



SUMMARY OF BILLS

2025 Legislative Session



September 2025

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PROGRESS MADE ON LEGISLATIVE PRIORITIES IN 2025

INTRODUCTION

The 2025 legislative session ended at 11:36 p.m. on June 27, three days before the statutory deadline of June 30 for a total of 158 days. For the LOC, the session commenced with City Day at the Capitol on January 28, with more than 320 LOC members representing 120 cities participating. Cities needed this early momentum, particularly with the very aggressive set of nine city priorities for the 2025 and 2026 sessions.

Among the LOC's priorities were efforts to stabilize state-funded infrastructure investments; a comprehensive transportation package; a permanent fix for recreational immunity; and flexibility for spending transient lodging tax revenue. In addition, the LOC lobby team focused energy on behavioral health enhancements, gap funding for shelters, energy affordability, operator-in-training funding, and clarifying the time, place, and manner for public camping.

The 2025 legislative session produced the largest number of legislative concepts introduced—more than 3,400 bills. For scale, the state of Washington, with a similar legislative timeframe, had fewer than 1,000, and California, the world's fourth-largest economy, survived on fewer than 1,500 bills. Oregon clearly needs to establish some internal controls and focus on what is important to its communities. It is clear from the LOC's perspective that attention on legislative priorities from both chambers would lead to improved outcomes.

Team LOC is Making Progress!

It is evident that LOC member-led grassroots advocacy continues to make its mark with the Legislature, helping balance the range of voices and providing excellent work as a united partner of the LOC lobby team. The LOC policy committees and membership set very high bars for the start of a two-year legislative cycle. While cities did not have success with every legislative priority, we continued to make our voices heard and make progress on several elements of our legislative priorities.

Legislative work can be frustrating because not every concept will get the necessary votes on the first try. For many efforts, advocates need to keep showing up, build momentum, and be patient with the process while looking for opportunities.

For example:

- A permanent fix for recreational immunity moved through the session, but the legislative history of recreational immunity has taken place over the last 10 years.
- Cities achieved success with state-funded local infrastructure in 2024, securing nearly \$100 million. But in 2025, while establishing the programmatic policy for evaluating future infrastructure funding, the legislature confined funding to \$10 million.

The LOC lobby team helped stop several poorly constructed property tax measures that would have contributed to an already unfair and outdated property tax system in need of serious reform. We also stopped a pre-session legislative concept that would have preempted the local government franchise fee structure.

What's Next?

In the interim, there is considerable work to do as we prepare for the 2026 short session and ensure commitments are met. The LOC lobby team will be bringing back some legislation in the short session of 2026 while also focusing energy on legislative priorities. The LOC will start recruiting policy committees in fall 2025, with work to start in spring 2026 to frame legislative priorities for the 2027 long session. State agencies are evaluating how housing infrastructure and shelter funding will be distributed, and there will be significant conversations about the transportation package in 2027.

The 2025 session's most important take-home message is: "We made progress, but we are not done." The LOC's grassroots advocacy **WORKS!** Determined engagement and advocacy from cities, combined with the efforts of your LOC lobbyists, creates leverage and is a recipe for success. During the interim, cities must reinforce their legislative partners, build on local government education, and let their state legislators know how much they appreciate their support.

HOW TO USE THIS SUMMARY

This summary offers an overview of the LOC's work during the 2025 session. There are many other legislative concepts that your lobby team worked on throughout the session but are not included in this summary. If there are bills not listed here that you have questions about, or if you want a more detailed review of any legislation described in this summary, please contact the LOC, and we will connect you with the appropriate lobbyist.

Lobbying Positions

During any legislative session, the LOC takes a range of positions on proposed legislative concepts. To provide a visual reference, we are using 4 different images.



An LOC-supported bill includes a legislative concept that aligns with LOC's municipal policy and fits within the LOC's legislative priorities. Sometimes, these bills may undergo substantial amendments to gain the LOC's support.



The LOC's opposition to legislation depends on whether it would violate municipal policies or conflict with the LOC's legislative priorities.



There are certain nuances about proposed legislation where the LOC works to amend bills to lessen impacts on cities. When these amendments reach a point where we no longer oppose a bill, but not enough to support it, the LOC will adopt a neutral stance.



LOC will sometimes not take a position on a bill based on how cities are impacted, or we actively support amendments to the point that the legislation no longer poses a concern, but does not raise sufficient value to offer support or remain opposed.

2025-2026 PRIORITY LEGISLATION

Legislative Success and Progress Made

Community Infrastructure and Housing Development Funding

HB 3031: Establishes Housing Infrastructure Fund. HB 3031 creates a housing infrastructure financing program (\$10 million) within the Oregon Business Development Department (OBDD).

HB 5024: Business Oregon Budget (Infrastructure). HB 5024 reestablishes the expenditure authority (\$77 million) in the 2025-27 biennium for unspent funds from the 2023-25 biennium related to 44 individual housing infrastructure projects.

HB 5006: Omnibus Funding Bill (Special Public Works Fund). HB 5006 provides \$20 million for the Special Public Works Fund, which provides low-cost financing to eligible municipalities for planning, design, and construction of utilities.

[HB 5011](#) and [SB 5505](#): OHCS Budget and Bonding Bill. HB 5011 includes funding for a variety of housing and development related programs, and with SB 5505 includes more than \$650 million in bond funding for housing development, encompassing homeownership and rental housing, as well as \$50 million in lottery bond funding for the preservation of existing affordable housing.

Recreational Immunity

[SB 179](#): Recreational Immunity. SB 179 makes permanent the 2024 temporary changes to immunity for landowners who allow public use of land without charge for recreational purposes.

Behavioral Health

[HB 2005](#): Civil Commitment Reform. HB 2005 changes and clarifies the criteria for civil commitment, modifies processes for declarations of mental health treatment, and expands civil commitment of extremely dangerous persons.

Shelter Funding and Homelessness Response

[HB 3644](#): Statewide Shelter Funding Framework. HB 3644 creates a statewide shelter funding framework and directs Oregon Housing and Community Services (OHCS) to establish a statewide shelter program. For the 2025-2027 biennium, there is \$204 million in associated funding, found in [HB 5011](#), to support existing state-funded shelter beds and shelter beds newly eligible for state funding.

Address Energy Affordability and Challenges from Rising Utility Costs

[HB 3179](#): FAIR Energy Act. HB 3179 limits how often utilities can ask for bill increases to every three years and eliminates winter rate hikes.

[HB 3546](#): The Power Act. HB 3546 holds large energy users accountable for paying for their own energy needs. By creating a new customer category for data centers, regulators can protect our energy bills.

Legislative Advocacy Extended to a Future Session

Comprehensive Transportation Package

[HB 3991A](#): Transportation Package – *Updated September 29, 2025*. HB 3991A passed as part of a special legislative session on Monday, September 29. This bill increases the state gas tax, registration, and title fees, which combined, will generate an additional \$350 million annually for the State Highway Fund (SHF). The SHF will follow the 50-30-20 shared revenue formula. The Small Cities Allotment program will see an increase of \$1 million in 2028 for a total of \$6 million per year. Electric and hybrid vehicles will be subject to a road-user charge based on vehicle miles driven. Transit programs across the state will see a boost in funding through an increase in the payroll tax from 0.1% to 0.2% through 2027. Lastly, HB 3991A increases accountability measures for the Oregon Department of Transportation.

