

ANALYSIS

Department of Forestry and Department of the State Fire Marshal Wildfire Funding Workgroup

Analyst: April McDonald

Request: Acknowledge receipt of a report on the status of the Wildfire Funding Workgroup, convened to identify options for sustainably funding the state's wildfire costs.

Analysis: During the 2024 legislative session, a budget note associated with SB 5701 directed the Department of Forestry (ODF) and the Department of the State Fire Marshal (DSFM) to convene a workgroup to identify options for sustainably funding wildfire mitigation, suppression and mobilizations, land classification, and managing the intersection between forest land protection districts and structural fire protection districts. The budget note also directed ODF and DSFM to jointly present a report on the workgroup's progress to the Joint Committee on Ways and Means during the 2025 legislative session. The budget note states: "At minimum, the progress report shall include a list of alternative funding strategies along with the following information for each strategy: a description of the strategy; identification of the barriers to implementation; identification of the sustainability risks; and an estimate of the fiscal and revenue impact." This workgroup is comprised of a wide range of stakeholders with varied interests and has been facilitated by a third-party contractor.

The report is broken into two substantive sections titled *Work Group Recommendations*, and *Full Process Report*. The first section provides the group's shared principles, a table illustrating six alternative funding strategies, a status update on land classification efforts, and ideas that were proposed and then dropped in the process. The *Full Process Report* provides background information on the formation and membership of the workgroup, and the approaches taken to form recommendations, and the products completed in the process. Full consensus was not reached on any single idea; however, the following six alternative funding strategies had the broadest level of support among the workgroup:

- Use "Kicker" tax credit funds through a one-time deposit of approximately \$1.8 billion if the whole Kicker is used for wildfire funding, or 4% of Kicker each biennium - about \$144 million.
- Bottle Bill amendment to increase the bottle deposit to include a non-refundable portion for wildfire funding. At \$0.01 per bottle equals \$40 million, and at \$0.05 per bottle equals \$200 million.
- Insurance Retaliatory Tax: Dedicate a portion of existing retaliatory taxes paid by out-of-state insurers to the General Fund - roughly \$140 million per biennium.

- Ending Balance: Dedicate 0.5% of the previous biennium's appropriations (if there is an ending balance) to the Wildfire Fund - approximately \$164 million per biennium.
- Rainy Day Fund: a one-time transfer to a fund for wildfire - approximately \$323 million.
- Lottery Funds: Constitutionally dedicate a portion of Lottery Funds for wildfire - 1% totals approximately \$19 million, 5% totals approximately \$97 million.

Following the six alternative funding strategies, the report asserts that the existing funding structure, including landowner assessment rates, are recommended as part of the solution.

Recommendation: The Legislative Fiscal Office recommends acknowledging receipt of the report.

Department of Forestry and Oregon State Fire Marshal Filimoehala

Request: Report on the status of the Wildfire Funding Workgroup by the Oregon Department of Forestry (ODF) and Oregon State Fire Marshal (OSFM).

Recommendation: Acknowledge receipt of the report.

Discussion: Senate Bill 5701 (2024) included a budget note directing ODF and the OSFM to convene a workgroup to identify options for sustainably funding wildfire mitigation, suppression and mobilization, land classification, and managing the intersection between forest land protection districts and structural fire protection districts. The budget note directed at minimum, a report would be provided during the 2025 Legislative Session addressing alternative funding strategies to include a description of the strategy, barrier to implementation, sustainability risks, and an estimate of the fiscal and revenue impact. ODF and OSFM are appearing now to meet the required 2025 report.

The workgroup includes representatives from agriculture, conservation, federal, state, tribal, and local government, forestland owners, public health, structural protection fire services, utilities, insurance, research, and the Wildfire Programs Advisory Committee.

The workgroup identified a set of shared principles, which emphasized a preference for long-term durable funding solutions, ensuring wildfire-fighting state agencies financial solvency, mitigation and response, and maintenance of high standards of service. The shared principles informed the alternative funding strategies put forward as well as which alternatives would no longer be pursued.

The workgroup was able to identify six new funding strategies to continue work on. The six strategies fall within two categories: two potential broad-based new revenue strategies, and four reallocation of existing fund strategies. Of the broad-based new revenue strategies, the workgroup identified a one-time diversion of state kicker funds, and an additional bottle bill tax as potential strategies. Of the reallocation of existing fund strategies, the workgroup identified dedication of a portion of existing Insurance Retaliatory Tax, dedication of General Fund Ending Balances, a one-time transfer of the Rainy-Day Fund, and a constitutional dedication of Lottery Funds. The workgroup acknowledged a subgroup will also continue to work through landowner assessment rates.

Oregon Department of Forestry
2600 State Street
Salem, OR 97310
503-945-7200



Oregon State Fire Marshal
3991 Fairview Industrial Drive SE
Salem, Oregon 97302
503-378-3473

February 10, 2025

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

Dear Co-Chairs:

Nature of the Request

The Oregon Department of Forestry (ODF) and the Department of the State Fire Marshal (DSFM) respectfully request permission to appear before the Joint Committee on Ways and Means to report on the status of the Wildfire Funding Workgroup during the 2025 Legislative Session.

Agency Action/Background

Oregon's wildfire crisis has escalated over the last decade, challenging both agencies operationally and fiscally. Durable, long-term funding to support programs, pay for catastrophic wildfires, and protect communities and Oregon's natural resources is paramount. To address this risk and challenge an omnibus budget reconciliation measure for state financial administration, SB 5701 (2024) included a budget note directing the ODF and DSFM to convene a workgroup to identify alternative funding solutions for wildfire mitigation and response and report to the Joint Committee on Ways and Means during the 2025 Legislative Session. The budget note directed the departments to report on the following:

- A description of the strategy
- Identification of the barriers to implementation
- Identification of the sustainability risks
- Estimate of the fiscal and revenue impact

Action Requested

The ODF and DSFM respectfully request that the Joint Committee on Ways and Means acknowledge receipt of the attached report on the status of the Wildfire Funding Workgroup.

