

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 3160**81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

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Measure Description:

Establishes Oregon Wildfire Preparedness and Community Protection Fund and directs State Fire Marshal, State Forestry Department and Oregon Watershed Enhancement Board to make expenditures from fund for various activities related to restoration, protection and recovery from wildfires.

Government Unit(s) Affected:

Department of Revenue (DOR), Department of Forestry (ODF), Oregon State Police (OSP), Department of Consumer and Business Services (DCBS), Oregon Watershed Enhancement Board (OWEB)

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See explanatory analysis.

Analysis:

HB 3160 establishes the Oregon Wildfire Preparedness and Community Protection Fund, separate and distinct from the General Fund, with moneys in the fund continuously appropriated as follows:

- 50% to the State Fire Marshal to use or expend as grants, to assist communities in preparing for and protecting against wildfires, to fund full-time firefighters, and to develop and implement community wildfire protection plans or programs;
- 25% to the Oregon Department of Forestry (ODF) to restore landscape resiliency, reduce hazardous fuel levels, and provide forest management to reduce vulnerability to wildfires; and,
- 25% to the Oregon Watershed Enhancement Board (OWEB) to conduct or fund natural area recovery activities in areas that have been subjected to wildfires.

These agencies must submit a joint report to the Governor and an interim committee of the Legislative Assembly with oversight of forestry issues, to detail the agency activities under this measure, by December 31 of each year.

The Department of Consumer and Business Services (DCBS) is to pay into the Fund with all moneys received from an annual surcharge of \$10 on every casualty or property insurance policy issued by an insurer in Oregon, with a minimum payment of \$1,000 required, by July 15 of each year. The Department of Revenue (DOR) may apply tax collection procedures if payments are not made. Insurers may recoup these payments by increasing amounts charged to the insurer's insured. The surcharge applies to policies issued or renewed on or after the measure's effective date; this measure is assumed to take effect on January 1, 2022.

DCBS estimates that the total number of property and casualty insurance policies subject to this measure totals 5,177,601, which would lead to total revenues of \$51.8 million each year. This estimate would mean that OWEB and ODF both receive approximately \$26.0 million each biennium, and the State Fire Marshal would receive approximately \$51.8 million biennially. However, these numbers are subject to further analysis by the Legislative Revenue Office.

DCBS anticipates that most if not all of this revenue will not be received until July 2022. This means that agencies will not be able to implement these programs until after funding is available in July 2022. If there is funding

available from other sources before July 2022, agencies may be able to begin rulemaking, phase in new positions, and begin to set up programs starting earlier in 2022.

Because the programs under this measure will not be clearly defined until each agency has completed rulemaking, estimates for costs for ODF, OWEB, and the State Fire Marshal are indeterminate at this time. DCBS anticipates a minimal fiscal impact to implement this measure.

Known costs of implementation are \$224,654 General Fund for DOR, for reprogramming of the agency's Gentax system. These costs include hiring a limited duration, full-time Information Systems Specialist 6 (0.63 FTE in 2021-23) to work on system modifications. DOR notes that these modifications to Gentax are required since the agency must treat outstanding payments from insurers as delinquent taxes, instead of as delinquent debt, which would not result in a fiscal impact.