

HB 3940 -1, -2 STAFF MEASURE SUMMARY

House Committee On Climate, Energy, and Environment

Prepared By: Erin Pischke, LPRO Analyst

Sub-Referral To: House Committee On Revenue

Meeting Dates: 4/1, 4/3

WHAT THE MEASURE DOES:

The measure requires dealers who sell beverage containers in Oregon to collect a five-cent surcharge on each container for wildfire prevention and response; requires retaliatory tax revenue collected to be deposit in the State Fire Marshal Fund for wildfire prevention and response; transfers one-half percent of General Fund appropriations per biennium to a fund for wildfire prevention and response; and transfers 50 percent of the amount held in the Oregon Rainy Day Fund to State Fire Marshal Fund for wildfire prevention and response. It makes certain changes related to the forest products harvest tax, minimum assessments and surcharges, zones for fire protection in certain areas, and the formation of rural fire protection districts and requires the Legislative Assembly to make moneys available to the State Forestry Department and the Department of the State Fire Marshal to repay loans from the State Treasurer for wildfire suppression costs.

Detailed summary:

BEVERAGE CONTAINER SURCHARGE

Requires dealers who sell beverage containers in Oregon to collect a five-cent surcharge on each container and, at least once per quarter, transfer the full amount of surcharges collected to the Oregon Department of the State Fire Marshal (OSFM). Requires OSFM to deposit all amounts received in the State Fire Marshal Fund for wildfire prevention and response. Requires the Oregon Liquor and Cannabis Commission, in consultation with OSFM, to adopt rules related to the collection and use of funds collected from beverage containers.

INSURANCE RETALIATORY TAX

Requires the Department of Consumer and Business Services (DCBS), once per year, to determine the aggregate amount of revenue collected by the DCBS pursuant to the retaliatory tax imposed on insurers and transfer it to OSFM for deposit in the State Fire Marshal Fund for wildfire prevention and response.

ENDING BALANCE

Requires, immediately after the time of each transfer to the Oregon Rainy Day Fund, one-half percent of the amount of General Fund appropriations for the preceding biennium to be transferred from the General Fund to the State Fire Marshal Fund for wildfire prevention and response.

OREGON RAINY DAY FUND

Transfers 50 percent of the amount held in the Oregon Rainy Day Fund to State Fire Marshal Fund for wildfire prevention and response.

FOREST PRODUCTS HARVEST TAX FOR WILDFIRE MITIGATION AND SUPPRESSION

Changes the forest products harvest tax upon taxpayers from 62.5 to 100 cents per thousand feet, board measure, for the payment of benefits related to fire suppression and requires the rate to be adjusted by a certain percentage. Applies to calendar years beginning on or after January 1, 2026. Removes and adds definitions in statute related to the forest products harvest tax (ORS 321.005), applicable on or after January 1, 2026.

STATE FORESTRY DEPARTMENT LARGE WILDFIRE FUND

Establishes the State Forestry Department Large Wildfire Fund in the State Treasury for use by the Oregon Department of Forestry for wildfire suppression.

FOREST PROTECTION DISTRICTS

Replaces “forester” with “State Forester” in Oregon Revised Statute (ORS) (ORS 477.270, 477.277, ORS 477.295). Changes the cost of protection by the State Forester for grazing lands from a pro rata cost to 30 cents per acre and establishes annual adjustment rates. Removes language around the forest patrol assessments levied and assessed against grazing lands that are not owned by public agencies. Specifies that budgeted amounts for timberland that are not expended may be carried forward as a credit to the forest patrol assessment rate for the ensuing year.

MINIMUM ASSESSMENT AND SURCHARGE

Specifies that a surcharge on an unencumbered balance of Oregon Forest Land Protection Fund be levied and assessed annually and changes the rate the amount is levied and assessed from \$47.50 to \$20 to defray the increased cost of fire suppression on forestland that is caused by the existence of the improvements. Changes the minimum cost from \$18.75 to \$58 and adjusted annually for inflation, for purposes of making the levy and assessment of costs against forestland, to provide fire protection or suppression for any lot or parcel of real property separately assessed for ad valorem taxes or other taxes, on the current assessment roll. Specifies that applications for combined lots for assessments of costs against forestland be made to the State Forester.

