, 2026

The signature attests that the agency has completed the STD. 399 according to the instructions in SAM sections 6601-6616, and understands the impacts of the proposed rulemaking. State boards, offices, or departments not under an Agency Secretary must have the form signed by the highest ranking official in the organization.

AGENCY SECRETARY	DATE
Bryan Cash	8/21/2026

Finance approval and signature is required when SAM sections 6601-6616 require completion of Fiscal Impact Statement in the STD. 399.

DEPARTMENT OF FINANCE PROGRAM BUDGET MANAGER	DATE

Defensible Space Zone 0

Supplement to STD 399

A: Estimated Private Sector Impacts

A3:

Types of businesses: Businesses that are in the State Responsibility Area for fire protection and those in Local Responsibility Areas within the Very High Fire Hazard Zone

Percentage small businesses: Small business populations in fire vulnerable areas across the state have not been surveyed by relevant characteristics, so statewide averages must be assumed for these as a share of the covered enterprise population. Small businesses represent 97% of the enterprise population in California.

A4: Total businesses created: The number of businesses created was determined by looking at the NAICS data for relevant industries in California, observing the increase in jobs as determined by the macroeconomic analysis in the Board's draft SRIA, and then assuming a consistent jobs to enterprises ratio for new businesses.

Businesses eliminated: The costs of the regulation vary significantly from property to property, and it is possible that there are properties that would experience both high service costs and high need for services: places with multiple attached sheds, several lengths of fencing, and many large bushes out front. While discussion with an inspector should result in a plan to minimize business disruption from compliance, there may be edge cases where businesses fail for stochastic reasons that include compliance with these regulations.

Explain:

A5: Geographic extent: The Zone 0 regulations will affect the State Responsibility Area and the Very High Fire Hazard Severity Zone of the Local Responsibility Area. The State Responsibility Area includes those parts of the state in which the financial responsibility of preventing and suppressing fires has been determined to be primarily the responsibility of the state pursuant to Public Resources Code § 4125. The Local Responsibility Area comprises those parts of the state where the financial responsibility of preventing and suppressing fires is that of local governments. Government Code §§ 51175-51189 directs CAL FIRE to identify very high fire hazard severity zones, and local agencies to find additional areas that meet the standards of a very high fire hazard severity zone.

A6: Jobs created: The Board's draft SRIA indicates that aggregate job results yield about 25,148 incremental jobs by 2028, measured as Full-Time Equivalent (FTE, or 1,900 working hours) units per year. While there are disparate employment impacts to individual industries, the sectors gaining from direct spending diversion are relatively skilled and the aggregate benefit drivers span California's entire workforce. Over the decade evaluated, the proposed regulations are expected to lead to significant long-term job creation. Rising costs of compliance are estimated to cost 267 jobs within the enterprise sector within the first three years.

A7: Will the regulation affect the ability of California businesses to compete with other states by making it more costly to produce goods or services here?

Compliance costs directly impinge on profit and investment, and may divert some business to out-of-state alternatives, while offering incentives for product differentiation and industry consolidation. In all cases, however, expected income shortfalls are very small percentages of baseline values. Thus, it is unlikely that any but the most specialized companies will see significant profit risk, and in any case they have the options of diversification, innovation, and consolidation to offset this. Only time will tell how this adjustment plays out at the individual firm level, where it depends on detailed initial conditions and many behavioral considerations outside the scope of this assessment.

B: Estimated Costs

The BOF used a public survey to gather input on the potential implementation costs of the proposed standards for residents of the SRA and VSFHSZ of the LRA. The survey was conducted in April 2023 on the likely impacts of proposed regulations. The survey was made available to the public via the Board's website, as well as notifications distributed through the Board's mailing lists. Respondents were asked whether a given landscaping element was present on their property and if so whether they would hire services to modify or remove it or complete that work themselves. Responses were used as a representative sample of the regulated public in the BOF's estimation of direct costs to individuals and demand created for businesses providing landscaping services. The survey was distributed on CAL FIRE's website and social media; the University of California Cooperative Extension's social media and employee newsletter; and the BOF's email list and website. It was open from March 22 through April 5, 2023 and received 1,698 responses.

