

## B-Engrossed House Bill 3940

Ordered by the House June 19  
Including House Amendments dated April 15 and June 19

Sponsored by Representatives LIVELY, LEVY B

### 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. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act raises and moves money to pay for wildfire costs. The Act makes certain changes to laws related to forests and fire protection. (Flesch Readability Score: 74.8).

*[Places a surcharge on sales of beverage containers for purposes of wildfire prevention and response.]*

*[Directs insurance retaliatory tax revenue to wildfire prevention and response.]*

*[Transfers one-half percent of General Fund appropriations per biennium to funds for wildfire prevention and response.]*

*[Transfers 50 percent of the amount held in the Oregon Rainy Day Fund to funds for wildfire prevention and response.]*

**Imposes a tax on the distribution of oral nicotine products. Directs the revenues to purposes related to wildfire. Directs a portion of the interest from the Rainy Day Fund to purposes related to wildfire.**

**Removes the end date for completion of certain wildfire risk reduction projects.** 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.

*[Authorizes certain transfers from the State Fire Marshal Mobilization Fund. Requires the Legislative Assembly to make moneys available to the State Forestry Department and the Department of the State Fire Marshal to repay loans from the State Treasurer for wildfire suppression costs.]* **Directs the State Treasurer to transfer moneys between agencies when requested for certain wildfire costs. Appropriates moneys to a borrowing agency if the agency has insufficient available moneys to repay transferred amounts.** 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.**

**Provides for a grant program for retrofitting of dwellings for wildfire resilience.**

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

### A BILL FOR AN ACT

Relating to wildfire; creating new provisions; amending ORS 242.702, 291.055, 293.144, 293.148, 321.005, 321.011, 321.012, 321.015, 323.500, 323.505, 323.510, 323.515, 323.625, 477.001, 477.205, 477.230, 477.232, 477.270, 477.277, 477.281, 477.295, 477.440, 477.445, 477.450, 477.455, 477.460, 477.750, 477.755, 477.760, 477.770, 477.775, 477.777, 478.010, 478.120, 478.140 and 526.122 and section 20, chapter 592, Oregon Laws 2021; repealing ORS 476.310, 476.320, 476.330, 476.340, 477.415, 477.880, 477.960, 477.970 and 526.123; prescribing an effective date; and providing for revenue raising that requires approval by a three-fifths majority.

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

### ORAL NICOTINE PRODUCTS TAX

**SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS 323.500 to 323.645.**

**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.

**SECTION 2.** (1) In addition to and not in lieu of any other taxes, a tax is imposed on the distribution of oral nicotine products in this state. The tax imposed by this section is intended to be a direct tax on the consumer, for which payment upon distribution is required to achieve convenience and facility in the collection and administration of the tax. The tax shall be imposed on a distributor at the time the distributor distributes oral nicotine products.

(2) The tax imposed under this section shall be imposed at the following rates:

(a) For each package containing 20 or fewer discrete consumable units, 65 cents; and

(b) For each package containing more than 20 discrete consumable units, 3.25 cents per discrete consumable unit, rounded to the nearest whole cent.

**SECTION 3.** The balance of moneys received by the Department of Revenue under the tax imposed on oral nicotine products under section 2 of this 2025 Act, after payment of expenses, refunds and credits under ORS 323.625, shall be distributed as follows:

(1) One-third of the moneys shall be deposited in the Landscape Resiliency Fund established under ORS 477.502; and

(2) Two-thirds of the moneys shall be deposited in the Community Risk Reduction Fund established under ORS 476.396.

**SECTION 4.** ORS 323.500 is amended to read:

323.500. As used in ORS 323.500 to 323.645, unless the context otherwise requires:

(1) "Business" means any trade, occupation, activity or enterprise engaged in for the purpose of selling or distributing tobacco products in this state.

(2) "Cigar" means a roll for smoking that is of any size or shape and that is made wholly or in part of tobacco, irrespective of whether the tobacco is pure or flavored, adulterated or mixed with any other ingredient, if the roll has a wrapper made wholly or in greater part of tobacco and if 1,000 of these rolls collectively weigh more than three pounds. "Cigar" does not include a cigarette, as defined in ORS 323.010.

(3) "Consumer" means any person who purchases tobacco products in this state for the person's use or consumption or for any purpose other than for reselling the tobacco products to another person.

(4) "Contraband tobacco products" means tobacco products or packages containing tobacco products:

(a) That do not comply with the requirements of ORS 323.500 to 323.645;

(b) That do not comply with the requirements of the tobacco products tax laws of the federal government or of other states;

(c) That bear trademarks that are counterfeit under ORS 647.135 or other state or federal trademark laws; or

(d) That have been sold, offered for sale or possessed for sale in this state in violation of ORS 180.486.

(5) "Department" means the Department of Revenue.

(6) "Distribute" means:

(a) Bringing, or causing to be brought, into this state from without this state tobacco products for sale, storage, use or consumption;

(b) Making, manufacturing or fabricating tobacco products in this state for sale, storage, use or consumption in this state;

(c) Shipping or transporting tobacco products to retail dealers in this state, to be sold, stored,

1 used or consumed by those retail dealers;

2 (d) Storing untaxed tobacco products in this state that are intended to be for sale, use or con-  
3 sumption in this state;

4 (e) Selling untaxed tobacco products in this state; or

5 (f) As a consumer, being in possession of untaxed tobacco products in this state.

6 (7) "Distributor" means:

7 (a) Any person engaged in the business of selling tobacco products in this state who brings, or  
8 causes to be brought, into this state from without the state any tobacco products for sale;

9 (b) Any person who makes, manufactures or fabricates tobacco products in this state for sale in  
10 this state;

11 (c) Any person engaged in the business of selling tobacco products without this state who ships  
12 or transports tobacco products to retail dealers in this state, to be sold by those retail dealers;

13 (d) Any person, including a retail dealer, who sells untaxed tobacco products in this state; or

14 (e) A consumer in possession of untaxed tobacco products in this state.

15 (8)(a) "Inhalant delivery system" means:

16 (A) A device that can be used to deliver nicotine in the form of a vapor or aerosol to a person  
17 inhaling from the device; or

18 (B) A component of a device described in this paragraph or a substance in any form sold for the  
19 purpose of being vaporized or aerosolized by a device described in this paragraph, whether the  
20 component or substance is sold separately or is not sold separately.

21 (b) "Inhalant delivery system" does not include:

22 (A) Any product that has been approved by the United States Food and Drug Administration for  
23 sale as a tobacco cessation product or for any other therapeutic purpose, if the product is marketed  
24 and sold solely for the approved purpose;

25 (B) If sold separately, battery chargers, straps or lanyards; or

26 (C) Marijuana items as defined in ORS 475C.009.

27 (9) "Manufacturer" means a person who manufactures tobacco products for sale.

28 (10) "Moist snuff" means:

29 (a) Any finely cut, ground or powdered tobacco that is not intended to be smoked or placed in  
30 a nasal cavity; or

31 (b) Any other product containing tobacco that is intended or expected to be consumed without  
32 being combusted.

33 **(11)(a) "Oral nicotine product" means any noncombustible product that:**

34 **(A) Contains nicotine derived from any source, or a nicotine analog; and**

35 **(B) Is intended for human consumption via the oral cavity by any means other than**  
36 **inhalation.**

37 **(b) "Oral nicotine product" does not include:**

38 **(A) Moist snuff; or**

39 **(B) Any product regulated as a drug or device by the United States Food and Drug Ad-**  
40 **ministration under chapter V of the Federal Food, Drug and Cosmetic Act (21 U.S.C. 351 et**  
41 **seq.).**

42 **[(11)] (12) "Place of business" means any place where tobacco products are sold or where to-**  
43 **bacco products are manufactured, stored or kept for the purpose of sale or consumption, including**  
44 **any vessel, vehicle, airplane, train or vending machine.**

45 **[(12)] (13) "Retail dealer" means any person who is engaged in the business of selling or other-**

1 wise dispensing tobacco products to consumers. The term also includes the operators of or recipients  
 2 of revenue from all places such as smoke shops, cigar stores and vending machines, where tobacco  
 3 products are made or stored for ultimate sale to consumers.

4 [(13)] (14) "Sale" means any transfer, exchange or barter, in any manner or by any means, for  
 5 a consideration, and includes and means all sales made by any person. It includes a gift by a person  
 6 engaged in the business of selling tobacco products, for advertising, as a means of evading the pro-  
 7 visions of ORS 323.500 to 323.645, or for any other purpose.

8 [(14)] (15) "Taxpayer" includes a distributor or other person required to pay a tax imposed under  
 9 ORS 323.500 to 323.645.

10 [(15)] (16) "Tobacco products" means cigars, cheroots, stogies, periques, granulated, plug cut,  
 11 crimp cut, ready rubbed and other smoking tobacco, snuff, snuff flour, moist snuff, cavendish, plug  
 12 and twist tobacco, fine-cut and other chewing tobaccos, shorts, refuse scraps, clippings, cuttings and  
 13 sweepings of tobacco and other kinds and forms of tobacco, prepared in such manner as to be suit-  
 14 able for chewing or smoking in a pipe or otherwise, or both for chewing and smoking, **oral nicotine**  
 15 **products** and inhalant delivery systems, but does not include cigarettes as defined in ORS 323.010.

16 [(16)] (17) "Untaxed tobacco products" means tobacco products for which the tax required under  
 17 ORS 323.500 to 323.645 has not been paid.

18 [(17)] (18) "Wholesale sales price" means the price paid for untaxed tobacco products to or on  
 19 behalf of a seller by a purchaser of the untaxed tobacco products.

20 **SECTION 4a.** ORS 323.505 is amended to read:

21 323.505. (1) A tax is hereby imposed upon the distribution of [all] tobacco products in this state.  
 22 The tax imposed by this section is intended to be a direct tax on the consumer, for which payment  
 23 upon distribution is required to achieve convenience and facility in the collection and administration  
 24 of the tax. The tax shall be imposed on a distributor at the time the distributor distributes tobacco  
 25 products.