Allows, rather than requires, the State Forester to charge a fee of \$25 per combined lot and paid to the State Forester at the time of application for the combined lot, and for each subsequent application. Adds requirement for approved applications that the forestland owner needs to reapply every five years.

ZONING OF CERTAIN LANDS

Removes zone 1 and 2 classifications that the governing body of each county may, in cooperation with the State Board of Forestry can make, and establishes that zones be composed of forest, range, grass, or undeveloped lands, or any of such lands intermingled with grazing and agricultural lands. Repeals statutes related to prevention and control of fires and the establishment of rural fire protection districts in zone 2 classified lands (ORS 476.330 and 476.340). Modifies definitions of “governing body” and “political subdivision” in statutes relating to civil service for firefighters (ORS 242.702).

FORMATION OF RURAL FIRE PROTECTION DISTRICTS

Modifies how rural fire protection districts are formed.

TREASURY LOANS

Requires the Legislative Assembly to make moneys available to the State Forestry Department and the Department of the State Fire Marshal during the biennium ending June 30, 2027, to repay loans from the State Treasurer for wildfire suppression costs.

EFFECTIVE DATE

Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

HB 3940 -1, -2 STAFF MEASURE SUMMARY

-1 The amendment clarifies that funds available from certain sources will be deposited into accounts for both the Oregon Department of Forestry and the Department of the State Fire Marshal; updates dates to align with the Legislative Assembly's timelines; modifies and adds definitions; clarifies fees that certain types of landowners must pay and modifies other fee amounts; and modifies language to allow for certain loans to be available for certain agencies to pay for wildfire suppression costs.

Detailed summary:

BEVERAGE CONTAINER SURCHARGE

Modifies amount of surcharges collected to be transferred to Oregon Department of the State Fire Marshal (OSFM). Stipulates that half of surcharges collected are to be transferred to Oregon Department of Forestry (ODF). Changes where funds collected are deposited, from the State Fire Marshal Fund to the State Fire Marshal Mobilization Fund.

INSURANCE RETALIATORY TAX

Changes the amount of revenue collected to be transferred to OSFM for the State Fire Marshal Mobilization Fund. Stipulates that an amount equal to half of the revenue collected is to be transferred to ODF for deposit in the Landscape Resiliency Fund. Changes where funds collected are deposited, from the State Fire Marshal Fund to the State Fire Marshal Mobilization Fund.

ENDING BALANCE

Specifies that funds transferred in equal shares to the State Fire Marshal Mobilization Fund and the Landscape Resiliency Fund.

OREGON RAINY DAY FUND

Changes the percentage of funds transferred from the Oregon Rainy Day Fund and changes where the funds are transferred to.

FOREST PRODUCTS HARVEST TAX FOR WILDFIRE MITIGATION AND SUPPRESSION

Modifies the dates that privilege taxes are levied and price per thousand feet, board measure, for harvesting timber. Removes references in measure to ORS 321.017. Modifies, removes, and adds definitions in ORS 321.005. Repeals ORS 477.415.

DEFINITION OF "CENTRALIZED ADMINISTRATION COSTS"

Adds definition of "centralized administration costs" to statute.

FOREST PROTECTION DISTRICTS

Adds definitions and restores language in statute that was removed in base bill. Modifies language around the forest patrol assessments levied and assessed against grazing lands that are not owned by a federally recognized Indian tribe in Oregon or their member. Removes modifications to ORS 477.232. Restores use of "forester" in statute (ORS 477.270 and 477.277) in place of "State Forester" in base bill.

MINIMUM ASSESSMENT AND SURCHARGE

Changes surcharges on an unencumbered balance of Oregon Forest Land Protection Fund be levied and assessed annually and changes the rate the amount is levied and assessed from \$47.50 to \$58 to defray the increased cost of fire suppression on forestland that is caused by the existence of the improvements. Changes the minimum cost from \$18.75 to \$20 and adjusted annually for inflation, for purposes of making the levy and assessment of costs

HB 3940 -1, -2 STAFF MEASURE SUMMARY

against forestland, to provide fire protection or suppression for any lot or parcel of real property separately assessed for ad valorem taxes or other taxes, on the current assessment roll. Modifies and removes language related to minimum assessments and surcharges.