B1: Initial small business costs and ongoing cost calculations:

Impacts to businesses will be location-based: a small business will have the same impacts as a typical business with the same number of locations.

Of the 40 respondents who reported owning a business or being responsible for maintaining defensible space for a business with offices in the SRA or VHFHSZ of the LRA, 35% (14 respondents) reported that their property was compliant with the requirements set out in the current regulations. The breakdown of specifics is below:

Businesses				
	In compliance	Will hire labor	Will provide own labor	Total
Gardening	16	13	18	47
%	34.0%	27.7%	38.3%	
Tree maintenance	34	9	4	47
%	72.3%	19.1%	8.5%	
Fences and Gates	32	8	7	47
%	68.1%	17.0%	14.9%	
Sheds	27	6	7	40
%	67.5%	15.0%	17.5%	

Board staff obtained estimates or quotes for various services and likely scenarios, as displayed on the chart below. All vegetation management activities that do not require an arborist are classified under “gardening.”

Costs	Lowest	Highest	Average
Gardening	0.00	600.00	284.17
Gardening + labor	240.00	2,220.00	1,234.17
Tree maintenance	0.00	600.00	354.17
Tree maintenance + labor	75.00	3,100.00	354.17
Fences and Gates	75.00	1,116.00	130.50
Fences and Gates + Labor	355.00	2,831.00	976.05
Sheds	109.00	769.00	379.88
Sheds + Labor	409.00	2,769.00	983.33

Based on the percentage of survey respondents who indicated the likelihood a specific service would be required, and the costs of those services, the likely costs to an average small business or other business are below:

Business Costs	Lowest	Highest	Average
Gardening	0.00	229.79	108.83
Gardening + labor	66.38	614.04	341.37
Tree maintenance	0.00	51.06	51.06
Tree maintenance + labor	14.36	593.62	67.82

Fences and Gates	11.17	166.21	19.44
Fences and Gates + Labor	60.43	481.87	166.14
Sheds	19.08	134.58	66.48
Sheds + Labor	61.35	415.35	147.50
	232.77	2,686.52	968.63

The average cost to a business is predicted to be $968.63 and fall within a range of $232.77 to $2686.53. These costs are estimated to be spread over the first three years post implementation for gardening requirements, and for the first five years for tree, fence, gate, and shed requirements. Once Zone 0 is established, no ongoing costs are estimated; the established defensible space zone will have similar maintenance costs to existing defensible space statutory and regulatory requirements.

Individual Costs

Of the 1084 respondents who reported owning a residence or being responsible for maintaining defensible space for a residence in the SRA or VHFHSZ of the LRA, 18% (192 respondents) reported that their property was compliant with the requirements set out in the current regulations. The breakdown of specifics is below:

Residences

	In compliance	Will hire labor	Will provide own labor	Total
Gardening	241	288	555	1084
%	22.2%	26.6%	51.2%	
Tree maintenance	858	124	102	1084
%	79.2%	11.4%	9.4%	
Fences and Gates	680	227	177	1084
%	62.7%	20.9%	16.3%	
Sheds	752	128	204	1084
%	69.4%	11.8%	18.8%	

The same estimates or quotes for various services and likely scenarios were used to calculate potential costs. Estimated costs were based on the percentage of survey respondents who indicated the likelihood of a specific service would be required.

Residence Costs	Lowest	Highest	Average
Gardening	0.00	307.20	145.49
Gardening + labor	63.76	589.82	327.90
Tree maintenance	0.00	56.46	33.33

Tree maintenance + labor	8.58	354.61	40.51
Fences and Gates	12.25	182.23	21.31
Fences and Gates + Labor	74.34	592.84	204.39
Sheds	20.51	144.72	71.49
Sheds + Labor	48.30	326.97	116.11
	227.74	2,554.83	960.54

The average cost to an individual is predicted to be $960.54, costs fall within a range of $232.77 to $2686.53. These costs are estimated to be spread over the first three years post implementation for gardening requirements, and for the first five years for tree, fence, gate, and shed requirements. Once Zone 0 is established, no ongoing costs are estimated; the established defensible space zone will have similar maintenance costs to existing defensible space statutory and regulatory requirements.