[HB 2025](#): Transportation Package. HB 2025 would have established a series of revenue increases to provide \$15 billion in generational infrastructure investment across Oregon's entire transportation system over 10 years. A special session has yet to be completed. The House advanced a spending bill, [HB 3991A](#), but due to health-related issues for a democratic Senator,

the Senate has yet to advance the spending bill.

Lodging Tax Flexibility

[HB 3556/HB 3962](#): TLT Flexibility. Both legislative concepts would have provided for increased flexibility for the use of revenue generated by the transient lodging tax (TLT). HB 3962 became the vehicle but did not advance to the Senate.

Operator-In-Training

[HB 3634](#): Operator-in-Training. HB 3634 would have established the Water Workforce Program (\$3.5 million) in the Higher Education Coordinating Commission (HECC) to make grants to local workforce development boards for training drinking water and wastewater operators.

Clarifying Time-Place-Manner for Public Camping

[SB 593](#): Clarifying Time-Place-Manner for Public Camping. SB 593 would have modified ORS 195.530, enacted by HB 3115 (2021), that established a statewide standard for city and county laws regulating the use of public property with respect to persons experiencing homelessness.

LEGISLATION CITIES NEED TO KNOW

[SB 83](#): Repeal of Wildfire Risk Maps

Effective Date: July 24, 2025

Cities and counties will have the authority to establish defensible space standards and use home hardening standards, as reflected in [R327](#) standards, in the Oregon Residential Specialty Code ([ORSC](#)).

[SB 808](#): Veterans Preference for Reserve and National Guard

Effective Date: January 1, 2026

Cities must give veterans preference to members and veterans of the National Guard and military reservists.

[SB 906](#): Explanation of Deductions

Effective Date: January 1, 2026

Cities must provide a written explanation of payroll deductions. The Bureau of Labor and Industries has provided an [Itemized Pay Statement Notice Template](#) for cities to use.

[SB 974](#): Land Use Shot Clock

Effective Date: September 26, 2025

Implementation Date: July 2026

Creates a 120-day engineering review shot clock, changes certain housing-related land use decision timelines, and prohibits an aesthetic design review in certain circumstances.

HB 2258: Creates the OR Homes Program

Effective Date: July 17, 2025

HB 2258 creates new statewide pre-approved building and land use plans for single units, duplexes, triplexes, quadplexes, townhomes, cottage clusters, and apartments with 12 units or less developed by the Building Code Division.

HB 2138: Middle Housing Omnibus

Effective Date: See [OLIS](#) for specific dates

HB 2138 is Governor Tina Kotek's middle housing bill for the 2025 session, designed to build on the work on HB 2001 (2021) and HB 1537 (2024).

HB 2065: Community Microgrids

Effective Date: September 26, 2025

Requires individuals to have the option when applying to a public utility for authority to interconnect a community microgrid or microgrid with the public utility's transmission or distribution system.

HB 2803: Increases certain fees

Effective Date: July 24, 2025

The Oregon Water Resources Department (OWRD) increases fees for various water right transactions and dam safety.

HB 3187A: Age Discrimination

Effective Date: January 1, 2026

Cities must adjust job announcements to ensure that applicants are not required to disclose information that reveals their age.

HB 3342: Modifies the application process

Effective Date: September 26, 2025

Oregon Water Resources Department's (OWRD) application processes now allow electronic communication and payments, and revise deadlines.

HB 3936: Prohibited Use of AI

Effective Date: January 1, 2026

Prohibits any hardware, software, or service that uses artificial intelligence from being installed or downloaded onto or used or accessed by state information technology assets if that hardware, software, or service is provided by a "covered vendor."

HB 3991A: Transportation Package – Updated September 29, 2025

Effective Date: January 1, 2026

HB 3991A passed as part of a special legislative session on Monday, September 29. This bill increases the state gas tax, registration, and title fees, which combined, will generate an additional \$350 million annually for the State Highway Fund (SHF). The SHF will follow the 50-30-20 shared revenue formula. The Small Cities Allotment program will see an increase of \$1 million in 2028 for a total of \$6 million per year. Electric and hybrid vehicles will be subject to a road-user charge based on vehicle miles driven. Transit programs across the state will see a

boost in funding through an increase in the payroll tax from 0.1% to 0.2% through 2027. Lastly, HB 3991A increases accountability measures for the Oregon Department of Transportation.

BROADBAND, CYBERSECURITY & ARTIFICIAL INTELLIGENCE

PASSED BILLS



HB 3148: Affordable Broadband and Device Support

Effective Date: June 24, 2025

HB 3148 makes changes to the Oregon Public Utility Commission's (PUC) low-income telecommunications assistance plan, the Oregon Lifeline Plan. The bill directs the plan to provide low-income customers with a one-time personal computing device benefit of up to \$100.



HB 3936: Prohibited Use of AI in State Government Provided by Covered Vendors

Effective Date: January 1, 2026

HB 3936 prohibits any hardware, software or service that uses artificial intelligence from being installed or downloaded onto or used or accessed by state information technology assets if that hardware, software or service is provided by a "covered vendor." The bill expands the definition of a "covered product" to be prohibited from installation, download, use or access by state information technology assets.

FAILED BILLS



HB 3228A: Cybersecurity Support for Local Governments and Study

HB 3228 would have required the Oregon Cybersecurity Advisory Council (OCAC) to study the use of cybersecurity insurance for public bodies and directed the OCAC to conduct assessments to address why public bodies in this state are unable to meet cybersecurity insurance coverage requirements. Additionally, the bill would have established the Oregon Cybersecurity Resilience Fund.



HB 3592: Senator Aaron Woods Commission on Artificial Intelligence

HB 3592 would have established the Senator Aaron Woods Commission on Artificial Intelligence in the Oregon Department of Justice (ODOJ) to serve as a central resource to monitor the use of artificial intelligence technologies and systems in the state and identify and report on long-term policy implications.

HOUSING, LAND USE & COMMUNITY DEVELOPMENT

PASSED BILLS



SB 974: Engineering Shot Clock and Prohibitions on Aesthetic Design Review

Effective Date: September 27, 2025

Implementation Date: July 1, 2026

SB 974 establishes a 120-day shot clock for reviewing final engineering plans for infrastructure for housing developments and creates a new process akin to a limited land use decision to make zone changes for planned unit developments easier. Additionally, SB 974 prohibits some forms of design review in developments of 20 units or more of single family or middle housing that are more aesthetic. The bill is not designed to prohibit aspects of design review that are necessary for compliance with other state and federal laws, public health and safety, and others. More information is available in the [legislative intent letter](#) and the [FAQ](#).



SB 1129: Urban Reserves Rule Update

Effective Date: May 27, 2025

SB 1129 requires the DLCD to update its rules pertaining to urban reserves with the goal of making the creation of urban reserves more feasible for cities to develop and ensuring that the areas included in the urban reserves are developable and easily served by urban services. Rulemaking will occur before January 1, 2026.