EMERGENCY FIRE COST COMMITTEE

Adds definitions to statute related to the Emergency Fire Cost Committee (Committee) (ORS 477.440). Authorizes the Committee to take certain action. Modifies the Committee's membership. Directs the State Board of Forestry to appoint the first five voting members of the Committee on or before December 31, 2025. Modifies the Committee's tasks and responsibilities, including reviewing budgets related to forest protection. Modifies the Committee's meeting schedule, composition, and staff salary requirements.

OREGON FOREST LAND PROTECTION FUND

Modifies the Oregon Forest Land Protection Fund (Fund) requirements and how and when its funds can be expended. Requires the Emergency Fire Cost Committee (Committee) to adopt rules relating to the administration of the Fund. Modifies actions the Committee can take with the State Forester related to the Fund. Requires the State Forester to prepare a request for a General Fund appropriation, submitted to the Oregon Department of Administrative Services for ODF, for certain purposes. Removes requirement that all new state agency fees or fee increases adopted during a certain time period do not apply to the Oregon Forest Land Protection Fund fees established by ORS 477.760.

ACREAGE ASSESSMENT

Repeals ORS 477.880, 477.960, and 477.970.

ZONING OF CERTAIN LANDS

Repeals ORS 476.310, 476.320. Reclassifies lands that are classified as zone 1 lands immediately prior to the effective date of this 2025 Act as Class 3 lands, unless and until reclassified. Modifies definitions.

RURAL FIRE PROTECTION DISTRICTS

Modifies how rural fire protection districts are formed. Subjects protected forestland that is included in a rural fire protection district to assessments for fire protection by the rural fire protection district and the forest protection district. Defines "qualified forestland." Requires the property subject to taxation by a rural fire protection district to include the value of any structures subject to taxation and may not exceed 10 acres in any one ownership, if a structure exists on qualified forestland. Limits the property subject to taxation by a rural fire protection district is limited to individual lots or parcels not exceeding 10 acres in size and may not include any lot or parcel exceeding 10 acres in size, if a structure does not exist on qualified forestland.

TRANSFERS FROM MOBILIZATION FUND

Authorizes OSFM to transfer moneys from the State Fire Marshal Mobilization Fund to the State Fire Marshal Fund and the Community Risk Reduction Fund.

FIRE PROTECTION COST OFFSET

Requires ODF to apply an offset against the annual costs of fire protection provided by ODF for forestland that is:

- Classified as Class 3 under ORS 526.324; and
- Located within a forest protection district.

Requires ODF to the offset equally to each acre of forestland subject to the offset. Appropriates to ODF, for the biennium beginning July 1, 2025, out of the General Fund, the amount of \$1.5 million to apply an offset against the annual costs of fire protection provided by ODF for certain types of forestland.

HB 3940 -1, -2 STAFF MEASURE SUMMARY

- *FISCAL: Lite fiscal impact statement issued*
- *REVENUE: Lite revenue impact statement issued*

-2 The amendment removes the beverage container surcharge provisions.

BACKGROUND:

During the 2021 legislative session, the Legislative Assembly enacted Senate Bill 762 (2021), a major initiative to modernize and improve wildfire preparedness that contained three key strategies: creating fire-adapted communities, increasing the resiliency of Oregon's landscapes, and developing a safe and effective response to fire. Senate Bill 80 (2023) modified various provisions of Senate Bill 762 (2021) and establish a Wildfire Home Preparedness Program.

The Oregon Department of Forestry and the Oregon State Fire Marshal convened a 35-member wildfire funding workgroup, working with the Governor's Wildfire Programs Advisory Council, in 2024 to develop solutions for creating sustainable funding sources for use in mitigating and suppressing wildfires in Oregon. The wildfire funding recommendations included in this Act are a result of the workgroup's work.