B2: Costs per industry: No industry is predicted to bear a disproportionate amount of the cost, as the impact to businesses is based on location instead of industry.

B4: Housing cost impacts

The Insurance Institute for Business and Home Safety (IBHS) and Headwaters Economics study "Construction Costs for Wildfire-Resistant Homes" found that the costs for Zone 0 in a new home centered on costs to groundcover and fencing. The cost increase for non-combustible fencing is similar to the costs provided by HelpBerkeley.org, a wildfire resilience nonprofit. The estimated increased one-time cost per new building is $2,636.

	Pre-Zone 0	Zone 0
Mulch	Cedar Bark	Gravel
Fencing	Wood	Metal
Subtotal	$1,106	$3,742
Cost difference	$2,636	

C: Estimated Benefits

C1: Briefly summarize the benefits of the regulation, which may include among others, the health and welfare of California residents, worker safety and the State's environment:

The proposed Zone 0 regulations are designed to reduce the number of structures ignited and damaged or destroyed by wildfire in the SRA and VHFHSZ in the LRA. Through the implementation of Zone 0, life, property, and the environment will be more effectively protected from the harm of wildfire when compared to existing law. The proposed regulations are predicted to significantly reduce the number of structures ignited and reduce the health and environmental impacts when structures do ignite in a wildfire. In addition, defensible space provides opportunities for firefighters to fight ember fires on a smaller scale, before structures become ignited: fighting fires before they become extremely dangerous improves worker safety.

C3: What are the total statewide benefits from this regulation over its lifetime?

The primary benefit of these regulations over the next decade is $55.18 billion, assuming the reduction in structure loss comparable to the findings in "Isolating the primary drivers of fire risk to structures in WUI regions in California." (Gollner , et al. 2025).

Year	Estimated Structure Replacement Cost ($B)
2026	
2027	
2028	$7.006
2029	$7.192
2030	$7.233
2031	$6.911
2032	$6.880
2033	$6.779
2034	$6.633
2035	$6.543

C4: The construction of non-combustible sheds, fences, and gates, as well as a transition to gardening/landscaping that provides an ember-resistant buffer around a house is estimated to allow expansion of existing construction and landscaping businesses. Lower risk of structure loss to wildfire, and fewer disruptions from wildfire are likely to encourage expansion of all economic activity within the state.

D: Alternatives to the Regulation

D1: List Alternatives Considered

Alternative 1, Less Stringent: Allow woody vegetation maintained to limit fire spread, allow attached fences with a less stringent noncombustible standard, and limit the size of the noncombustible safety zone to twelve inches throughout.

Alternative 2, More Stringent: Prohibit all vegetation within Zone 0, require immediate replacement of combustible fences and gates.

D2: Summary of Benefits and Costs

Cost	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Average
Proposed	-	0.579	0.579	0.579	-	-	-	-	-	-	0.174
Less Stringent	-	0.412	0.412	0.412	-	-	-	-	-	-	0.124
More Stringent	-	0.849	0.849	0.849	-	-	-	-	-	-	0.255

Benefit	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Average
Proposed			7.291	7.486	7.528	7.192	7.160	7.055	6.903	6.810	7.178
Less Stringent			3.646	3.743	3.764	3.596	3.580	3.528	3.452	3.405	3.589
More Stringent			10.937	11.228	11.292	10.788	10.741	10.583	10.355	10.215	10.767

Net Cost	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Average
Proposed	0.000	0.579	-6.712	-6.906	-7.528	-7.192	-7.160	-7.055	-6.903	-6.810	-5.569
Less Stringent	0.000	0.412	-3.233	-3.330	-3.764	-3.596	-3.580	-3.528	-3.452	-3.405	-2.748
More Stringent	0.000	0.849	-10.087	-10.379	-11.292	-10.788	-10.741	-10.583	-10.355	-10.215	-8.359

Net Present Value	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Average
Proposed	0.000	0.560	-6.324	-6.341	-6.682	-6.173	-5.941	-5.660	-5.354	-5.107	-4.702
Less Stringent	0.000	0.399	-3.046	-3.058	-3.341	-3.086	-2.971	-2.830	-2.677	-2.553	-2.316
More Stringent	0.000	0.821	-9.505	-9.529	-10.023	-9.259	-8.912	-8.490	-8.031	-7.660	-7.059

D3: Quantification issues: Quantification of costs and benefits depends on local housing values, local cost of necessary services, local wildfire risk, the timeline for implementation of various aspects of the regulation, availability of inspection resources, and compliance levels.

