

HB 3940 A -A24 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 5/1, 6/18, 6/19

WHAT THE MEASURE DOES:

Provides four additional funding mechanisms for the State Fire Marshal Mobilization Fund and State Forestry Department Landscape Resiliency Fund. Creates a five cent surcharge on each beverage container sold in this state and evenly deposited the revenue into the two funds. Redirects Retaliatory Tax revenue from the General Fund to be equally divided into the two funds. If sufficient resources are available in the ending balance after the currently required transfer to the Rainy Day Fund, up 0.5% of General Fund appropriations are equally deposited into the two funds. Transfers 25 percent of the Rainy Day Fund balance on September 1, 2025 to each of the two funds.

Extends the Forest Products Harvest Taxes dedicated to OSU Research (90 cents per thousand board feet) and the Forest Practices Act (\$2.5346 per thousand board feet) for two years. Increases the Forest Products Harvest Tax dedicated to the Oregon Forest Land Protection fund from 62.5 cents to one dollar per thousand board feet and indexes the tax rate to inflation. Modifies definitions.

Creates the State Forestry Department Large Wildfire Fund for wildfire mitigation and suppression. Allows the State Forester to request funds to offset the annual costs of fire protection provided by the State Forester. Expands the information the State Forester must provide the Emergency Board for each fire consuming at least 1,000 acres.

Defines “centralized administration costs” as all costs associated with the administration of the State Forestry Department; services such as fire management on forestland and emergency response and support; and the procurement of relevant supplies. Requires these costs be funded through the General Fund.

For Fire Protection Districts, defines the term "budget" to means moneys needed for the preparedness for, prevention of, and suppression of, forest fires on forestland. Establishes a minimum pro rata rate of 30 cents per acre provided by the State Forester to support the protection of grazing land; indexes the rate to inflation. Includes in the fee limits for lands not owned by public agencies grazing land that is owned in fee by a federally recognized Indian tribe or a member thereof.

Repeals the acreage assessment. Increases the improved lot surcharge for \$47.50 to \$58 and indexes it to inflation. Increases the minimum lot assessment from \$18.75 to \$20 and indexes it to inflation. Eliminates the connection between a reduced minimum lot assessment and the balance of the Oregon Forest Land Protection Fund.

Defines terms related to the Emergency Fire Cost Committee and modifies its membership. Authorizes the committee to make for minimum qualifications for membership and to establish standards and procedures related to its administration. Requires the first five members be appointed by December 31, 2025. Clarifies the role of the committee and allows the committee to adopt rules relating to the administration of the Oregon Forest Land Protection Fund.

Modifies certain financial aspects of the Oregon Forest Land Protection Fund. Aligns annual expenditures to be consistent the State Forestry Department fiscal year. Prohibits funds from being used to pay for centralized administration costs. Allows funds to be used for loans to the State Forestry Department or forest protection

associations for wildfire costs. Repeals the current cap structure.

Removes statutes relating to zone 1 and zone 2 classifications for purposes of ODF classification; rezone zone 1 lands as zone 3 (grazing lands).

Includes on the tax roll RFPD land within a city; increases that amount of RFPD land (with a structure) on the tax roll from 5 acres to 10 acres; unimproved RFPD lots up to 10 acres are included on the tax roll.

Allows for the transfer of funds from the State Fire Marshall Mobilization Fund to the State Fire Marshal Fund and the Community Risk Reduction Fund.

Ensure any loan from the State Treasurer made in 25-27 would get an appropriation to repay.

Requires the State Forestry Department to apply an offset against the annual costs of fire protection provided by the department for certain forestland.

ISSUES DISCUSSED:

- Work of the Fire 35 group
- Opposition to the payroll and bottle taxes
- Risk of increasing landowner assessments to the existing program
- Need to find funding for mitigation, preparedness, and suppression
- Identified revenue sources are not sufficient, but are a start
- Dedication to risk reduction and mitigation
- Concern about nicotine tax revenue not dedicated to public health
- Desire to increasing share of Rainy Day Fund interest
- Lack of preemption for the nicotine tax

EFFECT OF AMENDMENT:

-A24 Replaces the revenue sources with a new tax on oral nicotine products and a partial transfer of interest on the Rainy Day Fund. Makes other programmatic changes. Expands the policy for the use of the Forest Products Harvest Tax to include preparedness. Removes the extensions of two parts of the FPHT dedicated to OSU Research and the Forest Practices Act. Allows ODF to transfer moneys from the Large Wildfire Fund to other funds, except to the Oregon Forest Land Protection Fund, as needed. Modifies the membership of the Emergency Fire Cost Committee. Requires reimbursements made from the OFLPF to be credited to the fund. Allows the rules adopted by the EFCC to include a process for reviewing the fund disbursements and establishing best practices for reviewing budgets and suppression costs. Defines terms for Treasury Loans and establishes a process. Removes the appropriation related to fire protection cost offsets (being added to HB 5006). Eliminates the requirement that biennial ending balances in the Cash Flow Repayment Fund be transferred to the General Fund. Established the Wildfire Prepared Structure Program.

BACKGROUND:

House Bill 5701 from 2024 directed the Oregon Department of Forestry and the Oregon State Fire Marshal to create a 35-member workgroup to identify solutions for sustainable wildfire mitigation and response funding to mitigate and suppress wildfires in Oregon. That group arrived at six potential funding sources. Four of those sources are included in this bill. The fifth option is contained in SB 1177 which proposes to divert the current personal kicker to a wildfire fund. The sixth option is contained in SJR 11; it would constitutionally dedicate a portion of Lottery revenues to a wildfire fund.