26 (2) The tax imposed under this section shall be imposed at the rate of:

27 (a) Sixty-five percent of the wholesale sales price of cigars, but not to exceed one dollar per  
 28 cigar;

29 (b) One dollar and seventy-eight cents per ounce based on the net weight determined by the  
 30 manufacturer, in the case of moist snuff, except that the minimum tax under this paragraph is \$2.14  
 31 per retail container; or

32 (c) Sixty-five percent of the wholesale sales price of all tobacco products that are not cigars  
 33 [or], moist snuff **or oral nicotine products**.

34 (3) For reporting periods beginning on or after July 1, 2022, the rates of tax applicable to moist  
 35 snuff under subsection (2)(b) of this section shall be adjusted for each biennium according to the  
 36 cost-of-living adjustment for the calendar year. The Department of Revenue shall recompute the  
 37 rates for each biennium by adding to the rates in subsection (2)(b) of this section the product ob-  
 38 tained by multiplying the rates in subsection (2)(b) of this section by a factor that is equal to 0.25  
 39 multiplied by the percentage (if any) by which the monthly averaged U.S. City Average Consumer  
 40 Price Index for the 12 consecutive months ending August 31 of the prior calendar year exceeds the  
 41 monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending  
 42 August 31, 2020.

43 (4) If the tax imposed under this section does not equal an amount calculable to a whole cent,  
 44 the tax shall be equal to the next higher whole cent. However, the amount remitted to the Depart-  
 45 ment of Revenue by the taxpayer for each quarter shall be equal only to 98.5 percent of the total

1 taxes due and payable by the taxpayer for the quarter.

2 (5) A tax under this section is not imposed on inhalant delivery systems that are:

3 (a) Marketed and sold solely for the purpose of vaporizing or aerosolizing marijuana items as  
4 defined in ORS 475C.009; or

5 (b) Purchased in a medical marijuana dispensary that is registered under ORS 475C.833 by a  
6 person to whom a registry identification card has been issued under ORS 475C.783.

7 (6) No tobacco product shall be subject to the tax if the base product or other intermediate form  
8 thereof has previously been taxed under this section.

9 **SECTION 4b.** ORS 323.510 is amended to read:

10 323.510. (1) Except as otherwise provided in ORS 323.500 to 323.645, the tax imposed by ORS  
11 323.505 and 323.565 **and section 2 of this 2025 Act** shall be paid by each distributor and each  
12 common carrier or authorized person specified in ORS 323.565 to the Department of Revenue on or  
13 before the last day of January, April, July and October of each year for the preceding calendar  
14 quarter.

15 (2) With each quarterly payment, the taxpayer shall submit a return to the department, in such  
16 form and containing such information as the department shall prescribe.

17 (3) The tax, penalties and interest imposed by ORS 323.500 to 323.645 shall be a personal debt,  
18 from the time liability is incurred, owed by the taxpayer to the State of Oregon until paid.

19 (4) The returns required of distributors and common carriers or authorized persons specified in  
20 ORS 323.565 under this section shall be filed by the distributors, common carriers or authorized  
21 persons regardless of whether any tax is owed by them.

22 (5)(a) The department for good cause may extend the time for making any return under ORS  
23 323.500 to 323.645. The extension may be granted at any time if a written request is filed with the  
24 department within or prior to the period for which the extension may be granted. The department  
25 may not grant an extension of more than one month.

26 (b) When the time for filing a return is extended at the request of a taxpayer, interest shall be  
27 added at the rate established under ORS 305.220 from the time the return was originally required  
28 to be filed to the time of payment.

29 **SECTION 4c.** ORS 323.515 is amended to read:

30 323.515. The tax imposed by ORS 323.505 **and section 2 of this 2025 Act** does not apply with  
31 respect to any tobacco products which under the Constitution and laws of the United States may  
32 not be made the subject of taxation by *[the]* **this** state.

33 **SECTION 4d.** ORS 323.625 is amended to read:

34 323.625. All moneys received by the Department of Revenue under ORS 323.500 to 323.645 shall  
35 be deposited in the State Treasury and credited to a suspense account established under ORS  
36 293.445. The department may pay expenses for administration and enforcement of ORS 323.500 to  
37 323.645 out of moneys received from the taxes imposed under ORS 323.505 and 323.565. Amounts  
38 necessary to pay administrative and enforcement expenses are continuously appropriated to the de-  
39 partment from the suspense account. After the payment of administrative and enforcement expenses  
40 and refunds or credits arising from erroneous overpayments, and except as provided in ORS 323.627  
41 **and section 3 of this 2025 Act**, the balance of the money shall be credited to the General Fund.  
42 Of the amount credited to the General Fund under this section 41.54 percent shall be dedicated to  
43 funding the maintenance and expansion of the number of persons eligible for the medical assistance  
44 program under ORS chapter 414, or to funding the maintenance of the benefits available under the  
45 program, or both, and 4.62 percent shall be credited to the Tobacco Use Reduction Account estab-

lished under ORS 431A.153.

**SECTION 4e. Section 2 of this 2025 Act applies to tobacco products tax reporting periods beginning on or after January 1, 2026.**

# **OREGON RAINY DAY FUND INTEREST**

**SECTION 5.** ORS 293.144 is amended to read:

293.144. (1) The Oregon Rainy Day Fund is established as an account in the General Fund.

(2) The Legislative Assembly may appropriate moneys from the Oregon Rainy Day Fund only if the appropriation is approved by three-fifths of the members serving in each house of the Legislative Assembly and the Legislative Assembly finds one of the following:

(a) That the last quarterly economic and revenue forecast for a biennium indicates that moneys available to the General Fund for the next biennium will be at least three percent less than appropriations from the General Fund for the current biennium;

(b) That there has been a decline for two or more consecutive quarters in the last 12 months in seasonally adjusted nonfarm payroll employment; or

(c) That a quarterly economic and revenue forecast projects that revenues in the General Fund in the current biennium will be at least two percent below what the revenues were projected to be in the revenue forecast on which the legislatively adopted budget for the current biennium was based.

(3) Once each month, the Oregon Department of Administrative Services shall calculate the amount of General Fund interest that is attributable to moneys in the Oregon Rainy Day Fund. Except as otherwise provided in ORS 293.148, the department shall *[transfer the amount calculated under this subsection to the Oregon Rainy Day Fund.]*:

**(a) Transfer 6.7 percent of the amount calculated to the Landscape Resiliency Fund established under ORS 477.502;**

**(b) Transfer 13.3 percent of the amount calculated to the Community Risk Reduction Fund established under ORS 476.396; and**

**(c) Transfer 80 percent of the amount calculated to the Oregon Rainy Day Fund.**

(4) The Legislative Assembly may not appropriate for any one biennium more than two-thirds of the amount that is in the Oregon Rainy Day Fund at the beginning of that biennium. If the appropriation is for a biennium that has not yet begun, the Legislative Assembly may use as the base the most recent estimate of the amount that will be in the Oregon Rainy Day Fund at the beginning of the biennium for which the appropriation is made.

(5) As used in this section, "legislatively adopted budget" has the meaning given that term in ORS 291.002.

**SECTION 5a.** ORS 293.148, as amended by section 1, chapter 98, Oregon Laws 2024, is amended to read:

293.148. (1) If the moneys in the Oregon Rainy Day Fund established by ORS 293.144 just prior to the time of a transfer scheduled under ORS 293.144 (3)(c) or 293.146 equal at least 12.5 percent of the amount of General Fund revenues collected during the prior biennium, moneys that would otherwise be transferred to the Oregon Rainy Day Fund shall be deposited in the General Fund.

(2) If the moneys in the Oregon Rainy Day Fund just prior to the time of a transfer scheduled under ORS 293.144 (3)(c) or 293.146 do not equal at least 12.5 percent of the amount of General Fund revenues collected during the prior biennium, the transfer to the Oregon Rainy Day Fund shall be

made regardless of whether that transfer increases the amount in the Oregon Rainy Day Fund to at least 12.5 percent of the amount of General Fund revenues collected during the prior biennium.

## FOREST PRODUCTS HARVEST TAX FOR WILDFIRE MITIGATION AND SUPPRESSION

**SECTION 5b.** ORS 321.011 is amended to read:

321.011. The prevention and suppression of, **and preparedness for**, forest fires on forestlands for the preservation of forest resources and the continuous growth of timber on lands suitable therefor, are declared to be the public policy of the State of Oregon. The Legislative Assembly recognizes that:

(1) The forested areas situated within eastern Oregon predominate in Ponderosa pine trees and associated species, and that the forested areas situated within western Oregon predominate in Douglas fir and associated species;

(2) Because of this difference in species, different forest fire protection problems exist in eastern and western Oregon, and different logging conditions and circumstances in each necessitate varied forest practices in the disposal of forest slashings and debris; and

(3) Therefore, in order to give recognition to such differences and their effect on the accomplishment of the public policy stated in this section, certain classifications of forestlands within the State of Oregon are established by ORS 321.005 to 321.185 and 321.560 to 321.600.

**SECTION 5c.** ORS 321.012 is amended to read:

321.012. The Legislative Assembly finds that it is in the interest of the State of Oregon that the public as a whole share responsibility for protecting the forests of this state, by making funds available *[from time to time]* for suppression of fires *[caused by the public]*.

**SECTION 6.** ORS 321.015 is amended to read:

321.015. (1) For the calendar years beginning January 1, 2024, and January 1, 2025, there is levied a privilege tax of 90.00 cents per thousand feet, board measure, upon taxpayers for the privilege of harvesting of all merchantable forest products harvested on forestlands. Subject to ORS 321.145, the proceeds of the tax shall be transferred as provided in ORS 321.152 (2) to the Forest Research and Experiment Account for use for the forest resource research, experimentation and studies described in ORS 526.215 and for the Forest Research Laboratory established under ORS 526.225.