D4: Performance based standards: The Board considered performance-based standards, particularly as relates to vegetation management. Performance-based standards to meet the requirements for an ember-resistant zone were considered, but enforcement of performance-based standards is difficult, and quantification of performance-based outcomes requires a highly-trained inspection workforce that would significantly increase fiscal costs of compliance.

E. Major Regulations:

E2: Describe both alternatives

Alternative 1, Less Stringent: Allow woody vegetation maintained to limit fire spread, allow attached fences with a less stringent noncombustible standard, and limit the size of the noncombustible safety zone.

Alternative 2, More Stringent: Prohibit all vegetation within Zone 0, require immediate replacement of combustible fences and gates.

E3:

Cost	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Average
Proposed	-	0.579	0.579	0.579	-	-	-	-	-	-	0.174
Less Stringent	-	0.412	0.412	0.412	-	-	-	-	-	-	0.124
More Stringent	-	0.849	0.849	0.849	-	-	-	-	-	-	0.255

Benefit	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Average
Proposed			7.291	7.486	7.528	7.192	7.160	7.055	6.903	6.810	7.178
Less Stringent			3.646	3.743	3.764	3.596	3.580	3.528	3.452	3.405	3.589
More Stringent			10.937	11.228	11.292	10.788	10.741	10.583	10.355	10.215	10.767

Net Cost	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Average
Proposed	0.000	0.579	-6.712	-6.906	-7.528	-7.192	-7.160	-7.055	-6.903	-6.810	-5.569
Less Stringent	0.000	0.412	-3.233	-3.330	-3.764	-3.596	-3.580	-3.528	-3.452	-3.405	-2.748
More Stringent	0.000	0.849	-10.087	-10.379	-11.292	-10.788	-10.741	-10.583	-10.355	-10.215	-8.359

Net Present Value	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Average
Proposed	0.000	0.560	-6.324	-6.341	-6.682	-6.173	-5.941	-5.660	-5.354	-5.107	-4.702
Less Stringent	0.000	0.399	-3.046	-3.058	-3.341	-3.086	-2.971	-2.830	-2.677	-2.553	-2.316
More Stringent	0.000	0.821	-9.505	-9.529	-10.023	-9.259	-8.912	-8.490	-8.031	-7.660	-7.059

The costs and benefits are structurally quite different and generally accrue to different groups of stakeholders. While costs are incurred by the California businesses and households complying with the proposed regulations, benefits are much more general and have been allocated across all sectors of the economy in proportion to value added. The main growth (investment, employment, etc.) drivers for these results are currently macroeconomic, driven by the aggregate savings-investment constraint applied to baseline labor and capital allocation patterns.

E5: Changes in investment

This direct impact is composed of a $1.738 billion direct cost to owners and occupants of existing structures who comply with the proposed regulation, resulting in an adverse impact on investment (-$45 million) because it directly impacts business margins and household incomes. The investment shortfall does reduce current state output slightly (-$64 million) the following year. However, rising costs from compliance induce most layoffs in the enterprise sector (267 FTE workers), although these losses are reversed in every subsequent year. For the state economy overall, the result for 2027 is a small ($48 million) increase in gross state product (GSP). From this point, the growth trend continues as quantified benefits consistently exceed costs.

The investment effect is important in its own right, but compared to the underlying baseline scenario, these adjustments present no threat of a macroeconomic reversal for the state economy. Percent impacts on all other macroeconomic aggregates are less than 1% of 2027–2028 values, which in the baseline is expected to grow at nearly 4%. Projected employment impacts are negligible by net positive. In other words, across the decade considered, implementing the proposed regulations would never cause negative aggregate growth for California, and would end that decade as an important source of economic stimulus.

