

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2215 **STATUS:** A Engrossed
SUBJECT: Fire Protection of Forests
GOVERNMENT UNIT AFFECTED: Oregon Department of Forestry
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DATE: April 14, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
See comments		

EFFECTIVE DATE: July 1, 2009.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The bill extends to July 1, 2011 the provision that the Oregon Forest Land Protection Fund will pay up to \$15 million of emergency fire suppression costs, and modifies the way in which expenses are attributed to be 50/50 between the Emergency Fire Cost Committee and the General Fund.

Context

The 2005 Legislative Assembly created the current fire suppression cost sharing system whereby the Oregon Forest Land Protection Fund (OFLPF) is tapped first to cover emergency fire suppression costs up to a current limit of \$15 million. If this amount is not sufficient to cover emergency fire suppression costs, the General Fund is obligated to cover up to an additional \$10 million. Expenditures beyond \$25 million and up to \$50 million are covered by insurance. Amounts above \$50 million are to be covered by the General Fund. In addition to these costs the General Fund has been responsible for prepositioned fire suppression equipment contracts including air tankers, bulldozers and fire crews, and one-half of the cost of the insurance premium for a total of approximately \$2.75 million annually.

Impacts of the Bill

The bill would retain the \$15 million cap on costs attributed to the OFLPF for the 2009-11 biennium; however, the bill would also modify the method in which fire costs are expensed. The bill modifies expenditures such that OFLPF and the General Fund are each assessed 50% of the actual cost incurred up to the \$25 million maximum expenditure required to trigger insurance benefits. Therefore, if total fire suppression costs were \$15 million a year, OFLPF and the General Fund would each be assessed \$7.5 million in expenditures.

The Department of Forestry (ODF) indicates that the actual costs for emergency fire suppression for the last five years have ranged from \$2 to \$14.3 million, and in none of these cases has the cost sharing reached the point of requiring that General Funds be used to cover actual fire suppression expenditures. In 2008 fire suppression expenditures were approximately \$10 million. Under the cost sharing system proposed by the bill, this would have resulted in increased General Fund expenditures of \$5 million.

In addition to changing the cost sharing system, the bill increases the total General Fund obligation from \$10 to \$12.5 million per year or a total increase of \$5 million in the 2009-11 biennium. In 2011-13 biennium the OFLPF maximum drops to \$10 million, and as a result, the General Fund obligation would increase an additional \$2.5 million per year for a total increase of \$5 million in the 2011-13 biennium.

Without the bill the Oregon Fire Land Protection Fund expenditure drops to \$10 million per year, which will obligate the General Fund for a total of \$15 million. This represents an increase of \$5 million per year assuming that the \$25 million maximum expenditure is retained as the trigger for insurance benefits. The current cost sharing system is maintained.