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A Forest Fire's Price Tag

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When a tree burns in the forest, does anyone hear? As wildfires become a bigger problem with the effects of climate change, you may want to take notice. The economic impacts of forest fires go far beyond local communities and are felt on a national level.

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- **5,921,786:** The number of acres that burned in wildfires in 2009, and represents 115% of the 20-year average for acres burned. There were 78,792 reported wildfires across the country in 2009. In the past 20 years, the number of wildfires has not increased dramatically, but the size of the fires has. A report from the Pew Center For Global Climate Change says since snow melts earlier resulting in a longer fire season, and warmer summer creates dryer soil, climate change has been a contributing factor to higher fire activity.
- **50:** The percentage of the U.S. Fire Service's budget spent on suppressing wildfires in 2008. Since 2000, the cost of fighting wildfires every year has exceeded \$1 billion, according to the National Association of State Foresters. Last fall, senate passed the FLAME Act (Federal Land Assistance, Management and Enhancement Act) which sets aside separate funds for wildfire suppression so that money isn't taken away from other programs at the U.S. Fire Service and the Department of the Interior as demands increase.
- **\$135,548,834:** The total direct cost of the Hayman fire of 2002, which burned 137,759 acres south of Denver, CO, as estimated by the Western Forestry Leadership Coalition. The fire was the largest in the state's history. (Learn more about nature's impact on economics, read *The Real Cost of Natural Disasters*.)
- **\$1.6 billion:** The amount the Insurance Information Institute estimates insurers paid out to policyholders in 2007 after the devastating California wildfires, offsetting the costs of what was called the one of the most expensive wildfire seasons in U.S. history. Approximately 4,087 buildings were destroyed or damaged in the fires and close to 63% of them were residential, the institute says. That money funded a boost to the local economy, where jobs were created rebuilding cities, according to the Employment Development Department.
- **18:** The number of wildfires currently burning in U.S. forests at the time of publication. Forest fires are part of the natural course of the ecosystem, and forest administrators face the tricky task of managing fires without putting them out entirely. A build up of vegetation only creates more fuel for fire.

The Bottom Line

The price tag of a single fire goes way beyond the cost of suppressing it. Property damage can lead to business closures which can lead to fewer tourism dollars which translate to lower tax revenues. Some of these costs are offset by insurance companies and government agencies, and some fires have created jobs in the short-term as communities rebuild after suffering damage. But the cons outweigh the pros, particularly when long-term concerns like health care, tourism and forest-dependent local industries are taken into account. (To learn more, see *The Economics Of Natural Disasters*.)

Original story - [A Forest Fire's Price Tag](#)

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