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CHIEF OF STAFF

to the

MAJORITY WHIP
STATE SENATOR
LEW FREDERICK



OREGON STATE SENATE
900 COURT STREET ST NE
SALEM, OREGON 97301

May 4, 2023

House Committee on Revenue

RE: Opposition to SB 1068 as it Relates to HB 2522 A

Chair Nathanson, Vice-Chairs Reschke and Walters, members of the committee,

In the public hearing, opposition stated that we should forego passing SB 1068 since they alleged that HB 2522 A is already going to address the issues also identified in SB 1068. That is an inaccurate reading of both bills.

At the root of both SB 1068 and HB 2522 A is the outdated nature of ORS chapter 478. Chapter 478 is in need of serious updating – HB 2522 A calls for a comprehensive review of Chapter 478 specifically as it relates to structural fire protection. SB 1068 fixes a loophole in statute that affects the funding and response capabilities of rural fire protection districts (RFPDs). As you heard in committee, the islands of unprotected property that, due to the loophole, are statutorily not in an RFPD are not limited to just lands without a structure subject to damage by fire. It is true that taxes, under current statute and under the bill, may only be collected on properties in the district that have a structure. However, RFPDs include land without a structure – those properties still receive protection from the districts. With the problem as it is, these properties are also not in the district and, under current statute, are technically not entitled to fire protection. SB 1068 would address this issue as well. It seeks to end the existence of islands of officially unprotected property within the outermost boundary of an RFPD, which includes property without a structure. SB 1068 seeks to close the gaps and put those properties in the district, while maintaining their tax-free status. Should a structure be built on one of those properties, then it would be taxable as intended by Chapter 478, were it not for the loophole. At that point, the findings from the study of HB 2522 A and its subsequent legislation may address things like the tax structure and other issues surrounding structural fire protection.

HB 2522 A specifically calls for recommendations to “modernize and improve the structural fire protection operations of rural fire protection districts.” RFPDs do more than just structural fire protection, and SB 1068 does not address any specific operations of a district. The loophole that created an unfair tax free-rider issue also affects an RFPD’s capacity to conduct its other operations, like responding to fires not involving a structure, or even performing paramedic duties. The Committee heard from many chiefs about the services provided by an RFPD, and structural fire is just a part of those. SB 1068 is strictly a revenue issue – it is about a tax loophole, it is not about modernizing and improving operations any more than increased revenue would necessarily improve operations.

The Committee also heard that addressing the dire funding issues created by this loophole cannot wait any longer. RFPDs all across the state are literally going bankrupt because of it – some already have. It is entirely possible that some of the recommendations from HB 2522 A’s Rural Structural Fire Protection Review Committee affect some of SB 1068. That is okay. But waiting to see what those recommendations may or may not be and when they may or may not be implemented is not a viable option for our RFPDs. SB 1068 is not a stopgap measure – it conscientiously stops the hemorrhaging of funds that RFPDs are currently experiencing. Representative Marsh, the chief sponsor of HB 2522 A, and Senator Frederick, the chief sponsor of SB 1068, are also sponsors of each other’s bill. **These are not competing bills, they are complimentary, and both are necessary to support our rural fire protection districts.**

This is my eighth session working in the State Senate, and I have worked on this issue for almost four years of that time. I have personally spent hundreds of hours on this issue, not to mention the hundreds of hours of work spent by so many other stakeholders to get us to this point. We have previously had two bills about this issue that both passed the Senate with bipartisan support. With every session, as issues are explained and concerns massaged, opposition is alleviated and support grows. SB 1068 hasn't even been amended. Every word of its contents has been carefully pored over and considered, and there has been no question left unanswered. All who were in any way interested in engaging on this topic have been engaged as much as they requested, including, and especially, opposition.

This bill is not an ideal solution to the problem. The two previous bills, SB 605 (2021) and SB 1582 (2022), would have permitted the immediate annexation of these island and border properties at the discretion of an RFPD, and those with structures would have started paying the tax they owe. That solution, while staunchly supported by fire districts, their chiefs and firefighters, did not have the same reception in the legislature. SB 1068 is much more measured, and it is no doubt very reasonable.

Separate bills pass this Assembly every session that seek to address the same root issue. SB 1068 and HB 2522 A are examples of such bills – RFPDs need our help, and SB 1068 and HB 2522 A help provide them with that. **The fire districts, chiefs and firefighters – the distinguished good people protecting our state from disasters – do not see these bills as mutually exclusive, but mutually beneficial.** The specific issue addressed by SB 1068 has been through nearly four years of meticulous, thorough work. As it relates specifically to structural fire protection, HB 2522 A will set up for the rest of Chapter 478 to be reviewed too.

I respectfully ask the Committee to pass SB 1068 to the floor. After more than three sessions of strenuous work on this bill, I am confident it is ready to go. I am always available to address any questions or concerns, and I would greatly appreciate the opportunity to do so.

Thank you very much for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Nathan Soltz". The signature is fluid and cursive, with the first name being the most prominent.

Nathan Soltz
Chief of Staff
Office of Senator Lew Frederick