Macroeconomic Impacts	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Average
Gross State Product	0.000	0.048	0.055	0.554	1.963	4.331	7.553	11.569	16.315	21.719	6.411
Real Output	0.000	0.052	-0.064	0.425	2.326	5.676	10.341	16.235	23.259	31.309	8.956
Investment	0.000	-0.045	2.721	8.453	14.315	20.196	26.123	32.082	38.056	44.032	18.593
Employment ('000 FTE)	0.000	-0.267	1.237	5.671	12.862	21.981	32.896	45.263	58.757	73.077	25.148

Incentive for innovation

BOF's Zone 0 defensible space regulations are intended to promote fire risk reduction. In addition to incentives to adopt fire safety measures for the California housing market, BOF's regulations could set a positive example for practices in other jurisdictions. In this sense, the incentive will extend beyond the local market. In the same spirit, many of California's climate risk mitigation technologies and practices are already being adopted elsewhere. This process follows the examples of IT and Biotech, with California incubating new technologies at home for global export and standard setting. Such policy-induced, knowledge-intensive spillover effects were essential to two generations of superior growth for the Golden State. These wider benefits can be very difficult to measure, but they deserve explicit discussion.

Benefits list

Limitations of structure loss from wildfire benefit the health, safety, and welfare of California residents by limiting the loss of lives, homes, businesses, and other property. During the 2018 Camp Fire, CalOES reports that the loss of 18,000 structures resulted in 27,000 residents searching for temporary or short-term housing.

Firefighting and fire recovery are both high risk jobs: mitigating the risks of fire in communities improves worker safety outcomes.

Minimizing structure loss minimizes environmental impacts, because structure often contain hazardous materials or materials that become hazardous after combustion. FEMA reports that the impacts of the Camp Fire to Paradise resulted in 13,328 parcels that required the removal of damaged household hazardous wastes including batteries, paint, cleaning chemicals, and other hazardous waste. In addition, the fire compromised the integrity of the town's potable drinking water. Other wildfires that burn through communities are predicted to have similar effects, though analysis is not yet complete: limiting the damage done by the wildfire limits the impacts on the environment.

Wildfire resilient communities promote a higher quality of life, with less disruption and stress from evacuation, lack of certainty about home survival, finding temporary or permanent housing after home loss, and general peace of mind.

The primary objectives of Zone 0 standards are to reduce the risk of structures igniting and thereby reducing costs of fire damage to property, public health, life, and livelihood around the state. Other potential benefits are discussed below but not quantified generally because adequate supporting data is not available. These include mitigation of important wildfire impacts such as exposure to public health hazards due to degradation of resource services from air, water, soil, water, etc. (CARB, 2020; Shonkoff et al 2015).

Fiscal Impact Statement

A: Fiscal Impact on Local Government

The statute and regulations have no requirements for inspection rates or other local involvement. The CAL FIRE Defensible Space Inspection Form is the baseline document from which all local inspection checklists can draw. Per Public Resources Code § 4291(h), the Office of the State Fire Marshal will not update defensible space inspection practices and forms or enforcement to implement the requirement for an ember-resistant zone until the State Fire Marshal makes a written finding that the Legislature has appropriated sufficient resources to do so. As local governments can use any CAL FIRE form as a model, costs for developing this will be minimal. Whether to add inspection personnel or training for current personnel on Zone 0 regulations is up to each local government. CAL FIRE will develop Zone 0 inspection standards in consultation with local fire authorities, thus further reducing any potential costs to local governments.

B: Fiscal Impact on State Government

Public Resources Code § 4291(h) states "The department shall not change defensible space inspection practices and forms or enforcement to implement the requirement for an ember-resistant zone until the State Fire Marshal makes a written finding, which the State Fire Marshal shall post on the department's internet website, that the Legislature has appropriated sufficient resources to do so." It is believed that this change will be implemented in the 2027-2028 fiscal year.

Appendix

Cal OES. 2020. "2018 Camp Fire after Action Report"

Gollner, M., Zamanialaei, M., San Martin, D., Theodori, M., Purnomo, D., Tohidi, A., … & Qin, Y. (2025). Isolating the primary drivers of fire risk to structures in WUI regions in California.

Insurance Institute for Business and Home Safety, Headwaters Economics. 2025. "Construction Costs for Wildfire-Resistant Homes".