

Report Promotes Ten Solutions to Curb Forest Fire Costs, Currently \$3 Billion Per Year



Paper Enjoys Support of Former Forest Service and Park Service Leaders

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BOZEMAN, MT. – A report released today by Headwaters Economics outlines ten proposals to help curb the rising expense of fighting forest fires—which already costs taxpayers \$3 billion annually or roughly half the Forest Service’s budget. The new report shows that, unless action is taken, firefighting costs could at least double in the next 15 years because of expanding residential development on fire-prone lands along with the increasing temperatures associated with climate change.

“The current policy of looking the other way while more and more homes are built on dangerous, fire-prone lands is not sustainable,” said Ray Rasker, the report’s author. “This report shows that we have the knowledge and solutions needed to address this problem. Now is the time to implement responsible, accountable steps that can help hold the line on future fire costs.”

The report, *Solutions to the Rising Costs of Fighting Fires in the Wildland-Urban Interface*, was completed by Headwaters Economics, a Montana-based independent, nonprofit research group.

The fire cost research paper enjoys the support of Dale Bosworth, former Chief of the Forest Service, and Roger Kennedy, former Director of the National Park Service and author of *Wildfire and Americans*.

The research paper outlines ten possible solutions, ranging from increased education to changes in insurance or mortgage laws. Addressing the issue of ever-escalating fire suppression expenses could achieve a number of related public policy goals: fiscal responsibility, a fairer and more equitable distribution of costs among those benefiting from wildfire protection, and increased safety for future homeowners and wildland firefighters.

Even though less than four percent of homes in the West are located within this wildland-urban interface (WUI), a number of studies have show that these residences are a significant contributor to the rising costs of fighting wildfires.

Yet, the cost of protecting these homes is spread among all taxpayers and little has been done to address the pace, scale and pattern of development in the WUI. In this context, the current approach to fire suppression has perverse incentives and lacks accountability. People who develop in forested areas, and local governments that allow such new subdivisions, do not pay their share of fire fighting costs. The majority of firefighting expenses instead are paid by the Forest Service, BLM, and the Federal Emergency Management Agency.

Across the West today, only 14 percent of forested private lands near fire-prone public lands has homes on it. Using Montana as a case study, Headwaters Economics found protecting the average

home from a wildfire event costs roughly \$8,000. Statewide, the cost of protecting homes from forest fires averages \$28 million annually. If development on private land near fire-prone forests continues, costs associated with home protection likely will rise to \$40 million by 2025.

Climate change would increase costs even further. A one-degree increase in average summer temperatures in Montana would at least double home protection costs, and the combination of additional development and hotter summers could push the average annual cost of protecting homes from forest fires to exceed \$80 million by 2025.

“Unless we address one of the root causes of the problem—home building in wildfire prone areas—the costs of fighting forest fires will continue to escalate,” noted Rasker.

The report outlines ten possible solutions. Headwaters Economics does not advocate one solution over another. Rather, all are presented, with background, to explain how each idea could work along with its pros and cons.

1. **MAPPING:** Publish maps identifying areas with high probability of wildland fires;
2. **EDUCATION:** Increase awareness of the financial consequences of home building in fire-prone areas;
3. **REDIRECT FEDERAL AID TOWARD LAND USE PLANNING:** Provide technical assistance and financial incentives to help local governments direct future development away from the wildland-urban interface;
4. **COST SHARE AGREEMENTS:** Add incentives for counties to sign agreements that share the costs of wildland firefighting between local and federal entities;
5. **LAND ACQUISITION:** Purchase lands or easements on lands that are fire-prone and at risk of conversion to development;
6. **A NATIONAL FIRE INSURANCE AND MORTGAGE PROGRAM:** Apply lessons from efforts to prevent development in floodplains;
7. **INSURANCE:** Allow insurance companies to charge higher premiums in fire-prone areas;
8. **ZONING:** Limit development in the wildland-urban Interface with local planning and zoning ordinances;
9. **ELIMINATE MORTGAGE INTEREST DEDUCTIONS:** Eliminate home interest mortgage deductions for new homes in the wildland-urban interface;
10. **REDUCE FEDERAL FIREFIGHTING BUDGETS:** Induce federal land managers to shift more of the cost of wildland firefighting to local governments.

[Note: The research paper is found at: www.headwaterseconomics.org/wildfire/WUIpaper.pdf. A newsletter summary is at: <http://www.headwaterseconomics.org/news/news20090730.pdf>. Additional Headwaters Economics research on wildfire—the costs of protecting homes, impacts of climate change, and county-level studies on the potential for residential development on fire-prone lands—can be found at: www.headwaterseconomics.org/wildfire.]