



Legislative Fiscal Office  
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**Bill Title:** Relating to wildfire; prescribing an effective date; providing for revenue raising that requires approval by a three-fifths majority.

**Government Unit(s) Affected:** Cities, Department of Consumer and Business Services, Department of Revenue, Oregon Liquor and Cannabis Commission, State Treasurer, Counties, Department of Forestry, Department of the State Fire Marshal, Special Districts

### Summary of Fiscal Impact

Costs related to the measure are indeterminate – see explanatory analysis.

### Measure Description

The measure imposes a tax on the distribution of oral nicotine products in Oregon. Distributors are responsible for paying \$0.65 per package with up to 20 consumable units and \$0.0325 per unit for packages with more than 20 discrete consumable units. After administrative costs, credits, and refunds, one-third of net revenue is deposited into the Landscape Resiliency Fund, established under ORS 477.502, and continuously appropriated to the Oregon Department of Forestry (ODF). The remaining two-thirds of net revenue is deposited into the Community Risk Reduction Fund, established under ORS 476.396, and continuously appropriated to the Department of the State Fire Marshal (DSFM). Oral nicotine products are excluded from the existing wholesale tax on other tobacco products.

After each calculation of the General Fund interest earned on the Oregon Rainy Day Fund, 6.7% is allocated to the Landscape Resiliency Fund, and 13.3% is allocated to the Community Risk Reduction Fund, and the remaining 80% is deposited into the Oregon Rainy Day Fund. The measure increases the forest products harvest tax dedicated to fire suppression from \$0.625 cents to \$1 per thousand board feet and adjusts the rate annually for inflation.

The State Forestry Department Large Wildfire Fund is established separate and distinct from the General Fund and is continuously appropriated to ODF for wildfire mitigation and suppression. The Department is authorized to transfer money to other Department accounts, excluding transfers to the Oregon Forest Land Protection Fund (OFLPF). The measure also modifies the requirements and use of the OFLPF. This includes exclusion of any centralized administrative costs in payments made to forest protection districts, and the ability to issue loans to the Department or forest protection associations related to wildfire costs. Additionally, the OFLPF fees are now subject to approval or ratification by the Legislative Assembly.

As part of the Department's biennial agency budget request, ODF is directed to request General Fund, in addition to any amounts budgeted for forest protection districts, for the purchase of fire suppression insurance, equipment and mobile resources, landowner assessment offsets, providing for centralized administration costs, and making deposits into the State Forestry Department Large Wildfire Fund.

Fire protection funding is restructured by setting inflation-indexed minimum assessments for grazing and timber lands and capping rates for tribal and other non-public lands. The measure also changes the cost of ODF fire protection on grazing lands from a pro rata cost to not less than \$0.30 per acre. The surcharge on improved parcels increases from \$47.50 to \$58, and the minimum annual assessment increases from \$18.75 to \$20, both indexed for inflation. Forestland already receiving fire protection and located within rural fire protection district boundaries is added to the district without owner consent and becomes subject to dual assessments. Forest land properties with structures are assessed on up to 10 acres per ownership, and parcels without structures are limited to 10 acres total.

ODF and DSFM are authorized to borrow from state treasury funds for wildfire suppression costs, with required reporting and repayment procedures. If necessary, the General Fund will provide repayment support. The requirement for ODF to transfer surplus funds to the General Fund is removed, along with a biennial reporting obligation.

A new grant program is created to support retrofitting or rebuilding homes for wildfire resilience. Administered by DSFM in collaboration with the Department of Consumer and Business Services (DCBS), the program prioritizes homes in the wildland-urban interface, low-income households, and properties damaged during major wildfire events.

The measure expands the Emergency Fire Cost Committee from four to six members with defined categories and responsibilities on advisory and budgetary duties.

**Fiscal Analysis**

The measure has an indeterminate fiscal impact. There may be a budgetary impact due to the new collection and distribution of oral nicotine products tax revenue, which may require additional Other Funds expenditure limitation for impacted agencies, but this impact is dependent on future collection levels.

**Oregon Department of Forestry**

The measure increases revenue through changes to the forest products harvest tax and updates to assessments for timberland and grazing land. The measure creates the State Forestry Department Large Wildfire Fund to support wildfire suppression and mitigation. The Oregon Forest Land Protection Fund (OFLPF) is restructured to exclude centralized administration and large wildfire costs and funding rules are revised to prioritize local district services. This exclusion means \$6 million from the Oregon Forest Land Protection Fund, previously used for fire severity costs, is no longer available to the Department for wildfire suppression. ODF may also access treasury loans for fire costs, with a backstop from the General Fund if repayment is not possible.

As part of the biennial agency request budget submitted to the Department of Administrative Services, ODF must request General Fund on behalf of the forest protection districts including the cost of providing centralized administrative services, and several other resource provisions. This budget development process is anticipated to start during the 2025-27 biennium, using existing agency staff, for a 2027-29 biennial budget request. The request is indeterminate at this time, but centralized administrative services that would be requested by ODF for the 2027-29 biennium are estimated to total between \$26 to \$29 million General Fund.

The ODF fire severity resource special purpose appropriation to the Emergency Board has been increased in the end of session budget reconciliation bill (HB 5006) to account for the repurposing of OFLPF funding from fire suppression.

Department of Revenue

The fiscal impact for the Department of Revenue is \$198,812 General Fund, \$222,885 Other Funds, and two positions (1.63 FTE) for the 2025-27 biennium and \$225,594 General Fund, \$279,778 Other Funds, and two positions (2.00 FTE) for the 2027-29 biennium.

To administer the new oral nicotine tax, the Department would need to hire one permanent full-time Compliance Specialist 1 (0.75 FTE) to ensure compliance with nicotine product tax reporting, verify taxes paid reconcile with the appropriate number of discrete consumable units, and to perform required inspections of distributor retailers.

Additionally, DOR would need to hire one permanent full-time Information Systems Specialist 6 (0.88 FTE) to configure GenTax for new nicotine product tax distributions, modify 530 and 531 tobacco tax forms to include nicotine products, update forms related to distributor retailer inspections, create new tax letters for violations, and support ongoing system updates and reporting requirements related to nicotine products.

Funding is included in HB 5006, the end of session budget reconciliation bill, to implement the measure.

Department of the State Fire Marshal

The measure establishes dedicated revenue for the Community Risk Reduction Fund, including portions of the new tax on oral nicotine products and a percentage of General Fund interest on the Oregon Rainy Day Fund.

Additionally, the measure establishes the Wildfire Prepared Structure Program under DSFM, to provide grants that support retrofitting or rebuilding homes to meet wildfire resilience standards. DSFM is authorized to establish rules to implement the grant program and is responsible for managing grant disbursements and reporting. The Wildfire Prepared Structure Program is part of the Community Risk Reduction program. Any additional staff needed to support the program is relative to the size and scalability of the program, as well as the available capacity of current staffing resources. The size and scalability of the grant program is dependent on future revenue, which is indeterminate.

Other entities

There is a minimal fiscal impact for the Department of Consumer and Business Services.

There is no fiscal impact for cities, counties, special districts, Oregon Liquor and Cannabis Commission, or Oregon State Treasury.

**Relevant Dates**

The tobacco product tax rules will start with reporting periods on or after January 1, 2026.

The increased forest products harvest tax rate applies to calendar years beginning on or after January 1, 2026.

The State Board of Forestry must appoint five voting members to the Emergency Fire Cost Committee by December 31, 2025.

The measure takes effect on the 91st day after sine die.