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Joint Transportation Committee
House Committee on Emergency Management, General Government, and Veterans

HOUSE OF REPRESENTATIVES

February 13, 2024

House Committee on Rules
Oregon House of Representatives
Oregon State Capitol
900 Court Street NE
Salem, Oregon 97301

Ref: Establishment of a Statewide Public Safety Authority – HJR 201, HB 4075

Dear Colleagues:

The following testimony is provided in support of HJR 201, HB 4075.

The Problem:

Oregonians face a growing threat from the impacts of catastrophic wildfires that are earlier, larger, and far more expensive than previously known. This evolving threat is not a forestry problem. It is not a rural problem. It is a statewide problem. The dynamics of global climate change, a century of often ambiguous land management policies, as well as a myriad of interrelated factors have transformed wildfires from a somewhat predictable seasonal challenge into a significant problem warranting our response. In simplest terms, wildfires meet the test of presenting a clear and present danger to the safety and security of our people and place.

This problem is well-known. Estimates for the total costs of the 2021 wildfires that ripped across the Western U.S. were between \$70 Billion and \$90 Billion. Here in Oregon, the direct costs of wildfire suppression for 2021 exceeded \$10 Million with indirect costs perhaps ten (10) to fifteen (15) times that amount. Acceptance of the inherent economic and health impacts associated with our increasing risk exposure is no longer in dispute. Accordingly, the Oregon Legislature acted in response to the wildfires of 2020 and 2021. We implemented a series of legislation that was (and remains) rational, reasonable, and responsible. However, we have not continued critical funding for continuing the good work that was done.

For years we have talked about the need for a stable, sustainable revenue stream for wildfire resilience. Despite the identified need, we have thus far allowed ourselves to perpetually “kick the can” down the road searching for the perfect, often at the loss of the practical and good enough. Today, we can no longer afford the luxury of inaction or indecision. Conservative estimates put the price of needed wildfire prevention at \$136,000,000 per Biennium (every two years). Unfortunately, there is no existing policy to sustain even this amount; existing budget “current service levels” do not incorporate the “one-time” funding associated with the legislation passed in 2021 and 2022. Absent action, now, the price of wildfire resilience will only grow – exponentially – as we lose ground on the progress made.

Years of benign neglect have kept our statewide wildfire resilience in a negative posture. We are all complicit in the politics that got us “here.” The impacts of the contagion, economic uncertainties, and the follow-on crisis in housing and behavioral health care have sucked up most of the air in the governance space. That said, even though our problem is “no-one’s” fault, it is everyone’s new reality. We must figure out a way to meet the challenges of the day and keep faith with our duty to prepare for tomorrow. This requires a strategy for funding regional mitigation

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actions, increased capacities for response, and statewide flexibility for resource management when risks are identified.

Principles of a Workable Solution:

1. A solution that is effective in reducing risk, a solution that is scaled to incentivize insurance carriers to remain (as opposed to what is taking place in nearby states impacted by wildfires).
2. A solution that does not target any singular activity or industry – we face a statewide problem with statewide (direct and indirect) impacts.
3. A solution that is “right sized” to the scale of the problem and is sustainable over time.
4. A solution that does not reappropriate existing revenue streams.
5. A solution that provides multifaceted benefits for the public safety response/recovery communities.
6. A solution that is fair, focused, and transparent.
7. A solution that the People of Oregon support.

The Solution (A Two-Piece Plan):

HJR 201 – A Referral to the People of Oregon

This is a referral to the 2024 ballot. It would establish a Constitutional framework for implementing a statewide solution to a statewide problem (grounded upon the principles above). HJR 201 provides a vehicle for a referral to the voters for creation of a statewide public safety authority empowered to levy across the board assessments from property taxes, capped at not more than \$.25/\$1,000 per annum. This solution, as drafted, does not impact existing property tax realities as it is assessed outside BM 5 and BM 47/50 changes. This means that if the voters approve the referral, the assessment will not (cannot) impact existing compression rates, or permanent rates. Think of a cake with a thin layer of icing added atop; it will be bound to the specific purposes outlined, it will not negatively impact any existing taxing districts or organizations.