Legislation Affected

None.

Sincerely,

A handwritten signature in black ink, appearing to read "Kate Skinner".

Kate Skinner, Interim State Forester
Oregon Department of Forestry

A handwritten signature in black ink, appearing to read "Mariana Ruiz-Temple".

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

**OREGON WILDFIRE SUSTAINABLE FUNDING
STRATEGIES**

Work Group Process Report

February 10, 2025

Prepared on behalf of the Work Group by:

Oregon Consensus
National Policy Consensus Center
Portland State University



Table of Contents

Executive Summary	5
Work Group Recommendations	6
1. Introduction to Alternative Funding Strategies	6
2. Shared Principles	6
3. Alternative Funding Strategies in the Solution Set	7
4. Existing System Structure/Land Classification	9
5. Ideas Dropped Due to Work Group Ranking Process	10
Full Process Report	13
1. Introduction and Legislative Background	13
2. Membership	13
3. Overview of the Work Group Effort on Sustainable Wildfire Funding	16
Work Group Progress and Products	16

Executive Summary

From June 2024 through January 2025, a Work Group of 35 represented interests, governmental entities, and organizations was convened by the Oregon Department of Forestry (ODF) and Oregon Department of the State Fire Marshal (OSFM) to engage in a collaborative effort around building sustainable solutions to wildfire funding in Oregon. The 2024 Oregon Legislature directed this work through Senate Bill 5701 Budget Reconciliation Measure budget note (#5). Working with an independent 3rd party facilitation team (Oregon Consensus), the Work Group walked through a process of developing shared understanding of the funding needs and sustainable funding challenges existing within the current structure. They identified a set of shared principles and a comprehensive funding strategy model to guide their work. They recognized that the existing structure of landowner assessment rates are not sustainable or equitable and need to be addressed. They brainstormed, deliberated on, and narrowed a set of durable funding ideas, and concluded this aspect of their work with a set of recommendations and additional considerations which are reflected in this Report.

The members represented a diversity of sectors, interests and levels of government, including: Agriculture, Conservation, Federal, State, and Local Government; Tribal Governments, Forestland Owners, Public Health, Structural Protection Fire Services, Utilities, Insurance, Research, and the Wildfire Programs Advisory Committee.

This report reflects the Work Group's determination to look for solutions to sustainably fund wildfire readiness, response and mitigation, and their awareness that a comprehensive investment portfolio is needed. The report aims to project to decision makers and other actors who will enable or implement these recommendations the commitment of the various partners to helping the state solve this complex challenge, and to the collaborative spirit that brought the group to its conclusions.

Oregon Consensus thanks each member of the Work Group; and staff and leadership at the state agencies, Governor's Office, and Legislature for their contributions to this process. It cannot be overstated the diligent focus and commitment of the Work Group and state agency conveners through an unprecedented fire season that brought significant disruptions and exhausted human resources. The group continued to meet, engage in productive struggle, and work toward agreeable solutions despite these disruptions and fatigue—not to mention complex nature of the issues at hand—and they should be commended for their efforts.

This report is respectfully submitted on behalf of the Work Group.

Work Group Recommendations

1. Introduction to Alternative Funding Strategies

At its January 2025 meeting, the Wildfire Funding Work Group deliberated on a sustainable funding solution set. This set was developed and informed by Work Group discussions over the course of the process and includes funding ideas that had the broadest or highest level of support from members across the four focus areas – broad new sources of funding, targeted new sources of funding, General Funds including reallocation of state funds, and a change to the existing structure of landowner assessments for wildfire.

In its 2024 Budget Note, the Legislature directed ODF and OSFM to present a list of funding strategies to the 2025 session along with the following information for each:

- Description of the strategy
- Identification of the barriers to implementation
- Identification of the sustainability risks
- Estimate of the fiscal and revenue impact

The table below shows each of the proposed funding strategies in the set, and responses to the four bullets above. The funding alternatives set is the culmination of the efforts of the Work Group members, known as the “Fire 35,” and the basis for the agencies’ February 2025 progress report to the Legislature.

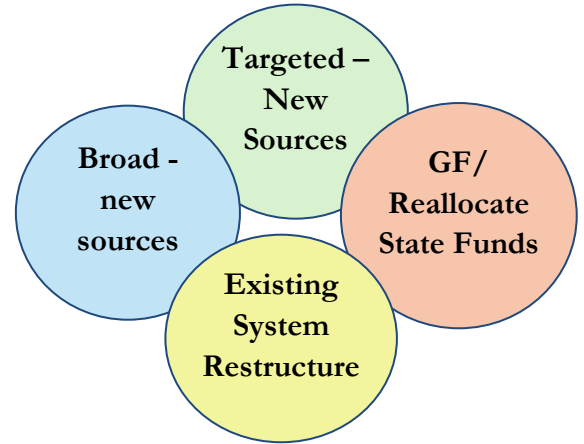
The agencies and stakeholders worked toward a comprehensive set of strategies that meets a minimum of \$280 million per biennium need for wildfire readiness, mitigation, and large fire response. The Work Group and agencies recognize that variations, including revenue ranges, on each of these ideas was discussed, and it is understood that the legislative body will evolve these ideas with that flexibility in mind.

