

A-Engrossed House Bill 3984

Ordered by the House June 27
Including House Amendments dated June 27

Sponsored by Representative MARSH; Representative TRAN

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: Makes a power company liable for any federal income taxes that a party owes or pays on amounts that the party gets in the civil action. Tells the PUC to study issues related to big wildfires. States findings and intent. (Flesch Readability Score: 60.0).

[Digest: Makes the PUC do a study on wildfires and submit a report. (Flesch Readability Score: 81.8).]

[Requires the Public Utility Commission to study wildfires. Directs the commission to submit findings to the interim committees of the Legislative Assembly related to energy no later than September 15, 2026.]

[Sunsets on January 2, 2027.]

Provides that an electric company that is found to be liable for damages in a civil action arising out of allegations that the conduct of the electric company caused or substantially contributed to a wildfire shall also be liable for any federal income tax liability that a plaintiff or class member owes or pays on amounts the plaintiff or class member receives in relation to the civil action. Allows a plaintiff or class member to seek a supplemental judgment to recover from the electric company for the federal income tax liability.

Requires an electric company to apply for a wildfire safety certification. Directs the Public Utility Commission to issue a certification if the applicant is implementing a wildfire protection plan and meets certain requirements. Provides that a certification establishes that the applicant has implemented wildfire policies and practices consistent with wildfire safety standards. Provides that a certification does not establish immunity against claims for damages resulting from a wildfire.

Directs the commission to commission a study to examine issues related to catastrophic wildfire risk and recovery and develop scenarios for a balanced solution. Directs the commission to provide an interim report on the study's findings and recommendations to the committees of the Legislative Assembly related to energy and environment during the 2026 regular session and provide recommendations for a stakeholder process to follow the final study report.

Declares an emergency, effective on passage.

A BILL FOR AN ACT

Relating to wildfires; and declaring an emergency.

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

WILDFIRE LITIGATION

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

(a) "Electric company" means an electric company, as defined in ORS 757.600, that serves more than 25,000 retail electricity consumers located in this state.

(b) "Retail electricity consumer" has the meaning given that term in ORS 757.600.

(2) In a civil action arising out of allegations that the conduct of an electric company caused or substantially contributed to a wildfire, an electric company that has been found to be liable for damages to a plaintiff or class member shall also be liable for any federal

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

1 income tax liability for any tax years that is imposed on any amounts received by the
2 plaintiff or class member in relation to the civil action and that the plaintiff or class member
3 owes or pays.

4 (3) A plaintiff or class member may file a motion for entry of a supplemental judgment
5 against an electric company for any amounts in federal income tax liability for which the
6 electric company is liable under subsection (2) of this section.

7 **SECTION 2.** Section 1 of this 2025 Act applies to wildfires that are ignited on or after
8 January 1, 2020, and before January 1, 2025.

9 **SECTION 3.** Section 4 of this 2025 Act is added to and made a part of ORS chapter 316.

10 **SECTION 4.** For purposes of determining Oregon taxable income, there shall be sub-
11 tracted from federal taxable income any amount that is received by a taxpayer under section
12 1 of this 2025 Act and properly included in federal taxable income.

13 WILDFIRE SAFETY CERTIFICATION

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16 **SECTION 5.** Sections 6 and 7 of this 2025 Act are added to and made a part of ORS
17 chapter 757.

18 **SECTION 6.** (1) The Legislative Assembly finds that:

19 (a) Human-caused wildfires are a risk to people, property and the natural environment
20 in Oregon;

21 (b) Electric companies play an important role in reducing and mitigating the risks of
22 human-caused wildfires;

23 (c) Electric companies are required to have and operate in compliance with a risk-based
24 wildfire protection plan under ORS 757.963;

25 (d) Consistent with ORS 756.040, the Public Utility Commission has the jurisdiction and
26 powers to supervise and regulate public utilities with regard to wildfire safety; and

27 (e) State agencies, through regulations and orders, are allowed to establish standards of
28 care that apply to entities that the state agencies regulate.

29 (2) It is the intent of the Legislative Assembly:

30 (a) To establish wildfire safety standards that apply to electric companies; and

31 (b) To vest the Public Utility Commission with the authority to implement and enforce
32 the wildfire safety standards in a manner that is consistent with state law.

33 **SECTION 7.** (1) As used in this section and section 6 of this 2025 Act, “electric
34 company” has the meaning given that term in ORS 757.600.

35 (2) An electric company shall file annually an application with the Public Utility Com-
36 mission for a wildfire safety certification.

37 (3) The commission shall issue a wildfire safety certification to an applicant if the appli-
38 cant:

39 (a) Has a wildfire protection plan approved under ORS 757.963.

40 (b) Establishes that the applicant is implementing and taking actions identified in the
41 wildfire protection plan. The application must describe and verify the development and
42 adoption of the wildfire protection plan’s components and measures by documenting, for the
43 prior 12-month period, the applicant’s wildfire mitigation expenditures and physical evidence
44 of the work undertaken in the development and adoption of the wildfire protection plan’s
45 components and measures.

1 (c) Identifies any actions identified in the wildfire protection plan that have not been
2 implemented, provides adequate justification for not taking such actions and establishes
3 dates by which such actions will be taken.

4 (d) Demonstrates a commitment to wildfire safety. An applicant may demonstrate a
5 commitment to wildfire safety through various means, such as:

6 (A) Participating in workshops convened by the commission under ORS 757.960.

