

# ANALYSIS

## Item 25: Department of Forestry and Department of the State Fire Marshal Wildfire Funding Workgroup

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**Analyst:** April McDonald

**Request:** Acknowledge receipt of a progress report from the workgroup convened to identify options for sustainably funding the state's wildfire costs.

**Analysis:** During the 2024 legislative session, a budget note associated with SB 5701 directed the Department of Forestry (ODF) and the Department of the State Fire Marshal (DSFM) to convene a workgroup to identify options for sustainably funding wildfire mitigation, suppression and mobilizations, land classification, and managing the intersection between forest land protection districts and structural fire protection districts. The budget note also directed ODF and DSFM to jointly present a report on the workgroup's progress to the Emergency Board in December 2024 and the Joint Committee on Ways and Means during the 2025 legislative session. The budget note states; "At minimum, the progress report shall include a list of alternative funding strategies along with the following information for each strategy: a description of the strategy; identification of the barriers to implementation; identification of the sustainability risks; and an estimate of the fiscal and revenue impact." This workgroup is comprised of a wide range of stakeholders with varied interests and has been facilitated by a third-party contractor.

The progress report submitted jointly by ODF and DSFM includes background information on the most recent wildfire season, highlighting the significance of both acres burned and net fire costs, as compared to prior seasons. Additionally, the progress report outlines the aim of the workgroup; lists the members and their representation; provides a list of previously held meeting dates and venues; discusses factors impacting the progress of the report; and speaks to the status of identifying alternative funding strategies.

In summary, the workgroup has had five meetings scheduled throughout a record-breaking fire season, from June 2024 through October 2024. This timing limited the availability and capacity of both agencies and some members. The group has narrowed down nearly 70 funding ideas to approximately 20, and continues to examine the barriers, risks, and fiscal impacts of each proposed strategy, working toward consensus. The group has divided potential funding solutions into four general focus areas: 1) General Fund; 2) new statewide funding sources; 3) targeted industry payee programs; and 4) rightsizing existing landowner payee programs. The workgroup used SB 762 (2021) as a guide for programs and funding levels, and estimates ODF and DSFM would need \$300 million each biennium for suppression, steady mitigation activities, and upfront costs for catastrophic wildfires. This progress report is preliminary and provides the

current status of the workgroup's efforts, with more details and information anticipated in the report that will be delivered to the Joint Committee on Ways and Means during the 2025 legislative session.

**Recommendation:** The Legislative Fiscal Office recommends that the Emergency Board acknowledge receipt of the report.

**Request:** Report on Wildfire Funding Workgroup by the Department of Forestry on progress as directed by the fifth budget note associated with Senate Bill 5701 (2024).

**Recommendation:** Acknowledge receipt of the report.

**Discussion:** The Department of Forestry (ODF) is appearing before the committee with the Department of the State Fire Marshal (OSFM) to report on the progress of the Wildfire Funding Workgroup, which was tasked with identifying options for sustainably funding wildfire mitigation, suppression and mobilizations, land classification, and managing the intersection between forest land protection districts and structural fire protection districts.

The Wildfire Funding Workgroup, which is made up of a broad base of stakeholders, legislators, and state and tribal government members, began convening meetings in June 2024. The Workgroup has narrowed funding strategies to 20 from an initial list of 70, and has identified barriers, risks, and financial impacts of strategies. The potential funding strategies have been narrowed into four general areas including additional General Fund, new statewide funding sources, targeted industry payee programs, and rightsizing existing landowner payee programs.

The workgroup will present a more thorough progress report during the December Legislative Days hearings and will continue work throughout the 2025 Legislative Session.



# Oregon

Tina Kotek, Governor



November 7, 2024

The Honorable Senator Rob Wagner, Co-Chair  
The Honorable Representative Julie Fahey, Co-Chair  
State Emergency Board  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

## **RE: Departments of Forestry and State Fire Marshal Wildfire Funding Group Progress Report**

Dear Co-Chairs:

### **Nature of the Request**

The Department of Forestry (ODF) and Department of the State Fire Marshal (DSFM) respectfully request to present to the State Emergency Board at its December 2024 meeting on the progress of the wildfire funding workgroup, per budget note #5 in SB 5701 from the February 2024 Legislative Session.