2. Shared Principles

Early in the process, Work Group members aligned on a set of shared principles that should be met. This sustainable funding solution set meets the shared principles the Work Group established early in the collaborative process:

- Long term and durable funding for wildfire response and mitigation should be a priority investment for the state.
- Funding solutions should ensure financial solvency of agencies’ wildfire programs.
- Mitigation and response are interdependent functions of the cohesive wildfire strategy and both need to be adequately funded.

Comprehensive Funding Package
must include:



- Funding solutions should align with response and mitigation costs and reflect shared responsibility and benefits among all Oregonians and visitors to the state.
- Wildfire response and mitigation strategies should consider equitable, affordable and sustainable contributions from payees into the system, including in-kind contributions.
- Funding strategies should aim to maintain high standards of service (meeting missions for protecting life, property and natural resources).

3. Alternative Funding Strategies in the Solution Set

Members deliberated on many funding strategies and indicated their level of support for strategies that rose to the top. While full consensus was not reached on any single idea, the funding strategies below had the broadest level of support from Work Group members:

Type	Funding Strategy Description	Fiscal and Revenue Impact: Revenue Potential for 2025-2027 biennium	Sustainability Risk (i.e., Is this a long-term and durable solution? How does it align with the guiding principles?)	Barriers to Implementation and Level of Work Group (WG) Alignment
Broad – New	Kicker Funds: One-time use to "jump-start" wildfire funding	\$1.8 billion estimated if all the Kicker is used (one time, not per biennium) If put into a fund and use 4% interest – \$144 million per biennium	<ul style="list-style-type: none"> ● Provides a kick start to long-term and durable funding into the future ● All-Oregon solution 	<ul style="list-style-type: none"> ● <u>General support</u> from WG members. Support increased after additional discussion at the January WG meeting. ● This funding strategy does not have the compression problems that some other strategies have. ● Support as a one-time investment that all Oregonians pay to avoid the ongoing issue of the State needing to ask for funding after each wildfire season (i.e., strong nexus between the need for funding and Kicker). ● Will require a 2/3 vote in both chambers of the Legislature.
Broad – New	Bottle Bill Adjustment: increase the bottle deposit to include a non-refundable portion for wildfire funding	1 cent per bottle – \$40 million 5 cents per bottle – \$200 million	<ul style="list-style-type: none"> ● Long term and durable funding source ● All-Oregon solution that also provides for contributions from out-of-state visitors 	<ul style="list-style-type: none"> ● <u>General Support</u> from WG members, with many comments on how this would work in practice. ● There may be some consumer price sensitivity, so consider keeping the amount low. ● Some equity challenges (i.e., a fee on bottled water for low-income consumers is an equity issue). Consider ways to mitigate this challenge, for example by excluding bottled water from the fee. ● Costs of administering the program and collecting revenue should be considered. Consider talking to Oregon Beverage Recycling Cooperative (OBRC) about the implementation and collection issues.

Type	Funding Strategy Description	Fiscal and Revenue Impact: Revenue Potential for 2025-2027 biennium	Sustainability Risk (i.e., Is this a long-term and durable solution? How does it align with the guiding principles?)	Barriers to Implementation and Level of Work Group (WG) Alignment
				<ul style="list-style-type: none"> Some questions about whether this non-refundable portion could be administered under the same program as the refundable portion of the Bottle Bill.
GF/ Reallocation	Insurance Retaliatory Tax: Dedicate a portion of existing retaliatory taxes paid by out-of-state insurers to the State	Estimate of revenue generated by the retaliatory tax is roughly \$140 million per biennium	<ul style="list-style-type: none"> Long term and durable funding source Has a direct nexus to wildfire, particularly the Property & Casualty (P&C) portion of retaliatory tax Draws from out-of-state funds 	<ul style="list-style-type: none"> <u>General to strong support</u> from WG, especially after given time to better understand the nuances of the tax. May be the easiest for the Legislature to act on as all other reallocation methods require law changes. The P&C insurance industry benefits from funding for mitigation, so there is a strong nexus. Caution against directing retaliatory tax revenues from other types of policies (health, etc.) due to lack of nexus and more competition from other sectors. Consider just using a portion of P&C retaliatory tax for wildfire funding (not all) to reduce the impact on the General Fund. This solution has fewer barriers than some of the others, and a direct nexus to wildfire.
GF/ Reallocation	Ending Balance: Dedicate 0.5% of previous biennium's appropriations (if there is an ending balance) to the Wildfire Fund.	\$164 million	<ul style="list-style-type: none"> May not be a durable funding source since the ending balance amount is different each year unless replenishing of a wildfire fund using ending balance could be legislated All-Oregon solution 	<ul style="list-style-type: none"> <u>Mostly strong support</u> from WG members. There may be many demands from other programs/sectors that are looking at Ending Balance for funding in the 2025 legislative cycle. A precedent has been established with the recent special session to appropriate funds to cover the 2024 wildfire season, and in the current Governor's Recommended Budget.
GF/ Reallocation	Rainy Day Fund (RDF): One-time transfer to a wildfire fund	\$323 million (50% of the projected total 2025-2027 Rainy Day Fund transfer)	<ul style="list-style-type: none"> Not long-term or durable. One-time option with limited revenue capacity into the future All-Oregon solution 	<ul style="list-style-type: none"> <u>Mostly strong support</u> from WG members. There may be political challenges given competition for these funds. As an alternative, consider surge funding rather than considering this as an ongoing sustainable solution. There may be different ways to use the RDF for the Legislature to consider (i.e., could dedicate a percentage over the cap to wildfire,

