

Wildfire Funding Workgroup - Fire 35

HB 3940 , Agency Budgets and HB 5006 (Christmas Tree Bill)

The primary goal of the wildfire funding workgroup (Fire 35) and House Bill (HB) 3940 was to achieve long-term, durable funding for wildfire mitigation and response in Oregon, while addressing several policy issues including treasury loans and modernizing the fire protection system through fire districts classification adjustments and landowner assessments. The policy issues were addressed, and we got part of the way there in funding, with dedicated funding sources identified for a portion of the landscape resiliency and community risk reduction only. While the problem isn't completely addressed, the wildlife programs greatly appreciate the support received from Governor Kotek and the work of Legislature to advance fire protection in Oregon. We look forward to continuing efforts with the Governor, Legislature, and members of the Fire 35 workgroup to fully realize the vision of a durable funding structure with equitable, affordable and sustainable contributions that reflect the all-Oregon nature of our escalating wildfire crisis.

So, what did come out of this legislative session for wildfire mitigation and response when you add all modernization investments from HB 3940, Agency Budgets and HB 5006?

Mitigation Funding (\$68 Million)

Two new revenue streams for funding were identified in HB 3940. The first was 20% of the interest from the Rainy-Day Fund (estimated \$29 M biennium) and the second was a new tax on oral nicotine adjacent products, known generally as the "Zyn tax" (estimated \$14 M biennium). These new and ongoing funding streams of \$43M have been specifically designated for wildfire mitigation work, with ODF receiving one-third for the **Landscape Resiliency Fund** and OSFM claiming the remaining two-thirds for **Community Risk Reduction Fund**. This amount will be bolstered this biennium with an additional \$20 million in one-time funding from SB 5006, the "Christmas Tree" bill, again split across the two agencies bringing the grand total of mitigation funding to an estimated **\$21M** to Landscape resiliency and **\$42** for community risk reduction this biennium. Additionally, HECC received a one-time investment of **\$5 M** General Fund for the Oregon Youth Conservation Corps, who work to establish defensible space around our communities.

Readiness Funding (\$40 Million) and Suppression Funding (\$154 Million)

While there was positive and proactive funding for the state's readiness and suppression costs, this funding is all one time and must be considered each biennium:

- \$24 million special purpose appropriation for ODF's severity program, which is \$4 million more than our current service level to address several aviation challenges such as longer contract needs given longer fire seasons.
- \$6 million for OSFM's immediate response and pre-positioning of strike teams of structural fire protection engines.
- \$4 million for OSFM's mobilization fund for response to conflagrations.
- \$4 million for wildfire detection cameras and accompanying technologies to respond to fires more effectively and safely.
- \$6 million for the 2026 wildfire season "up-staffing" of local fire departments to be prepared for initial attack fires and deployments during conflagrations. This is intended to be annual funding with OSFM expected to request another \$6 million for the 2nd year of this biennium.
- \$150 million special purpose appropriation for natural disaster response and recovery that may be used to pay for large fire suppression costs. Accessing that funding will still require a request to and action by the Emergency Board. These funds were requested to be directed into the large fire funds created in both agencies (ODF Large Fire Fund and OSFM Mobilization Fund) to ensure readily available monies to pay for ongoing fire suppression costs.

Policy Updates:

ODF Landowner rates (\$9 Million).

The policy changes for landowner assessment rates passed in HB 3940 were significant; however, it is important to note these policy changes will be phased in over two biennia:

- The increase in the portion of the harvest tax that goes to suppression and increases in minimum lot assessments along with improved lot surcharges will start bringing in additional revenue to relieve landowner rates next fiscal year.
- Starting in the 2027-29 biennium, the Salem headquarters and area costs ("centralized costs") will be moved to ODF's biennial budget rather than included in landowner rates, as will "administrative prorate" costs paid by public landowners.

- To provide some rate relief to public and private landowners between now and full implementation of HB 3940, the Legislature provided \$9 million in one-time funding that will apply this first year of the biennium. Of that, \$1.5 million will go to reducing grazing rates statewide specifically and \$7.5 million to rate reduction generally.

Rural Fire Protection Districts

Adjusted specific language within Rural Fire Protection District statutes to reach greater equity among local Rural Fire Protection Districts and ODF forest protection districts through land classification adjustments. This allows RFPD's to receive revenues for services they have been providing. This was a long-standing issue where solutions were negotiated among stakeholders.

Proactive Home Hardening Program

As part of the effort to protect communities from the growing threat of fire, the Legislature created a home hardening grant program within OSFM. The grant program supports individual homeowners and communities who work to increase the survivability of homes during conflagrations and seeks to positively influence the availability and rating of homeowners' insurance.

Treasury Loans

With the passage of HB 3940, ODF and OSFM will now be able to establish loans with the Treasury to seek timely payments to firefighters who are hired by the agencies to respond to fires. The initiation of the loans will require legislative action through the Emergency Board, upon receipt of a report from the borrowing agency and Treasury.