(2)(a) *[Except as provided in ORS 477.760,]* In addition to the tax levied by subsection (1) of this section, there is levied a forest products harvest tax upon taxpayers of *[62.5 cents]* **one dollar** per thousand feet, board measure, for the privilege of harvesting all merchantable forest products harvested on forestlands for the payment of benefits related to fire suppression as provided in ORS 321.005 to 321.185, 321.560 to 321.600 and 477.440 to 477.460.

**(b)(A) The rate set under paragraph (a) of this subsection for any calendar year shall be adjusted by the percentage, if any, by which the monthly averaged Consumer Price Index for All Urban Consumers, West Region (All Items) for the 12 consecutive months ending August 31 of the prior calendar year exceeds the monthly averaged index for the 12 consecutive months ending August 31, 2024.**

**(B) The adjusted rate computed under subparagraph (A) of this paragraph shall be rounded to the nearest one-tenth of a cent.**

(3) For the calendar years beginning January 1, 2024, and January 1, 2025, in addition to the

taxes levied under subsections (1) and (2) of this section, there is levied a privilege tax upon taxpayers for the privilege of harvesting all merchantable forest products harvested on forestlands in the amount of 253.46 cents per thousand feet, board measure, for the purpose of administering the Oregon Forest Practices Act in an amount not to exceed 40 percent of the total expenditures approved by the Legislative Assembly for this purpose, including salary adjustments approved by the Legislative Assembly for fiscal years 2024 and 2025.

(4) For the calendar years beginning January 1, 2024, and January 1, 2025, in addition to the taxes levied by subsections (1) to (3) of this section, there is levied a privilege tax of 21 cents per thousand feet, board measure, upon taxpayers for the privilege of harvesting all merchantable forest products harvested on forestlands. Subject to ORS 321.145, the proceeds of the tax shall be transferred as provided in ORS 321.152 (5) to the subaccount established pursuant to ORS 350.520 for use by Oregon State University for the purpose of making investments in professional forestry education at the College of Forestry.

(5) Subject to subsection (6) of this section, the taxes shall be measured by and be applicable to each per thousand feet, board measure, on the total quantity of forest products harvested in this state measured by use of any log scale which is or may be in general use in the logging industry and which is designed to measure total volume of merchantable forest products in board feet. However, if the Department of Revenue finds that the scale used by any taxpayer in computing the taxes due under ORS 321.005 to 321.185 and 321.560 to 321.600 does not accurately reflect the total quantity of merchantable forest products harvested by the taxpayer, it may require the taxpayer to adopt another log scale in general use in the industry which in the department's opinion will accurately reflect merchantable harvest in board feet.

(6) The first 25,000 feet, board measure, of forest products harvested annually by any taxpayer during each calendar year shall be excluded from the total quantity of harvested forest products that constitutes the measure of the taxes under ORS 321.005 to 321.185 and 321.560 to 321.600.

(7)(a) Not later than March 10 of each odd-numbered year, the Legislative Assembly shall begin considering the biennial forest products harvest tax rates levied under subsections (1), (3) and (4) of this section.

(b) Upon request of the Legislative Revenue Officer or the Legislative Fiscal Officer, the State Forestry Department shall provide the respective officers with relevant timber harvest data for the purposes of paragraph (a) of this subsection.

**SECTION 7. The amendments to ORS 321.015 by section 6 of this 2025 Act apply to calendar years beginning on or after January 1, 2026.**

**SECTION 8.** ORS 321.005 is amended to read:

321.005. As used in ORS 321.005 to 321.185[,] **and** 321.560 to 321.600 [*and 477.440 to 477.460*], unless the context requires otherwise:

[(1) "Board" means the State Board of Forestry.]

[(2) "Protected forestlands" means those lands which are protected from the starting or spread of fire thereon or therefrom by:]

[(a) The State Forester, with the approval of the board;]

[(b) The United States of America through contract with the State Forester;]

[(c) Any forest protective agency under contract with the State Forester or the board pursuant to ORS 477.406; or]

[(d) Any forest protective agency, described in paragraph (c) of this subsection, under an agreement with the United States of America wherein such agency agrees to protect specific federal forestlands



and, in return, the United States of America agrees to protect specific lands of such agency.]

[(3) "Department" means the Department of Revenue.]

[(4) "Committee" means the Emergency Fire Cost Committee.]

(1) "Consumer Price Index for All Urban Consumers, West Region (All Items)" means the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor.

[(5)] (2) "Forestland" means any land producing forest products.

[(6)] (3) "Forest products" means products from harvested timber, but does not include products from short rotation fiber grown under agricultural conditions as described in ORS 321.267 (3) or 321.824 (3), western juniper or products from harvested western juniper.

[(7)] (4) "Harvest" means the point at which timber that has been cut, severed, or removed for purposes of sale or use is first measured in the ordinary course of business as determined by reference to common practice in the timber industry.

[(8)] (5) "Merchantable stand of timber" means any stand on forestlands containing living or dead timber which is being or can be harvested.

[(9) "Taxpayer" means the owner of timber at time of harvest.]

(6) "Owner of timber" means any individual or combination of individuals, partnership, firm, corporation or association of whatever nature holding title to harvested timber by virtue of:

(a) An instrument of conveyance;

(b) The harvesting of the timber; or

(c) The harvesting of the timber and payment therefor.

[(10)] (7) "Taxes" means the taxes provided for in ORS 321.015.

[(11) "Owner of timber" means any individual or combination of individuals, partnership, firm, corporation or association of whatever nature holding title to harvested timber by virtue of:]

[(a) An instrument of conveyance;]

[(b) The harvesting of the timber; or]

[(c) The harvesting of the timber and payment therefor.]

(8) "Taxpayer" means the owner of timber at time of harvest.

[(12)] (9) "Timber" means all logs which can be measured in board feet and other forest products as determined by department rule.

**SECTION 9. ORS 477.415 is repealed.**

## REDUCTION OF WILDFIRE RISK

**SECTION 9a.** Section 20, chapter 592, Oregon Laws 2021, as amended by section 40, chapter 602, Oregon Laws 2023, is amended to read:

**Sec. 20.** [(1) The State Forestry Department shall complete the operation of projects under section 18, chapter 592, Oregon Laws 2021, no later than June 30, 2025.]

[(2)] (1) The [department] **State Forestry Department** shall report regarding progress in carrying out projects under [section 18, chapter 592, Oregon Laws 2021,] **ORS 477.503** to an interim committee of the Legislative Assembly related to natural resources, in the manner provided by ORS 192.245, and to the Governor, State Wildfire Programs Director and Wildfire Programs Advisory Council no later than January 15, 2022. The report shall include, but need not be limited to:

(a) An explanation of how landscapes were selected, a summary of the selected projects, a de-

1 description of initial outcomes from projects selected under the requirements established by [section  
2 18, chapter 592, Oregon Laws 2021,] **ORS 477.503** anticipated time frames for completion of the  
3 projects and any initial recommendations concerning landscape identification and projects selected  
4 under the requirements established by [section 18, chapter 592, Oregon Laws 2021] **ORS 477.503**;

5 (b) A description of the funding source types and amounts secured by the department as  
6 matching funds to implement projects; and

7 (c) A summary of outreach and coordination with relevant federal and state agencies, counties,  
8 cities and other units of local government, federally recognized Indian tribes in this state, public and  
9 private forestland and rangeland owners, forestland and rangeland collaboratives and other relevant  
10 community organizations to identify and select landscapes for treatment and develop selection cri-  
11 teria for projects.

12 [(3)(a)] **(2)(a)** The department shall report its findings and recommendations regarding wildfire  
13 risk reduction on forestland and rangeland and in communities, based on information obtained from  
14 the projects described in [section 18, chapter 592, Oregon Laws 2021,] **ORS 477.503** to an interim  
15 committee of the Legislative Assembly related to natural resources, in the manner provided by ORS  
16 192.245, and to the Governor, State Wildfire Programs Director and Wildfire Programs Advisory  
17 Council no later than July 15, 2023. The report shall include, but need not be limited to:

18 (A) A qualitative and quantitative summary of the project outcomes that, at a minimum, states  
19 the number of acres treated, the treatment actions carried out and any resulting or anticipated  
20 changes in landscape conditions related to enhanced resiliency or the mitigation of wildfire risk to  
21 public values;

22 (B) The identification of barriers to more efficient implementation and achievement of goals in  
23 future wildfire risk reduction projects;

24 (C) A qualitative and quantitative summary of the use of prescribed fire activities and invasive  
25 annual grass treatments for wildfire risk reduction that, at a minimum, states the number of acres  
26 burned or treated and any resulting or anticipated changes in landscape conditions related to en-  
27 hanced resiliency or the mitigation of wildfire risk to public values;

28 (D) The identification of existing disincentives to, and recommendation for reducing barriers to,  
29 the use of prescribed fire;

30 (E) Recommendations for creating optimal working relationships with forestland or rangeland  
31 collaboratives and other relevant community organizations regarding future wildfire risk reduction  
32 projects;

33 (F) A description of the funding source types and amounts secured by the department as  
34 matching funds to carry out projects; and

35 (G) Recommendations for investment in future wildfire risk reduction projects to be carried out  
36 in the 2023-2025 biennium.

37 (b) In developing the report required under this subsection, the department shall work in coor-  
38 dination with federal land management agencies, institutions of higher education and third parties  
39 to develop consistent performance measurements and condition-based metrics for monitoring and  
40 communicating the effectiveness of state investments and project actions in reducing wildfire risk  
41 on public or private forestlands and rangelands and in communities.

#### 42 **STATE FORESTRY DEPARTMENT LARGE WILDFIRE FUND**

#### 43 **SECTION 10. (1) The State Forestry Department Large Wildfire Fund is established in**

1 the State Treasury, separate and distinct from the General Fund.

