

A-Engrossed Senate Bill 1553

Ordered by the Senate February 19
Including Senate Amendments dated February 19

Sponsored by Senators GIROD, PROZANSKI, Representative GOMBERG; Senator MANNING JR (Presession filed.)

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: Bans the recoupment of certain costs that a power company incurs from claims based on a wildfire. (Flesch Readability Score: 65.1).

Prohibits an electric company from recovering from retail electricity consumers certain litigation or settlement costs or expenses if a court or jury finds that a wildfire resulted from the negligence or a higher degree of fault on the part of the electric company.

Requires an electric company that has been 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 to establish and maintain a qualified escrow fund for the benefit of those persons **to whom** the electric company is found to be liable.

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.

[Provides jurisdiction to the Supreme Court to hear and determine all appeals from the circuit court in any civil action arising out of allegations that the conduct of the electric company caused or substantially contributed to a wildfire.]

Establishes the Wildfire Recovery Fund, **to become operative January 1, 2027**. Directs that 60 percent of the punitive damages awarded in a civil action arising out of allegations that the conduct of the electric company caused or substantially contributed to a wildfire be deposited in the Wildfire Recovery Fund. Reserves the first \$50 million deposited in the fund to be payable to the Criminal Injuries Compensation Account.

Applies to wildfires ignited on or after January 1, 2020, and before January 1, 2025.

Declares an emergency, effective on passage.

A BILL FOR AN ACT

Relating to wildfires resulting from the fault of an electric company; and declaring an emergency.

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

SECTION 1. Sections 2 and 3 of this 2026 Act are added to and made a part of ORS chapter 757.

SECTION 2. Litigation-related costs and expenses. (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) If a court or jury finds that a wildfire resulted from the negligence or a higher degree of fault on the part of an electric company, the electric company may not recover from retail electricity consumers the following costs and expenses:

(a) Costs and expenses that are, or are associated with, a civil judgment, civil fine or penalty or criminal fine or penalty that results from or is based on the finding that the wildfire resulted from the negligence or a higher degree of fault on the part of the electric company.

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.

(b) More than one-half of the amount of the costs and expenses that are, or are associated with, a settlement that is based on:

(A) The underlying allegations that there are losses, expenses or damages caused by the wildfire that resulted from the negligence or a higher degree of fault on the part of the electric company; or

(B) The finding that the wildfire resulted from the negligence or a higher degree of fault on the part of the electric company.

(c) Litigation costs and expenses of, or associated with, the civil or criminal action in which the court or jury finds that the wildfire resulted from the negligence or a higher degree of fault on the part of the electric company.

SECTION 3. Escrow requirements. (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.

(c) "Qualified escrow fund" means an escrow arrangement with a federally or state chartered financial institution having no affiliation with any entity that is engaged in the business of the production, sale or distribution of electricity and having assets of at least \$1 billion.

(2) If an electric company has been found to be liable for damages in a civil action or actions arising out of allegations that the conduct of the electric company caused or substantially contributed to a wildfire, the Public Utility Commission shall require the electric company:

(a) To establish and maintain a qualified escrow fund for the benefit of those persons to whom the electric company is found to be liable in the civil action or actions; and

(b) To execute a qualified escrow agreement that has been reviewed and approved by the commission.

(3) The commission shall:

(a) Establish a minimum amount that the electric company shall maintain in the qualified escrow fund as necessary to ensure the electric company's ability to satisfy all judgments that may result from the civil action or actions;

(b) Require the electric company to place all or part of any proceeds from any sale of property or assets located in this state in the qualified escrow fund; and

(c) Prohibit the electric company from accessing or directing the use of the escrowed funds except to satisfy any judgment amounts that result from the civil action or actions.

(4) Upon the satisfaction of all judgments that may result from the civil action or actions, the commission shall allow the electric company to close the qualified escrow fund and recover any remaining amounts in the qualified escrow fund.

