

Surplus Line Association of Oregon
Final Legislative Report
2025 Oregon Legislative Session
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The 2025 legislature officially adjourned late on Friday, June 27th at about 11:15 PM with many fireworks and drama waiting for the waning hours of session to end. With the capitol building still under construction, access to the building can still be challenging and, with much of the building closed, the halls can be quite crowded. At this point, we are hearing the building construction may be largely completed by September, though delays during the process have been common so that date remains uncertain. As with the last long session, the assembly had new leadership, as Rep. Julie Fahey served her first term as Speaker of the House and Rep. Ben Bowman as House Majority Leader. Similarly, in the Senate, Senator Kayse Jama served his first term as Senate Majority Leader with Senate President Rob Wagner being the only member of Democrat leadership with experience as a presiding officer. As a recap, the current make-up of the legislature is controlled by the Democrats who hold supermajorities in both chambers with an 18-12 advantage in the Senate and 36-24 in the House. This is significant as it allows the majority to pass tax bills without any support from the minority party, though the close of session found such passage is perhaps easier said than done.

The session began with relative cooperation and bipartisanship. Most years specific policy priorities are communicated ahead of session with a general plan of attack on timing of passage. This year was somewhat different as priorities seemed more general in nature, such as addressing homelessness, making home ownership easier, dealing with corporate medical ownership structures, finding resources for wildfire mitigation, and the most talked about issue throughout session was putting together a transportation package.

Two of the bigger bills dealing with wildfires included:

SB 83 dealt the “wildfire map” and was a topic of conversation all session long. To summarize a long bill, SB 83 repeals the statewide wildfire hazard map and mandatory building code requirements that were established under SB 762 (2021). The bill responds to public concerns about overly broad, one-size-fits-all regulations by shifting authority back to local governments and property owners, allowing for more customized wildfire mitigation approaches based on local conditions. While removing the mandatory mapping and code enforcement, SB 83 preserves key wildfire risk reduction strategies, such as funding for defensible space, community preparedness grants, and voluntary safety programs. After passing the Senate 29-0, the bill was passed out of the House Policy Committee and sent to the Rules Committee to keep the bill in the process to avoid policy committee deadlines. The bill ended up becoming political with the Republicans trying several times to pull the bill from committee, with their motion being voted down largely along party

lines. Finally, a deal was struck and the bill was allowed to come up for a vote and passed the House with just one no vote. SB 83 is expected to be signed by the Governor.

HB 3940 establishes a dedicated funding framework for Oregon's wildfire mitigation, preparedness, and suppression capabilities. The bill introduces a new tax on synthetic tobacco, oral nicotine products (pouches) at 65 cents per container and redirects 20% of the Rainy Day Fund interest to support two key wildfire-related funds: the State Fire Marshal Mobilization Fund and the State Forestry Department Landscape Resiliency Fund. It also increases and indexes the Forest Products Harvest Tax to inflation while expanding its use to include wildfire preparedness activities. The bill creates a new Large Wildfire Fund within the Oregon Department of Forestry to cover wildfire mitigation and suppression costs. It modifies the membership and authority of the Emergency Fire Cost Committee to improve oversight of fund disbursements and wildfire budget reviews. The legislation requires administration costs to be funded by the General Fund and establishes processes for Treasury loans to support wildfire costs. The whole goal of this legislation is to attempt to start to create a stable funding structure for wildfire risk reduction, though this bill doesn't raise nearly enough, some feel it is a good start. The amount raised from this bill for the 2025-27 biennium is projected to be around \$43.8 million and to grow to around \$81million in the 2029-31 biennium. This isn't the only funding source for wildfire, but it is the first time we have created a dedicated revenue structure for wildfires.

The Transportation Package was a main topic of conversation all session long. There was a special joint committee which was formed to deal with transportation matters generally, but also to work to put together a bill that could muster enough support for passage. While many were hopeful this would be a smooth process as in the past, that notion proved untrue. Unsurprisingly, there were varying ideas of what needs and wants were from many different legislators. To fast forward to the last couple of days of session (because that's where all the action really occurred) a concept which expected to raise nearly \$15 billion over 10 years was proposed and urged by leadership. The revenue came from a wide range of new and increased taxes and fees. To give an idea of what was being proposed, some of the key funding sources included:

- A 37.5% increase in the gas tax (from \$0.40 to \$0.50 in 2026 and \$0.55 in 2028)
- Automatic inflation-based increases for the gas tax
- Registration fee increases (up to 262% for some vehicles)
- A tripling of Oregon's transit payroll tax (from 0.1% to 0.3%)
- A new "vehicle transfer tax" on car sales (2% on used cars over \$10,000, 1% on new cars)
- An increase in the vehicle privilege tax (from 0.5% to 1.0%)
- Increases to many different state permits and fees (140%–500%)
- A new road usage charge for electric and high-mileage vehicles
- Increase in title, trailer, and RV fees, plus revenue from abandoned RV sales

In the end, the bill never made it through the process, even with frantic meetings between the presiding officers, legislative leadership and even the Governor herself urging to get something over

the finish line (even a very watered-down version as was discussed late on the last day of session). Moving forward, it remains to be seen how the package will be put together. With the threat of many ODOT employees being laid off, there is a lot of talk that the Governor will call a special session to try and adopt a package. If this occurs there should be considerable bipartisan conversation over this summer and a probable special session in September.

