

STAFF REPORT

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SUMMARY

The purpose of this agenda item is to provide a brief overview of the 2025 Legislative session. The following summary is not all-inclusive of legislative matters affecting Oregonians or state agencies but is intended to be a succinct view of bills the agency tracked through the session and are most impactful to Oregon Department of Forestry (ODF) processes.

BACKGROUND AND ANALYSIS

The agency prepared for legislative bill review, analysis, and testimony preparation by designating bill managers for each division and program. An internal training and coordination session was held in early January. Our agency utilizes the BillTracker software program, provided by the Department of Administrative Services for all state agencies to track bills and conduct bill analysis.

The agency reviewed and prioritized the record breaking 3,466 bills throughout the Session and closely tracked 1,032 bills. Engaging in weekly meetings with natural resource agencies and all executive branch agencies for information gathering and coordination on bills that affected multiple agencies was essential for staying connected during the fast-paced session.

The transportation package that ultimately failed to come to fruition was a dominating theme throughout the Session. Any potential transportation package would have a large fiscal cost. With this transportation package at the forefront, other business—including other funding packages—needed to navigate carefully. This included ODF's most pressing bill, the Wildfire Funding Bill, HB 3940.

ODF's Legislative Session was very successful; the agency's primary bills passed. This includes HB 2817 Forestland Closure, HB 2819 Citation Authority and HB 3940 the Wildfire Funding Bill.

In addition to the funding found with the passage of HB 3940, the Christmas Tree bill, SB 5006, earmarked \$195 Million dollars in one time biennium funding for ODF's fire and mitigation programs. Because HB 3940, the main Wildfire Funding Bill, was largely stripped of fiscal costs, those appropriations were put into the Christmas Tree bill. This includes a \$24 million special purpose appropriation (SPA) for severity including aviation costs, an additional \$7

million for mitigation funding, \$9 million for immediate landowner rate offsets and \$4 million for wildfire cameras. Also included is a \$150 million SPA for natural disaster response that would be used by ODF and Oregon State Fire Marshall (OSFM) for fire expenses.

The Bonding Bills, SB 5505 and 5506, have the bonding for ODF's capital projects. These include the Veneta campus remodel, Klamath Fire Cache replacement, Santiam Facility replacement, Toledo facility replacement, and \$1.5 million toward the State Forester's building maintenance.

Attachment one summarizes the agency's priority bills that were passed or pending at the end of the Session and their status. In addition, the Legislative Policy and Research office (LPRO) updated its website to allow a bill search by topics of interest, those with public hearings, and the outcome of the bill. The Session summaries can be found at the following link, <https://www.oregonlegislature.gov/lpro/Pages/summary-of-legislation.aspx>.

The key themes from the 2025 legislative session were tracked by the agency and included with this report.

Wildfire Funding: The biggest success for the Department of Forestry was the passage of HB 3940. The bill introduced many policy changes to our Wildfire Fighting system and brought a long-term funding source for our fire prevention and mitigation work.

The primary goal of the wildfire funding workgroup (Fire 35) and 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. Through the bill, the policy issues were addressed and received some funding with dedicated funding sources identified for a portion of the landscape resiliency and community risk reduction only.

The Legislative Session produced significant funding for the state's readiness and suppression costs through SB 5006. However, this funding is one time and must be considered each biennium. Going forward, the goal of establishing long-term, durable funding will need to continue.

Mitigation Funding: Proactive fire prevention and mitigation work is critical for decreasing the future threat of wildfires. 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.

- **ODF Landowner rates:** Landowner rates that the Department of Forestry charges for its fire protection services have quickly increased to the point of unaffordability. The policy changes for landowner assessment rates passed in HB 3940 were significant in reducing

those rates. These policy changes primarily involve the detachment of centralized administration costs from the local landowner assessments.

- **Rural Fire Protection Districts (RFPD):** While the Department of Forestry charges rates to protect areas from landowners, there are some jurisdictional areas whose wildfire coverage is provided by Rural Fire Protection Districts. Often, they are unable to charge for their services. HB 3940 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.
- **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. This is intended to allow for improved cash flow management and to avoid future Special Sessions. The initiation of the loans will require legislative action through the Emergency Board, upon receipt of a report from the borrowing agency and Treasury.

Wildfire Hazard Map: SB 83 Repeals the Wildfire Hazard Map. The Wildfire Hazard Map originated in 2021 with the passage of SB 762. This sweeping wildfire legislation had a provision to produce the original Wildfire Risk Map. The map was intended to classify the state's lands into risk categories to establish wildfire resilience through increased mitigation measures and prioritization of funding to the highest risk lands. The first map was finalized in 2022 but was met with intense scrutiny by the public and withdrawn.