HB 2138: Governor's Middle Housing Bill

Effective Date: See OLIS for specific dates

HB 2138 is Governor Tina Kotek's middle housing bill for the 2025 session, designed to build on the work on HB 2001 (2021) and HB 1537 (2024). This measure is comprised of a variety of changes to state statute, detailed below. Included is \$1.5 million in technical assistance for cities to update codes to be made available through the Department of Land Conservation and Development (DLCD). The majority of the provisions become operative January 1, 2027, with the DLCD being required to adopt rules by January 1, 2028. More information can be found on the Oregon Legislative Information System (OLIS). In addition, HB 2138 does the following:

- Combines the subdivision and land division processes for middle housing and eliminates notice and appeals requirements for new middle housing land divisions;
- Updates middle housing definitions to allow for attached or detached units;
- Prohibits traffic impact analysis for middle housing developments of fewer than 12 units. There is no preemption on frontage and site improvements, fee-in-lieu variances, and system development charges (SDC);
- Creates a statewide required density bonus on a middle housing development if one unit is built to accessibility standards or one unit is offered for sale to households with less than 120% of the area median income (AMI);

- Reduces parking requirements for single-room occupancies;
- Makes retroactive the prohibition on private restrictions, including restrictions in governing documents of planned communities, that would limit middle housing, accessory dwelling units or housing density;
- Additional DLCD rulemaking authority regarding:
 - o Prohibiting siting and design standards that have the effect of preventing manufactured middle housing siting;
 - o Establishing siting and design standards for accessory dwelling units (ADU) and single room occupancy (SRO) that facilitate new housing unit production;
 - o Amending existing siting and design standards for middle housing from lessons learned to facilitate additional new housing unit production;
 - o Facilitating additional flexibility in front setbacks, parking, and other development requirements.



HB 2258: Governor's OR Homes Bill

Effective Date: July 17, 2025

HB 2258 creates new statewide pre-approved building and land use plans for single units, duplexes, triplexes, quadplexes, townhomes, cottage clusters, and apartment complexes of 12 units or less developed by the Oregon Building Code Division. The bill creates land use and design standards to be applied to the building plans as developed by the DLCD via rulemaking which must be adopted by January 1, 2027. These plans may only be used on certain types of lots that meet the requirements of the program, and more information on the exact lot requirements can be found in the text of the bill. Cities will be required to conduct code updates to implement this Bill, and it may require some changes to procedure at the permitting counter to accommodate these new statewide building plans.



HB 2316: Home Start Lands

Effective Date: September 26, 2025

HB 2316 allows the state to designate certain state-owned or locally nominated lands within an urban growth boundary (UGB) as “home start” lands for affordable housing development. Additionally, it establishes the Home Start Lands Fund to implement the program and provide loans and grants to develop affordable housing or public services for residents. HB 2316 also exempts home start lands from property tax assessments for a period of up to five years under certain conditions, and because these were previously publicly owned lands, this will provide local governments with new revenue after the five-year period. On a broader level, there are not large quantities of state-owned land that are eligible of this program outside of Salem, so the major impact to cities will be the ability to designate their own “home start lands” for development.



HB 2658: Frontage Improvement and Conditional Use Permit Changes

Effective Date: January 31, 2031

HB 2658 prohibits cities and counties from requiring or conditioning, for a building permit for an interior renovation, that the permit holder install a frontage improvement if: the alteration does

not increase the building's square footage or footprint; the cost of the alteration does not exceed a specified amount; and existing or proposed uses for the building do not change the occupancy classification group, as determined by Oregon Department of Business and Consumer Services, that is applied to the building. Additionally, the bill requires cities and counties, in collaboration with the Oregon Department of Transportation, to determine if a design, engineering, or construction plan exists for any frontage improvements that the municipality or the department requires along a state highway as a condition of obtaining a construction permit or final action on a permit or zone change.



HB 3136: Planning Commission Makeup

Effective Date: January 1, 2026

HB 3136 makes changes to state law regarding who is eligible to serve on planning commissions of more than five members. Currently, no more than two members of a planning commission may be associated with buying, selling, or developing real estate. Other professions are permitted only two members, but the definition of a profession is much narrower. HB 3136 narrows the definitions of "profession" for those involved in real estate, to allow, for example, two developers and a real estate agent to serve on a planning commission. This measure does not pre-empt city charters if there are provisions of the charter that govern who may serve on a planning commission, nor does it change a city council's oversight role in approving planning commission members.



HB 3644: Statewide Shelter Funding Framework

Effective Date: June 27, 2025

HB 3644 creates a statewide shelter funding framework, directs Oregon Housing and Community Services (OHCS) to establish a statewide shelter program to select regional coordinators to administer shelter funding, and expands the types of shelters that are eligible for state funding. This bill requires OHCS to adopt rules on or before January 1, 2026, and to select regional coordinators on or before May 1, 2026. HB 3644 was based on the 2024 work of the Sustainable Shelter Work Group (SSWG). More information on the SSWG's work is available in their [final report](#).

In addition to HB 3644, [HB 5011](#) includes \$204 million for the 2025-2027 biennium to support existing state funded shelter beds and shelter beds newly eligible for state funding. That bill also assumes a current service level of \$104 million per biennium for all following biennia until the program sunsets on January 2, 2034.

FAILED BILLS



SB 6: 45 Day Building Permit Shot Clock

SB 6 would have created a 45-day "shot clock" for building permits of single-family or middle housing in subdivisions of six or more, and created penalties for cities and counties failing to meet the clock. This measure passed out of the Senate Committee on Housing and Development unanimously; however, it was not heard in the Joint Committee on Ways and

Means and did not move forward. The cost to cities and counties would have been substantial in terms of the increased legal risk, resulting in increased insurance costs and possible penalties. Cities and counties would have been required to assume by this measure. This measure is expected to return in 2026.



SB 593: Clarifying Time-Place-Manner for Public Camping

SB 593 attempted to modify the statute enacted by HB 3115 (2021) that established a statewide standard for city and county laws regulating the use of public property with respect to persons experiencing homelessness, as the basis for a cause of action for injunctive and declaratory relief to challenge such laws and as an affirmative defense in the prosecution of violations of such laws.



HB 2950: Land Use Goal 1 Updates

HB 2950 would have updated Goal 1 for Oregon's land use planning system, which governs citizen involvement in the state's land use process. The goal was to increase the citizen involvement and make changes to align the system with more modern technology. The measure passed out of committee unanimously, however it failed to advance to the Joint Committee on Ways and Means. Portions of this concept are expected to return in future legislative sessions.

FINANCE, TAXATION & ECONOMIC DEVELOPMENT

PASSED BILLS



SB 99/HB 2075: Brownfield Property Tax Exemption

Effective Date: September 26, 2025

SB 99 and HB 2075 extend the brownfields property tax extension for six years. Both bills were identical, and SB 99 was the vehicle that passed this session. This exemption helps maintain a vital redevelopment tool for communities. While this extension preserves the status quo, it required focused advocacy and engagement, particularly from LOC and Oregon Economic Development Association (OEDA) members, to ensure its passage.



SB 967: Local Improvement District (LID) in Unincorporated Areas

Effective Date: January 1, 2026

SB 967 clarifies, as it relates to local improvements proposed for an unincorporated area within a city's urban growth boundary, that a city and county may enter into an intergovernmental agreement for the purpose of allocating jurisdiction among themselves for the local improvement.



SB 1062: Authority to Raise Water Fees

Effective Date: January 1, 2026

SB 1062 allows the cities of Reedsport, Bandon, and North Bend to set water and wastewater

fees by a majority vote of their city councils. Per their city charters, these cities had been barred from raising their fees without voter approval.



HB 2089: Surplus Foreclosure

Effective Date: September 26, 2025

HB 2089 helps bring the state of Oregon and Oregon counties into alignment with a recent U.S. Supreme Court decision by creating a process through the Unclaimed Property program of the Oregon State Treasury to allow former owners to claim the surplus proceeds of real property that has been foreclosed, deeded to a county, and sold to pay delinquent property taxes. Oregon counties are tasked with the responsibility of managing the property tax foreclosure process on behalf of local governments, including cities. Previously under Oregon law, counties retained the proceeds of foreclosure sales, even if the proceeds exceed the taxes, interest, and penalties that were owed, and in most cases distributed dollars to local taxing districts, including: cities, special districts, and school districts. The 2023 *Tyler v. Hennepin* decision held that such processes violate the “takings clause” of the Fifth Amendment to the U.S. Constitution.