2 (2) The State Forestry Department Large Wildfire Fund shall be held by the State  
3 Treasurer as a fund for use by the State Forestry Department for wildfire mitigation and  
4 suppression. The State Treasurer shall deposit and invest moneys in the fund as provided by  
5 law, taking into account its uses. Interest earned by the fund shall be credited to the fund.

6 (3) The fund consists of moneys appropriated by the Legislative Assembly for deposit in  
7 the fund, moneys received by the department from the federal government and other moneys  
8 appropriated to, allocated to, deposited in or transferred to the fund by the Legislative As-  
9 sembly or otherwise.

10 **SECTION 10a.** (1) Except as provided in subsection (2) of this section, the State Forestry  
11 Department may transfer moneys from the State Forestry Department Large Wildfire Fund  
12 to other funds or accounts that are continuously appropriated to the department as the de-  
13 partment deems necessary to carry out its duties.

14 (2) The department may not transfer moneys from the State Forestry Department Large  
15 Wildfire Fund to the Oregon Forest Land Protection Fund.

16  
17 **DEFINITION OF “CENTRALIZED ADMINISTRATION COSTS”**

18  
19 **SECTION 11.** ORS 477.001 is amended to read:

20 477.001. As used in this chapter[, *unless the context otherwise requires*]:

21 (1) “Additional fire hazard” means a hazard that has been determined to exist by the forester  
22 pursuant to ORS 477.580.

23 (2) “Board” means the State Board of Forestry.

24 (3) “Campfire” means any open fire used for cooking, personal warmth, lighting, ceremonial or  
25 aesthetic purposes that is hand built and that is not associated with any debris disposal activities.

26 (4) **“Centralized administration costs” means all costs associated with:**

27 **(a) Administration of the State Forestry Department;**

28 **(b) The following services, provided statewide and in areas of this state by the depart-**  
29 **ment:**

30 **(A) Fire management on forestland;**

31 **(B) Emergency response and support; and**

32 **(C) Other services not described in this paragraph; and**

33 **(c) The procurement of supplies related to purposes described in this subsection.**

34 [(4)] (5) “Department” means the State Forestry Department.

35 [(5)] (6) “District” means a forest protection district organized under ORS 477.225.

36 [(6)] (7) “Every reasonable effort” means the use of the reasonably available personnel and  
37 equipment under the supervision and control of an owner or operator, which are needed and effec-  
38 tive to fight the fire in the judgment of the forester and which can be brought to bear on the fire  
39 in a timely fashion.

40 [(7)] (8) “Fire season” means a period designated pursuant to ORS 477.505.

41 [(8)] (9) “Fiscal year” means the period beginning on July 1 of any year and ending on June 30  
42 of the next year.

43 [(9)] (10) “Forestland” means any woodland, brushland, timberland, grazing land or clearing that,  
44 during any time of the year, contains enough forest growth, slashing or vegetation to constitute, in  
45 the judgment of the forester, a fire hazard, regardless of how the land is zoned or taxed. As used in

this subsection, “clearing” means any grassland, improved area, lake, meadow, mechanically or manually cleared area, road, rocky area, stream or other similar forestland opening that is surrounded by or contiguous to forestland and that has been included in areas classified as forestland under ORS 526.305 to 526.370.

[(10)] (11) “Forest patrol assessment” means the costs levied and assessed under ORS 477.270.

[(11)] (12) “Forest protective association” or “association” means an association, group or agency composed of owners of forestlands, organized for the purpose of protecting such forestlands from fire.

[(12)] (13) “Forest resource” means the various types of vegetation normally growing on Oregon’s forestland, the associated harvested products and the associated residue, including but not limited to brush, grass, logs, saplings, seedlings, trees and slashing.

[(13)] (14) “Forester” means the State Forester or authorized representative.

[(14)] (15) “Governing body” of a county means the county court or board of county commissioners.

[(15)] (16) “Grazing land” is defined by ORS 477.205.

[(16)] (17) “Open fire” means any outdoor fire that occurs in such a manner that combustion air is not effectively controlled and combustion products are not effectively vented through a stack or chimney.

[(17)] (18) “Operation” means any industrial activity, any development or any improvement on forestland inside or within one-eighth of one mile of a forest protection district, including but not limited to the harvesting of forest tree species, the clearing of land, the use of power-driven machinery and the use of fire, excluding, however, the culture and harvesting of agricultural crops.

[(18)] (19) “Operation area” means the area on which an operation is being conducted and the area on which operation activity may have resulted in the ignition of a fire.

[(19)] (20) “Operation in progress” means that time when workers are on an operation area for the purpose of an operation, including the period of time when fire watches are required to be on the operation area pursuant to ORS 477.665.

[(20)] (21) “Operator” means any person who, either personally or through employees, agents, representatives or contractors, is carrying on or has carried on any operation.

[(21)] (22) “Owner” means an individual, a combination of individuals, a partnership, a corporation, the State of Oregon or a political subdivision thereof, or an association of any nature that holds an ownership interest in land.

[(22)] (23) “Political subdivision” includes, but is not limited to, counties, cities and special districts.

[(23)] (24) “Rangeland” is defined by ORS 477.315.

[(24)] (25) “Routine road maintenance” is defined by ORS 477.625.

[(25)] (26) “Side” means any single unit of a logging operation employing power-driven machinery.

[(26)] (27) “Slashing” means the forest debris or refuse on any forestland resulting from the cutting, killing, pruning, severing or removal of brush, trees or other forest growth.

[(27)] (28) “State Forester” means the person appointed State Forester pursuant to ORS 526.031 or the person serving in the position on an interim or delegated basis.

[(28)] (29) “Summit of the Cascade Mountains” is considered to be a line beginning at the intersection of the northern boundary of the State of Oregon and the western boundary of Wasco County; thence southerly along the western boundaries of Wasco, Jefferson, Deschutes and Klamath

Counties to the southern boundary of the State of Oregon.

[(29)] (30) "Timberland" is defined by ORS 477.205.

[(30)] (31) "Warden" means a fire warden appointed under ORS 477.355.

## FOREST PROTECTION DISTRICTS

**SECTION 12.** ORS 477.205 is amended to read:

477.205. As used in ORS 477.205 to 477.281[, *unless the context requires otherwise*]:

(1) **"Budget" means an estimate of the amount of moneys a forest protection district needs for preparedness for, and for the prevention and suppression of, forest fires on forestland, not including centralized administration costs.**

[(1)] (2) "Grazing land" means forestland, within a forest protection district, that has been classified as Class 3, agricultural class, as provided by ORS 526.305 to 526.370.

[(2)] (3) "Timberland" means forestland, within a forest protection district, that has not been classified as Class 3, agricultural class, under ORS 526.305 to 526.370.

**SECTION 13.** ORS 477.230 is amended to read:

477.230. (1) The annual cost of protection provided by the [forester] **State Forester** for forestland within a forest protection district shall be as [follows:] **described in this section.**

[(a)] (2)(a) Grazing land within the district shall be protected by the [forester] **State Forester** at a pro rata cost **of not less than 30 cents** per acre for all grazing land within the district boundary. However, forest patrol assessments levied and assessed under ORS 477.270 against such lands that are not owned by public agencies, **including grazing land owned in fee by a federally recognized Indian tribe in this state or by a member of a federally recognized Indian tribe in this state**, may not exceed one-half of the pro rata cost per acre, exclusive of any [assessment per acre under ORS 477.880] **distributions made to forest protection districts from the Oregon Forest Land Protection Fund under ORS 477.445.**

(b)(A) Except as provided by subparagraph (B) of this paragraph, the rates established by paragraph (a) of this subsection shall be adjusted annually for inflation since 2025 based on the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor.

(B) If the annual adjustment under this paragraph results in a rate that is lower than the rate for the previous year, the rate shall remain unchanged from the previous year.

[(b)] (3) Timberland within the district shall be protected by the [forester] **State Forester** at a pro rata cost per acre for all timberland within the district boundary. However, forest patrol assessments levied and assessed under ORS 477.270 against [such lands] **timberland** that [are] **is** not owned by public agencies, **including timberland owned in fee by a federally recognized Indian tribe in this state or by a member of a federally recognized Indian tribe in this state**, may not exceed one-half of the pro rata cost per acre, exclusive of any [assessment per acre under ORS 477.880] **distributions made to forest protection districts from the Oregon Forest Land Protection Fund under ORS 477.445.**

[(2)] (4) The cost of protection described in this section shall be in accordance with a budget for the district approved by the State Board of Forestry.

**SECTION 14.** ORS 477.270 is amended to read:

477.270. (1) Subject to the forest patrol assessment limitations set forth in ORS 477.230:

(a) The budgeted cost of the forester, as provided for in ORS 477.205 to 477.281, in providing

protection for privately owned forestland shall be a lien upon such property, shall be reported by the forester to the governing body of the county in which the lands are situated on or after July 1 of each fiscal year, and shall be levied and collected by the governing body with the next taxes on the land in the same manner and with the same interest, penalty and cost charges as apply to ad valorem property taxes in this state. The governing body shall instruct the proper officer to extend the amounts on the assessment roll in a separate account, and the procedure provided by law for the collection of taxes and delinquent taxes shall apply. Upon collection thereof, the governing body shall repay the entire amount collected to the forester.

(b) In lieu of the procedures under paragraph (a) of this subsection, the forester, under the direction of the State Board of Forestry, may make direct billing of the budgeted cost to owners of forestland and receive payment of the cost therefrom. In the event that under such billing procedures any owners fail to make payment, the unpaid budgeted cost shall become a lien against the property so billed and shall be levied and collected with the next taxes on such property as described in paragraph (a) of this subsection.

(c) The budgeted cost of the forester in providing protection for forestland owned by the state or by a political subdivision shall be paid to the forester on or before the first day of January of the fiscal year for which such protection is to be provided.

(2) Except as provided in ORS 477.230 [(2)] (4), all moneys received by the forester pursuant to this section shall be paid into the State Treasury, credited to the State Forestry Department Account and used exclusively for the purposes of ORS 477.205 to 477.281.