It is important to understand the larger context necessitating this approach. Since passage of Ballot Measure 5 (in 1990, and Ballot Measures 47/50 in the mid-1990s), an increasing portion of “state” revenues have been redirected from critical state services for “backfilling” the revenues “lost” from the implementation of property tax limits. We have significantly reduced funding for higher education, state police, and many other essential functions. This “new” normal is neither stable nor sustainable. Ironically, some local, county, and regional leaders will argue that “property tax” is a local tax, and the state should refrain from an approach such as this HJR 201 proposes. If that is true, then perhaps we should eliminate all state distribution of non-property tax revenues so that we keep the artificial differentiation among taxing methods clean; we might even suggest repayment for lost opportunities associated with \$Billions in income and other “state” taxes sent to local governments since 1991.

It is time for us to recognize that there is no legitimate reason for thinking of any one method of taxing the public as the domain of any type of government. We are systemically failing our people and place because of self-inflicted consequences stemming from a few bad choices. We are not bound to make the past our prelude. If the referral passes, the funds would be levied (if levied) on an annual basis. These funds would be channeled into two funds: one fund with an emphasis on "inside the wildland urban interface," and the other "outside the urban interface." As structured, these funds would not be subject to a Legislative “sweep.” The funds cannot be reappropriated. This solution provides a best-case strategy for funding priorities supporting and sustaining wildfire mitigation, prevention, preparation, response, and recovery. And it is intended to add capacities statewide, with an emphasis on areas often relied upon during state-directed responses (the Emergency Conflagration Act).

A Plan for Implementation, if and only if, the People Want It:

HB 4075 – A BIG Stakeholder Task Force for Implementing the Intentions of the Referral

This is a bill for an act. It would establish authorities (dependent upon passage of the referral) for informing the specifics of executing the intentions embedded in HJR 201. The measure would optimize the “task force” model. It would provide a date-certain framework for transforming the referral into a functional organization. The task force would be responsible for the work of answering the “details” required for success including: 1) a baseline funding

level (\$200,000 tied to 2024 dollars) for all wildfire mitigation/response organizations, 2) a formula (added to the baseline) including regional threat and population factors, and 3) statutory commitment to a “20%/80% split” for funding priorities (state priorities at 20%, local/regional/regionally requested priorities at 80%).

The implementation measure would go into effect if, and only if, the referral is passed. It is necessary to show the public that we have a plan for implementing the spirit of the referral as fast and responsibly as possible. It yields us sufficient resources for strategic and tactical investments – a stable, sustainable tool.

Additional Information:

Legislative Revenue suggests the approach outlined through passage of the referral setting a “hard cap” of \$.25 per \$1,000 assessed valuation (and implementing statutes) could yield \$250 Million per Biennium (\$125 Million per year) dedicated for public safety funding related to wildfire resilience.

Note: There is added flexibility because property taxes are assessed annually. The hard-cap is not intended to be the standard; significant progress can be made at a much lower rate – and rates can be adjusted should “savings” through risk reduction be realized. This tool gives the public greater accountability and transparency for the targeted use of the funds.

Once the funds are realized, the legislation associated with HB 4075 would ensure the processes for distribution. Though the Legislature would have some flexibility for adjustments (in future sessions), the focus of this solution is wildfire preparedness, response, and recovery. The details can be adjusted through statute, but the foundation of the approach must remain true to the intentions put into the Constitution (if passed in 2024). This is the best way to demonstrate our responsibility in stewardship of this novel approach.

Conclusion:

There are always alternative solutions to the challenges we face. However, no other proposal currently before the body has the capabilities for providing us with a comprehensive, permanent, scalable, voter-approved answer for supporting a stable, sustained wildfire resilience strategy.

If passed, this approach would strengthen the personal property insurance market, transform rural fire mitigation, prevention, preparedness, and response capabilities, and add all-hazards resilience that is required for controlling wildfires – but can – and would greatly increase our readiness for other catastrophic disaster events.

I ask nothing more or less than passage of HJR 201 to the ballot. I believe this approach is innovative but different; it is different enough to ask the people for their approval or disapproval. I ask for passage of the companion legislation, HB 4075 to secure a thoughtful implementation process – should the people affirm this approach.

Thank you for your attention to this matter. Together we can meet the challenges associated with preparing our state and communities for the catastrophes to come.

Respectfully,

