

HB 3940 B STAFF MEASURE SUMMARY

Senate Committee On Rules

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Meeting Dates: 6/24, 6/25

WHAT THE MEASURE DOES:

The measure raises and moves money to pay for wildfire costs. The Act makes certain changes to laws related to forests and fire protection. It imposes a tax on the distribution of oral nicotine products and directs the revenues to purposes related to wildfire. It also directs a portion of the interest from the Rainy Day Fund to purposes related to wildfire. The Act removes the end date for completion of certain wildfire risk reduction projects. It makes certain changes related to the forest products harvest tax, forest protection districts, minimum assessments and surcharges, the Emergency Fire Cost Committee, forestland acreage assessments, zones for fire protection in certain areas and rural fire protection districts. The measure directs the State Treasurer to transfer moneys between agencies when requested for certain wildfire costs. It appropriates moneys to a borrowing agency if the agency has insufficient available moneys to repay transferred amounts. It also creates an offset against fire protection costs for certain forestland, removes transfer and reporting requirements relating to the State Forestry Department Cash Flow Repayment Fund; and provides for a grant program for retrofitting of dwellings for wildfire resilience. The measure takes effect on the 91st day following adjournment sine die.

Detailed summary:

Creates a tax on oral nicotine products, defined as any noncombustible item—excluding those classified as moist snuff for tax purposes—that contains nicotine from any source (or a nicotine analogue) and is intended for human consumption through non-inhalation methods. The proposed tax is 65 cents per container for packages containing up to 20 units, with an additional tax of 3.25 cents for each unit beyond 20. It begins on January 1, 2026. Requires the transfer of 20 percent of the interest earned by the Rainy Day Fund to the Landscape Resiliency Fund (6.7 percent) and the Community Risk Reduction Fund (13.3 percent). Increases the Forest Products Harvest Tax used for the payment of benefits related to fire suppression from 62.5¢ to \$1 (per thousand board feet) beginning January 1, 2026 and indexes the rate to inflation in subsequent years.

Creates the State Forestry Department Large Wildfire Fund for wildfire mitigation and suppression. Allows Oregon Department of Forestry (ODF) to transfer moneys from the Large Wildfire Fund to other funds, except to the Oregon Forest Land Protection Fund, as needed. 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 mean 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 from \$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 lost assessment and the balance of the Oregon Forest Land Protection Fund.

Defines terms related to the Emergency Fire Cost Committee (EFCC) and modifies its membership. Authorizes the committee to make 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. 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.

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 Class 3 lands (grazing lands). Includes on the tax roll Rural Fire Protection District (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. Ensures any loan from the State Treasurer made in the 2025-27 biennium would get an appropriation to repay. Defines terms for Treasury Loans and establishes a process. Requires the State Forestry Department to apply an offset against the annual costs of fire protection provided by the department for certain forestland. Removes the appropriation related to fire protection cost offsets. 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. Takes effect on the 91st day following sine die.

FISCAL: Has Fiscal Impact

REVENUE: Has Revenue Impact

HOUSE VOTE: Ayes, 37; Nays, 8

ISSUES DISCUSSED:

- Wildfire funding workgroup membership and work
- Wildfire conditions in Oregon and across the country
- Public health impacts of wildfire smoke
- Use of proposed taxes on certain products
- Wildfire suppression assessment rates for landowners
- Amount of General Funds previously used for wildfire response

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

During the 2021 legislative session, the Legislative Assembly enacted Senate Bill 762 (2021), a major initiative to modernize and improve wildfire preparedness that contained three key strategies: creating fire-adapted communities, increasing the resiliency of Oregon's landscapes, and developing a safe and effective response to fire. Senate Bill 80 (2023) modified various provisions of Senate Bill 762 (2021) and establish a Wildfire Home Preparedness Program.

The Oregon Department of Forestry and the Oregon State Fire Marshal convened a 35-member wildfire funding workgroup, working with the Governor’s Wildfire Programs Advisory Council, in 2024 to develop solutions for creating sustainable funding sources for use in mitigating and suppressing wildfires in Oregon. The wildfire funding recommendations included in this Act are a result of the workgroup’s work.

PRELIMINARY