**SECTION 14a.** ORS 477.232 is amended to read:

477.232. Subject to the forest patrol assessment limitations set forth in ORS 477.230:

(1) Actual costs incurred by the [forester in the prevention and suppression of] **State Forester in accordance with ORS 321.011 for adequate protection against** fire on grazing land or timberland located within a forest protection district, in excess of the amount budgeted as required by ORS 477.230, but not including those costs eligible for [equalization by the Oregon Forest Land Protection Fund] **emergency fire cost suppression from the State Forestry Department Large Wildfire fund**, shall be, without regard to proceedings for the collection of the costs:

(a) Included in the budget **of a forest protection district** for the next fiscal year; and

(b) Levied and assessed against the grazing land or timberland in the district.

(2) Budgeted amounts not expended may be carried forward as a credit to the assessment rate **for grazing land and timberland, as described in ORS 477.230 (4),** for the ensuing year.

## MINIMUM ASSESSMENT AND SURCHARGE

**SECTION 15.** ORS 477.277 is amended to read:

477.277. (1)(a) In addition to any other assessment prescribed by ORS 477.205 to 477.281, [in any fiscal year in which the Emergency Fire Cost Committee determines pursuant to ORS 477.760 that the unencumbered balance of the Oregon Forest Land Protection Fund is less than \$22.5 million,] a surcharge shall **annually** be levied and assessed in the amount of [\$47.50] **\$58** for each improved lot or parcel[, except as provided in ORS 477.760,] to defray the increased cost of fire suppression on forestland that is caused by the existence of the improvements.

(b)(A) **Except as provided in subparagraph (B) of this paragraph, the surcharge established by paragraph (a) of this subsection shall be adjusted annually for inflation since 2025 based on the Consumer Price Index for All Urban Consumers, West Region (All Items), as**

published by the Bureau of Labor Statistics of the United States Department of Labor.

(B) If the annual adjustment under this paragraph results in a surcharge that is lower than the surcharge for the previous year, the surcharge shall remain unchanged from the previous year.

(2) All surcharge moneys collected pursuant to this section shall be paid into the Oregon Forest Land Protection Fund.

(3) If an owner of forestland files a forest protection plan with the forester which is approved by the State Board of Forestry under ORS 477.210 (2), the owner shall not be required to pay the surcharge levied under subsection (1) of this section.

(4) Contiguous lots included in a combined lot that is described in ORS 477.295 [(3)(a)] (2)(a) and whose owner has made application to the forester under ORS 477.295 [(4)] (3) are considered one lot for purposes of subsection (1) of this section.

(5) As used in this section, a lot or parcel is "improved" if it is indicated as improved in the county assessor's property classification files or if a manufactured dwelling is sited on the lot or parcel.

**SECTION 16.** ORS 477.281 is amended to read:

477.281. (1) The obligation of an owner of timberland or grazing land for payment of assessments and taxes for fire protection of forestland is limited to:

(a) The payment of moneys pursuant to ORS 321.015 (2), 477.277[,] **and** 477.295[, 477.760 (4) and 477.880 to maintain] **into** the Oregon Forest Land Protection Fund; and

(b) The payment of forest protection district assessments pursuant to ORS 477.205 to 477.281.

(2) As used in this section, "obligation of an owner of timberland or grazing land for payment of assessments and taxes for fire protection of forestland" does not include the duties or obligations of the owner under ORS 477.066, 477.068 or 477.120 or the obligations of an owner of land included in a rural fire protection district pursuant to ORS 478.010.

**SECTION 17.** ORS 477.295 is amended to read:

477.295. (1)(a) For purposes of making the levy and assessment of costs against forestland under ORS 477.270, the minimum cost to provide fire protection or suppression for any lot or parcel of real property separately assessed for ad valorem taxes or other taxes provided by law in lieu thereof, on the current assessment roll shall be not less than **\$20, which amount must be paid into the Oregon Forest Land Protection Fund.** [\$18.75, except as provided in ORS 477.760. Three dollars and seventy-five cents of each minimum assessment shall be paid into the Oregon Forest Land Protection Fund. Otherwise,] Such assessments shall be determined under ORS 477.230 and 477.270.

(b)(A) Except as provided in subparagraph (B) of this paragraph, the minimum cost established by paragraph (a) of this subsection shall be adjusted annually for inflation since 2025 based on the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor.

(B) If the annual adjustment under this paragraph results in a minimum cost that is lower than the minimum cost for the previous year, the minimum cost shall remain unchanged from the previous year.

[(2) In any fiscal year in which the Emergency Fire Cost Committee determines pursuant to ORS 477.760 that the unencumbered balance of the Oregon Forest Land Protection Fund has:]

[(a) Increased to an amount:]

[(A) More than \$22.5 million but less than or equal to \$30 million, the minimum assessment referred to in subsection (1) of this section shall be \$16.88 for each lot or parcel. Of that amount, \$1.88

of each minimum assessment shall be paid into the Oregon Forest Land Protection Fund.]

[(B) More than \$30 million, the minimum assessment referred to in subsection (1) of this section shall be \$15 for each lot or parcel. This amount shall be treated in the same manner as assessments under ORS 477.230 and 477.270.]

[(b) Decreased to an amount that is at or below \$22.5 million, the minimum assessment referred to in subsection (1) of this section shall be \$18.75 for each lot or parcel. This amount shall be treated in the same manner as assessments under subsection (1) of this section.]

[(3)] (2) Upon application to the [forester] **State Forester** under subsection [(4)] (3) of this section, contiguous lots held under identical ownership shall be considered as one combined lot for purposes of subsection (1) of this section. However, the following may not be included in a combined lot:

(a) Except as provided in this paragraph, a lot on which a structure has been placed or improvements made for the purpose of erecting any temporary or permanent structure. One lot on which a single-family dwelling has been placed, and lots on which the structures and improvements that are appurtenant to that single-family dwelling have been placed, may be included in a combined lot that does not exceed 20 acres.

(b) A lot that is in a subdivision containing lots that have been or are being offered for sale.

(c) A lot that is not designated forest or agricultural land for the purpose of land use or special tax assessment purposes.

[(4)] (3) To qualify under subsection [(3)] (2) of this section[.]:

(a) An owner of forestland [shall] **must** make **an** application to the [forester] **State Forester** no later than April 15 of the fiscal year preceding [each] **the** fiscal year for which the owner desires the land to be assessed under subsection [(3)] (2) of this section. The application [shall] **must** be on a form prescribed by the State Forester. **The State Forester may charge** a fee of \$25 per combined lot [shall], **to** be paid to the [forester] **State Forester** at the time of [first] application for the combined lot.

(b) **After an application under paragraph (a) of this subsection is approved, the owner of the forestland must apply again, as described in paragraph (a) of this subsection, every five years.** [An additional] **The State Forester may charge** a fee of \$25 per combined lot [shall], **to** be paid to the [forester] **State Forester** at the time of subsequent application[, if an application for the combined lot was not made for the previous fiscal year].

[(5)] (4) The State Board of Forestry may adopt rules for the administration of the provisions of subsections [(3) and (4)] (2) and (3) of this section.

[(6)] (5) For the purposes of this section, "lot" and "subdivision" have the meanings given those terms in ORS 92.010.

## EMERGENCY FIRE COST COMMITTEE

**SECTION 18.** ORS 477.440 is amended to read:

477.440. (1) **As used in this section:**

(a) **"Grazing land owner"** means an individual, combination of individuals, partnership, corporation or association that holds an ownership interest in grazing land in this state.

(b) **"Large forest owner"** means an individual, combination of individuals, partnership, corporation or association that holds an ownership interest in at least 5,000 acres of timberland in this state.



(c) "Small forest owner" means an individual, combination of individuals, partnership, corporation or association that holds:

(A) An ownership interest in at least 10 acres, but less than 5,000 acres, of timberland in this state; and

(B) All of the acres within a single tax lot and within contiguous parcels owned by the same individual, combination of individuals, partnership, corporation or association.

[(1)] (2) The State Board of Forestry shall appoint an Emergency Fire Cost Committee for the purpose of carrying out the provisions of this section and ORS 477.445, 477.450, 477.455, 477.460, 477.755, 477.760, 477.770 and 477.775.

(3) The committee may:

(a) Make recommendations to the board concerning the minimum qualifications for serving on the committee.

(b) Establish standards, requirements or procedures that the committee considers necessary for the effective administration of the committee.

(4) The committee shall consist *[consisting]* of *[four]* six members, including one nonvoting representative of the board and five voting members who are appointed by the board as follows:

(a) Two members who *[shall be]* are, or are representatives of, large forest *[landowners or representatives of forest landowners]* owners whose forestland is being assessed for forest fire protection within a forest protection district.

(b) One member who is, or is a representative of, a small forest owner whose forestland is being assessed for forest fire protection within a forest protection district.

(c) One member who is, or is a representative of, an owner of grazing land, as defined in ORS 477.205, whose grazing land is being assessed for forest fire protection within a forest protection district.

(d) One member appointed at large to represent one of the groups identified in paragraphs (a) through (c) of this subsection.

(5) The board shall appoint at least one member *[shall be selected]* from each forest region *[of the state]* established under ORS 527.640.

(6) Members shall serve at the pleasure of the board.

[(2)] (7) Members *[of the Emergency Fire Cost Committee]* shall be appointed *[by the board]* for four-year terms. *[Appointments under this subsection shall be made by the board within 60 days after July 21, 1987.]*

(8) If there is a vacancy for any cause, the board shall make an appointment to become immediately effective for the unexpired term.

**SECTION 19.** (1) The State Board of Forestry shall appoint the first five voting members of the Emergency Fire Cost Committee described in ORS 477.440 on or before December 31, 2025.

(2) Notwithstanding ORS 477.440 (7), of the voting members of the committee first appointed by the board:

(a) One shall serve for a term ending one year after the date of appointment.

(b) One shall serve for a term ending two years after the date of appointment.