### **Background**

Wildfire seasons are growing longer and more expensive. Since the unprecedented wildfires of 2020, the scale of wildfire across Oregon has grown and the need for a modern, reliable and durable funding model has become a necessity. Therefore, the Legislature directed the Department of Forestry and the Department of the State Fire Marshal to convene a workgroup to look at modernizing and fully funding the state's wildfire response.

This year's record setting wildfires demonstrates the need for a solution. This fire season set a record for acres burned statewide in the last three decades and both agencies were in full draw-down with a heavy commitment of all staff members for four months. Statewide, across all jurisdictions, more than 1.93 million acres burned, over three times the 10-year average of 621,044 acres. The state experienced six megafires (over 100,000 acres). This is one more megafire than during the Labor Day 2020 fire event, and nearly 800,000 more acres burned in 2024 compared to 2020. There were also 17,100 residences threatened and 42 lost.

The scale of the wildfires led to record setting expenses for the state. For the Department of Forestry, the gross fire costs for the 2024 season were approximately \$317 million and the net fire costs were \$132 million. The State Fire Marshal incurred gross costs of \$34.6 million and net of \$17.2 million. These are not costs that the Department of Forestry or the Department of the State Fire Marshal were designed to carry.

The Workgroup began meeting in June of 2024. Tasked with identifying sustainable funding options for the state's wildfire response, the Workgroup has been meeting throughout wildfire season and is continuing. Recommendations from this Workgroup will be brought forward during the 2025 Legislative Session.

### **Agency Action**

ODF and DSFM were directed to work in partnership to convene a workgroup to identify options for sustainably funding wildfire mitigation, suppression and mobilizations, land classification, and managing the intersection between forest land protection districts and structural fire protection districts. The agencies will jointly provide an update on the workgroup progress, potential alternative funding strategies, and next steps.

### **Progress Report**

Factors Impacting Report: A few key factors have impacted the timeline and evolution of this progress report.

- The 2024 fire season was historic in its size and scope (*see Background section above*).
- The timeline for this workgroup has been truncated. Past workgroups have taken years to research, evaluate, and make recommendations for wildfire policy and funding solutions. Budget Note 5 was passed in March 2024, right before fire season. The agencies, facilitators, Governor's Office, and workgroup members have worked diligently given time and capacity constraints over the past seven months. Workgroup discussions will continue beyond the December E-board progress report and into the 2025 Oregon Legislative Session.
- To build a strong coalition capable of supporting and moving forward wildfire funding solutions in Oregon, it has been essential for the agencies to assemble a broad table of statewide leaders to compose the 35-member workgroup. Finding consensus from such a diverse coalition is not quick or easy. The agencies are committed to aiming for consensus from this workgroup and are sensitive to

allowing workgroup members time to weigh options fully prior to releasing a recommendation from the agencies.

Workgroup Representation:

Members:

1. Alan von Borstel, Oregon Wheat Growers League
2. Anne-Marie Storms, Oregon Fire Marshals Association
3. Armando Martinez, Confederated Tribes of Coos, Lower Umpqua, and Siuslaw
4. Barry Bushue, Bureau of Land Management
5. Bill Boos, Special Districts Association of Oregon
6. Bill Terry, Consumers Power Inc.
7. Branden Pursinger, Association of Oregon Counties
8. Brennan Garrelts, Oregon Department of Forestry's Emergency Fire Cost Committee
9. Brian Stewart, Oregon Fire Chiefs Association
10. Carrie Nyssen, American Lung Association
11. Casey Kulla, Oregon Wild
12. Chris Edwards, Oregon Forest Industries Council
13. Dylan Kruse, Sustainable Northwest
14. Eric Kranzush, Giustina Land & Timber Co.
15. Frank Day, Oregon Volunteer Firefighters Association
16. Genoa Ingram, Oregon Fire District Directors Association
17. Lauren Poor, Oregon Farm Bureau
18. James Hall, Confederated Tribes of the Umatilla Indian Reservation
19. Jim McCauley, League of Oregon Cities
20. John Davis, Green Diamond
21. Jonathan Fink, Portland State University
22. Karl Koenig, Oregon State Fire Fighters Council
23. Kenton Brine, NW Insurance
24. Kyle Smith, The Nature Conservancy of Oregon
25. Lon Matheny, Coquille Indian Tribe
26. Mari Kramer, Confederated Tribes of Siletz Indians
27. Mark Bennett, Wildfire Programs Advisory Council
28. Matt McElligott, Cattlemen's Association
29. Monte Bryan, Cow Creek Band of Umpqua Tribe of Indians
30. Pat Skrip, Operating Forest Protective Association
31. Roger Beyer, Oregon Small Woodlands Association