7 (B) Performing an internal wildfire safety culture assessment and adopting a process to
8 implement the findings of the assessment.

9 (C) Providing wildfire safety training to employees.

10 (D) Conducting annual safety performance reviews establishing processes to facilitate the
11 reporting of risks and management accountability.

12 (E) Implementing other wildfire mitigation measures.

13 (e) Has taken timely and reasonable actions on matters within the applicant's control,
14 that are consistent with safety rules adopted by the commission under ORS 757.035, to ad-
15 dress any outstanding deficiencies reported by the commission during the commission's most
16 recent audit and safety inspection of the applicant's infrastructure.

17 (f) Meets any other requirements adopted by the commission.

18 (4) The commission may adopt requirements under subsection (3)(f) of this section that
19 help verify that an applicant is applying risk-based wildfire mitigation standards and proce-
20 dures to protect the public safety, reduce risks to utility customers and promote electric
21 system resilience to wildfire damage. To verify that the applicant meets requirements
22 adopted under subsection (3)(f) of this section, an applicant may provide reviews, assess-
23 ments or evaluations conducted by third parties that demonstrate the applicant's efforts
24 regarding risk reduction and development of a resilient electric system.

25 (5) The commission shall approve or deny an application for a wildfire safety certification
26 within 90 days after receipt of the application. If the commission finds that an application
27 does not include documentation sufficient to approve the application, the commission may
28 allow the applicant to provide additional documentation or require the applicant to refile.

29 (6) The issuance of a wildfire safety certification:

30 (a) Establishes that the applicant has established and implemented wildfire policies and
31 practices consistent with the commission's wildfire safety standards for electric companies
32 on the date the certification is issued.

33 (b) Does not relieve an applicant from the applicant's obligation to take reasonable care
34 to mitigate wildfire risk resulting from utility equipment or operations to prevent wildfires.

35 (c) Does not establish immunity against claims for damages resulting from a wildfire.

36 (7) The denial of an application for a wildfire safety certification does not establish li-
37 ability for claims for damages resulting from a wildfire.

38 (8) Failure of the commission to act in a timely manner on an application for a wildfire
39 safety certification is not admissible evidence in a civil proceeding relating to allegations that
40 an electric company caused or contributed to a wildfire.

41 (9) The commission, in consultation with the State Forestry Department, the Department
42 of the State Fire Marshal and academic institutions with expertise in evidence-based wildfire
43 mitigation strategies, shall adopt rules for the implementation of this section. The rules
44 must include:

45 (a) Reporting and auditing requirements for determining an applicant's implementation

1 of the applicant's wildfire protection plan approved under ORS 757.963.

2 (b) The timing, procedures, reporting requirements and standards for the review of an
3 application for a wildfire safety certification.

4 **SECTION 8.** An electric company shall file the electric company's first application under
5 section 7 of this 2025 Act no later than December 31, 2027.

6
7 **STUDY ON CATASTROPHIC WILDFIRE**
8 **RISK AND RECOVERY**
9

10 **SECTION 9.** (1) The Public Utility Commission shall commission a third-party expert to
11 conduct a study and examine issues related to catastrophic wildfire risk and recovery and
12 develop a range of scenarios for a balanced solution.

13 (2) The study must:

14 (a) Articulate and examine the negative consequences of catastrophic wildfires, including:

15 (A) The risks and impacts of electricity service disruption to communities located in
16 areas with high risk of wildfires, including electricity service disruption resulting from
17 wildfire mitigation practices;

18 (B) The liability risks from wildfires for an electric company and the effects of those
19 risks on an electric company's ability to access capital or insurance, and the secondary ef-
20 fects on customers, the state's economic growth, electricity reliability, electricity generated
21 from zero-emissions or renewable resources and the ability of the state to achieve the clean
22 energy targets set forth in ORS 469A.410 and other state policy goals; and

23 (C) The pace of wildfire recovery funding;

24 (b) Outline a range of policy options, including their essential elements, that balance the
25 needs of communities impacted by a wildfire and utility customers. The range of policy
26 options must address:

27 (A) A process by which communities and individuals who are impacted by a wildfire that
28 is caused by utility infrastructure may receive fair and expedient economic compensation for
29 damages resulting from the wildfire;

30 (B) An overall approach that supports stable access to low-cost capital in order to ad-
31 vance the state's economic growth, electricity reliability, electricity generated from zero-
32 emissions or renewable resources and the ability of the state to achieve the clean energy
33 targets set forth in ORS 469A.410 and other state policy goals; and

34 (C) The process and timing by which the causes of a wildfire are determined; and

35 (c) Enumerate the steps required to implement the proposed policy option solutions and
36 provide a general cost estimate for carrying out the administrative implementation steps
37 with enough sufficiency to support a fiscal impact analysis.

38 (3) During the 2026 regular session of the Eighty-third Legislative Assembly, the com-
39 mission shall provide an interim report, in the manner provided in ORS 192.245, to the com-
40 mittees of the Legislative Assembly related to energy and environment on the study's
41 findings and recommendations. The commission shall consult with the State Forestry De-
42 partment and the State Fire Marshal and provide recommendations for a stakeholder process
43 to follow the final study report, with the goal of the stakeholder process being to develop
44 recommendations for legislation for the 2027 regular session of the Eighty-fourth Legislative
45 Assembly.

