
MEMORANDUM

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To: Natural Resources Subcommittee

From: Linda Gilbert, Legislative Fiscal Office
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Date: May 22, 2013

Subject: House Bill 2050
Work Session Recommendations

House Bill 2050-A passed out of the House Committee on Agriculture and Natural Resources February 28 on an 8-0-1 vote. It comes to Ways and Means by prior reference. The Natural Resources Subcommittee held a public hearing and heard public testimony on the measure May 6, 2013.

Severity Resources (Initial Attack)

The measure increases severity resource funding by leveraging new forest landowner assessment dollars, matching them to existing state dollars. Landowners will provide up to \$6 million per biennium in new funding from the Oregon Forest Land Protection Fund for severity resources. The General Fund will provide up to \$6 million per biennium through a Special Purpose Appropriation of \$4.4 million and \$1.6 million General Fund in Package 410 in the Department's budget. Within the Department's \$6 million, \$2 million is targeted for assessment rate relief for eastside landowners.

Large Fire costs

The measure phases in sharing large fire costs.

- In 2013-15, the first \$2 million per year (\$4 million for the biennium) is shared dollar-for-dollar between landowners and the Department.
- In 2015-17 the first \$10 million per year (\$20 million per biennium) is shared dollar-for-dollar.
- In 2017-19 all costs up to \$20 million per year are evenly split.
- There is no funding in the Department's budget for large fire costs because they are unpredictable. The Department would need to appear before the Emergency

Board with a specific request at the end of each fire season based on actual fire season experiences.

- As a point of reference, the average annual cost of large fires for the last five years is \$8 million per year.

Other

The measure also addresses use of Oregon Forestland Protection Fund for non-routine, supplemental fire prevention, detection, or suppression purposes.

There is no proposed amendment to HB 2050-A

Measure Motion

The measure is recommended to be moved to the full Committee on Joint Ways and Means.

Motion: Move HB 2050-A to the full committee with a “do pass” recommendation.

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2050 - A**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***Prepared by: Krista McDowell
Reviewed by: Linda Gilbert
Date: 3/1/2013**Measure Description:**

Changes permissible uses of moneys in Oregon Forest Land Protection Fund.

Government Unit(s) Affected:

Department of Forestry

Summary of Expenditure Impact on Department of Forestry:

Summary of Expenditure Impact		
	2013-15 Biennium	2015-17 Biennium
General Fund	\$3,600,000	\$9,600,000
Lottery Funds		
Other Funds	2,000,000	-4,000,000
Federal Funds		
Total Funds	\$5,600,000	\$5,600,000
Positions	10	10
FTE	3.33	3.33

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.

Analysis:

The Governor's Recommended Budget included the expense of HB 2050 in Policy Option Package (POP) #410. For both the 2013-15 and 2015-17 biennia \$1.6 million in additional General Fund (GF) appropriation is required for initial attack and large fire costs. Additionally, for both the 2013-15 and 2015-17 biennia, \$2.0 million General Fund (GF) will be appropriated to offset Eastern Oregon fire protection assessments. In 2015-17, the additional required GF rises by \$6.0 million for large fire costs.

In the 2013-15 and the 2015-17 biennia, land owners will be assessed \$6.0 million additional OF for initial attack (severity) resources. This is offset by a reduction of \$2.0 million for Eastern Oregon fire assessments, paid by General Fund. In 2013-15 there is a \$2.0 million OF reduction for large fire costs, which is covered by General Fund. These changes net an additional \$2.0 million in OF for 2013-15 biennium. This funding will support ten seasonal positions (3.3 FTE) used to staff and manage additional contract firefighting helicopters.

For the 2015-17 biennium, the reduction is \$8 million OF for large fire costs, again covered by General Fund, and netting a \$4.0 million reduction for the biennium.

The bill would amend the authority of OFLPF to allow for one-time strategic purchases; ODF does not anticipate requesting additional limitation for this and plans to utilize any existing limitation from unspent monies already included in the budget. The fire insurance premiums, shared between the GF and OFLPF, are anticipated to increase slightly. In the first biennium these premium increases are anticipated to be absorbed within existing funding. Additional funding for future biennia has not been included in this analysis.

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by prior reference
Vote:	8 - 0 - 1
Yeas:	Clem, Esquivel, Krieger, McKeown, Reardon, Thompson, Whitsett, Witt
Nays:	0
Exc.:	Unger
Prepared By:	Beth Patrino, Administrator
Meeting Dates:	2/28

WHAT THE MEASURE DOES: Adds to permissible uses of money in Oregon Forest Land Protection Fund (Fund): emergency fire insurance policy premiums; availability and mobilization of emergency fire suppression resources on statewide basis; and paying for non-routine supplemental fire prevention, detection or suppression. Changes limits on annual expenditures from Fund. Authorizes State Forester to prepare budget request for forest protection districts that includes mitigating forest patrol assessment rates where land productivity or other economic factors seriously limit ability of landowners to provide adequate protection against fire during fire season. Phases in changes in factors used to calculate annual expenditures. Declares emergency, effective July 1, 2013.

ISSUES DISCUSSED:

- Department of Forestry role in fire protection and quick response approach
- Need to reduce number of large, costly fires; investment in resources to reduce fire severity
- Eastside forest productivity and landowner assessment increases
- Current fire cost sharing arrangement

EFFECT OF COMMITTEE AMENDMENT: Modifies calculation of factor related to acquisition and placement of centrally managed fire suppression resources and acquisition of fast-mobilizing, short-term contingency resources in certain circumstances.

BACKGROUND: The Oregon Department of Forestry protects approximately 16 million acres (24,900 square miles) of private and public forestland from fire. Protected lands are primarily private, but also include state and other non-federal public land and, by contract, United States Bureau of Land Management forests in western Oregon. This is more than half of the total forest land in Oregon. Essential elements of the department's fire protection program include planning, prevention, detection, initial attack, and smoke and fuels management. Landowners and the state share fire protection costs.

The Oregon Forest Land Protection Fund (OFLPF) is used to equalize firefighting costs across the state and supports the purchase of insurance to protect Oregon against disastrous fire costs. Currently, basic fire protection funding is evenly shared by landowners and the General Fund; in practice, landowners have paid a greater share of actual costs. House Bill 2050 A would make changes to the OFLPF to increase funding for acquisition of equipment to reduce the size and severity of fires, improve fire protection affordability on the eastside and move toward a 50/50 funding model over the next six years.