



Oregon

John A. Kitzhaber, MD, Governor

Department of Forestry

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February 28, 2013



"STEWARDSHIP IN FORESTRY"

Representative Brad Witt, Chair
House Agriculture and Natural Resources Committee
Room 347, State Capitol
900 Court St. NE
Salem, OR 97301

RE: HB 2050 – The Wildfire Protection Act relating to forestland fire protection

Dear Chair Witt and Members of the Committee:

The Oregon Department of Forestry appreciates the opportunity to provide testimony in support of House Bill 2050.

The Department is the state's largest fire department, protecting more than 16 million acres of private and public land, just over half of Oregon's forest landbase. The protected lands, valued at over \$60 billion, provide many public benefits, including jobs, economic activity in rural communities, clean air and water, recreation and wildlife habitat. For more than a century, the Department has been responsible for the protection of life, resources and property on Oregon's forestlands. We work closely in this enterprise with other agencies and with forest landowners, who share in the costs.

HB 2050 is the Department's top priority in the 2013 legislative session, and is fully supported in the Governor's Balanced Budget. The concept originated from a Board of Forestry-sponsored statewide work group, convened more than a year ago to develop broadly supported recommendations to address significant challenges in the wildfire protection funding system. Ultimately, the group—working with the guidance of the Board—developed the concept that is before you today, the Wildfire Protection Act.

The first challenge from the Board was to reduce the number of large, costly and damaging wildfires. While most fires are extinguished at 10 acres or less, even one large fire can cost millions of dollars to put out. This small proportion of fires accounts for the majority of suppression costs. And this does not take into account the loss of forest values. Accordingly, the cornerstone of our fire protection strategy has long been aggressive, timely response, with the goal of suppressing fires at the smallest possible size. HB 2050 seeks to further reduce the number of large fires by allocating



up to \$3 million annually in landowner funding from the Oregon Forest Land Protection Fund for quick mobilization of resources such as contract helicopters, air tankers and ground-based firefighting resources. This funding would augment General Fund dollars already identified for this time-tested strategy of using quickly-mobilized resources as part of an aggressive fire response. Bolstering existing initial attack capacity will ultimately reduce the number of large wildfires, producing long-term savings for the State of Oregon and for landowners. This concept is much like preventative health care: A small up-front investment in additional resources creates significant long-term savings in reducing the risk of large fires.

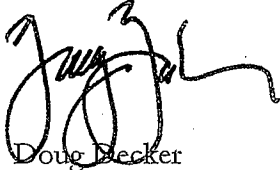
The Board of Forestry's second challenge to the work group involved making fire protection affordable east of the Cascades, thereby ensuring the future viability of those working forests. Currently, the least productive forestlands carry the highest protection costs. Each year, these lands are bombarded with lightning that starts numerous fires in very remote locations. Fire danger and high protection costs contribute to pressures to divide these lands and convert them to other uses. We know that fragmenting forestland diminishes habitat, timber harvest and other forest values, while driving up fire protection costs through fuel build-up, more difficult access for firefighters and the presence of more structures. HB 2050 creates a means to allocate funds to our eastside fire protection districts—which have the highest fire protection costs in Oregon—making protection more affordable there. The accompanying Program Option Package and Governor's Balanced Budget would make \$1 million available annually to help address this challenge.

Third, the Board of Forestry asked the work group to look at the allocation and responsibility for large-fire costs, which vary from year to year. Currently, large-fire cost exposure is layered. The Oregon Forest Land Protection Fund (OFLPF), composed of landowner dollars, is responsible for the first \$10 million in annual large-fire costs. The General Fund is responsible for the next \$15 million. Additionally, to help protect the state and General Fund during catastrophic fire seasons, the Department purchases an annual insurance policy, unique to Oregon. This \$25 million policy, when combined with \$25 million of landowner and General Funds, makes up the \$50 million currently identified to pay for large fires annually. Over the last five years, annual costs have averaged \$8 million, all of which has come from the OFLPF. HB 2050 uses a three-biennia, phased-in approach to sharing large-fire costs dollar for dollar between landowners and the state. Because of the increase in up-front firefighting resources mentioned above, the legislation reduces the overall exposure of the General Fund annually by \$5 million, although it increases the likelihood of some smaller General Fund expenditures for a portion of large-fire costs each year.

HB 2050 (described in more detail in Attachment 1), along with the accompanying Program Option Package, addresses significant challenges to our wildfire protection system. The Department, in conjunction with our stakeholders and landowners, will be able to reduce the incidence of large, costly, catastrophic fires, while maintaining healthy eastside forests, reducing damage to important natural resources, and better protecting Oregon's communities.

We urge your support of this bill and ask you move it forward, including the -1 amendments, to the Joint Committee on Ways and Means with a "do-pass" recommendation.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug Becker", with a stylized flourish extending to the right.

Doug Becker
Oregon State Forester

cc: Richard Whitman, Governor's Natural Resource Advisor
Brett Brownscombe, Policy Advisor, Natural Resources
ODF Executive Team
Travis Medema, Deputy Chief Fire Protection Division

Attachment 1

**Description of HB 2050 Content
(Including proposed -1 amendments)**

Section 1

Currently, ORS 477.755 authorizes the Emergency Fire Cost Committee to expend monies from the Oregon Forest Land Protection Fund (OFLPF) for large-fire suppression costs beyond protection districts' budgeted resources, to pay the committee's administrative expenses, and establishes an annual expenditure limit of \$10 million. Also covered under the expenditure limit is the cost to the OFLPF of the catastrophic fire cost insurance (not to exceed half of the policy premium) as provided in ORS 477.775.