Type	Funding Strategy Description	Fiscal and Revenue Impact: Revenue Potential for 2025-2027 biennium	Sustainability Risk (i.e., Is this a long-term and durable solution? How does it align with the guiding principles?)	Barriers to Implementation and Level of Work Group (WG) Alignment
				<p>or dedicate a smaller percentage of RDF as an ongoing sustainable source).</p> <ul style="list-style-type: none"> • Direct RDF above what is currently budgeted toward wildfire.
GF/ Reallocation	<p>Lottery Funds: Constitutionally dedicate a portion of lottery funds for wildfire</p>	<p>1% of lottery resources – \$19 million</p> <p>5% of lottery resources – \$97 million</p>	<ul style="list-style-type: none"> • Long term and durable funding source • All-Oregon solution that also provides for contributions from out-of-state visitors 	<ul style="list-style-type: none"> • <u>Mostly strong support</u> from WG members. • Want to avoid any impacts on education, Oregon Watershed Enhancement Board (OWEB), or other sectors that rely on lottery funding. Do not dedicate to wildfire any lottery fund portions that are already dedicated to other programs. • A constitutional dedication of lottery funds requires a vote by the people. Since this will be a major effort, consider seeking a higher percentage of lottery funds (5-10%) to make it worth it.
Existing Funding Structure	<p><i>Landowner assessment rates and existing structure will be part of the solution. A small group continues to work on this piece. The key themes from their work so far are included below.</i></p>			

4. Existing System Structure/Land Classification **(SUBJECT TO CHANGE - small group work ongoing)**

Addressing forestland classification and the intersection of ODF and fire districts was a directive outlined in the budget note. A small group has been meeting to discuss these issues and reached agreement on the following list of important issues related to this topic, which include:

- There is a recognition that the existing structure of landowner assessment rates, which fluctuate along with the costs of a fire season, is not sustainable and needs to be addressed.
- There is a recognition that local structural fire districts are limited in their ability to collect revenue and this constraint is putting undue strain on districts who are being called up with increasing demand.
- There is broad support for maintaining the high functioning complete and coordinated readiness and response system across Oregon.
- Mutual aid is important in the system and this commitment, from all parties, is unwavering despite resource constraints on each.
- The land classification system has not evolved along with fundamental changes on the landscape, population changes, nor the changing nature and movement of fire. The current classification system does not meet the moment.

- There are inconsistencies in how zones and parcels are assessed. Required 5-year updates have not been kept up.
- The classification system also does not anticipate the future. The wildland-urban interface (WUI) is expanding; accounting for this is important when planning for sustainable funding, land classification, and distribution of resources to support readiness, response and mitigation.

The small group committed to ongoing engagement with assurances for all parties that they will work to address the challenges named in the shared themes above, including solutions ready for the 2025 legislative session.

They identified “must haves” which are tied to 1) landowner ratepayer relief and stabilization and 2) ability of local structural fire districts to collect revenue for readiness and response services they deploy with increasing demand.

The small group has considered near-term, temporary ‘offset’ solutions as well as longer term, more stabilizing adjustments to address the stated problems with the existing system.

Deliberations are ongoing in this space which will lead to recommendations for consideration in the 2025 legislative session.

5. Ideas Dropped Due to Work Group Ranking Process

These ideas were discussed by the Work Group in their late 2024 and January 2025 meetings but were removed due to the low grades given by the Work Group ranking exercise (i.e., 1 through 5 alignment check). Some ideas had a minimal level of support, but additional discussion by WG members showed enough concern that removing the idea at this time seems appropriate.

Funding Idea	Rationale for removing the funding idea from consideration at this time
<p>Property Tax Fee Add a \$10 fee on all Oregon tax accounts</p>	<ul style="list-style-type: none"> ● <u>Moderate to decreasing support</u> based on January Work Group meeting. ● Strong opposition from some WG members due to potential harm to local governments in a revenue constrained environment. ● Possible equity concerns since this is a flat fee on all lots regardless of size/value. ● There will be strong opposition from property taxpayers that already pay into the wildfire funding system. ● Concern about compression issues and constitutional restrictions that limit property tax increases. ● Local governments rely on property tax revenue for local needs and would oppose the new fee. ● As an alternative, a different solution was offered for collecting the fee as a flat ‘service charge’ on utility bills, which would not cause compression issues. Questions remained on whether there are statutory restrictions on what cities can assess/collect. ● A property tax fee may also impact local districts’ success on levies and other measures, since voters may oppose additional taxes and bonds after repeated increases in their property taxes.