HB 2088 and HB 2096 were similar bills introduced that died during the legislative session.



HB 2095: Semiconductor Research & Development Tax Credit Fixes

Effective Date: September 26, 2025

HB 2095 eliminates obsolete references to “Internal Revenue Code” contained in statute related to Oregon’s income tax credit for semiconductor research and development. The bill aligns statutory language of affordable housing lender tax credit and aligns deadlines for making credit-qualifying donations for distribution to individual development accounts with the underlying sunsets of the respective tax credits. The research and development (R&D) tax credit for semiconductors is intended to build on Oregon’s strengths by recognizing and furthering the contributions of this industry to the state’s economy. The R&D tax credit offers eligible companies roughly 15% in credits for qualified research expenses or basic research payments in Oregon, up to \$4 million per taxpayer, per year. The credit is available through tax year 2029 with a cap on the total credit available each year. The R&D tax credit is partially refundable for companies with 3,000 employees or fewer, and non-refundable amounts may be carried forward until 2029. Business Oregon and the Oregon Department of Revenue jointly administer the R&D tax credit for semiconductors.



HB 2321: M5 and M50 Study

Effective Date: September 26, 2025

HB 2321 requires the state’s Legislative Revenue Officer to produce a report on the current state property tax system and options to modernize it. The report must include an overview of the current system, the effects Measure 5 and Measure 50 have had on the system, stakeholder concerns about the system, and input from organizations like the LOC and the Association of Oregon Counties. House Revenue Chair Nancy Nathanson has indicated that she plans to create an interim work group in addition to the study. The LOC strongly supported this bill.



HB 2411: Industrial Site Loan Fund

Effective Date: January 1, 2026

HB 2411 creates an industry-agnostic Industrial Site Readiness Loan Fund. The bill also received a **\$10 million allocation** through [HB 5006](#). This achievement was the result of broad collaboration between the Oregon Economic Development Association, Oregon Business Council, Oregon Business & Industry, the LOC, the Association of Oregon Counties, Business Oregon, and others. This fund is important because in the past, the Legislature funded programs by industry, like semiconductors, and there is still a need for all types of industrial sites across Oregon.



HB 3506: Senior Property Tax Deferral Account Transfer to Healthy Homes

Effective Date: January 1, 2026

HB 3506 transfers \$3.15 million from the Senior Property Tax Deferral Revolving Account (SPTDRA) to the Healthy Homes Repair Fund, for the purpose of supporting seniors and individuals with disabilities. The Oregon Department of Revenue will use \$0.15 million to contract with a public benefit corporation or consultant to establish an outreach program for the Homestead Property Tax Deferral program, which is available for qualifying homeowners who are 62 years of age or older, or qualify for Social Security disability benefits. Funds are used by SPTDRA to pay the property taxes on behalf of participating homeowners. Simple 6% interest accrues annually on the deferred property taxes. Although repayments can be made at any time, all deferred taxes, interest, and fees are due upon disqualification—when the owner moves, sells the homestead, or dies. Currently, the deferral account has a balance of \$74 million.



HB 3589: Senior Property Tax Deferral Account Transfer to Senior Housing Initiative

Effective Date: January 1, 2026

HB 3589 transfers \$24 million from the Senior Property Tax Deferral Revolving Account to Oregon Housing and Community Services for the development, rehabilitation, or preservation of housing and related technical assistance under the senior housing development initiative. The bill also requires the DOR to estimate, by December 31 of each year, the amount required to be maintained in the SPTDRA to fund the obligations for the following year.



HB 3874: Minimum Size of Wind Energy Before Requiring EFSC Certificate

Effective Date: January 1, 2026

HB 3874 increases, from 50 megawatts to 100 megawatts, the minimum size of a wind energy facility before that facility is required to obtain a site certificate from the Energy Facility Siting Council (EFSC).

FAILED BILLS



SB 358/SB 434: State TLT dedication to Oregon Beach Fund

SB 358 and SB 434 would have dedicated 1% of the state transient lodging tax to the State Parks and Recreation Department to spend money from the fund for expenses of managing state recreation areas along the ocean shore.



SB 453: Local Lodging Tax Study

SB 453 would have required the Legislative Revenue Office (LRO) to study the 70/30% division between the permissible uses of new and increased local transient lodging tax (TLT) revenues.



SB 457: Local Lodging Tax Study for Public Safety

SB 457 would have required the LRO to study the inclusion of public safety programs as tourism promotion for purposes of TLT expenditures.



SB 712: Maximum Assessed Value (MAV) Increase

SB 712 would have changed the statutory formula determining a property's maximum assessed value (MAV). The bill would have increased the MAV to 103% of the prior year or 103% of assessed value of the prior year, whichever is greater. This is one of two statutory fixes that can be made to the property tax system.



SB 1094: Veterans Property Tax Credits

SB 1094 would have modernized how Oregon delivers property tax relief to veterans, active-duty service members, and their families. This bill would have replaced the current system of assessed value exemptions – which trigger complications such as recalculating a property's Maximum Assessed Value (reMAV) with a straightforward property tax credit that does not require a reMAV. The LRO believed SB 1094 would be revenue neutral and free up capacity for assessor and tax collector offices. This bill passed the Senate unanimously and will likely be back next session.



SB 1095: Vacant Home Fee

SB 1095 would have authorized cities and counties to impose a fee on non-commercial residences that are vacant for more than 180 days per calendar year. Funds would have been required to be used for the development and construction of housing units affordable to households with an annual income between 80% and 130% of the annual area median income in the city. The LOC opposed this bill because it would have preempted cities on the use of these funds in the future.



SJR 1: Senior Property Tax Freeze

SJR 1 would have referred to the voters a proposed amendment to the Oregon Constitution creating an opt-in property-tax relief program for seniors age 65 or older to freeze their property taxes.



HB 2171: Exempting Campsites from State TLT

HB 2171 would have allowed TLT collectors to withhold the tax for certain camping sites, provided that the tax money is used directly for the operation or promotion of their camping sites. Eligible camping sites would have included those with 50 or fewer sites with both direct electrical hookups and individual sewer hookups that are located on county fairgrounds and have been certified by the Oregon Tourism Commission as facilities that cater to tourists.



HB 2322: State Semiconductor Fund Availability

HB 2322 would have allocated \$15 million to support semiconductor-related initiatives. While the bill's impact on existing semiconductor grant access was somewhat ambiguous, its passage would have signaled a continued legislative interest in Oregon's role within the national semiconductor ecosystem.



HB 2333/ HB 2334/ HB 2335: M5 and M50 Impact Task Force

House Bills 2321, 2333, 2334, 2335 were a slate of bills aimed at studying the Measure 5 and Measure 50 impacts on local governments, budgeting, programming, assessors and measurable outcomes, public higher education, and small and large jurisdictions' access to alternative revenue sources. HB 2321 was the main vehicle for the session and was amended and passed.



HB 2417 & HB 2418: Innovation Entrepreneurship Grants

While HB 2417 and HB 2418 ultimately failed to advance, these companion bills resulted in a combined \$3.2 million appropriation to Oregon Inc. for the establishment and support of "Centers of Innovative Excellence" in HB 5006, the Christmas Tree bill. These centers aim to foster regional and sector-based innovation through research, commercialization support, and industry collaboration. These measures are part of a broader commitment to strengthening Oregon's innovation infrastructure and talent pipeline, underscoring the importance of aligning economic development policy with emerging industry needs.



