

April 8, 2021

Representative Nancy Nathanson, Chair  
House Committee on Revenue  
Oregon State Capitol  
900 Court Street  
Salem, OR 97301

**RE: House Bill 2379** - Relating to the Emergency Fire Cost Committee (EFCC) and the Oregon Forest Land Protection Fund (OFLPF)

Dear Chair Nathanson, Vice-Chair Pham and Vice Chair Reschke and members of the committee,

The Emergency Fire Cost Committee appreciates the opportunity to provide testimony on House Bill 2379. ODF has provided you with written testimony that provides an overview of the structural process surrounding the EFCC, structure of the OFLPF, potential impacts anticipated due to this bill and a Fiscal Impact Statement.

***To be clear I am here representing landowners across Oregon in opposition to this bill, because it dissolves the EFCC an incredibly vital component of protecting Oregonians through Oregon's complete and coordinated fire protection system.***

I would like to highlight four areas where the EFCC benefits all Oregonians. Before I cover these, I would remind the committee EFCC has over a half-century of leadership experience in providing governance related to fire policy, procuring fire-fighting expense insurance, reporting initial fire estimates, insurance claim processing through reconciliation and auditing of emergency fire costs. Additionally, the EFCC provides oversight and support related to cost recovery on legal claims in liability suits as well as implementing strategic investments when funds are available. This highly functioning committee, appointed by the Board of Forestry, is value added to the state of Oregon's complete and coordinated fire protection system.

**First area – the Public / Private Partnership.** The EFCC is a public private partnership made up of four members that represent forest landowners statewide. After such a devastating 2020 fire season, now more than ever it is critical to strengthen, not abolish, this public / private partnership.

The highest value the of the public/private partnership is involvement in and accountability for governance over multiple fire cost processes and providing “third party” integrity that ultimately protects the General Fund.

With the help of 1.5 FTE (Landowner funded) highly competent administrative staff, the EFCC provides oversight based on standards for large fire reimbursement, conducts audits of all large fire costs, and ensures continuity and integrity for large fire cost determination. This bill provides a disincentive for landowners to be involved in these long-term financial stability efforts and does nothing to ensure the integrity of the invoices related to large fire costs are correct. I would suggest this bill puts the GF at risk by dissolving the EFCC and the needed oversight.

The private part of this partnership is largely volunteer or “free” to the public. I personally have been involved with the committee for 26 years and my employers have always paid my expenses to participate. As the representative of the EFCC I have been involved in a multitude of public policy development efforts and reviews most notably the Wildfire Protection Act in 2013. Another study, undertaken and funded by the EFCC was to review the BLM access to the OFLPF, which had become an unlimited exposure to the GF causing several years of complete insurance claims and costing the GF \$MM’s. Recently I spent close to a year on the Governor’s Wildfire Council as Chair of the Suppression Committee and I am currently, on behalf of the EFCC, on the oversight committee of the Wildfire Funding Study related to HB 4304.

***The success of partnerships like this and the participation of myself and other landowners in long-term planning (for free) is put at great risk with passage of this bill.***

**Second area – the Insurance Policy.** As you are aware the Insurance Policy we have with Lloyd’s of London is one of a kind in the world, what you may not be aware of is the fact it was born out of this committee by landowners. Over the 40+ years of history of the policy, the underwriters have paid out approximately \$20 million more than we have paid in premiums. The EFCC along with the State Forester and our partners at DAS spend untold amounts of energy and time working with our brokers and underwriters to maintain these relationships and keep insurance markets well informed as to why Oregon is still a good risk.

The current state of play around this year’s policy looks like we will have full subscription and come in a few percent below our goal (not to exceed last year’s premium increase of 7%). This is a result of constant engagement with the markets and showing the success of Oregon’s complete and coordinated fire protection system we have in Oregon – a unique one of a kind based on the public/private partnership. The insurance markets are under extreme pressure from global losses last year and the ability to tell our story and continue these relationships is translating to \$100’s of thousands in savings. The impact this bill will have on Oregon’s ability to procure and maintain insurance at such exceptional costs in the future would be devastating.

***If insurance were to be part of an overall plan in the future, it would not be attainable at current costs and more likely not at all with the passage of this bill.***

**Third area – our Strategic Investments.** Over the past five years, the EFCC has allocated \$3 million towards critical, strategic investments across various ODF districts in Oregon – this is 100% landowner money. Primarily we have funded the build out of Oregon’s fire detection cameras to expand statewide and become more effective year over year. Most recently landowners completely funded [\$750k] the ODF’s plane modernization to be outfitted with Forward Looking Infra-Red (FLIR) technology to detect fires at night or in smoked filled situations. In one way or another we all experienced the devastating effects of 2020 fire season; however, it could have been worse. By owning (as opposed to borrowing, if even available) and deploying this technology this aircraft spotted multiple fires in the wee hours of the morning to have crews dispatched in the early hours and kept fires to a couple acres or less by 9 am the next morning. These were the potentially large fires that “never were”. Collaboration between landowners’ willingness to invest and ODF staff

innovation continues to keep Oregon at the forefront of fire detection and suppression techniques and the number of large, costly fires to a minimum.

***This momentum will be lost with passage of this bill.***

**Final area - Large Fire Cost Recoveries.** Staff and EFCC members work diligently with ODF staff to review responsible party fire cost recoveries, which often includes settlements with attorneys involved. The committee is regularly updated by the department and always supportive of investigation, cost recovery efforts with ODF staff to assure fire recoveries are maximized which brings dollars back to the GF and EFCC. These efforts in recent years have returned over \$10 million, which reduces the GF and EFCC's large fire liability. These fire cost recoveries are also important to insurance markets, as they demonstrate fiscal responsibility after putting out the. Let me restate for emphasis what I just said...the EFCC – a public private partnership that includes landowner volunteers – actively works to recoup fire costs for our state.

***The oversight and integrity of this process I have outlined for you and the success we have achieved would be abandoned with passage of this bill and dissolution the EFCC.***

**Summary HB 2379**

- 1] Tears apart the fabric of the public /private partnership and seriously compromises the complete and coordinated fire protection system all of Oregon enjoys.
- 2] Undermines the relationships in place with London Insurance markets that will not recover once lost.
- 3] Destroys the mechanism for strategic investments that keeps Oregon on the cutting edge of best practices and keeping fires small will be gone.
- 4] Loses the integrity and financial oversight related to large fire cost and recoveries with ODF personnel.

I implore the legislature to maintain this partnership going forward, 1] seek complete understanding of overall wildfire funding from the Wildfire Funding Study (*in progress*) 2] incorporate more of Governor's Wildfire Council Recommendations and 3] leverage the longstanding partnership with landowners to develop a durable, comprehensive strategy that considers how to best deal with costs related to before, during and after a fire occurs.

***HB 2379 will do more harm than good in this regard and should not move forward.***

Sincerely,

Kenneth Cummings  
Chair – Emergency Fire Cost Committee

Cc: Peter Daugherty, Oregon State Forester  
EFCC Committee