

ANALYSIS

Item 34: Department of Agriculture Japanese Beetle

Analyst: Katie Bannikov

Request: Increase Other Funds expenditure limitation for the Department of Agriculture by \$372,490 and establish two permanent positions (1.26 FTE) for a Japanese beetle program.

Analysis: The Japanese beetle was first found in areas of Washington County in 2016 and is an invasive pest that is known to cause plant and crop damage. An eradication program was established in 2017 at the Oregon Department of Agriculture (ODA) and has been routinely funded through one-time resources of either General Fund or Lottery Funds, depending on available revenues, and of varying amounts depending on program needs. In a report to the Legislature during the 2024 session, the Department indicated trapping and treatment success over the course of the program, with overall treatment areas and number of pests trapped declining. During the 2024 treatment season, 76% of the trapped beetles were caught at a single location. Additionally, the report included savings for the program by approaching larger businesses and organizations in the treatment area about covering the costs of treatment.

Based on the lifecycle of the Japanese beetle, the treatment cycle typically runs from March to October of each year. The 2025 season was funded by the Oregon Association of Nurseries and the Oregon Invasive Species Council. The treatment plan for 2025 included setting approximately 6,800 traps and treating known infested areas, amounting to less than 1,300 acres, down from the approximately 4,000 acres treated in 2017 when the program began. The eradication program's success had provided Oregon with Category 1 status set by the National Plant Board. This is the most desirable status and allows the nursery industry full export ability without restrictions.

ODA did not include a budgetary request for the 2025-27 biennium to continue the Japanese beetle eradication program beyond the 2025 season and no additional state resources were allocated during the 2025 session. The program had operated over the course of the last four biennia on one-time resources with limited-duration staffing, so without additional resources, eradication efforts have not continued. With the Department's discontinuation of the program after the 2025 treatment season, it is anticipated that Oregon has lost its Category 1 status for the 2026 calendar year, which will result in quarantine requirements, treatment requirements, and potential loss of market access for the nursery industry.

To combat the challenges industry will face, the Department proposes creating a reshaped program that will focus on market access for the industry rather than eradication, with the goal

of receiving Category 2 status. Two permanent full-time Natural Resource Specialist 2 positions (1.26 FTE) will be supporting and certifying the compliance agreements required when a Category 2 state ships into a Category 1 state. The Department proposes this new program be funded through increases to nursery fees. Fees for the program were last increased in 2016 and are set in administrative rule within statutory maximum amounts. The Department has engaged with stakeholders on the proposal and anticipate an 18.7% fee increase for the Nursery program, effective April 2026, would generate approximately \$350,000 in Other Funds revenue during the 2025-27 biennium to support this request. The Nursery program has a fund balance of \$3.9 million, which equates to approximately 20 months of operating reserves, which will cover the difference in program costs versus the anticipated revenue.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including an increase of \$372,490 in Other Funds expenditure limitation and authorizing the establishment of two permanent full-time positions (1.26 FTE) for the Department of Agriculture in a budget reconciliation bill during the 2026 legislative session for a Japanese beetle program.

Request: Increase Other Funds expenditure limitation by \$372,490 and establish two new, permanent, full-time Natural Resource Specialist 2 positions (1.26 FTE) to support critical nursery stock certification and regulatory compliance regarding Japanese beetle.

Recommendation: Approve the request during the 2026 Legislative Session.

Discussion: The Department of Agriculture (ODA) is appearing before the committee to request an Other Funds expenditure limitation increase of \$372,490 to support two permanent, full-time positions (1.26 FTE) in the Natural Resources program dedicated to regulatory certification and market access compliance for the nursery industry. ODA has previously completed Japanese beetle mitigation programs, which were funded through one-time investments by the Legislature. The most recent Japanese beetle mitigation program completed operations in October 2025.

Since the sunset of the most recent Japanese beetle mitigation program, nursery stock destination states have changed the certification of pest-free status of nursery stock coming from Oregon and imposed heightened phytosanitary restrictions and certifications. The establishment of a compliance program does not guarantee other states will restore the certification of pest-free status for nursery stock coming from Oregon, but it will provide infrastructure to maintain market access under Japanese Beetle control protocols.

ODA has proposed an 18.7 percent increase in nursery fees to support the Japanese beetle mitigation program. The increase in fees is expected to generate an additional \$348,268 in Other Funds revenues for the remainder of the 2025-27 biennium. ODA plans to use existing Other Funds revenue to support the Japanese beetle compliance program beyond the expected revenue that would be generated by the increased fee.

Legal Reference: Increase the Other Funds expenditure limitation established by chapter 419, section 2(3), Oregon Laws 2025, for the Department of Agriculture, Natural resources, by \$372,490 for the 2025-27 biennium.



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December 8, 2025

The Honorable Senator Kate Lieber, Co-Chair
The Honorable Representative Tawna Sanchez, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE, H-178
Salem, OR 97301

Dear Senator Lieber and Representative Sanchez:

Nature of the Request

The Oregon Department of Agriculture (ODA) respectfully requests a \$372,490 increase in Other Funds limitation and the establishment of two permanent positions (1.26 FTE).

Agency Action

The Japanese beetle is an invasive pest present in Oregon first found in 2016 in the Cedar Mill, Bonny Slope, Oak Hills, and Bethany areas of Washington County. This invasive insect pest can be destructive in multiple life stages, causing damage to over 300 types of plants including roses, hops, grapes and a myriad of ornamental plants.

For the past several biennia, the Japanese beetle eradication program has been funded through one-time General Fund or Lottery Fund appropriations from the Oregon Legislature, separate from ODA's base budget. During the 2025 legislative session, a bill to continue this funding did not pass, and the end-of-session budget package did not include funds for the program. This resulted in the closure of the program.

Without an active Japanese beetle program, other states have begun placing restrictions on nursery stock coming from Oregon absent certification of pest-free status. While these restrictions impact crop years starting 2026 forward, replacing funding at this time does not guarantee other states remove these restrictions for future crop years.

Ultimately, a reshaped program with new objectives, focused on market access rather than eradication, is now required. The agency proposes the creation of two new permanent positions paid for by an 18.7% increase in nursery fees to support nursery owners in the ensuring the necessary certification requirements are met in order to transport nursery crops to other states. These fees were last increased April 29th, 2016.

If approved, this increase in fee is expected to generate \$348,268 in Other Funds revenue for the remainder of the 2025-27 biennium and would begin April 1st, 2026. Any difference between projected revenue and actual would be supported by existing fund balances.

Action Requested

The department respectfully requests \$372,490 increase in Other Funds limitation and the establishment of two permanent Natural Resource Specialist 2 positions (1.26 FTE) within the Natural Resource Policy Area to support this important work.

Legislation Affected

Oregon Law 2025 Chapter 419, Section 2, Subsection (3).

Sincerely,



Lisa Charpilloz Hanson, Director
Oregon Department of Agriculture