HB 2977: State TLT increase to support ODFW

HB 2977 would have increased the state TLT from 1.5% to 2.75%. One percent of the increase would have gone to the Recovering Oregon's Wildlife Fund Subaccount, and 0.25% of the increase would have been distributed to the Oregon State Police, the Oregon Department of Agriculture, the Oregon Department of Fish and Wildlife (ODFW), and the Oregon Department of Justice for wildlife stewardship, wolf management compensation, and combating poaching and invasive species.



HB 3049: Oregon Investment Advantage Expansion

HB 3049 proposed simplifying the Oregon Investment Advantage tax-subtraction, expanding its applicability throughout the state without revenue implications. HB 3049 would have likely increased participation in this program, while slightly reducing its usage by larger "C" corporations. More opportunities, particularly in rural areas, are the types of tools LOC members look to support and leverage in creating a stronger tax base, long-term sustainable jobs, and economic viability that benefits all Oregonians. The Oregon Investment Advantage is a 10-year taxable income exemption for a certified business in eligible locations. It can often be combined with property tax abatement programs. Companies setting up operations in an eligible county

can be certified as many as 10 consecutive times to annually deduct or subtract taxable income related to those operations, potentially eliminating any state business income tax liability for that period.



HB 3062: Siting Industrial Use

HB 3062 would have required local governments to map sensitive uses in their comprehensive plans for the permitting of industrial developments. The bill would have required a public health impact analysis to be completed before a permit could be issued and then required the local government to adopt “conditions of approval” aimed at protecting the sensitive uses from any impacts found in the public health impact analysis.



HB 3197: Beer, Wine, Cider Retail Sales Tax

HB 3197 with the -2 amendment would have created a state retail sales tax on beer, cider and wine. However, it would have given 85% of the revenue to the Oregon Health Authority for youth addiction programs and 15% to counties. This would have been a break from traditional beer and wine revenues, which allocate a share to cities.



HB 3249: Senior Property Tax Exemption

HB 3249 would have created a property tax exemption for all seniors over the age of 65. The LRO estimates about 23%, or \$1.2 billion per year, of residential property taxes imposed in Oregon are for senior owner-occupied residences. LOC opposed this bill.



HB 3325: High Tourist Areas Ratios and Local TLT Flexibility

HB 3325 would have allowed counties with high average annual ratios of tourists to residents to expend 70% of net TLT revenue for essential services that benefit residents and tourists.



HB 3499: Urban Renewal Areas and Amendment Voting Requirement

HB 3499 would have required all urban renewal areas (URA) and URA amendments to be adopted by the voters. There are 138 URAs in Oregon, and many cities have multiple URAs in their jurisdiction. Urban renewal or tax increment financing is an attractive revenue option to cities because of its unique ability to generate revenue without increasing or adding new taxes and its ability to facilitate place-based economic development and redevelopment projects, especially at scale. For most cities, URAs can be created by ordinance with the consent of three out of four of the largest taxing districts. However, some voters have already amended city charters to require a vote of the people for adopting URAs or amendments.



HB 3518: County Assessment and Taxation Funding Modernization

HB 3518 would have increased the revenue streams that funnel into the County Assessment Funding Function Assistance (CAFFA) program by: (1) increasing a county recording fee for certain documents related to real estate transactions from \$10 to \$19 and indexing the fee to inflation; (2) swapping interest collected on delinquent property taxes with a 0.3 percent retention of all property taxes due to local taxing districts, except for bond levies, and (3) an appropriation \$10 million of the General Fund to the DOR to help fund county assessment and taxation (A&T) in the 2025-27 biennium. HB 3518 was a top priority for the AOC. AOC believed taxing districts will see a return on investment if CAFFA is better funded and LOC will help share

data between cities and county assessors during the interim to see if the return on investment is there and cities can support any future proposals around CAFFA reform.



HB 3556: Local TLT Flexibility for Tourism Impacted Services

HB 3556 would have added a “tourism impacted services” definition to the restricted 70% of new or increased local lodging taxes after 2003. “Tourism impacted services” included public safety and community infrastructure. The LOC supported this bill, but it did not advance beyond the first chamber deadline.



HB 3755: Escalating Senior Property Tax Exemption

HB 3755 would have created a property tax exemption for those over 65 years of age and granting an escalating property tax exemption on qualifying homesteads, that increases by 5% each year that an applicant ages from 65 to 84.



HB 3962: Local TLT Flexibility – 40/60 Split

HB 3962 would have provided more local lodging tax flexibility for local governments by changing the 70%/30% split for new and increased taxes after 2003 to 40%/60% with 60% going to discretionary uses. The bill would have also provided cities with higher pre-2003 percentages for tourism an option to move to the 40%/60% split. HB 3962 at first resembled HB 3556, but after negotiations and informational hearings led by House Revenue Chair Nancy Nathanson, the bill changed the percentages instead of definitions. This was due to recognition that the Oregon Restaurant and Lodging Association (ORLA) wanted some certainty for their destination management organizations who conduct tourism promotion. HB 3962 narrowly passed the House and was set to pass the Senate but was held up in committee in the final days of session.

ENERGY & ENVIRONMENT

PASSED BILLS



SB 688: Performance-Based Regulations (PBR)

Effective Date: January 1, 2026

SB 688 authorizes the Oregon Public Utility Commission (PUC) to adopt a framework for carrying out performance-based regulations of electric companies. The bill allocates \$974,013 in “other funds” to the PUC to support the public investigation, development, and implementation of the performance-based ratemaking framework.



SB 827: Expands Rebates for Energy Storage

Effective Date: January 1, 2026

SB 827 expands direction to the Oregon Department of Energy (ODOE) to provide rebates for the purchase, construction, or installation of energy storage systems that will be paired at the time of installation with previously purchased and installed solar electric systems. The bill also authorizes the ODOE to include provisions for consumer protection in rulemaking efforts regarding the rebate program.



HB 2065: Community Microgrids

Effective Date: September 26, 2025

HB 2065 requires individuals to have the option, when applying to a public utility for authority to interconnect a community microgrid or microgrid with the public utility's transmission or distribution system, to either agree to have the public utility or a third-party contract consultant conduct a required study or engineering evaluation of the interconnection.



HB 2066: Community Microgrids

Effective Date: September 26, 2025

HB 2066 requires the PUC to investigate to establish a regulatory framework for allowing the ownership, deployment, and use of microgrids and community microgrids within the service territories of electric companies.



HB 2332: Requirements for Air Curtain Incinerators

Effective Date: September 26, 2025

HB 2332 prohibits the Oregon Department of Environmental Quality from requiring an air curtain incinerator to have a Title V operating permit if the air curtain incinerator burns only wood waste, clean lumber, or yard waste, and is not otherwise required to obtain a Title V operating permit under the Clean Air Act or any regulation of the federal Environmental Protection Agency.



HB 3179: FAIR Energy Act

Effective Date: June 23, 2025

HB 3179 limits how often utilities can ask for bill increases to every three years and eliminates winter rate hikes. Regulators also have more flexibility to consider economic impacts on customers.



HB 3336: Grid Enhancing Technologies (GETs)

Effective Date: September 26, 2025

HB 3336 requires electric companies, when filing a resource or grid investment plan with the PUC, to conduct an analysis of multiple strategies, including those that use grid-enhancing technologies. The bill also requires electric companies to file a strategic plan for using grid-enhancing technologies. The LOC supported the base bill but became neutral after amendments were made by electric utilities.