While the legislature has completed its business for the time being, there will be more work to be done in the months ahead as work plans are released and members take some time off following session. For the rest of this year, the Capitol will close for two months in hopes of completing the construction on the building. Interim legislative days are scheduled for September 29th-30th, November 17-19th and January 13th-15th prior to session next year. In the upcoming 2026 session, legislators will be limited to only introducing two measures each, while interim committees will be limited to three measures. For bills to be introduced, the concepts must be submitted to legislative council by November 21st. If there is a desire to have something introduced, we will want to talk about it relatively soon so we can make sure we meet the deadlines and find legislators with legislation available before they are already committed to something else. The 2026 session will begin on Monday, February 2nd and will run through the early part of March (35 days). On the following pages are a handful of the more pertinent bills we worked on your behalf.

HB 3479 was the bill which requires commercial operators of unmanned aircraft systems (drones) to carry liability insurance and imposes an insurance premium tax to be directed to DCBS for establishing and maintaining an advance air mobility program. The bill if passed in addition to mandating drone operators purchase insurance, would have imposed the nation's highest gross premium tax of 5% on insurers essentially to serve a revenue generator with proceeds that are intended for non-insurance purposes. We, with others in the Insurance lobby fought this legislation. This bill never moved out of committee, but this concept will likely be reintroduced in the future – this group is desperately looking at ways to fund their program, pushing the funding away from licensing fees. We are hopeful at this session the proponents understand the struggles of using a premium tax, but throughout the session they never changed their strategy.

SB 174 just like in sessions past; this bill would have allowed lawsuits against insurance companies under Oregon Unlawful Trade Practices Act for violations of the Unfair Settlement Practices Act. This bill and similar ones like it are introduced each and every session, pushed mostly by the trial lawyers. This year was no different and after passing out of committee in April it sat on the Senate Presidents desk until the final week of session as the trial lawyers wanted to force a vote on the floor. While hoping we would be able to stop it in the Senate the Trial Lawyers were able to flip a couple of votes at the last second to pass out of committee. The bill passed with 16 votes the exact number needed, which include one Republican who voted for the bill. The bill did receive a hearing in the House, however thanks to the work of the coalition in opposition, the bill ultimately did not make it up for a vote and died. Its death was at least in part, due to the death of SB 1196 (found later in the report). This bill will certainly be back and will continue to be a top priority for the Trial Lawyers Association. As it relates to this legislation, the insurance industry as a whole has been great in their hard work in preventing its passage. Even though agents were exempt from the legislation, we try to help out as much as possible in stopping this legislation.

SB 179 makes permanent the temporary changes enacted in 2024 to Oregon's landowner immunity laws. The bill clarifies and extends legal protections for both public and private landowners, including cities, counties, and nonprofits, from liability for personal injury or property damage resulting from recreational use of certain trails, paths, and public easements. This bill is limited to those activities where no charge is made for the recreational use by the land owner. This bill is effective as of January 1, 2026.

SB 1196 is the recreational immunity bill which seeks to clarify when liability waivers can be used by operators of sports, fitness, and recreational activities (think of this as when a charge occurs for the recreational use). Under the bill, adults can be asked to sign a waiver releasing the operator from claims of ordinary negligence. It would have applied retroactively to waivers except for any claims already resolved by a final legal judgment. The bill ended up moving out of the Senate Committee on a 3-2 vote with two democrats casting no votes and the two Republicans casting aye votes along with the Chair Senator Meek. There seems to be a real problem in Oregon with the availability of insurance in this area. Apparently last year there were only two carriers that were willing to write insurance for snow skiing resorts, and one has since left the state leaving only one company left. The bill did not come up for a vote in the Senate but will also be a concept which will make a return as it would give some clarity and protection to recreational operators. Partly this bill did not move forward due to SB 174 also dying.

On the following pages is a complete history of the legislation we tracked for you this session. If you click on the bill number in this section, it will show you the complete text of the legislation and if you click on "bill info" it will take you to the legislative webpage that shows all supporting information of the legislation including testimony. It has been a pleasure to work with you this session and we look forward to continuing our relationship. As always, please let us know if you have any questions or comments about any legislation.