(5) In carrying out this section, the commission shall balance the electric company's obligation to provide adequate service to its customers and its ability to satisfy any judgments that may result from being found to be liable in the civil action or actions.

SECTION 4. Federal tax liability. (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 income tax liability for any tax years that is imposed on any amounts received by the plaintiff or class member in relation to the civil action and that the plaintiff or class member owes or pays.

SECTION 5. Punitive damages. (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) Notwithstanding ORS 31.735 (1)(b), in a civil action arising out of allegations that the conduct of an electric company caused or substantially contributed to a wildfire, upon the entry of a verdict that includes an award of punitive damages:

(a) Sixty percent of the punitive damage portion of the award is payable to the State of Oregon for deposit in the Wildfire Recovery Fund established under section 6 of this 2026 Act. The remaining amount of the punitive damage portion of the award shall be allocated as provided in ORS 31.735 (1)(a) and (c).

(b) The Department of Justice and the State of Oregon become judgment creditors as to the amounts payable under this section.

(3) In a civil action arising out of allegations that the conduct of an electric company caused or substantially contributed to a wildfire, upon the entry of a verdict that includes an award of punitive damages, the prevailing party shall provide notice of the verdict to the Department of Justice in the manner provided under ORS 31.735 (3) and to the State Treasurer. In addition, upon entry of a judgment based on the verdict, the prevailing party shall provide notice of the judgment to the Department of Justice in the manner provided under ORS 31.735 (3) and to the State Treasurer. The notice to the State Treasurer must be in writing and must be delivered to the officer of the State Treasurer within five days after the entry of the verdict or judgment.

(4) Whenever any judgment creditor of a judgment that includes punitive damages governed by this section receives any payment on the judgment by or on behalf of any defendant, the judgment creditor receiving the payment shall notify the attorney for the other judgment creditors and all sums collected shall be applied as required by ORS 31.735 (1)(a) and (c) and (4) and subsection (2) of this section, unless all affected parties, including the Department of Justice, expressly agree otherwise, or unless that application is contrary to the express terms of the judgment.

SECTION 6. Wildfire Recovery Fund. (1) The Wildfire Recovery Fund is established in the State Treasury separate and distinct from the General Fund. Interest earned by the Wildfire Recovery Fund shall be credited to the fund. The Wildfire Recovery Fund consists of moneys deposited in the fund pursuant to section 5 of this 2026 Act and may include moneys appropriated, allocated, deposited or transferred to the fund by the Legislative Assembly or otherwise and interest earned on moneys in the fund.

(2) The first \$50 million that is deposited in the Wildfire Recovery Fund pursuant to section 5 of this 2026 Act is payable to the Attorney General for deposit in the Criminal Injuries Compensation Account of the Department of Justice Crime Victims’ Assistance Section, and may be used only for the purposes set forth in ORS chapter 147.

(3) The Oregon Department of Administrative Services shall:

1 (a) Administer the Wildfire Recovery Fund; and

2 (b) Transfer any moneys in the fund that is payable to the Attorney General under sub-
3 section (2) of this section to the Attorney General for deposit in the Criminal Injuries Com-
4 pensation Account of the Department of Justice Crime Victims' Assistance Section.

5 **SECTION 7. Applicability.** Sections 2 to 5 of this 2026 Act apply to wildfires that are ig-
6 nited on or after January 1, 2020, and before January 1, 2025.

7 **SECTION 8. Captions.** The section captions used in this 2026 Act are provided only for
8 the convenience of the reader and do not become part of the statutory law of this state or
9 express any legislative intent in the enactment of this 2026 Act.

10 **SECTION 9. Operative date.** Sections 5 and 6 of this 2026 Act become operative on Jan-
11 uary 1, 2027.

12 **SECTION 10. Effective date.** This 2026 Act being necessary for the immediate preserva-
13 tion of the public peace, health and safety, an emergency is declared to exist, and this 2026
14 Act takes effect on its passage.
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