HB 3546: The Power Act

Effective Date: June 5, 2025

HB 3546 holds large energy users accountable for paying for their own energy needs. By creating a new customer category for data centers, regulators can protect consumers' energy bills. The bill will also require for-profit utilities to identify the costs that large energy users are adding to the system—and make them pay their share. HB 3546 was modeled after similar tools utilized by consumer-owned utilities (COU). Those efforts have not impacted data centers

moving to cities in COU territory.



HB 3681: Modifies EFSC Contested Case Process

Effective Date: January 1, 2026

HB 3681 modifies the Energy Facility Siting Council contested case process for site certificate applications and changes the review criteria for a certificate of public convenience and necessity for overhead transmission lines.



HB 3792: Expanding Energy Assistance

Effective Date: January 1, 2026

HB 3792 doubles the funding for Portland General Electric (PGE) and Pacific Power customers through the Oregon Energy Assistance Program (OEAP). PGE and Pacific Power households will pay less than \$1.50 each month to the OEAP. These emergency funds help income-qualified families avoid disconnecting when they are behind on their energy bills.

FAILED BILLS



SB 88: Transparency in Rates Act

SB 88 would have prohibited electric and gas utilities from charging ratepayers for costs related to advertising, political activities, litigation, fines, and certain other expenses. It would have also directed the PUC to cap cost recovery related to contested case proceedings.



SB 92: Expanding Community Solar

SB 92 would have expanded the community solar program to allow projects to have a nameplate capacity of 20 megawatts, whereas the current program only allows for three. Currently, those three megawatts are exempt from property taxes as was negotiated. An amendment would have removed the exemption for projects exceeding three megawatts, allowing them to be located anywhere in the state for use by communities statewide.



SB 215: Repeals Nuclear Energy Siting Prohibition

SB 215 would have referred to the voters a requirement for a licensed repository for the disposal of high-level radioactive waste before a site certificate for a nuclear-fueled thermal power plant could be issued and a requirement that a proposed site certificate for a nuclear-fueled thermal power plant be submitted to the electors.



SB 216: Repeals Nuclear Energy Siting Prohibition

SB 216 would have repealed the requirements for a licensed repository for the disposal of high-level radioactive waste before a site certificate for a nuclear-fueled thermal power plant would be issued and required that a proposed site certificate be submitted to the voters for their approval or rejection.



SB 828: Grid Resilience Matching Fund

SB 828 would have established the Grid Resilience Matching Fund and appropriated money in the fund to the ODOE to provide state matching funds to leverage federal grant funding for grid

resilience projects and related administrative costs.



SB 1143: Utility-scale Thermal Energy Pilot

SB 1143 would have directed the PUC to establish a pilot program that allows each natural gas company to develop a utility-scale thermal energy network pilot project to provide heating and cooling services to customers.



HB 2038: Nuclear Energy Study

HB 2038 would have required the ODOE, in consultation with the PUC and the Pacific Northwest Electric Power and Conservation Planning Council, to study aspects of nuclear energy and submit a report.



HB 2410: SMR Demonstration Project Umatilla County Ballot Referral

HB 2410 would have allowed the EFSC to issue a site certificate for a small modular reactor energy facility demonstration project located in Umatilla County if the EFSC finds that certain criteria were met. The act would have referred provisions of the measure to the people of Umatilla County for a vote during the next regular general election held throughout Oregon.



HB 2985: Modifying PUC Administrative Proceedings

HB 2985 would have modified provisions relating to the administrative proceedings of the PUC. It also would have repealed: Oregon Revised Statute (ORS) 756.450 (declaratory rulings); ORS 756.512 (notice of complaint to defendant; responsive pleadings; and setting cause for hearing); ORS 756.521 (public hearings; record required; and furnishing transcripts); and ORS 756.543 (issuance of subpoenas and failure to comply).



HB 3170: Resilience Hubs and Networks

HB 3170 would have revised definitions and requirements for a grant program that supports resilience hubs and networks and appropriated money from the state's general fund for program grants.



HB 3868: Small Scale Renewable Energy Study

HB 3868 requires the ODOE to study avoided costs paid to qualifying facilities under the federal Public Utility Regulatory Policies Act compared with the costs incurred by investor-owned utilities to acquire or maintain renewable energy generation facilities.

GENERAL GOVERNMENT

PASSED BILLS



SB 179: Recreational Immunity

Effective Date: January 1, 2026

SB 179 makes permanent temporary changes to immunity for landowners who allow public use of land for recreational purposes. A past adverse court ruling placed in jeopardy recreational immunity protections that had been enjoyed by public and private landowners who allow free

recreation on their property. A temporary adjustment to the statute designating walking, running and cycling recreational activities had been passed during the 2024 short session.



SB 243: Guns in Public Buildings

Effective Date: September 26, 2025

SB 243 allows local governments to prohibit firearms, including those controlled by concealed carry permit holders, in public buildings used by governing bodies for “official meetings.” A city wishing to utilize this statute must enact an official policy and place signs at building entrances. A governing body includes boards, commissions, and committees created by a city council. However, “official meeting” is not defined in the bill or elsewhere in statute. SB 243 also prohibits the sale, possession, or transfer of devices that increase the firing rate of a firearm. The LOC viewed this bill as a local control issue and was supportive.



SB 610: Continued Measure 110 Reform

Effective Date: January 1, 2026

SB 610 removed the decision-making authority of the Measure 110 Oversight and Accountability Council (OAC) and made their role advisory to the Oregon Health Authority. The bill also added seats to the OAC but failed to include public safety or city representatives. The OAC was responsible for distributing Behavioral Health Resource Network Grants but did so in way that was inefficient and problematic. While the legislation was an improvement over the current system, the LOC could not support legislation that failed to give cities a voice in the distribution of resources.



SB 731: Incentive Pay for American Sign Language Fluency

Effective Date: January 1, 2026

SB 731 requires employers to offer employees who are proficient in American Sign Language the same incentive pay, or other differential, which is offered to other multilingual fluent employees.



SB 808: Veterans' Preference for Reserve and National Guard

Effective Date: September 27, 2025

The measure adds current and former members of the Oregon National Guard to existing hiring preferences for veterans of the Armed Forces of the United States applying to, or seeking promotion in civil service positions.



SB 906: Explanation of Deductions

Effective Date: January 1, 2026

SB 906 requires employers to provide newly hired employees with a written statement of all pay deductions. Employers will be required to review this information annually and the Oregon Bureau of Labor and Industries is directed by the bill to provide a model policy for employers to follow.



SB 916: Unemployment Subsidies for Striking Workers

Effective Date: January 1, 2026

SB 916 provides that an individual who is participating in a lawful strike to receive 10 weeks of unemployment benefits. The bill also adds an additional waiting week, beyond the one standard waiting week, before an applicant may begin to receive benefits. The passage of SB 916 makes Oregon the first state in the country to allow public employees to receive unemployment benefits while on strike.



SB 983: Voting on Stipends

Effective Date: June 26, 2025

SB 983 allows elected officials to vote on budgets that contain stipends or compensation for the official or their relative without the risk of committing an ethics violation. Local governments are required to approve their budgets, but the Oregon Government Ethics Commission (OGE) had opined that doing so could be a violation if those budgets contain a benefit the official might receive. This legislation corrects that contradiction.



SB 986: Wage Overpayment

Effective Date: January 1, 2026

SB 986 allows an employer to collect the over payment of wages if it is detected within 364 days of the erroneous payment. The employer must provide a written notice to the employee 10 days prior to beginning to collect overpayments. The bill only applies to salary and wages and not to overpayments related to benefits. The LOC sought amendments to this legislation to limit it to salary only and give employees one year to discover discrepancies.