The passage of SB 83 in 2023 brought revisions to the Map, including renaming it to the Wildfire Hazard Map. After two years of public input and revisions, the Wildfire Hazard Map was released in January of 2025. This new Map also faced similar public outcry as the first map. Legislative efforts to repeal the Map began with the beginning of the 2025 Legislative. SB 83 was the primary vehicle for this repeal. The bill removed the Map from statute as well as the Map's mandatory regulatory structures that enforced building codes and defensible space standards in high hazard areas. Both the building code and defensible space codes were left intact for the possibility of local adoption.

Family Forests Estate Tax: Senate Bill 485 expands the conditions under which small forestlands are exempt from the Estate Tax. Previously, Oregon's Estate Tax was imposed when a property transfer is caused by the owner's death. The tax is based on the total value of property transferred. The tax applies above an excluded amount of \$1 million with a tax rate of 10%. The tax rate increases with estate value, with the top rate of 16% for estates above \$9.5 million.

SB 485 changes the qualification criteria of forestland for the natural resource estate tax exemption. Specifies qualifying forestland must be between 10 and 5,000 acres, and held by decedent and managed by decedent or a family member during at least five years prior to date of death, and held and managed by a family member during the five years after the date of death.

ODF Specific Business:

HB 2817 was ODF's bill that eliminates the closure of forestland, due to fire danger, by permit closure. There were three separate levels of forest closures: Regulated Use Closure, Permit Entry Closure, and Absolute Closure. All of which impose requirements, that in the judgement of the Forester, are necessary to prevent danger to life, forest resources, or property. When Permit Entry Closures are imposed, fire personnel are required to post signs in identified areas, and the public is required to obtain a permit that is posted in their vehicle that allows access. It was found that this Permit Closure option went unused and was unneeded.

HB 2819 was ODF's bill that authorizes people who enforce fire protection laws to issue citations if there are reasonable grounds to believe violations have occurred. This allows for an investigation and possible citation into a violation when an enforcement officer was not actually present for the violation. Previously The general requirements in statute are that an officer can only issue a citation if the "conduct alleged to constitute a violation takes place in the presence of the enforcement officer."

SB 494 Directs the Department of Administrative Services (DAS) to study classification and compensation of forestry and wildland fire positions, addressing wage and management compression, identifying deficiencies in the Department of State Forestry, and providing recommendations. This is seen as an important first step in employee retention as well as transitioning to more permanent positions.

State Forester: SB 1051 transfers the authority to appoint a State Forester from the State Board of Forestry to the Governor, subject to Senate confirmation. It establishes that the State Forester shall serve a four-year term and is eligible for reappointment. The bill removes the mandate that this position be filled by a "practical forester" and replaces with the requirement that the State Forester have organizational management experience, and executive or operational experience and expertise overseeing forest and wildfire management on western forestlands.

Rangeland Fire Protection Associations: HB 3349 authorizes the State Forestry Department to address administrative hurdles related to transferring used motor vehicles and other equipment to use by the RFPA's. HB 3349 was combined with HB 3350 to create the policy mechanisms needed for these transfers to the RFPA's, created a fund for RFPA use, and also populated that fund with \$1 Million.

Harvest Tax: HB 2087 extends three components of the harvest tax for two years that would otherwise expire at the end of the 2025 calendar year. These components fund a portion of the activities of the OSU Forest Research Laboratory, a portion of the administration of the Forest Practices Act by the Oregon Department of Forestry, and professional forestry education at OSU. The bill adjusts the rate pertaining to the administration of the Forest Practices Act, changing the rate of per thousand board feet from 253.46 cents per thousand board feet to 265.44 cents per thousand board feet.

The Wildfire Funding Bill, HB 3940, also contained a provision to increase the Forest Products Harvest Tax used for the payment of benefits related to fire suppression from 62.5 cents to \$1

per thousand board feet beginning January 1, 2026, and indexes the rate to inflation in subsequent years. This was incorporated into the final Forest Products Harvest Tax.

Agency Budget: HB 5521 is the base budget bill for the Oregon Department of Forestry. The details of our agency budget bill will be discussed in our Budget attachment. Legislative actions can be found in Senate Bill 5521 for the 2025-27 biennial budget, Senate Bill 5505 for 2023-25 Capital Construction Projects, Senate Bill 5506 for 2023-25 Bond Authorizations, and Senate Bill 5006 for 2025-27 E-Board Budget Reconciliation.

ATTACHMENT

- (1) 2023 Legislative Session – ODF End of Session Priority Bill Status Report (SEE CORRESPONDING PDF ATTACHMENT FOR BUDGET)