Funding Idea	Rationale for removing the funding idea from consideration at this time
<p>Transient Lodging Tax (TLTs) Add some percentage (i.e., 0.5 to 2%) to the statewide TLT</p>	<ul style="list-style-type: none"> • <u>Mostly support and then decreasing support</u> based on the January Work Group meeting. Decreased support was primarily due to not wanting to compete with other TLT bills planned for the 2025 Legislature, and not necessarily reflective of lack of support for the concept of using TLT for wildfire funding. • Competing bill in the 2025 Legislature proposes 2.5% additional TLT for wildlife preservation. A 2025 legislative bill proposes giving local governments more flexibility to use local TLTs for public safety infrastructure. Do not want to impact the success of that bill. Other TLT proposals/bills are out there, so will need to contend with this competition. • Strong local government opposition if this proposal constrains their efforts toward more flexibility for use of TLT for local needs. • Previous efforts show that it may be difficult to add flexibility to use of TLT revenues (i.e., mandate to use 70% of TLTs to promote tourism). • Collection of TLTs, and therefore impacts from this proposal, varies across communities in Oregon. Not all cities and counties impose local TLTs. • TLTs in some Oregon cities and counties are relatively high; increases may reduce their abilities to compete with cities and counties that have lower rates. • This TLT proposal could be considered an investment in the future for local communities.
<p>Fee on Pneumatic Tires Add a \$5 fee or surcharge on all pneumatic tires over 12 inches sold in Oregon</p>	<ul style="list-style-type: none"> • <u>Moderate to low support</u> from WG members, with several having serious concerns. • Nexus with transportation means that it may be very difficult or constitutionally impossible for this to be a viable funding stream. • Uncertain on revenue potential and whether this is worth the effort. • Members brought up concerns about increased impact on agricultural and farm equipment. • This would be a new fee, and it would be difficult to implement something new. In the future, consider a fee that ties into an existing fee instead (for example, increase the current \$2 fee on tire disposal and put the additional amount towards wildfire funding).
<p>Opt-out Fee on Vehicle Registrations Add a fee on vehicle registrations in Oregon that owners can opt out of by unchecking a box when paying vehicle registration fees.</p>	<ul style="list-style-type: none"> • <u>Moderate to low support</u> from WG members, with several having serious concerns. • Nexus with transportation means that it may be very difficult or constitutionally impossible for this to be a viable funding stream. • Uncertainty about revenue potential.
<p>Surcharge on Electricity Usage Add a surcharge on all Oregonian residential meters. Include a cap on the amount charged per month and an exemption for households below the poverty level</p>	<ul style="list-style-type: none"> • <u>Neutral to low support</u> from WG members, with many having serious concerns. • Currently, a bill in the 2025 legislative session proposes a cap on utility rate increases. Adding a surcharge for wildfire funding in this cycle may negatively impact that bill's success. Work Group members held off on discussing the electricity usage surcharge idea in deference to utility rate conversations already taking place at the legislative and Governor levels. • Cost pressures on utilities are high. Utilities are making a lot of investments. For example, they may be required to put utility lines underground in the future. • Energy costs are rising rapidly and adding a surcharge would only exacerbate the problem: https://energyinfo.oregon.gov/electricity-rate-increase-drivers

Funding Idea	Rationale for removing the funding idea from consideration at this time
	<ul style="list-style-type: none"> In the future, may want to consider a fee on delivery, or a fee on usage, that is workable within the existing utility bill structure. For example, local governments could assess an 83-cent fee on every monthly electricity bill (roughly \$10 per year per meter).
<p>Surcharge on Insurance Premiums Add a percentage or flat fee surcharge to a subset of insurance policies. For example: \$10 fee on all homeowner and condo-owner policies.</p>	<ul style="list-style-type: none"> <u>Low support</u> from WG members, with many having serious concerns. Possible equity concerns since this would be a flat fee on all policies regardless of the home value. An increase in the tax load would mean reduction in revenues generated by the retaliatory tax paid to Oregon by insurers from outside the state – shifting the tax burden away from out-of-state insurers and onto Oregon insurance policyholders. Dedication of insurance retaliatory taxes is a more promising strategy with stronger chance of success (and included in solution set above).
<p>Climate Program Look at Community Climate Investments (CCIs) as a future source of mitigation funding, when the Oregon Climate Protection Program (CPP) program is in place and generating revenue</p>	<ul style="list-style-type: none"> <u>Moderate to low support</u> from WG members, with many having serious concerns. CPP is still in development and the amount and ability to use any funds from CCIs is uncertain at this time. However, the potential for future opportunities was noted. Removed due to lack of maturity in the program but recognized, similar to Prop 4 in California, that bonding options for climate adaptation strategies or overall maturity in this program may warrant reconsideration if Oregon follows California with more robust climate adaptation strategies in the future. As an alternative strategy: 2025 SB 682 would require petroleum producers to pay part of their responsibility for climate challenges. Consider whether funding from this program, if successful, could be used for wildfire mitigation or response. For the future, continue to research establishing a program in Oregon that would allow for a carbon trading market. A true cap and trade program could provide revenue for wildfire needs.
<p>Timber Value Tax on real estate investment trusts (REITs) (severance concept)</p>	<ul style="list-style-type: none"> <u>Low support</u> from WG members, with many having serious concerns and clear opposition. It is important to continue to consider who is contributing to the wildfire funding system (i.e., general public versus specific sectors like the timber industry). At the same time, landowners are already contributing significantly, which impacts affordability.
<p>Construction Excise Tax Tax on new construction with targeted revenues to local fire districts (a local opt-in rate at the local level)</p>	<ul style="list-style-type: none"> <u>Low support</u> from WG members, with many having serious concerns. Concern was primarily around the potential to increase the cost of housing in the midst of a housing crisis. Uncertainty in the revenue potential. WG discussed this as a local opt-in tax, not a statewide tax. The CET could be an important tool for local governments to use for funding local firefighting services.
<p>Fee on Campsites Per campsite fee for state and county parks</p>	<ul style="list-style-type: none"> <u>Moderate to low support</u> from WG members, with some having serious concerns. Low revenue potential and likely high administrative cost and other barriers to administering the fee. WG members had concerns about impact on local government revenues, impacts if fee is placed on some campsites but not others, and potential discouragement of tourism and legal camping.

Full Process Report

1. Introduction and Legislative Background

During the 2024 legislative short session, Senate Bill 5701 included a Budget Reconciliation Measure with a budget note (#5) that states:

The Oregon Department of Forestry (ODF) and the Department of the State Fire Marshal (DSFM) are directed to convene a workgroup in partnership to explore options for sustainably funding wildfire mitigation, suppression, mobilization, land classification, and managing the intersection between forest land protection districts and structural fire protection districts. ODF is tasked with procuring a third-party facilitator to guide discussions on wildfire funding strategies within Oregon’s broader public finance system, as recommended by the Governor’s Council on Wildfire Response in its November 2019 report. The workgroup must consist of a diverse group of stakeholders, including landowners, local fire agencies, Oregon Tribes, conservation groups, agency partners, and representatives from impacted industries. The workgroup is also required to regularly engage with the Wildfire Programs Advisory Council.