HB 2005: Civil Commitment Reform

Effective Date: July 24, 2025

HB 2005 changes and clarifies the criteria for civil commitment, makes modifications to the civil commitment process, and modifies processes for declarations of mental health treatment. The bill expands civil commitment criteria for extremely dangerous persons to include acts or behaviors that create an actual or extreme risk of grave or potentially lethal physical injury to another person. Civil commitment reform was a priority for the LOC in 2025, and LOC staff participated in the conversations on that portion of the bill. However, HB 2005 also included provisions that created unreasonable timelines to determine whether a defendant was able to aid and assist in their own defense, which the LOC could not support.



HB 2460: Local Court Clarifications

Effective Date: September 26, 2025

HB 2460 reorganizes, streamlines, and clarifies existing statutory provisions that govern appeals from justice and municipal courts. The bill was the result of a lengthy workgroup with municipal judges and city prosecutor representation.



HB 2688: Prevailing Wage for Offsite Manufacturing

Effective Date: September 26, 2025

For prevailing wage rates (PWR), HB 2688 expands the definition of public works to include the fabrication, assembly, preconstruction or construction that is bespoke, performed offsite, performed specifically for and in accordance with the specifications of a public works project, or that becomes part of public works project, and is performed on specific systems or components.

The bill defines the systems or components subject to PWR as: mechanical systems; plumbing systems or components; electrical systems or components of electrical systems; boiler systems or components of boiler systems; ornamental and structural iron work; masonry and plaster systems or components; roofing, flashing and architectural panel systems or components other than glazing systems and components; or mechanical insulation.



HB 2944: Fines for Repeated Violations of Certain PECBA Statutes

Effective Date: September 26, 2025

HB 2944 requires the Oregon Employment Relations Board (ERB) to impose specified civil penalties on a public employer for any repeat or subsequent violations of certain requirements of the Public Employees Collective Bargaining Act (PECBA). The bill requires a public employer to make the authorized deductions and to remit payment to the labor organization within a time period that aligns with a payroll processing schedule established by the employer, not to exceed 30 calendar days following the date of the deduction. The LOC successfully advocated for amendments to avoid subjecting a city to a civil action for minor administrative matters and to protect employers facing extenuating circumstances. The LOC opposed the bill but did not engage in active opposition after the adoption of proposed amendments.



HB 3187: Age Discrimination

Effective Date: January 1, 2026

HB 3187 makes it an unlawful employment practice for an employer, prospective employer, or employment agency, prior to completing initial interview, or making a conditional offer, of employment, to request or require disclosure of an applicant's age or date of birth, or when the applicant attended or graduated from any educational institution. The bill permits the information to be requested if it is necessary to affirm that the applicants meet bona fide occupational qualifications, or to comply with any provision of federal, state or local law, rule or regulations. The LOC opposed and worked to amend this bill into an implementable version.



HB 3825: Under an Ounce of Marijuana Fines

Effective Date: September 26, 2025

HB 3825 eliminates any remaining outstanding fines for citations for possession of less than an ounce of marijuana. The state statute and local ordinances creating violations of small amounts of marijuana were repealed in 2014 by Oregon voters with the passage of Ballot Measure 91. Any outstanding fines are now more than a decade old and likely uncollectable for practical and legal reasons.

FAILED BILLS



SB 283: Public Safety Drone Usage

SB 283 would have expanded law enforcement officers' ability to possess and disclose information that was acquired through the operation of an unmanned aircraft system in connection with specific lawful police activities, with certain exceptions. The bill was an expansion of the authority of public safety agencies to use drones to protect the public without endangering civil liberties.



SB 800: Tax Compliance for Condition of Licensing

SB 800 would have expanded provisions requiring tax compliance as a condition of receiving a license to conduct a business, trade, or profession, or for entering into a contract with a state agency or political subdivision. Licensees and contractors would have been required to provide a tax compliance certificate from DOR, unless a certain compliance rate is demonstrated by holders of the type of license.



SB 847: Retiree Health Insurance Subsidies

SB 847 would have required an employer participating in the Public Employee Retirement System (PERS) to pay an increased subsidy for retirees utilizing the health insurance plans available through PERS. The LOC opposed this legislation as an additional cost for cities at a time when PERS costs are on the rise.



HB 2084: Tax Compliance, Certificate of Compliance

HB 2084 with the -5 amendment would have required state agencies to have contractors demonstrate compliance with Oregon personal and corporate income tax laws before entering into a contract and during implementation of the contract. The bill would have allowed the Oregon Department of Revenue (DOR) to share contractors' compliance status and provides provisions that the DOR may use to determine compliance status. HB 2084 also would have allowed agencies to cancel contracts if the DOR determined a contractor didn't demonstrate or maintain tax compliance. The bill also would have repealed ORS 279B.045, which requires contractor self-certification of tax compliance. Finally, HB 2084 would have applied to procurements that are advertised on or after January 1, 2026, or entered into on or after that date, if the procurement had not been advertised. This would have been optional for local governments.



HB 2533: Public Sector Attorney Client Privilege

The measure would have extended the time to 50 years in which lawyer-client communications and records prohibited from disclosure or made confidential by law will not be subject to inspection. The bill was necessary due to an adverse court ruling that potentially exposed several types of confidential records to be released after 25 years.

TRANSPORTATION

PASSED BILLS



HB 2931: Interstate Bridge Replacement Project

Effective Date: January 1, 2026

HB 2931 specifies that toll revenue collected will meet bonding and credit requirements. Repeals provisions related to reducing tolls once bond obligations are paid off and related to consideration of traffic demand management.



HB 3991A: Transportation Package – Updated September 29, 2025

Effective Date: January 1, 2026

HB 3991A passed as part of a special legislative session on Monday, September 29. This bill increases the state gas tax, registration, and title fees, which combined, will generate an additional \$350 million annually for the State Highway Fund (SHF). The SHF will follow the 50-30-20 shared revenue formula. The Small Cities Allotment program will see an increase of \$1 million in 2028 for a total of \$6 million per year. Electric and hybrid vehicles will be subject to a road-user charge based on vehicle miles driven. Transit programs across the state will see a boost in funding through an increase in the payroll tax from 0.1% to 0.2% through 2027. Lastly, HB 3991A increases accountability measures for the Oregon Department of Transportation.

FAILED BILLS



SB 357: Recover Costs from Public Bodies

SB 357 would have authorized ports to charge public bodies for the cost of removing sediment from port waters. This legislation would have allowed ports to recover sediment removal costs from cities and counties without determining the source of sediment delivery.



SB 711: Photo Radar Highway Work Zones

SB 711 would have allowed the Oregon Department of Transportation (ODOT) to use photo-speed radar in highway work zones to reduce safety risk to construction crews.



SB 1024: Intergovernmental Agreement (IGA) With Local Governments

SB 1024 would have established authority for ODOT to enter into intergovernmental agreements with any city or county government for the removal of personal property that had been left on property owned by local governments.



HB 2025: Transportation Package

HB 2025 would have established a series of revenue increases to provide generational infrastructure investment across Oregon's entire transportation system. Investments in major projects would have included completion of key anchor projects, including I-5 Rose Quarter, I-205 widening, Hwy 22-Center Street Bridge, and Newberg-Dundee. The bill also would have invested: \$150 million for the Great Streets program and \$50 million for Safe Routes to School. Under this bill, cities and counties' share of new state highway revenue would have nearly doubled the FY 2024 distribution by 2031. HB 2025 would have established additional

transparency and accountability standards for ODOT's extensive project program.



