



# GIUSTINA RESOURCES, LLC

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March 3, 2021

Oregon House on Agriculture and Natural Resources

Re: Testimony on HB 2379 to the Oregon House Committee on Agriculture and Natural Resources

Dear Chair Witt and members of the Committee:

I would like to urge you to not move HB 2379 out of committee.

Although I believe HB 2379 would impose an unfair and unjustified tax on the harvest of a crop, I would like to focus my comments on the wildfire related elements of this bill.

As you probably know, the wildfire protection program in Oregon and related funding is quite complicated, BUT IT WORKS. In the following testimony, I hope to explain some of that. Less apparent is how changing it could expose the General Fund to much greater risks if not done very carefully.

I am personally very familiar with Oregon's wildfire protection program. I served on the Emergency Fire Cost Committee from 2013-2018, on the board of the Linn Forest Protective Association Board from 1994-2009 (President 2003-2005), on the Eastern Lane Forest Protective Association, on the ODF Headquarters Services Committee, and on numerous ODF fire funding review efforts. Professionally, I am a Certified Forester with over 40 years as a professional forester and I currently serve as CEO of Giustina Resources, a company that is responsible for family-owned forest land that has been sustainably managed for over 100 years.

The primary reason for my involvement in Oregon's wildfire protection program, otherwise known as the "Complete and Coordinated System" is to help prevent wildfire losses – to our lands, our neighbors' lands, and our communities. My focus is on results and I am not aware of any other state that does a more effective job in this mission. The Oregon Department of Forestry and Forest Protective Associations protect half of the forest land in Oregon from fire (this includes BLM lands in western Oregon). And, although half the fires occur on this land, these fires only result in 7% of the acres burned. I think this is remarkable performance and something that Oregon can be very proud of.

Landowners are a key component of the Complete and Coordinated System and are actively engaged with ODF and FPAs in wildfire prevention, preparation, and suppression. Our company has employees that are fully qualified to serve in critical functions in the incident command organization. Additionally, our contract loggers and road builders are trained, equipped, and available for safe direct attack. Even though our lands had burned overnight, our employees and contractors were on the front lines of the Holiday Farm fire protecting our neighbors until it

was stopped. We were not alone. Private landowners contributed 658 personnel and 357 pieces of equipment in battling the 2020 Labor Day fires.

Unlike some other states, Oregon landowners also share in directly funding fire protection. Representative Holvey focused a lot of time on the portion of the Forest Products Harvest Tax dedicated to funding the Oregon Forestland Protection Fund (OFLPF), however that is a very small component of fire funding. The OFLPF is a fund set up to help equalize "large fire" costs over the state. Fires only become "large fires" when fires become too large for a local district to handle. The goal is to stop 98% of fires under 10 acres in size. Few fires become large fires because of the very effective suppression efforts at the district level – this is basically the "local fire department" level. Private landowners within the boundaries of a ODF/FPA fire protection district are assessed a tax to cover 50% of the district level budgets and these assessments have been going steadily up with increasing costs.

It is important to note that forest landowners are responsible for a very small percentage of fires. Most fires that ODF responds to are fires that start from lightning or the public including fires that come onto ODF protected land from neighboring federal land not protected by ODF. The Beachie Creek Fire last summer crept around for three weeks on federal land with little suppression effort until September 7<sup>th</sup> when it exploded down the North Santiam canyon devastating everything in its path. The Holiday Farm Fire was presumably ignited by downed energized power lines near McKenzie Bridge just after sunset on September 7<sup>th</sup> and had covered about 20 miles toward Eugene by sunrise. Once it left the site where it started, there is no firefighting organization or amount of funding that could have stopped it that night. On our land it completely burned everything from young plantations to 150 year old mature timber to culverts under the roads.

You may not be aware of it, but the primary reason why the deductible on the \$25 million Lloyd's of London large fire insurance policy went from \$20 million to \$50 million was because of two consecutive years of significant insurance claims. These were directly attributable to several very large and expensive BLM fires. As a result, the Emergency Fire Cost Committee initiated a study that found that BLM had only been contributing 3% of the money into the OFLPF, but was responsible for 68% of the large fire suppression costs. This inequity was resolved by BLM becoming responsible for their own large fire costs instead of the OFLPF and General Fund. This has not only saved the General Fund over \$30 million over the past three years, but it is probably the only reason why we still have the unique insurance policy with Lloyd's of London.

In summary, the Complete and Coordinated system and related funding system is quite complex, but very successful. I agree that we face very significant challenges in future fire seasons, but we need to build on what we have that has been so successful through a very thoughtful and careful process, not undo it with hasty legislation.

Thank you for the opportunity to comment,

Peter Sikora  
Chief Operating Officer  
Giustina Resources