ODF and DSFM are to jointly present a progress report from the workgroup to the Emergency Board in December 2024 and to the Joint Committee on Ways and Means during the 2025 legislative session. At a minimum, the progress report will provide a list of alternative funding strategies and include the following details for each:

1. *A description of the strategy.*
2. *Identification of barriers to implementation.*
3. *Identification of sustainability risks.*
4. *Estimates of the fiscal and revenue impacts*

2. Membership

The responsible agencies worked together with the Governor’s Office to recruit a Work Group reflective of the legislative direction and considering the various represented groups who interface with the wildfire funding system.

**Note: The recruitment attempted but was not successful in securing an Environmental Justice representative.*

Work Group Members	
Federal, State and Local Governments	
Branden Pursinger	Association of Oregon Counties (AOC)
Jim McCauley	League of Oregon Cities (LOC)
Barry R. Bushue	Federal Ratepayer – Bureau of Land Management (BLM)
Tribal Governments	
Arnando Martinez	Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians
Lon Matheny	Coquille Indian Tribe
Monte Bryan	Cow Creek Band of Umpqua Tribe of Indians

Work Group Members	
Steve Warden, Chief	Confederated Tribes of Grand Ronde
Tim Sexton	Klamath Tribes
Mari Kramer	Confederated Tribes of Siletz Indians
James Hall	Confederated Tribes of the Umatilla Indian Reservation
Scott Spaulding	Confederated Tribes of the Warm Springs Reservation
Suzanne Settle	Burns Paiute Tribe
Protection Services	
Brian Stewart	Oregon Fire Chiefs Association
Anne-Marie Storms	Fire Marshal's Association
Genoa Ingram	Oregon Fire Districts Directors Association
Karl Koenig	Oregon State Firefighters Council
Pat Skrip	Forest Protective Association
Frank Day	Oregon Volunteer Firefighters Association
Bill Boos	Special Districts Association of Oregon (SDAO)
Landowners	
Roger Beyer	Small Forestland Owner and Oregon Small Woodlands Association member
John Davis	Green Diamond – East side timber landowner
Eric Kranzush	Giustina Land & Timber Co. – West side timber landowner
Brennan Garrelts	ODF Emergency Fire Cost Committee
Chris Edwards	Oregon Forest Industries Council
Conservation	
Casey Kulla	Oregon Wild
Kyle Smith	The Nature Conservancy
Dylan Kruse	Sustainable Northwest
Agriculture	
Lauren Poor/Lauren Kuenzi	Oregon Farm Bureau
Alan VonBorstel	Wheat Growers Association
Matt McElligott	Cattlemen's Association
Other Industry	
Kenton Brine	NW Insurance Association
Billy Terry	Consumer Owned Utility – Consumers Power

Wildfire Programs Advisory Committee (WPAC)	
Mark Bennett	WPAC representative
Public Health	
Carrie Nyssen	American Lung Association
Research	
Jonathan Fink	Portland State University
Ex-Officio Members	
Mariana Ruiz-Temple, Director	Department of State Fire Marshal
Cal Mukumoto/Kate Skinner, State Forester	Department of Forestry
Andrew Stolfi	Department of Consumer Business Services
Jim Kelly	Board of Forestry
Michael Grant	Public Utilities Commission
Doug Denning	Higher Education Coordinating Council
Legislators – Ex Officio	
Senator Jeff Golden	District 3 – Ashland
Senator Fred Girod	District 9 – Clackamas, Linn, Marion
Representative John Lively	District 7 – Springfield
Representative Bobby Levy	District 58 – Echo

3. Overview of the Work Group Effort on Sustainable Wildfire Funding

This section outlines the discussions and activities of the Work Group which were captured during full Work Group and subgroup meetings from June 2024 through January 2025. This may be updated with any future efforts of the Work Group between February and June of 2025. To see more detail, an archive of this process will be contained on Oregon Consensus’s website: <https://oregonconsensus.org/projects/sustainable-wildfire-funding>. In addition, some documents are linked throughout this report.

From June 2024 through January 2025, Oregon Consensus facilitated discussions across five full Work Group meetings held all-day in Salem, Pendleton, and Bend. In addition, subgroups met ten times with a focus on mitigation, readiness and response, and forestland classification; and each contributed to the discussion and analysis. Beyond these sessions, the conveners and process support worked closely together accounting for several additional hours to ensure a well-supported and integrous process. The Work Group co-learned, brainstormed, and refined 72 funding ideas, ultimately narrowing down to six viable options that considered revenue potential, sustainability risks, implementation challenges, and feasibility.

Process Arc: June to December 2024



Work Group Progress and Products

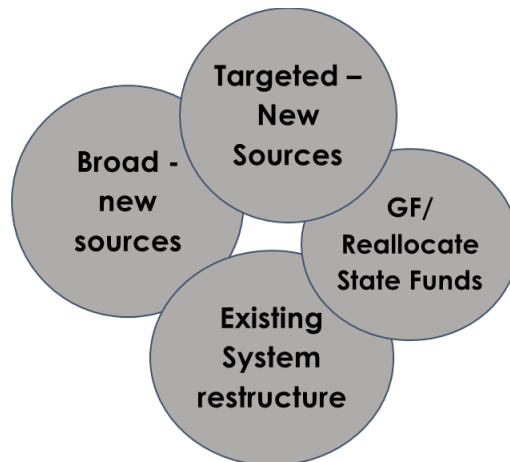
- **Agreement to Consensus Building:** In the early stage of the process, the group worked through their social contract that set conditions for how they would work together, including approaches to learning, deliberation, agreement seeking, and speaking with the media and others outside the process. Their operating agreements were finalized after the first full Work Group meeting.
- **Emphasis on Sustainable Funding.** Leaders from the Governor’s Office, OSFM, and ODF underscored Oregon’s wildfire crisis, emphasizing Oregon’s commitment

to sustainably funding both mitigation and response capacities. Collaboration with the Work Group was highlighted as crucial for gathering effective strategies that align with legislative goals.