(c) One shall serve for a term ending three years after the date of appointment.

(d) Two shall serve for a term ending four years after the date of appointment.

(3) The board may appoint to the committee persons serving on the committee on the

effective date of this 2025 Act who qualify under ORS 477.440.

**SECTION 20.** ORS 477.445 is amended to read:

477.445. The Emergency Fire Cost Committee shall:

(1) *[Supervise and control]* **Oversee** the distribution of funds from the Oregon Forest Land Protection Fund established under ORS 477.750.

(2) **Review expenditures from the fund.**

(3) **Review budgets for forest protection districts and provide recommendations on the budgets to the State Board of Forestry.**

(4) **Prior to the beginning of each fiscal year, distribute payments in their entirety as directed by the fiscal year budgets of forest protection districts to the State Forestry Department and forest protection districts.**

**SECTION 21.** ORS 477.450 is amended to read:

477.450. (1) *[After July 1, 1961,]* The Emergency Fire Cost Committee shall meet and elect one of its members as chairperson. *[The chairperson shall hold office for a period determined by the committee.]*

(2) Whenever the office of chairperson of the committee becomes vacant, the committee at its next regular or special meeting shall elect one of its members to fill the vacancy.

**SECTION 22.** ORS 477.455 is amended to read:

477.455. (1) Regular meetings of the Emergency Fire Cost Committee shall be held quarterly *[prior to the day set for meetings of the State Board of Forestry, as otherwise provided by law].*

(2) Special meetings of the committee may be called by its chairperson or by *[three]* **a majority of the voting** members.

(3) The act or decision of *[any three]* **a majority of the voting** members shall be deemed the act or decision of the committee.

*[(2)]* (4) A staff member of the State Forestry Department shall be designated by the State Forester to serve as administrator for the committee.

**(5) The committee may employ staff members, in coordination with the State Forester.**

**SECTION 23.** ORS 477.460 is amended to read:

477.460. (1) The administrator **described in ORS 477.455** shall:

(a) Act as secretary of the Emergency Fire Cost Committee; and *[shall]*

(b) Carry out the provisions of ORS 477.440 to 477.460 in such manner as the committee shall direct.

(2) The salary and other expenses of the administrator **and of staff members** shall be paid from the Oregon Forest Land Protection Fund as are other expenses of the committee.

*[(2)]* (3) Members of the committee are entitled to compensation and expenses as provided in ORS 292.495.

## OREGON FOREST LAND PROTECTION FUND

**SECTION 24.** ORS 477.750 is amended to read:

477.750. (1) The Oregon Forest Land Protection Fund is created, separate and distinct from the General Fund.

(2) *[This fund]* **The Oregon Forest Land Protection Fund** shall be held by the State Treasurer as a trust fund for the uses and purposes provided in ORS 477.750 to 477.775 *[and 477.880].*

(3) The State Treasurer shall deposit and invest moneys in the fund as provided by law, taking

into account its uses and purposes. Interest earned by the fund shall be credited to the fund. **If reimbursements are made for payments from the Oregon Forest Land Protection Fund, such reimbursements shall be credited to the fund.**

[(2)] (4) Notwithstanding any other law and as limited by ORS 477.750 to 477.775 [and 477.880], that part of the suspense account created by ORS 321.145 that is derived from the tax levied by ORS 321.015 (2) after refunds and other costs permitted by law, shall be credited to the Oregon Forest Land Protection Fund.

**SECTION 25.** ORS 477.755 is amended to read:

477.755. (1) As used in this section, "annual expenditure" means the expenses of the Oregon Forest Land Protection Fund obligated in any 12-month period [*designated by the Emergency Fire Cost Committee by rule, corresponding to the policy period of any insurance for emergency fire costs*], **consistent with the fiscal year budgeting of the State Forestry Department.**

(2) Notwithstanding ORS 291.238, the moneys in the Oregon Forest Land Protection Fund are continuously appropriated to the Emergency Fire Cost Committee for the purposes of:

[(a) *Equalizing emergency fire suppression costs for safeguarding forestland in any forest protection district;*]

**(a) Making payments for the fiscal year budgets of forest protection districts, but not for centralized administration costs;**

(b) Paying necessary [*administrative*] expenses, not to exceed the limit authorized by the Legislative Assembly each biennium;

[(c) *Contributing to the payment of emergency fire suppression costs insurance premiums, subject to the payment limitation established in ORS 477.775 (4);*]

[(d) *Paying costs related to the availability and mobilization of emergency fire suppression resources on a statewide basis; and*]

[(e)] **(c)** Paying for nonroutine purchases of supplemental fire prevention, detection or suppression resources that will enhance the ability of the forester to perform fire protection responsibilities within a forest protection district[.]; **and**

**(d) Issuing loans to the department or forest protection associations that relate to necessary wildfire costs.**

[(3) *Notwithstanding any other provision of law, the annual expenditure from the Oregon Forest Land Protection Fund from revenues received from ORS 321.015 (2), 477.277 (1), 477.295 (1) and (2), 477.750 (1) and (2), 477.760 (4) and 477.880 may not exceed the lesser of:*]

[(a) *\$13.5 million; or*]

[(b) *The sum of:*]

[(A) *The lesser of \$10 million or 50 percent of the eligible annual fire suppression costs determined by the committee;*]

[(B) *Necessary administrative expenses as determined by the committee and authorized under the limit described in subsection (2)(b) of this section;*]

[(C) *Contributions to the payment of emergency fire suppression costs insurance premiums, subject to the payment limitation established in ORS 477.775 (4);*]

[(D) *The lesser of \$3 million or three-fifths of the actual cost of activities described in ORS 477.777 (1)(b) and (c); and*]

[(E) *Any amounts expended for nonroutine purchases described in subsection (2)(e) of this section.*]

**SECTION 26.** ORS 477.760 is amended to read:

1       477.760. [(1) *The reserve base of the Oregon Forest Land Protection Fund is \$22.5 million. On or*  
 2       *about the last day of February of each year*] The Emergency Fire Cost Committee shall:

3       **(1) Adopt rules relating to the administration of the Oregon Forest Land Protection**  
 4       **Fund.**

5       **(2) [Meet and] Annually** determine the unencumbered balance of the fund as of **the end of** the  
 6       preceding [February 16] **calendar year.**

7       [(2) *In order to maintain the reserve base of the fund at \$22.5 million, the Emergency Fire Cost*  
 8       *Committee may request and the State Treasurer may approve transfers to the fund in accordance with*  
 9       *ORS 293.205 to 293.225, if the moneys in this fund fall below the reserve base, whether or not there*  
 10       *are sufficient moneys in the fund to pay the obligations of the fund. Repayment of any such transfers*  
 11       *shall be made from moneys paid into the fund pursuant to ORS 321.015 (2), 477.277 and 477.880 and*  
 12       *from such other moneys as may be credited to the fund therefor.*]

13       [(3) *If the committee determines that the moneys in the fund exceed:*]

14       [(a) *The reserve base, and that no repayment obligations are outstanding from transfers made*  
 15       *pursuant to subsection (2) of this section, then the Department of Revenue shall reduce the taxes de-*  
 16       *scribed in ORS 321.015 (2) by 50 percent for the following calendar year and the surcharge for each*  
 17       *improved lot or parcel described in ORS 477.277 and the assessments described in ORS 477.880 shall*  
 18       *be reduced by 50 percent for the following fiscal year.*]

19       [(b) *\$30 million, and that no repayment obligations are outstanding from transfers made pursuant*  
 20       *to subsection (2) of this section, then the Department of Revenue may not collect the taxes described in*  
 21       *ORS 321.015 (2) for the following calendar year and the surcharge for each improved lot or parcel*  
 22       *described in ORS 477.277 and the assessments described in ORS 477.880 may not be collected until the*  
 23       *calendar year or fiscal year following the determination of the committee that the unencumbered bal-*  
 24       *ance in the fund is less than or equal to \$22.5 million.*]

25       [(4)(a) *Notwithstanding any other provision of law, if the funds referred to in subsection (2) of this*  
 26       *section are inadequate to cover repayment of transfers from the State Treasurer or from other sources,*  
 27       *the State Forester shall increase the following taxes, assessments and charges in an amount adequate*  
 28       *to ensure repayment of the transfers, and any interest accrued thereon, allowing for contingencies in*  
 29       *valuation, assessment and collection:*]

30       [(A) *The harvest tax referred to in ORS 321.015 (2).*]

31       [(B) *The surcharge on developed lots referred to in ORS 477.277.*]

32       [(C) *The minimum assessment referred to in ORS 477.295.*]

33       [(D) *The acreage assessments referred to in ORS 477.880 (2).*]

34       [(b) *The increases to taxes, assessments and charges shall be apportioned based upon the propor-*  
 35       *tionate levels of revenues received from each source by the Oregon Forest Land Protection Fund. Any*  
 36       *such increases shall be computed on or before January 1 of each year, and shall be based upon re-*  
 37       *venues received during the previous four quarters. Any such increases shall be made in the appropriate*  
 38       *calendar or fiscal year following that in which the requested transfers from the State Treasurer or from*  
 39       *other sources are made.*]

40       **SECTION 26a.** ORS 477.770 is amended to read:

41       477.770. **In addition to rules adopted under ORS 477.760,** the Emergency Fire Cost Committee  
 42       shall [promulgate] **adopt** rules relating to the disposition of moneys from the Oregon Forest Land  
 43       Protection Fund. [Under such rules the committee may require that prior to the payment of moneys  
 44       from the fund the forest protection district expend an amount for emergency fire suppression not to  
 45       exceed a per acre amount determined to be 10 percent of the total budgeted amount of all districts as

set forth in ORS 477.220 to 477.415 divided by the total protected acres of all districts. However, any such amount per acre shall apply uniformly to each forest protection district.] **The rules may:**

(1) **Set forth a process for reviewing the disbursement of moneys from the fund; and**

(2) **Establish best practices for reviewing forest protection district budgets and emergency fire suppression costs.**

**SECTION 26b.** The Emergency Fire Cost Committee shall complete any ongoing audits of moneys in the Oregon Forest Land Protection Fund as soon as practicable after the effective date of this 2025 Act.