In addition to style and syntax changes deemed appropriate by Legislative Counsel, Section 1 expands the allowable uses of the OFLPF and increases the expenditure limit with more specific sub-limits, as follows:

Paragraph (2)(c) more clearly ties in the authority to pay for a portion of the insurance premium, previously only addressed in ORS 477.775

Paragraph (2)(d) allows the OFLPF to share in the payment of costs for the availability and mobilization of emergency fire suppression resources. This enables the OFLPF to pay for what are commonly known as "severity" resources. These are contracted assets, available statewide, such as air tankers, helicopters and ground-based crews and equipment, targeted to quickly suppress wildfires during periods of peak fire danger. This funding will be combined with existing General Fund severity dollars (made available through a Special Purpose Appropriation pursuant to ORS 477.777) and increase the total overall available pool for these resources, which reduces the likelihood of large, catastrophic wildfires.

Paragraph (2)(e) creates authority for the OFLPF to pay for non-routine purchases. This would allow the OFLPF to pay for supplemental fire prevention, detection or suppression resources to enhance the State Forester's ability to meet fire protection responsibilities. This authority would be used as funds are available, while not exceeding the total annual limitation of the OFLPF.

Subsection (3) increases the annual expenditure limit of the fund from \$10 million to \$13.5 million, splits out portions of that new limit, and begins to phase in sharing of emergency large- fire suppression costs with the General Fund.

-- Under Section 1 of the bill (which will be effective for the 2013-2015 biennium), the first \$2 million of eligible fire suppression costs annually would be split between the OFLPF and State, presumably the General Fund, via the Legislative Emergency Board. The OFLPF would then be responsible for the next \$9 million, and the General Fund for the remaining \$9 million, comprising a \$20 million "deductible", before catastrophic fire insurance would apply. Total annual OFLPF contributions to fire suppression costs still would not exceed \$10 million. By reducing the insurance policy deductible to \$20 million from the existing \$25 million, the overall General Fund exposure is reduced by \$5 million annually.

-- Under the \$13.5 million total expenditure limit, the OFLPF would also be able to spend up to the lesser of \$3 million or three-fifths (under the -1 amendments) of the actual cost for severity resource availability and mobilization, the payment of administrative expenses of the fund and not more than half the cost of the insurance policy premium.

-- Non-routine purchases as described in paragraph (2)(e) could only be made if there are surpluses available within any of the above described limits.

Section 2

This section maintains all of the changes made in Section 1, but continues the phased-in timing of large-fire cost responsibility between the OFLPF and the General Fund, equally sharing the first \$10 million of large-fire costs annually in the 2015-17 biennium. The OFLPF is then responsible for the next \$5 million and the General Fund for the remaining \$5 million before reaching the insurance policy.

Section 3

This section maintains the changes made in Sections 1 and 2, but completes the phased-in approach to sharing of large-fire costs between the OFLPF and the GF. This section shares the first \$20 million of fire suppression costs equally while limiting the expenditures of the OFLPF to the lesser of \$10 million or 50% of the eligible annual fire suppression costs.

Section 4

This section amends ORS 477.777, adding clarity to eligible fund uses and authorizing use of "special purpose appropriation" General Fund dollars for the mitigation of forest patrol assessment rates where productivity or other economic factors exist. Also, minor changes are made to the reporting requirement under subsection (3).

Section 5

This section amends ORS 477.755 and 477.777 by sections 1 and 4 of this 2013 act apply to expenditures for budget periods that begin on or after July 1, 2013. This will allow for those components of HB 2050 to apply to the 2013 fire season.

Sections 6 and 7

These sections make sections 2 and 3 effective July 1, 2015, and July 1, 2017, respectively, to complete the phase-in of the equal sharing of large-fire suppression costs between the OFLPF and the General Fund.

Section 8

This section declares an emergency and makes the bill effective July 1, 2013.



JOHN A. KITZHABER, MD
Governor

February 27, 2013

Doug Decker, State Forester
Oregon Department of Forestry
2600 State Street
Salem, OR 97310

Dear Doug:

Oregon's forests provide vital benefits, including clean air and water, wildlife habitat, jobs, and traded-sector income. This resource presents both opportunities and challenges. The challenges include, especially on Oregon's dry-side federal public lands, the rising risk of catastrophic wildfire—a result of factors such as a changing climate and management trends that have contributed to declining forest health and uncharacteristic buildup of forest fuels.

My 2013-15 budget recommendation includes investments in the restoration and protection of forests and the benefits they provide. These proposals seek both to encourage collaborative, community-based approaches to improving federal forest management, and to minimize the impacts of large wildfires on state-protected forestlands and related economic assets. Together, these investments work toward ensuring the sustainability of our forests and the the communities and economies that depend on them.

I look to the Department of Forestry as an integral contributor to this effort. Furthermore, I recognize that fire protection on the 16 million acres of state-protected forestlands -- a \$60 billion asset covering just over half of Oregon's forestland -- is a top priority of the Department. Accordingly, my budget and the companion legislation, the Wildfire Protection Act (HB 2050), combine state and landowner dollars to bolster capacity to control fires on these state-protected lands before they become large, damaging to communities and other public interests, and costly to the General Fund.

HB 2050 is essential to a broader vision of ensuring Oregon's privately held forests and the public benefits they provide remain productive, protected from fire impacts, and resistant to pressure to convert to other uses. I welcome your continued outreach in support of this legislation.

Sincerely,

John A. Kitzhaber, M.D.
Governor

JAK/BB/sb