- **Background and Context.** OSFM and ODF presented a history of wildfire legislation, noting key events like the 2013 Wildfire Protection Act and SB 762 in 2021. Persistent funding gaps were identified as barriers to effective wildfire management, and a comparison was drawn across neighboring states who have made increasing investments while Oregon investments have not kept up with the pace and scale of need. The agencies called for bold leadership and solutions to stabilize Oregon's wildfire system. Members noted that Oregon's one-time funding approach is inadequate for sustained wildfire management. A comprehensive comparison of funding models highlighted the need for Oregon to invest strategically in asset resources, personnel retention, and community resilience.
- **Shared Commitment to Sustainable Funding for all Parts of the Wildfire Management System.** Agency leads and members underscored the importance of sustainable funding needed for readiness, response and mitigation efforts. There was general acceptance that effective solutions require balancing short-term response capabilities with long-term mitigation investments. Members recognized this dual approach is essential to protect both urban and rural areas across the state.
- **Shared Principles for Funding Strategy.** Leaders from the Governor's Office, OSFM, ODF, and Work Group members jointly developed a set of shared principles. The shared principles emphasized financial solvency, shared responsibility, and equitable distribution of resources. They highlighted the need for all Oregonians and visitors to contribute, reflecting the broad impact of wildfires statewide.
- **Agencies Funding Needs:** ODF and OSFM provided Work Group members with information detailing current funding sources and projected need for wildfire response, readiness and mitigation, with some comparisons to other neighboring states about the arc of investments over time. Ultimately, the agencies suggested and the group worked with the goal of a funding request of at least the same levels of funding as directed through SB 762, plus additional investments for modernization. Members did not deliberate on how much funding is needed for wildfire or how funding should be allocated among mitigation, readiness and response; but instead focused their conversation on potential sources of funding. Members deliberated with the aim of reaching a sustainable funding request of a minimum \$280 million per biennium, which would meet the above stated goal. *Note: Throughout the proceedings, the Work Group discussed the variable of calculating for 'gross' vs 'net' costs. The funding need document reflects 'net' need across the agencies.
- **Creative Funding Solutions and Revenue Options.** Members brainstormed and explored innovative revenue sources. SB 762 as well as comparison with other states were a foundation for developing new funding avenues. Members also emphasized the potential for increased federal funding and the importance of securing match

funds to maximize every dollar. Work Group members submitted funding ideas and how each connected to the Shared Principles for consideration as a next step.

- **Model for Sustainable Funding.** A conceptual model for comprehensive funding solutions was introduced and the group generally agreed with this framework which rolls multiple revenue sources (General Fund, existing landowner assessments, and broad and targeted new sources) up to a whole.



- [Revenue Analysis on Statewide Funding Sources](#). The Legislative Revenue Office provided high level analysis into potential revenue impact from statewide funding sources, including the Rainy Day Fund, Lottery funds, property tax fees, and adjustments to the Bottle Bill. LRO's analysis helped members understand the revenue potential of various brainstormed funding ideas, as well as some of the legislative and other financial hurdles inherent in some of the ideas.
- **Sector-Specific Contributions.** Work Group members representing specific sectors were encouraged to propose additional funding ideas from their sector, based on their nexus with wildfire. The Work Group explored potential ideas from the forest industry, insurance, utilities, and local government sectors.
- **Land Classification and Fire Protection Overlap.** A presentation by ODF and OSFM outlined challenges in distinguishing responsibilities between forest land and structural fire districts, emphasizing the need for clear boundaries and fair funding distribution. This also highlighted the contributions of public landowners, including the BLM who was the federal partner. A small group was convened by the agency project leads to address the existing landowner assessment structure and some of the problems and solutions identified in the previous legislative effort; and to address land classification challenges. This work was intended to align and integrate with the broader funding framework. The small group aligned around a set of shared themes and worked toward a solution that could meet these themes. Their proposals considered near and long-term needs with acknowledgment that a near term solution for stabilizing landowner rates should consider the context of a land classification policy solution that may be longer term.

- **Federal Government Contributions to the State:** The BLM provided information to the Work Group on the federal agency's monetary contributions to Oregon's wildfire preparedness fund and wildfire severity resources, and highlighted aviation, ground, and logistical resources provided by BLM for wildfire management. BLM welcomed opportunities for further partnerships between the federal and state governments.
- **Tribal Perspectives.** Throughout the process, the Tribal nations were represented by staff from respective Natural Resources, Emergency Services and/or Fire Departments. At the December 3 Work Group meeting, representatives shared perspectives, and were later invited to share written perspectives for consideration as the work proceeds into the legislative process. (*Facilitators' note: 7 of the 9 Federally Recognized Tribes participated regularly. The Coquille Tribe and Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians did not attend meetings.).

