

ANALYSIS

Item 22: Department of the State Fire Marshal Fire Cost Recovery

Analyst: Katie Bannikov

Request: Increase Other Funds expenditure limitation for the Department of the State Fire Marshal by \$500,000 for fire cost recovery efforts.

Analysis: SB 863 (2025) authorized the Department of the State Fire Marshal (DSFM) to seek cost recovery for fire suppression costs resulting from a person who is willful, malicious or negligent in the origin or subsequent spread of a fire. Costs to implement the measure were minimal and absorbed with the Department's operating budget. However, the 2025 fire season, resulted in nine fires that are pending investigation for potential cost recovery.

For the 2025 fire season, DSFM has thus far incurred approximately \$93,000 for investigations and Department of Justice costs related to deposition and witness statements for potential eligible cost recovery. Additionally, there are anticipated costs for professional services contracts to provide subject matter expertise supporting fire investigations. In consultation with the Oregon Department of Forestry, who has similar fire cost recovery authority, the Department estimates approximately \$250,000 per year, or \$500,000 for the biennium, in expenditures for cost recovery efforts.

Funding for this work will come from the State Fire Marshal Fund, which is predominately funded by the Fire Insurance Premium Tax. However, if cost recovery is successful, monies attributable to these expenditures will be paid back to the Fund. Additionally, any cost recovery revenues received for fire suppression costs would be deposited to the designated fund where the fire costs were incurred.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including an increase of \$500,000 in Other Funds expenditure limitation for the Department of the State Fire Marshal in a budget reconciliation bill during the 2026 legislative session for fire cost recovery efforts.

Request: Increase Other Fund expenditure limitation by \$500,000 for wildfire cost recovery efforts associated with Senate Bill 863 (2025).

Recommendation: Approve the request during the 2026 Legislative Session.

Discussion: Senate Bill 863 (2025) authorized the Department of the State Fire Marshal (DSFM) to recover costs from individuals found to have willfully, maliciously, or negligently caused or contributed to the spread of a fire and to initiate legal proceedings to collect costs, if necessary. This request will provide the Department with start-up expenditure limitation to account for costs associated with these proceedings using Fire Insurance Premium Tax revenue. DSFM believes at least seven, but as many as nine fires from the 2025 fire season will be eligible for cost recovery.

Senate Bill 863 established a process for DSFM to use to recover actual fire suppression costs from a person who is willful, malicious, or negligent in the origin or subsequent spread of a fire. The bill provides the Department will the following authorities and requirements in order to recover fire costs:

- The Department must send a written demand to the individual with a 90-day deadline for payment;
- If the individual does not pay within 90 days, interest will begin to accrue at a rate of 10 percent;
- If unpaid, the actual fire costs can constitute a general lien against real or personal property of the individual, at the discretion of DSFM. The general lien must be certified by the State Fire Marshal and filed with the appropriate county clerk within 12 months after the calendar year within which the fire originated. The lien may be foreclosed in the manner provided by law for liens for labor and material;
- DSFM can request the Attorney General to prosecute an action to recover actual fire costs, foreclose the lien and to assist in investigating liability and issuing subpoenas;
- DSFM can petition a circuit court if a person fails to comply with a subpoena during an investigation to explain why they have not complied and why they should not be held in contempt of court. DSFM can also serve the individual with a document initiating contempt action. The bill directs the court to compel the individual to obey the subpoena through contempt proceedings if good cause is not shown for them to comply.
- The bill also authorizes a deputy state fire marshal, under the authority of the State Fire Marshal, to secure scenes, restrict access, and preserve evidence relevant to these investigations.

DSFM has identified costs it will incur both for setting up this cost recovery process, as well as for the investigation and legal course related to potentially cost recoverable fires. These costs include deputy fire marshal personal costs associated with fire cause determination, Attorney General and other legal costs, and the costs associated with establishing contracts with and paying for expert witnesses. To date, the Department has estimated costs of \$93,354 for staff time, Attorney General costs, and estimated expert witness costs. DSFM consulted with the Oregon Department of Forestry, which has similar cost recovery authorities and estimates costs of \$250,000 per fire season as a reasonable amount for ongoing annual cost recovery efforts.

Legal Reference: Increase Other Funds expenditure limitation established by chapter 554, section 2(1), Oregon Laws 2025, for the Department of the State Fire Marshal, by \$500,000 for the 2025-27 biennium.



Oregon

Tina Kotek, Governor

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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 Department of the State Fire Marshal respectfully requests the opportunity to appear before the January 2026 Interim Joint Committee on Ways and Means to request an increase of \$500,000 in Other Fund expenditure limitation for fire cost recovery efforts.

Agency Action

Senate Bill 863 from the 2025 Regular Session passed, allowing the Oregon State Fire Marshal to establish a process to recover fire suppression costs from the person who is willful, malicious, or negligent in the origin or subsequent spread of a fire.

To recover costs, the agency is required and/or authorized to take the following actions:

- Required to mail a written demand with a 90-day deadline for payment.
- Authorized to charge interest at a rate of 10% per year and to recover actual costs of the fire and interest by action prosecuted by the state if the respondent is noncompliant.
- At the discretion of the agency, the actual cost of the fire may constitute a general lien against the real and personal property of the person.
- Required the general lien notice from the agency to be certified under oath and filed within 12 months after the fire occurred and list the property that may be foreclosed upon.
- At the request of the agency, require the Attorney General to prosecute an action to recover actual fire costs or foreclose a lien and to assist in investigating liability and to issue subpoenas.
- Petition a circuit court if a person fails to comply with a subpoena during an investigation into the actual fire suppression costs to order the person to explain why they haven't followed the subpoena and why they shouldn't be held in contempt of court.
- Serve the individual with a document initiating the contempt action and directs the court to compel the person to obey the subpoena through contempt proceedings if good cause is not shown why the person failed to comply.

Protecting people, property, and the environment from fire and hazardous materials

- To secure scenes, restrict access, and preserve evidence.

The Department of the State Fire Marshal will incur additional costs pursuing fire cost recovery from persons who are willful, malicious, or negligent. The department will continue to see increases in deputy state fire marshal personnel costs associated with fire cause determination, Attorney General and legal costs, and contracts for expert witnesses.

Action Requested

The Department of the State Fire Marshal respectfully request an increase of \$500,000 in Other Fund expenditure limitation for cost recovery efforts.

Legislation Affected

Senate Bill 5538 (2025) Oregon Law 2025, Chapter 554, Section 2(1)

Sincerely,



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

CC Amanda Beitel, Legislative Fiscal Officer
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