32. Scott Spaulding, Confederated Tribes of the Warm Springs Reservation
33. Steve Warden, Confederated Tribes of Grand Ronde
34. Suzanne Seattle, Burns Paiute Tribe
35. Tim Sexton, Klamath Tribes

Ex-officio Representatives:

36. Andrew Stolfi, Dept. of Consumer & Business Services, Division of Financial Regulation
37. Doug Denning, Higher Education Coordinating Council
38. Jim Kelly, Oregon Board of Forestry
39. Michael Grant, Public Utilities Commission
40. Representative Bobby Levy, Oregon State Legislature
41. Representative John Lively, Oregon State Legislature
42. Senator Fred Girod, Oregon State Legislature
43. Senator Jeff Golden, Oregon State Legislature

Meeting Dates and Venues:

- June – full group kickoff meeting (Bend)
- July – subgroup (Salem)
- August – subgroup (Virtual)
- September – subgroup (Salem)
- September & October – individual industry specific meetings (Virtual)
- October – full workgroup (Pendleton)

Alternative Funding Strategies: The workgroup began with an open list of nearly 70 ideas for funding or fire rate adjustments. That list has been narrowed down into approximately 20 ideas that the workgroup continues to analyze and work toward consensus on.

Description of Strategy: There are an array of funding options still under discussion with a nexus to wildfire. The workgroup hopes to gain consensus around a package composed of multiple funding sources that would provide durability and sustainability to address Oregon’s wildfire crisis. Workgroup meetings and discussions around funding solutions and sources are ongoing. As the workgroup continues to analyze options, it has divided potential funding solutions into four general focus areas:

1. General Fund (GF),
2. New statewide funding sources (yet undetermined),
3. Targeted industry payee programs, and/or
4. Rightsizing existing landowner payee programs.

Barriers to Implementation: Challenges include financial burden to payers, equitable contributions from various payees, political considerations, difficulty of adoption and implementation, size of financial contribution, avoiding double taxation, and more.

Sustainability Risks: Some funding sources fit as one-time infusions, while other sources might provide sustainable funding for years to come. One time funding might be used for seeding a fund, performing mitigation, or carrying debt, while ongoing funding sources might better address ongoing annual needs.

Fiscal & Revenue Impact: Oregon has a history of wildfire suppression expenditures—mitigation and recovery has a shorter history of funding. Funding needs can range from tens of millions into the billions of dollars depending on what aspect of wildfire mitigation, suppression, and recovery on which we choose to focus.

The workgroup chose to focus statewide needs on what we know—using Senate Bill 762 (2021) as a guide for programs and funding levels that have a history of success. The workgroup also factored in the steady escalation of fire season costs, associated with a changing climate, a growing Oregon population, and expansion into the wildland-urban interface (WUI). Roughly \$300M in total needs per biennium have been identified. This would begin to provide funding for current suppression needs, steady mitigation activities and the upfront costs for catastrophic wildfires for both ODF and DSFM.

The Workgroup also agreed that it is essential to provide funding prior to fire seasons. Requiring the agencies to hold unscheduled debt in other agency programs and request reimbursement every year from the State Emergency Board is not a sustainable solution.

Anticipated Future Actions:

- November—full workgroup (*meeting scheduled*)
- December—Agencies present progress report at December Emergency Board
- Continued—Workgroup involvement through legislative drafting / bill introduction / legislative session.



**Action Requested**

ODF and DSFM request that the State Emergency Board accept this progress report on the work of the Wildfire Funding Workgroup, per budget note #5 in SB 5701 from the February 2024 Legislative Session.

**Legislation Affected**

None.

Sincerely,



Cal Mukumoto  
State Forester  
Oregon Department of Forestry



Mariana Ruiz-Temple  
State Fire Marshal  
Department of the State Fire Marshal

c: Legislative Fiscal Office  
Chief Financial Office  
Board of Forestry  
Governor's Office