**SECTION 27.** ORS 477.775 is amended to read:

477.775. (1) *[Prior to February 1 of each year]* **At the first regularly scheduled meeting of the Emergency Fire Cost Committee in a calendar year**, the *[Emergency Fire Cost Committee]* **committee** and the *[forester]* **State Forester** shall consult regarding the purchase of emergency fire suppression costs insurance and the level of coverage to purchase for the fire season of that year.

(2) In determining whether the purchase of insurance is advisable, the *[forester]* **State Forester** and the committee shall consider:

(a) The cost, coverage and deductible of insurance available from private insurance carriers;

(b) The funding available for fire suppression *[from the Oregon Forest Land Protection Fund and other sources]*;

(c) The current condition of forests;

(d) Long-term weather predictions;

(e) Available fire fighting resources; and

(f) Available funds for the purchase of insurance.

(3) If *[the committee and the forester agree]* **the State Forester decides** to purchase insurance, the *[forester]* **State Forester** shall purchase insurance through the Oregon Department of Administrative Services *[to cover any lawful expense incurred by the State Forestry Department, or contractors or cooperators, that is payable by the Oregon Forest Land Protection Fund]*. The insurance may be obtained through negotiation or competitive bids, whichever is in the best interest of *[the]* **this** state~~], its contractors and cooperators]~~.

*[(4) The Oregon Forest Land Protection Fund may not be charged for payment of more than one-half of any premium for the insurance.]*

**SECTION 28.** ORS 477.777 is amended to read:

477.777. (1) As part of the preparation of the agency request budget submitted to the Oregon Department of Administrative Services pursuant to ORS 291.208 for the State Forestry Department, the State Forester shall prepare, in addition to any amounts budgeted for forest protection districts pursuant to ORS 477.205 to 477.281, a request for a General Fund appropriation for the following purposes:

(a) Providing funds for the purchase of emergency fire suppression costs insurance under ORS 477.775.

(b) Acquiring and placing centrally managed fire suppression resources for statewide use.

(c) Acquiring fast-mobilizing, short-term contingency resources to be used based on predictions of severe fire weather, widespread lightning events or serious resource shortage due to a heavy fire season in this state, in the western region of the United States or nationally.

(d) Enhancing forest protection district resources in cases where land productivity or other economic factors seriously limit the ability of the *[forester]* **State Forester** to perform fire protection responsibilities.

(e) Mitigating forest patrol assessment rates in cases where land productivity or other economic factors seriously limit the ability of the owners of forestlands in the forest protection district to comply with ORS 477.210 (1).

**(f) Providing funds for centralized administration costs.**

**(g) Making deposits into the State Forestry Department Large Wildfire Fund established by section 10 of this 2025 Act to provide funding for costs associated with obligations to the General Fund due to estimated emergency firefighting costs.**

**(h) Providing amounts to offset the annual costs of fire protection provided by the State Forester for certain forestland under section 41 of this 2025 Act.**

(2) The State Forester shall utilize critical discretion in the expenditure of the funds provided to the State Forestry Department pursuant to the separate request required under subsection (1) of this section.

(3) The State Forester shall report to the Emergency Board, each year, after the close of the fire season, on:

(a) The nature and severity of the fire season;

(b) The moneys expended on fire suppression, **including moneys expended on resources acquired in accordance with subsection (1)(b) and (c) of this section and moneys expended for emergency firefighting costs;**

(c) The balance remaining from the biennial appropriation; and

(d) Any matters arising out of the fire season that may require attention or warrant future consideration by the board or the Legislative Assembly.

(4) When reporting the nature and severity of the fire season under subsection (3) of this section, for each fire consuming 1,000 or more acres, the State Forester shall provide information regarding *[the resulting losses on private lands of timber, buildings, fencing and livestock and of grazing land capacity if the land is expected to be unavailable for two or more grazing seasons.]*:

**(a) The number of buildings that were damaged or destroyed by fire during the fire season.**

**(b) The number of acres of forestland that were burned during the fire season and an estimate of the economic value of the effects on the forestland.**

**(c) The number of acres of grazing land that were burned during the fire season and an estimate of the economic value of the effects on the grazing land.**

**(d) Any other information the State Forester deems relevant.**

**SECTION 29.** ORS 291.055 is amended to read:

291.055. (1) Notwithstanding any other law that grants to a state agency the authority to establish fees, all new state agency fees or fee increases adopted during the period beginning on the date of adjournment sine die of a regular session of the Legislative Assembly and ending on the date of adjournment sine die of the next regular session of the Legislative Assembly:

(a) Are not effective for agencies in the executive department of government unless approved in writing by the Director of the Oregon Department of Administrative Services;

(b) Are not effective for agencies in the judicial department of government unless approved in writing by the Chief Justice of the Supreme Court;

(c) Are not effective for agencies in the legislative department of government unless approved in writing by the President of the Senate and the Speaker of the House of Representatives;

(d) Shall be reported by the state agency to the Oregon Department of Administrative Services within 10 days of their adoption; and

(e) Are rescinded on adjournment sine die of the next regular session of the Legislative Assembly as described in this subsection, unless otherwise authorized by enabling legislation setting forth the approved fees.

(2) This section does not apply to:

(a) Any tuition or fees charged by a public university listed in ORS 352.002.

(b) Taxes or other payments made or collected from employers for unemployment insurance required by ORS chapter 657 or premium assessments required by ORS 656.612 and 656.614 or contributions and assessments calculated by cents per hour for workers' compensation coverage required by ORS 656.506.

(c) Fees or payments required for:

(A) Health care services provided by the Oregon Health and Science University, by the Oregon Veterans' Homes pursuant to ORS 408.362 and 408.365 to 408.385 and by other state agencies and institutions pursuant to ORS 179.610 to 179.770.

(B) Copayments and premiums paid to the Oregon medical assistance program.

(C) Assessments paid to the Department of Consumer and Business Services under sections 3 and 5, chapter 538, Oregon Laws 2017.

(d) Fees created or authorized by statute that have no established rate or amount but are calculated for each separate instance for each fee payer and are based on actual cost of services provided.

(e) State agency charges on employees for benefits and services.

(f) Any intergovernmental charges.

(g) Forest protection district assessment rates established by ORS 477.210 to 477.265 [*and the Oregon Forest Land Protection Fund fees established by ORS 477.760*].

(h) State Department of Energy assessments required by ORS 456.595 and 469.421 (8).

(i) Assessments on premiums charged by the Director of the Department of Consumer and Business Services pursuant to ORS 731.804 or fees charged by the director to banks, trusts and credit unions pursuant to ORS 706.530 and 723.114.

(j) Public Utility Commission operating assessments required by ORS 756.310 or charges paid to the Residential Service Protection Fund required by chapter 290, Oregon Laws 1987.

(k) Fees charged by the Housing and Community Services Department for intellectual property pursuant to ORS 456.562.

(L) New or increased fees that are anticipated in the legislative budgeting process for an agency, revenues from which are included, explicitly or implicitly, in the legislatively adopted budget or the legislatively approved budget for the agency.

(m) Tolls approved by the Oregon Transportation Commission pursuant to ORS 383.004.

(n) Portal provider fees as defined in ORS 276A.270 and established by the State Chief Information Officer under ORS 276A.276 (3) and recommended by the Electronic Government Portal Advisory Board.

(o) Fees set by the State Parks and Recreation Director and approved by the State Parks and Recreation Commission under ORS 390.124 (2)(b).

(3)(a) Fees temporarily decreased for competitive or promotional reasons or because of unexpected and temporary revenue surpluses may be increased to not more than their prior level without compliance with subsection (1) of this section if, at the time the fee is decreased, the state agency specifies the following:

(A) The reason for the fee decrease; and

(B) The conditions under which the fee will be increased to not more than its prior level.

(b) Fees that are decreased for reasons other than those described in paragraph (a) of this subsection may not be subsequently increased except as allowed by ORS 291.050 to 291.060 and 294.160.

## ACREAGE ASSESSMENT

**SECTION 30. ORS 477.880, 477.960 and 477.970 are repealed.**

## ZONING OF CERTAIN LANDS

**SECTION 31. ORS 476.310, 476.320, 476.330 and 476.340 are repealed.**

**SECTION 32. Lands that are classified under ORS 476.310 as zone 1 lands immediately prior to the effective date of this 2025 Act are classified as Class 3 lands, as defined in ORS 526.324, unless and until reclassified.**

**SECTION 33. ORS 242.702 is amended to read:**

242.702. As used in ORS 242.702 to 242.824, unless the context requires otherwise:

(1) "Appointing power" includes every person or group of persons who, acting singly or as a board, council or commission, are vested with authority to select, appoint or employ any person to hold any position subject to civil service under ORS 242.702 to 242.824.

(2) "Appointment" includes all means of selecting or employing any person to hold any position subject to civil service under ORS 242.702 to 242.824.

(3) "Civil service" means the civil service system established under ORS 242.702 to 242.824.

(4) "Commission" means a civil service commission created under ORS 242.702 to 242.824.

(5) "Commissioner" means a member of the civil service commission created under ORS 242.702 to 242.824.

(6) "Employees" means persons whose principal duties consist of preventing or combating fire or preventing the loss of life or property from fire.

(7) "Fire department" means any organization maintained by any political subdivision for the purpose of preventing or combating fire.

(8) "Governing body" means the council or city commissioners of a city, the county court or board of county commissioners of a county, the board of directors of a rural fire protection district[, **and** the board of commissioners of a domestic water supply corporation *[and the county court or board of county commissioners acting under ORS 476.310 to 476.340 for the purposes of preventing and controlling fire on zone 2 rural lands]*].

