

SB 1511 A STAFF MEASURE SUMMARY

Senate Committee On Natural Resources and Wildfire

Action Date: 02/13/24

Action: Do pass with amendments. Refer to Ways and Means by prior reference. (Printed A-Eng).

Vote: 5-0-0-0

Yeas: 5 - Girod, Golden, Prozanski, Smith DB, Taylor

Fiscal: Fiscal impact issued

Revenue: No revenue impact

Prepared By: Laura Kentnesse, LPRO Analyst

Meeting Dates: 2/8, 2/13

WHAT THE MEASURE DOES:

The measure appropriates \$5 million to the State Fire Marshal to collaboratively establish a neighborhood protection cooperative grant program to promote community wildfire resilience. The bill also directs the Department of Consumer and Business Services, in consultation with the insurance industry and relevant state agencies, to develop a plan for a future homeowner insurance risk reduction certification program that would consider property owner actions to mitigate wildfire risk in homeowner insurance policy rates and terms. The measure declares an emergency and is effective on passage.

Detailed Summary:

Neighborhood Protection Cooperative Grant Program (Sections 1 – 4)

- Directs the State Fire Marshal to collaboratively establish a neighborhood protection cooperative grant program to promote community wildfire resilience.
- Requires the State Fire Marshal to award grants to local governments, fire district related organizations, and nongovernmental organizations for the purpose of providing individual grants to property owners for wildfire resilience efforts.
- Requires the State Fire Marshal to develop criteria for grant awards in consultation with specified partners, and to publish the criteria on the department website by January 1, 2025. Specifies possible criteria for local government and organization grantees, including identifying neighborhoods to award individual grants to property owners, conducting defensible space assessments for neighborhoods, requiring individuals performing grant-funded onsite hazard assessments to complete specified training, and reporting on individual grant awards. Specifies possible criteria for individual grant awards, including preference for property owners who own property in neighborhoods with high wildfire risk, with identifiable social and economic barriers, and that are likely to be successful in implementing wildfire risk reduction measures.
- Requires the State Fire Marshal to provide a status update on the grant program establishment and administration as part of an existing biannual report to the legislature.
- Provides explicit discretionary authority for the State Fire Marshal to adopt rules for program implementation, including defining “neighborhood.”
- Establishes the Neighborhood Protection Cooperative Grant Program Fund.

Planning for a Homeowner Insurance Risk Reduction Certification Program (Sections 5 – 6)

- Directs the Department of Consumer and Business Services (DCBS), in consultation with insurance industry representatives, the Department of the State Fire Marshal, and the Oregon Department of Forestry, to develop a plan and implementation timeline for establishing a homeowner insurance risk reduction certification program.
- Requires that the program identify wildfire risk mitigation actions, including actions taken under the neighborhood protection cooperative grant program, that may result in lower costs or better terms for homeowner insurance policies.

SB 1511 A STAFF MEASURE SUMMARY

- Requires DCBS to submit a preliminary report to natural resources related legislative committees by December 1, 2024.
- Defines “homeowner insurance” and “wildfire risk mitigation action” to align with other applicable statutes.

Appropriation (Section 7)

- Appropriates \$5 million from the General Fund to the State Fire Marshal for the neighborhood protection cooperative grant program.

Effective Date (Section 9)

- Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Neighborhood protection cooperative grant program conceptually overlaps in part with Senate Bill 509 (2023), which was not enacted
- Fire-adapted communities component of the state wildfire program
- Firewise USA communities as models of neighbors collaboratively organizing for wildfire protection
- Importance of partnering more closely with the insurance industry to reflect the mitigation work Oregonians are doing on their property in homeowner insurance policies and rates

EFFECT OF AMENDMENT:

The amendment modifies and defines terms, adds explicit discretionary rulemaking authority, and extends the grant award criteria publication deadline. The amendment also clarifies that the risk reduction certification program pertains to homeowner insurance, specifies that planning will be led by the Department of Consumer and Business Services, and cleans up language to improve readability.

Detailed Summary:

- Replaces the term "wildfire exposure" with "wildfire risk."
- Adds explicit discretionary authority for the State Fire Marshal to adopt rules for program implementation, including defining “neighborhood.”
- Changes the date by which the State Fire Marshal must publish criteria for grant awards from July 1, 2024, to January 1, 2025.
- Clarifies that the risk reduction certification program pertains to homeowner insurance.
- Supplies definitions for “homeowner insurance” and “wildfire risk mitigation action” to align with other applicable statutes.
- Clarifies that the Department of Consumer and Business Services will play the lead role in developing the plan and implementation timeline for the homeowner insurance risk reduction certification program in consultation with other agencies and insurance industry representatives, rather than all three agencies equally and jointly leading the effort.
- Cleans up homeowner insurance risk reduction certification program language to improve readability.

BACKGROUND:

In recent years, wildfires have grown in size and intensity in Oregon. The "Labor Day" wildfires of 2020 were the most destructive recorded in state history, burning more than 4,000 homes in the Cascades, coast, and southern regions of the state.

In 2021, the Legislative Assembly enacted Senate Bill 762, which directed the State Fire Marshal (SFM) to establish a community risk reduction program for Oregon. The purpose of the program is to help communities identify their risks, develop a plan to reduce those risks, and strategically invest to reduce wildfire occurrence and impact. As part of the program, the SFM created the Fire Adapted Oregon initiative and hired seven regional fire risk reduction specialists to work with local partners to create and promote fire adapted communities in Oregon. The specialists assist local communities with training, education, and risk planning and mitigation. The SFM also established multiple grant programs associated with community risk reduction. A defensible space grant program distributed its first round of grant money in 2022 to schools and hospitals for vegetation management in close

SB 1511 A STAFF MEASURE SUMMARY

proximity to buildings and infrastructure, and a community risk reduction grant program made awards in 2023 to local governments, special districts, structural fire service agencies, and nongovernmental organizations to implement wildfire risk reduction projects, and to fund equipment and staff for local efforts.

In 2023, in response to claims that home insurance rates are rising, sometimes dramatically, in areas of the state that appear to align with wildfire-prone areas, the Legislative Assembly enacted Senate Bill 82. The law requires insurers to send a notice to insured homeowners for policy cancellations, decisions not to renew, or premium increases related to wildfire risk. The notice is required to contain information on property-specific characteristics related to wildfire risk that resulted in the insurance policy change, wildfire risk mitigation actions the homeowner could take to improve insurability and any related discounts or incentives, information about wildfire risk scores or classifications if the insurer uses those systems to assess property, and general information about the factors the insurer considers when determining the risk of wildfire to a property. The law also requires insurers to make information on whether and how wildfire risk mitigation actions may impact underwriting and rates publicly available on their website, and requires insurers to reflect in their underwriting guidelines and rate plans how they address or consider wildfire risk mitigation actions. The final part of the new law prohibits insurers from using a state map of wildfire risk or exposure as a basis for homeowner insurance policy changes.