

House Bill 3479

Sponsored by JOINT COMMITTEE ON TRANSPORTATION (at the request of Oregon Department of Aviation)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act makes some drone users carry insurance. The Act imposes a tax on the insurance premiums. (Flesch Readability Score: 63.8).

Requires commercial operators of unmanned aircraft systems to maintain liability insurance.

Imposes a tax on the insurance premiums for unmanned aircraft systems and directs the Department of Consumer and Business Services to deposit the revenues from the tax in the State Aviation Account for the purpose of establishing and maintaining an advanced air mobility program.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to insurance for unmanned aircraft systems; creating new provisions; amending ORS
3 731.292, 731.808, 731.822, 731.836 and 731.840; prescribing an effective date; and providing for
4 revenue raising that requires approval by a three-fifths majority.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1. Sections 2 and 3 of this 2025 Act are added to and made a part of ORS 837.300**
7 **to 837.390.**

8 **SECTION 2. (1)(a) A person may not operate an unmanned aircraft system for commer-**
9 **cial purposes in this state unless the person maintains a liability insurance policy that covers**
10 **aviation in an amount provided by the Oregon Department of Aviation by rule to reimburse**
11 **persons for damages arising from aviation activities.**

12 **(b) This subsection does not apply to a public body as defined in ORS 174.109.**

13 **(2) A person who engages the services of another person to operate an unmanned aircraft**
14 **system in this state shall first verify that the operator maintains the liability insurance**
15 **policy required by subsection (1) of this section.**

16 **SECTION 3. The Director of the Oregon Department of Aviation may impose a civil**
17 **penalty not to exceed \$1,000 for each violation of section 2 of this 2025 Act.**

18 **SECTION 4. Section 5 of this 2025 Act is added to and made a part of ORS 731.808 to**
19 **731.834.**

20 **SECTION 5. (1) For the purpose of establishing and maintaining an advanced air mobility**
21 **program at the Oregon Department of Aviation, every insurer transacting insurance cover-**
22 **ing the activities of unmanned aircraft systems, as required by section 2 of this 2025 Act,**
23 **shall pay a tax to the Director of the Department of Consumer and Business Services, on**
24 **or before April 1 of each year, equal to five percent of the gross amount of premiums re-**
25 **ceived by it or its insurance producers from such business, from and under its policies cov-**
26 **ering direct domestic risks in the preceding calendar year after deducting the amount of**
27 **return premiums paid and the amount of dividend payments made to policyholders or, in the**
28 **case of a reciprocal insurer, the amount of savings paid or credited to the accounts of sub-**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **scribers, with respect to such policies, for policies:**

- 2 **(a) Insuring a resident of this state;**
- 3 **(b) Insuring a person with a billing address in this state;**
- 4 **(c) Originating in this state; or**
- 5 **(d) Insuring a person registered to do business in this state.**

6 **(2) If an insurer ceases to do business or collect premiums on direct domestic risks, it**
 7 **thereupon shall make a report to the director of its unreported premiums subject to taxation**
 8 **as provided in subsection (1) of this section and collected or due as of the date when it ceased**
 9 **to do business or collect premiums on direct domestic risks, and shall promptly pay to the**
 10 **director the tax thereon.**

11 **(3) If the director, during the period in which the director under ORS 731.836 may collect**
 12 **taxes owing under this section, finds the amount of such taxes paid by an insurer to have**
 13 **been incorrect, the director shall charge or credit the insurer with the difference between**
 14 **the correct amount of tax and the amount actually paid.**

15 **SECTION 6.** ORS 731.292 is amended to read:

16 731.292. (1) Except as provided in subsections (2), (3), [*and*] (4) **and (5)** of this section, all fees,
 17 charges and other moneys received by the Department of Consumer and Business Services or the
 18 Director of the Department of Consumer and Business Services under the Insurance Code shall be
 19 deposited in the fund created by ORS 705.145 and are continuously appropriated to the department
 20 for the payment of the expenses of the department in carrying out the Insurance Code.

21 (2) All taxes and penalties paid pursuant to the Insurance Code shall be paid to the director and
 22 after deductions of refunds shall be paid by the director to the State Treasurer, at the end of every
 23 calendar month or more often in the director’s discretion, for deposit in the General Fund to become
 24 available for general governmental expenses.

25 (3) All premium taxes received by the director pursuant to ORS 731.820 shall be paid by the
 26 director to the State Treasurer for deposit in the State Fire Marshal Fund.

27 **(4) All premium taxes received by the director pursuant to section 5 of this 2025 Act shall**
 28 **be paid by the director to the State Treasurer for deposit in the State Aviation Account**
 29 **under ORS 835.060.**

30 [*(4)*] (5) Assessments received by the department under sections 3 and 5, chapter 538, Oregon
 31 Laws 2017, and penalties received by the department under section 6, chapter 538, Oregon Laws
 32 2017, shall be paid into the State Treasury and credited to the Health System Fund established un-
 33 der section 2, chapter 538, Oregon Laws 2017.

34 **SECTION 7.** ORS 731.808 is amended to read:

35 731.808. As used in ORS 731.804, 731.812, 731.820, 731.830 and 731.834 **and section 5 of this 2025**
 36 **Act**, “gross amount of premiums” means the consideration paid by insureds to an insurer for policies
 37 of insurance, and includes all premiums, assessments, dues and fees received or derived, or obli-
 38 gations taken therefor, by whatever term known.