(9) "Political subdivision" means any city, county, municipal corporation, rural fire protection district[, **or** domestic water supply corporation *[or organization authorized under ORS 476.310 to 476.340 to combat fire on zone 2 rural lands which employs four or more full-time firefighters, not including the chief of the fire department]*].

(10) "Position" includes any office, place or employment.

## RURAL FIRE PROTECTION DISTRICTS

**SECTION 34. ORS 478.010 is amended to read:**

478.010. (1) A rural fire protection district may be formed in the manner set forth in ORS 478.010 to 478.100.



(2) A district may not include:

[(a) Territory within a city unless otherwise authorized by law.]

[(b)] (a) Territory within a water supply district organized under ORS chapter 264 if the district has previously been authorized by its electors to exercise the fire protection powers prescribed by ORS 264.340.

[(c)] (b) [Forestlands] **Forestland** included within a forest protection district under ORS 477.205 to 477.281 unless the owner consents and notifies the rural fire protection district[, however, forestland protected pursuant to ORS 477.205 to 477.281 and not exceeding five acres in one ownership shall be included in the rural fire protection district without the owner's consent if the ownership includes any structures subject to damage by fire], **except as provided in subsection (3) of this section.** [Forestland included in a rural fire protection district under this subsection subjects the forestland to assessments for fire protection by the rural fire protection district and the forest protection district.]

[(d)] (c) Railroad rights of way or improvements thereon or rolling stock moving thereover unless the owner of such property consents.

[(e)] (d) Ocean shores as defined by ORS 390.605.

(3)(a) **Notwithstanding subsection (2)(b) of this section, forestland protected pursuant to ORS 477.205 to 477.281 that is within the exterior boundaries of an existing rural fire protection district shall be included in the rural fire protection district without the owner's consent.**

(b) **Forestland described in paragraph (a) of this subsection is subject to limitations on assessment as described in section 36 of this 2025 Act.**

(4) **Forestland protected pursuant to ORS 477.205 to 477.281 that is included in a rural fire protection district is subject to assessments for fire protection by the rural fire protection district and the forest protection district.**

**SECTION 35.** The amendments to ORS 478.010 by section 34 of this 2025 Act apply to all rural fire protection districts, whether formed before, on or after the effective date of this 2025 Act. Forestland described in ORS 478.010 (3)(a), as amended by section 34 of this 2025 Act, is made part of a rural fire protection district without the district's taking any action to include such forestland.

**SECTION 36.** (1) As used in this section, "qualified forestland" means forestland that is:

(a) Included in a rural fire protection district under ORS 478.010 (3); and

(b) Outside the limits of a city.

(2) If a structure exists, in whole or in part, on qualified forestland, the property subject to taxation by a rural fire protection district shall include the value of any structures subject to taxation and may not exceed 10 acres in any one ownership.

(3) If a structure does not exist on qualified forestland, the property subject to taxation by a rural fire protection district is limited to individual lots or parcels not exceeding 10 acres in size.

**SECTION 37.** ORS 478.120 is amended to read:

478.120. The authority to include forestland within a rural fire protection district pursuant to ORS 478.010 [(2)(c)] **(2)(b)** applies to forestland within the exterior boundaries of an existing district [and to forestland on which structures subject to damage by fire have been added after July 20, 1973].

**SECTION 38.** ORS 478.140 is amended to read:

478.140. Any owner consenting to add the forestland of the owner to the district under ORS 478.010 [(2)(c)] **(2)(b)** shall do so on forms supplied by the Department of Revenue. The owner shall file the original with the district. The district shall forward a copy to the assessor of each county in which the land is located, within 20 days of receipt.

**NOTE:** Section 39 was deleted by amendment. Subsequent sections were not renumbered.

## TREASURY LOANS

**SECTION 40.** (1) As used in this section:

(a) “Biennium” means a two-year period beginning on July 1 of an odd-numbered year.

(b) “Borrowing agency” means the State Forestry Department or the Department of the State Fire Marshal.

(c) “Borrowing fund” has the meaning given that term in ORS 293.205.

(d) “Lending fund” has the meaning given that term in ORS 293.205.

(e) “Repayment amounts” means amounts transferred under subsection (2) of this section, plus any interest or borrowing costs.

(2)(a) Notwithstanding the provisions of ORS 293.210 that limit when the State Treasurer may transfer moneys between funds of the State Treasury, the State Treasurer shall, at the written request of a borrowing agency, and subject to paragraph (b) of this subsection, transfer moneys under ORS 293.205 to 293.225 to a fund or funds under the administration of the borrowing agency for the purpose of enabling the agency to pay for noncapital wildfire suppression costs.

(b) Before a transfer is made under this subsection, the State Treasurer and the borrowing agency shall report to the Emergency Board:

(A) The amount requested to be transferred;

(B) The amount of wildfire suppression costs above the borrowing agency’s available resources; and

(C) The balance of moneys projected to be available to repay the amount advanced.

(3) If the State Treasurer transfers moneys under subsection (2) of this section, the borrowing agency, no later than the second May 15 of the biennium in which the transfer is made, and in collaboration with the Oregon Department of Administrative Services, shall certify to the State Treasurer whether the balance of moneys available to the borrowing agency as of the second June 15 of the same biennium will be sufficient to repay the repayment amounts.

(4) If the borrowing agency certifies that the balance of moneys is insufficient to repay the repayment amounts:

(a) The borrowing agency shall, as soon as practicable, transfer all moneys available for repayment to the State Treasurer, to be credited to the lending fund; and

(b) There is appropriated to the borrowing agency, for the biennium in which the transfer was made, out of the General Fund, an amount equal to the difference between the repayment amounts and the amounts transferred under paragraph (a) of this subsection, for deposit in the borrowing fund for the purpose of repaying the repayment amounts.

## FIRE PROTECTION COST OFFSET

**SECTION 41.** (1) In each biennium, the State Forestry Department shall apply an offset against the annual costs of fire protection provided by the department for forestland that is:

(a) Classified as Class 3 under ORS 526.324; and

(b) Located within a forest protection district.

(2) The department shall apply the offset equally to each acre of forestland subject to the offset.

**NOTE:** Section 42 was deleted by amendment. Subsequent sections were not renumbered.

## **CASH FLOW REPAYMENT FUND**

**SECTION 43.** ORS 526.122 is amended to read:

526.122. (1) The State Forestry Department Cash Flow Repayment Fund is established in the State Treasury, separate and distinct from the General Fund. The State Forestry Department Cash Flow Repayment Fund consists of moneys deposited in the fund by the State Forestry Department pursuant to subsection (2) of this section. Moneys in the fund are continuously appropriated to the department for the purposes set forth in subsection (3) of this section.

(2)(a) When the State Forestry Department determines that moneys are available to the department in an amount greater than necessary to satisfy the current cash flow needs of the department, the department shall deposit excess amounts in the State Forestry Department Cash Flow Repayment Fund, except as provided in paragraph (b) of this subsection.

(b) The department is not required to deposit moneys in the fund if the balance of the fund is equal to or greater than the outstanding balance of moneys appropriated, allocated or otherwise made available to the department specifically for cash flow purposes.

(c) The moneys deposited in the fund under this subsection shall not be considered as a budget item on which a limitation is otherwise fixed by law, but shall be in addition to any specific biennial appropriations or amounts authorized to be expended from continuously appropriated moneys for any biennial period.

*[(3) On July 1 of each odd-numbered year, the department shall cause the balance of the fund to be transferred to the General Fund for general governmental purposes.]*

**SECTION 44.** ORS 526.123 is repealed.

## **WILDFIRE PREPARED STRUCTURE PROGRAM**

**SECTION 45.** (1) In collaboration with the Department of Consumer and Business Services, the Department of the State Fire Marshal shall establish and implement a grant program called the Wildfire Prepared Structure Program to facilitate the retrofitting of dwellings existing on the effective date of this 2025 Act, as well as dwellings constructed following wildfire damage, to be resistant and resilient to wildfire.

(2) To implement the program, the Department of the State Fire Marshal shall:

(a) Publish a list of eligible retrofits and materials that reduce the vulnerability of structures to wildfire and flying embers, as identified in section R327 of the Oregon Residential Specialty Code or other relevant industry best practices and standards.

(b) Consider the relative cost-effectiveness of the retrofits and materials.

(c) Award individual grants to persons and block grants to counties for the counties to award as individual grants to persons.

(d) Establish ranking and criteria for awarding individual grants that include a preference for projects that:

(A) Benefit persons who live in the wildland-urban interface, as defined pursuant to ORS 477.015 and 477.027.

(B) Benefit persons who implement defensible space requirements described in ORS 476.392.

(C) Benefit persons in socially vulnerable communities.

(D) Benefit low-income persons who have demonstrated financial need.

(E) Benefit persons whose homes have been destroyed or significantly damaged by a wildfire for which authority has been exercised under the Emergency Conflagration Act set out in ORS 476.510 to 476.610.

(e) Establish formats by which persons who receive individual grants and counties that receive block grants must report to the State Fire Marshal.

(3) A person who receives an individual grant shall:

(a) Complete the grant project on a timeline approved when the individual grant is awarded.

(b) Report to the State Fire Marshal in a format designated pursuant to subsection (2)(e) of this section.

(4) A county that receives a block grant shall report to the State Fire Marshal in a format designated pursuant to subsection (2)(e) of this section.

(5) The department, and counties that receive block grants, shall accept applications for individual grants:

(a) At least once per year, for dwellings existing on the effective date of this 2025 Act, on a date or dates determined by the department.

(b) As needed, for dwellings constructed following wildfire damage.

(6) The department may adopt rules as needed to implement this section, in consultation with other agencies, local governments, nongovernmental organizations and the Wildfire Programs Advisory Council.

## CAPTIONS

**SECTION 46.** The unit captions used in this 2025 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2025 Act.

## EFFECTIVE DATE

**SECTION 47.** This 2025 Act takes effect on the 91st day after the date on which the 2025 regular session of the Eighty-third Legislative Assembly adjourns sine die.