HB 2153: Infrastructure Investment in Airports

HB 2153 would have increased the available funding for infrastructure investments in airports across the state with an increase in the aviation fuel tax from .03 cents to .06 cents. Municipal airports across Oregon would have benefited from the additional revenue to make upgrades to their respective airports.



HB 3402: Transportation Compromise

Multiple amendments to this bill were offered during the committee hearing process, including a final [-3 amendment](#) during the final days of the session. This was the Legislature's final effort to provide a revenue stream for transportation investment. Unfortunately, the amendment called for a \$.03 cent gas tax increase for ODOT operations and maintenance and no share with local governments through the 50-30-20 funding formula.



HB 3626: Micro-mobility Devices

HB 3626 would have defined "powered micro-mobility devices" and clarified helmet requirements for bicycles, e-bicycles, e-scooters, and similar devices. The added definitions would have further clarified existing statutes and allowed for more consistent regulation at the local level.

WATER & WASTEWATER

PASSED BILLS



HB 2169: Water Reuse

Effective Date: July 1, 2025

HB 2169 expands opportunities for water reuse in the state in a manner that protects public health and the environment. The bill directs the Oregon Department of Environmental Quality (DEQ) to establish and lead an interagency water reuse team in collaboration with the Oregon Water Resources Department (OWRD), the Oregon Health Authority, the Oregon Department of Agriculture, and the Oregon Department of Fish and Wildlife. The bill requires the DEQ to submit a report to the Legislature, no later than December 15 of each odd-numbered year, that describes the progress toward achieving water reuse development goals.



HB 2803: Relating to Fees Concerning Water

Effective Date: July 24, 2025

HB 2803 increases various fees administered by the OWRD for water right transactions and dam safety. For example, this would include submitting a water management and conservation plan and examining water right permit applications. The OWRD initially proposed a 135% fee increase, which the LOC opposed. HB 2803 raises most water right transaction fees by 50% and raises dam safety fees.



HB 2947: PFAS Biosolids Study

Effective Date: July 17, 2025

HB 2947 directs Oregon State University to conduct a statewide study on perfluoroalkyl and polyfluoroalkyl substances (PFAS) in biosolids applied to non-food agricultural fields. The study will assess the PFAS concentrations in biosolids, soils, and crops, and evaluate retention and leaching in soil, and compare the results with existing research.



HB 3031: Establishes Housing Infrastructure Fund

Effective Date: July 1, 2025

HB 3031 creates a \$10 million housing infrastructure financing program within the Oregon Business Development Department (OBDD). Projects financed through the fund are primarily for support of specified housing developments, and can include site development, and improvements to transportation, water, wastewater, or stormwater infrastructure, including improvements to system capacity. The bill directs the OBDD to report to the Joint Committee on Ways and Means during the February 2026 legislative session on program implementation and project recommendations.



HB 3342: Water Resources Department Authority

Effective Date: September 26, 2025

HB 3342 authorizes the WRC to withdraw water from appropriation by rule instead of order and changes timelines for protests and final orders. The bill also modifies the OWRD's management of Oregon's water rights system by updating application processes, allowing electronic communication and payments, and revising deadlines.



HB 3505: Prohibits Fire Sprinkler System Development Charges

Effective Date: January 1, 2026

HB 3505 prohibits local governments from imposing or increasing a system development charge for the installation of a National Fire Protection Association 13D residential fire sprinkler system, or for the difference between the increased capacity of a water meter required by the fire sprinkler system and the capacity of the water meter that would be required for the dwelling without the fire sprinkler system installed.



HB 3544: Contested Case Proceedings for Water Rights

Effective Date: September 26, 2025

HB 3544 directs the Oregon Water Resources Commission (WRC) to adopt rules for handling all contested case processes on new water right and water right transfer applications. The rules must include: a 180-day hearing timeline; provisions for remote participation and the use of administrative law judges for settlement; and consistent timelines for determining party status. HB 3544 revises the requirements for protest submissions, establishes deadlines and criteria for party status requests, limits appeals, and clarifies when contested case hearings must occur.



HB 5024: Business Oregon Budget (Infrastructure)

Effective Date: July 1, 2025

HB 5024 establishes the expenditure authority (\$77 million) in the 2025-27 biennium for unspent funds from the 2023-25 biennium related to 44 individual housing infrastructure projects. It is the intent of the Legislature that the total program expenditures across biennia do not exceed the original appropriation amounts for each item. These expenditures reflect the estimated needs for carry-forward as of May 2025.



HB 5006: Omnibus Funding Bill (Special Public Works Fund)

Effective Date: June 27, 2025

HB 5006 allocates \$20 million for the state's Special Public Works Fund, which provides low-cost financing to eligible municipalities for planning, design, and construction of utilities.

FAILED BILLS



SB 1153: Water Right Transfers

SB 1153 was the biggest threat to municipal water rights in more than a decade. The bill would have created new standards for water right transfers, resulting in expensive and time-consuming litigation for Oregon's communities on any water right transfer for drinking water rights. Related bills on this issue were HB 3501 and SB 427.



HB 3116: Place-Based Planning

HB 3116 would have appropriated \$2 million from the state's general fund to the Oregon Water Resources Department (OWRD) for its Place-Based Water Planning Fund, which would have been used for grants to support the advancement of specific state-recognized place-based integrated water resources plans.



HB 3121: Technical Assistance

HB 3121 would have appropriated \$2.5 million from the state's general fund to the Oregon Department of Administrative Services (DAS) to contract with the Oregon Association of Water Utilities (OAWU) to provide technical assistance, develop a water utility training center, and hire three staff to support small and very small community water systems in Oregon.



HB 3634: Operator-in-Training

HB 3634 would have established the Water Workforce Program (\$3.5 million) in the Higher Education Coordinating Commission to make grants available to local workforce development boards for training drinking water and wastewater operators.

WILDFIRE

PASSED BILLS



SB 75: Accessory Dwelling Unit (ADU) Compliance

Effective Date: January 1, 2026

SB 75 removes requirements related to wildfire hazards for the development of accessory dwelling units on lands zoned for rural residential uses, or a replacement dwelling on lands zoned for resource uses. As a result of this legislation, cities and counties can no longer require compliance with regulations related to wildfire hazards.



SB 83: Repeal of Wildfire Risk Maps

Effective Date: July 24, 2025

SB 83 repeals statewide wildfire risk maps and the associated regulatory standards. Cities and counties will have the authority to establish defensible space standards and use home hardening standards, as reflected in R327 standards, in the Oregon Residential Specialty Code (ORSC).



HB 3940: Wildfire Funding

Effective Date: September 26, 2025

HB 3940 establishes a \$0.65 tax per container of synthetic tobacco products and dedicates the revenue to wildfire resilience programs. In addition, 20% of the interest generated from the state's rainy-day fund will be permanently dedicated to wildfire resilience programs. The estimated combined revenue is \$60 million per biennium.



HB 5006: Omnibus Funding Bill

Effective Date: June 30, 2025

HB 5006 approved \$150 million from the state's general fund for response to natural disaster prevention, preparedness, response, and recovery. The intent of this funding bill is to provide the Oregon Department of Forestry (ODF) and the Oregon State Fire Marshal (OSFM) with the necessary funding for wildfire response and readiness during the 2025-2027 biennium. Discussions aimed at identifying a more permanent funding source for wildfire response are expected to continue.

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