The following is a synthesis of their reflections:

- **Steve Warden (Confederated Tribes of Grand Ronde):**
 - Highlighted the benefits of the funding solution from Senate Bill 762, which has supported the Tribe's efforts.
 - Shared that their tribal lands cover 260 square miles, and they actively collaborate with ODF and nearby counties in wildfire protection and response.
 - Emphasized the importance of the government-to-government relationship in fostering effective partnerships.
 - Suggested the importance of sharing stories with elected officials to illustrate how different groups work together to respond to wildfires.
 - Noted the unique system in which the Tribes provide service to tribal lands as well as providing service through intergovernmental agreement to West Valley Fire District.
 - Shared this reflection: What has made us successful away from home is the support we receive from OSFM. Funds for up-staffing during fire season and the \$500,000.00 Tribal carve out made the difference between sending resources and not sending resources, between a county task force being able to respond and not. Many times over past summers we have had resources simultaneously deployed on multiple task forces and OSFM Incident Management Teams. We have supplied staff to other fire departments to complete their staffing requirements. Continuing or increasing these funds for my Tribe and my agency will solidify our ability to continue a rapid, well-prepared response when a neighbor calls.
 - Believes the Work Group has done an excellent job of coming together and unifying behind some good ideas, and looks forward to a sustainable solution in the future and is open for further engagement as needed.

- **Mari Kramer (Siletz Tribe):**
 - Emphasized that the whole state is Tribal land and each Tribe has a unique relationship to those lands. Each Tribe is its own sovereign nation with developed relationships with the state, federal and local governments.
 - Recognized the Tribe's strong working relationship with ODF.
 - Noted that forest landowners contribute financially to the wildfire protection system and that the Siletz Tribe pays ODF for its service on its fee lands.
 - Highlighted that each tribe has unique circumstances, underscoring the importance of maintaining equity across tribal contributions and relationships.
 - Recalled that equity has been a foundational value and principle of the Work Group since its inception.
 - Agreed that the funding options discussed and brought to the top of the list are viable, doable, and equitable. Is hopeful that the Legislature will address this wildland fire funding crisis this session and begin the process to provide the stable secure funding needed now and into the future.

- **Suzanne Settle (Burns Paiute Tribe):**
 - Shared that the Tribe received funds to conduct mitigation work on reservation properties.
 - Highlighted effective collaboration between federal and state partners, such as BLM and ODF, in protecting reservation forests with this year being a recent example of the critical importance of that mutual aid.
 - Addressed the public health aspects of disasters, noting that through state partners, they secured air filtration systems for all properties on the reservation.
 - Stressed the importance of mitigation and preparedness as their primary focus areas and their commitment to maintaining partnerships to ensure readiness for future challenges.

- **Anna Richter Taylor (Cow Creek Tribe):**
 - Echoed the sentiments of other tribes regarding collaboration with federal and state agencies.
 - Emphasized the need for consistent payment systems for landowners and clarity on the rates required.
 - Emphasized that addressing the inequities in the current rates for Tribes is a priority. Current land classification does not recognize Tribal sovereignty or the resources tribal governments provide in wildfire prevention and response on tribal and non-tribal lands, resulting in Tribes paying more in rates than neighboring landowners.
 - Expressed interest in participating in discussions on other policies affecting wildfire prevention and response, given its collective impact on tribal communities and communities in which tribal members live.

- **James Hall (Confederated Tribes of the Umatilla Indian Reservation):**
 - Said it has been interesting hearing all the different participants including representatives from the nine area tribes.
 - Highlighted the ongoing need for tribes to partner with other agencies to protect their reservations.
 - Explained that tribal contributions are fee-for-service rather than tax-based, making discussions about adding taxes and fees particularly complex for tribal members. Currently the funds for both structural and wildland firefighting are largely funded by the Tribes as a Sovereign Nation, and a fee-for-service for fire protection on structural buildings. The Tribes also have other programs like Range, Agriculture, & Forestry that use fire and mitigation efforts for health forest efforts. The BIA (Bureau of Indian Affairs) Umatilla Agency Wildland Fire Program operated under the Department of Interior-US Government has a responsibility on Trust lands protected by the US Government, and their funding is specific to their season's wildland fire program.
 - Explained that the challenges for sustained wildland funding are not at all based on taxes. The Tribes do utilize governmental grants especially if the US Government transports hazardous materials through the Umatilla Indian Reservation. The Umatilla Indian Reservation has checker-boarded ownership with non-Indian ownership along with Tribally-owned or individual-owned Trust lands under the protection of the US Government.
 - Noted the challenges of integrating tribes into funding source conversations given their unique circumstances.

- **Scott Spaulding (Confederated Tribes of the Warm Springs Reservation):**
 - Agreed with Chief James Hall's points and expressed hope for continued collaboration with agencies.

- **Public Health Perspective:** The public health representative of the Work Group advocated for a public health approach to wildfire preparedness including investments in public health protections and climate adaptation, especially for vulnerable populations. She noted that wildfires cause poor air quality and a multitude of public health impacts, including premature death. Increased funding to better educate and prepare communities for wildfire-related challenges and for increased community resilience will work to ensure better health outcomes for future generations. She emphasized the need for fire-resilient communities equipped with resources like air purifiers, clean air spaces, improved public outreach and communication, and emergency and evacuation planning.

- **Alignment Checks:** While early Work Group meetings focused on brainstorming funding ideas and expanding the list of possibilities, later meetings shifted to narrowing down funding ideas, deeper deliberation of ideas with greater potential for Oregon, and considering which had the broadest support across the members. Through a series of surveys, in-person polling, and robust discussions, members

used a numeric scale to indicate their level of support for ideas. Members fully discussed positive and negative impacts of funding strategies, and those with the most support were narrowed down into a recommendation.

- **Final Set of Alternative Funding Strategies:** The Work Group ultimately coalesced around a set of funding strategies that form a comprehensive sustainable funding solution set, and assisted in building the narrative around each idea's revenue potential, sustainability risk, and implementation concerns that the agencies were directed to report on. The set of alternative funding strategies outlines key concerns for ideas that had less than full consensus from the Work Group. It represents the culmination of their work to date and is intended to inform the agencies' progress report to the Legislature.