

SB 85 -1, -2 STAFF MEASURE SUMMARY

Senate Committee On Natural Resources and Wildfire

Prepared By: Alexa Piscanio, LPRO Analyst

Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 4/1, 4/8

WHAT THE MEASURE DOES:

The measure directs the State Fire Marshal (OSFM) to establish a Neighborhood Protection Cooperative Grant Program to enhance wildfire resilience within communities and creates and allocates funds to the Neighborhood Protection Cooperative Grant Program Fund to support the program. It requires OSFM to provide biannual reports on the grant program's progress and administration. Additionally, it instructs the Department of Consumer and Business Services (DCBS), OSFM, and the Department of Forestry (ODF) to develop a plan and implementation timeline for a Homeowner Risk Certification Program to identify wildfire risk reduction measures for homeowners. Declares an emergency, effective on passage.

Fiscal impact: Has minimal fiscal impact.

Revenue impact: No revenue impact.

Detailed Summary:

Neighborhood Protection Cooperative Grant Program and Fund:

The measure directs the State Fire Marshal (OSFM) to create a Neighborhood Protection Cooperative Grant Program to enhance wildfire resilience in communities. OSFM is directed to collaborate with related programs, develop criteria for grant awards, and manage the distribution of grants. Specifies that these grants will be available for local governments, fire district-related organizations, nongovernmental organizations, and individual property owners. Directs OSFM to administer this program in consultation with the Department of Consumer and Business Services (DCBS), the Oregon Department of Forestry (ODF), and stakeholders.

Establishes the Neighborhood Protection Cooperative Grant Program Fund within the State Treasury, separate from the General Fund and consists of all money allocated to it by law, and any gifts, grants, donations, endowments, or bequests from public or private sources. Interest earned on the fund's balance will be credited back to the fund. Appropriates \$5,000,000 of General Fund moneys to OSFM for deposit in the Neighborhood Protection Cooperative Grant Program Fund.

Directs OSFM to establish criteria for the program, which may include requirements for grantees to:

1. Create preliminary plans to identify neighborhoods where property owners may receive individual grants
2. Conduct defensible space assessments for neighborhoods
3. Ensure that individuals performing onsite hazard assessments funded by the grant complete defensible space assessment training overseen by OSFM
4. Periodically report to OSFM on the awarding and administration of individual grants

Additionally, OSFM may set qualifications and standards for grant eligibility, such as prioritizing individual grants for property owners in neighborhoods that:

- Are at high risk for wildfires,
- Face identifiable social and economic barriers, and
- Are likely to succeed in implementing wildfire risk reduction measures.

SB 85 -1, -2 STAFF MEASURE SUMMARY

OSFM is also authorized to adopt rules to develop these criteria, including defining "neighborhood." Requires OSFM to publish criteria for awarding grants to their department website and directs OSFM to publish that program criteria on or before January 1, 2027.

Requires OSFM to biannually provide a status report to a committee or interim committee of the Legislative Assembly related to wildfire regarding the establishment of the Neighborhood Protection Cooperative Grant Program.

Homeowner Risk Reduction Certification Program:

Directs DCBS, in consultation with the insurance industry, OSFM, and ODF, to develop a plan and implementation timeline for establishing a Homeowner Risk Reduction Certification Program. This program will identify wildfire risk mitigation actions, including those taken under the Neighborhood Protection Cooperative Grant Program, that could lead to lower insurance costs or better insurance terms for homeowners.

DCBS must submit a preliminary report to the Legislative Assembly committees or interim committees related to natural resources. This report will outline the implementation plan and suggest a date for a more detailed follow-up report, which must be submitted by December 1, 2026. Sunsets January 2, 2028.

Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Senate Bill 82 (2023)
- Effects of setting pricing requirements on insurance companies
- Home hardening efforts
- Insurance underwriting systems and processes in wildfire risk areas

EFFECT OF AMENDMENT:

-1 replaces measure. Amends ORS 476.398 (Defensible Space Biannual reports). Requires the Department of Consumer and Business Services (DCBS) and the Department of the State Fire Marshal (OSFM), in collaboration with the Department of Forestry (ODF) and insurance industry representatives, to evaluate and develop community-based wildfire risk mitigation strategies to reduce wildfire risks and improve insurance affordability in Oregon. DCBS and OSFM are required to submit a report to the State Wildfire Programs Director, the Wildfire Programs Advisory Council, and the interim committees of the Legislative Assembly related to wildfire by February 2, 2026, including recommendations for legislative changes, potential incentives or discounts insurers could offer, and information from major insurers on how they incorporate wildfire risk mitigation actions into underwriting and rating decisions. Sunsets January 2, 2027. Declares an emergency, effective upon passage.

Detailed Summary:

Requires the Department of Consumer and Business Services (DCBS) and the Department of the State Fire Marshal (OSFM), in consultation with the Department of Forestry (ODF) and insurance industry representatives, to evaluate and develop recommendations for community-based wildfire risk mitigation actions, programs, and strategies aimed at reducing wildfire risks and improving insurance affordability and availability in Oregon. The actions, programs, and strategies to be developed include, but are not limited to, establishing defensible space, hardening buildings, obtaining certification from the Insurance Institute for Business and Home Safety, and promoting collaboration among residents through community risk reduction programs by OSFM, the Institute for Business and Home Safety, or similar organizations.

Requires DCBS and OSFM to jointly submit a report on the evaluation and recommendations for developing community-based wildfire risk mitigation actions, programs, and strategies aimed at reducing wildfire risks and

SB 85 -1, -2 STAFF MEASURE SUMMARY

improving insurance affordability and availability in Oregon to the State Wildfire Programs Director, the Wildfire Programs Advisory Council, and the interim committees of the Legislative Assembly related to wildfire by February 2, 2026. The report must include:

- Recommendations for legislative changes to improve the availability and affordability of homeowners insurance in the state.
- Discussion of discounts or incentives the insurance industry could offer consumers who complete wildfire risk mitigation actions, programs, or strategies.
- Information from the 20 largest homeowner insurers (based on premiums underwritten annually) about how they treat wildfire risk mitigation actions in underwriting and rate decisions, including:
 - A list of wildfire risk mitigation actions that significantly impact underwriting or rating decisions.
 - A description of circumstances under which each mitigation action affects underwriting or rating decisions.
 - Trends and variability among insurers in how they treat wildfire risk mitigation actions.
 - Summary of best practices among insurers who consider wildfire mitigation actions in underwriting and rating decisions.

Sunsets January 2, 2027.

Declares an emergency, effective upon passage.

-2 amendment replaces the measure and incorporates changes from the -1 amendment. Modifies requirements for the report on reducing wildfire risks and improving insurance affordability in Oregon to include information from homeowner insurers on how they factor wildfire risk mitigation into underwriting and rate decisions. Additionally, it declares that all records, documents, work papers, and other information obtained or disclosed to the Department of Consumer and Business Services (DCBS) are confidential, privileged, and exempt from public disclosure.

BACKGROUND:

In 2021, the Legislative Assembly passed Senate Bill 762, which directed the State Fire Marshal (SFM) to create a community risk reduction plan for Oregon. The program was developed to help communities identify and reduce wildfire risks through planning, education, and strategic investment. The SFM launched the Fire Adapted Oregon initiative and hired regional specialists to assist local communities with risk reduction. It also established grant programs for defensible space and community risk reduction efforts, funding projects and equipment for local governments and organizations.

In 2023 the Legislative Assembly passed Senate Bill 82. This law requires insurers to notify homeowners of policy cancellations, non-renewals, or premium increases due to wildfire risk. The notice is required to include property-specific wildfire risk information, mitigation actions to improve insurability, potential discounts, and wildfire risk classifications. Insurers must also provide public information on how mitigation actions affect underwriting and rates and may not use the state's wildfire risk map as the sole basis for policy changes.