39 **SECTION 8.** ORS 731.822 is amended to read:

40 731.822. (1) Every insurer with a tax obligation under section 2, chapter 786, Oregon Laws 1995,
 41 ORS 731.820 or ORS 731.854 and 731.859 **or section 5 of this 2025 Act** shall make prepayment of
 42 the tax obligations under section 2, chapter 786, Oregon Laws 1995, ORS 731.820, 731.854 and
 43 731.859 **and section 5 of this 2025 Act** for the current calendar year’s business, if the sum of the
 44 tax obligations under section 2, chapter 786, Oregon Laws 1995, ORS 731.820, 731.854 and 731.859
 45 **and section 5 of this 2025 Act** for the preceding calendar year’s business is \$400 or more.

1 (2) The Director of the Department of Consumer and Business Services shall credit the prepay-
 2 ment toward the appropriate tax obligations of the insurer for the current calendar year under
 3 section 2, chapter 786, Oregon Laws 1995, or ORS 731.820 or ORS 731.854 and 731.859 **or section**
 4 **5 of this 2025 Act.**

5 (3) The amounts of the prepayments shall be percentages of the insurer's tax obligation based
 6 on the preceding calendar year's business adjusted, if necessary, to reflect the declining percentages
 7 set forth in section 2 (3), chapter 786, Oregon Laws 1995, applicable for the current year, and shall
 8 be paid to the director by the due dates and in the following amounts:

- 9 (a) On or before June 15, 45 percent;
- 10 (b) On or before September 15, 25 percent; and
- 11 (c) On or before December 15, 25 percent.

12 (4) The effect of transferring policies of insurance from one insurer to another insurer is to
 13 transfer the tax prepayment obligation with respect to such policies.

14 (5) On or before June 1 of each year, the director shall notify each insurer required to make
 15 prepayments in that year of the amount of each prepayment, and shall provide remittance forms to
 16 be used by the insurer. However, an insurer's responsibility to make prepayments is not affected by
 17 failure of the director to send, or the insurer to receive, the notice or forms.

18 **SECTION 9.** ORS 731.836 is amended to read:

19 731.836. The Director of the Department of Consumer and Business Services shall commence an
 20 action for the recovery of taxes payable under ORS 731.820, 731.824, 731.828 and 731.859 **and sec-**
 21 **tion 5 of this 2025 Act** not later than the later of the following:

- 22 (1) Five years after the date such taxes were payable to the director under such sections; or
- 23 (2) Three years after the date on which the report of examination by the domiciliary state of the
 24 insurer, disclosing that such taxes were owing by the insurer under such sections, was filed with the
 25 director.

26 **SECTION 10.** ORS 731.840 is amended to read:

27 731.840. (1) The retaliatory tax imposed upon a foreign or alien insurer under ORS 731.854 and
 28 731.859, or the corporate excise tax imposed upon a foreign or alien insurer under ORS chapter 317,
 29 is in lieu of all other state taxes upon premiums, taxes upon income, franchise or other taxes
 30 measured by income that might otherwise be imposed upon the foreign or alien insurer except the
 31 fire insurance premiums tax imposed under ORS 731.820, the tax imposed upon wet marine and
 32 transportation insurers under ORS 731.824 and 731.828, [and] the assessment imposed under section
 33 5, chapter 538, Oregon Laws 2017, **and the unmanned aircraft systems liability insurance policy**
 34 **premiums tax imposed under section 5 of this 2025 Act.** However, all real and personal property,
 35 if any, of the insurer shall be listed, assessed and taxed the same as real and personal property of
 36 like character of noninsurers. Nothing in this subsection shall be construed to preclude the imposi-
 37 tion of the assessments imposed under ORS 656.612 upon a foreign or alien insurer.

38 (2) Subsection (1) of this section applies to a reciprocal insurer and its attorney in its capacity
 39 as such.

40 (3) Subsection (1) of this section applies to foreign or alien title insurers and to foreign or alien
 41 wet marine and transportation insurers issuing policies and subject to taxes referred to in ORS
 42 731.824 and 731.828.

43 (4) The State of Oregon hereby preempts the field of regulating or of imposing excise, privilege,
 44 franchise, income, license, permit, registration, and similar taxes, licenses and fees upon insurers
 45 and their insurance producers and other representatives as such, and:

1 (a) No county, city, district, or other political subdivision or agency in this state shall so regu-
2 late, or shall levy upon insurers, or upon their insurance producers and representatives as such, any
3 such tax, license or fee; except that whenever a county, city, district or other political subdivision
4 levies or imposes generally on a nondiscriminatory basis throughout the jurisdiction of the taxing
5 authority a payroll, excise or income tax, as otherwise provided by law, such tax may be levied or
6 imposed upon domestic insurers; and

7 (b) No county, city, district, political subdivision or agency in this state shall require of any
8 insurer, insurance producer or representative, duly authorized or licensed as such under the Insur-
9 ance Code, any additional authorization, license, or permit of any kind for conducting therein
10 transactions otherwise lawful under the authority or license granted under this code.

11 **SECTION 11.** (1) Sections 2, 3 and 5 of this 2025 Act and the amendments to ORS 731.292,
12 731.808, 731.822, 731.836 and 731.840 by sections 6 to 10 of this 2025 Act become operative
13 January 1, 2026.

14 (2) The Oregon Department of Aviation and the Department of Consumer and Business
15 Services may take any action before the operative date specified in subsection (1) of this
16 section to enable the departments to exercise, on and after the operative date specified in
17 subsection (1) of this section, all of the duties, functions and powers conferred on the de-
18 partments by sections 2, 3 and 5 of this 2025 Act and the amendments to ORS 731.292, 731.808,
19 731.822, 731.836 and 731.840 by sections 6 to 10 of this 2025 Act.

20 **SECTION 12.** This 2025 Act takes effect on the 91st day after the date on which the 2025
21 regular session of the Eighty-third Legislative Assembly adjourns sine die.
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