

Lunch, City Awards & Legislative Session Update

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Legislative Update: 2026 Session Outcomes & What's Next in Salem

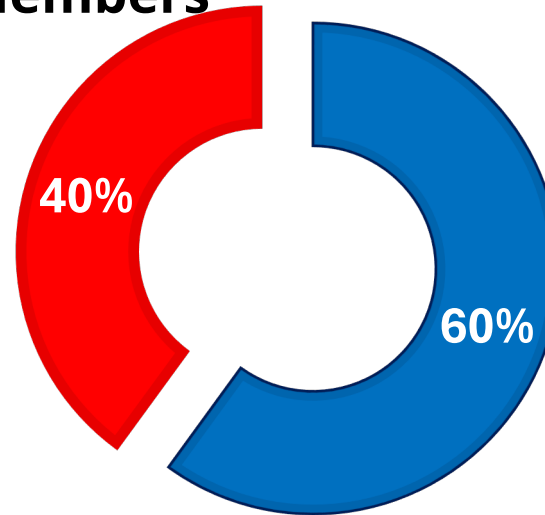


Setting the Stage

- Budget authors warned of dramatic reductions
- Transportation special session ends with referral to voters
- Addressing federal action

SENATE

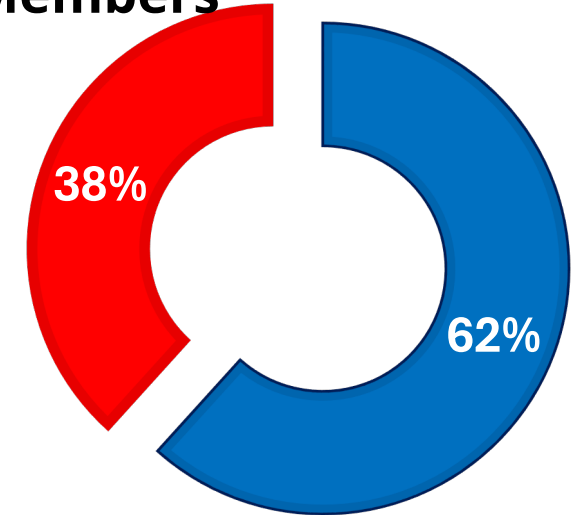
12 Members



18 Members

HOUSE

23 Members



37 Members

Legislative Timeline



FEBRUARY						
S	M	T	W	Th	F	S
1	2 Session Convenes	3	4 Revenue Forecast	5	6	7
8	9 Post Work Session Deadline	10	11	12	13	14
15	16 1st Chamber Deadline	17	18 	19	20 Post Work Session Deadline	21
22	23 	24 	25	26 2nd Chamber Deadline	27	28

MARCH						
S	M	T	W	Th	F	S
1	2	3	4	5	6 4:17 PM	7
8	9	10 Filing Day	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

2026 Session in the rearview



- 33 days, 304 measures introduced with 599 amendments, **104 bills passed.**
- Progress on LOC priorities and working to limit negative impact of other legislation
- Laying groundwork for important conversations in 2027: transportation, revenue, technology, more!



Progress on 2025-26 Priorities



- Community Infrastructure and Housing Development Funding **advanced**
- 2025 Transportation Package **stalled**
- Recreational Immunity **advanced**
- Behavioral Health Enhancements **advanced**
- Lodging Tax Flexibility **advanced**
- Shelter Funding and Homeless Response **advanced**
- Address Energy Affordability Challenges from Rising Utility Costs **advanced**
- Operator-In-Training Apprenticeships **did not advance**
- Clarifying Time, Place and Manner for Public Camping **did not advance**

2026 Wins (not all!)

- Flexibility for the use of Transient Lodging Tax (TLT) revenues
- Lowered grant matching requirements for some state programs on a sliding scale for small cities
- More flexibility when looking at options to expand a city's urban growth boundaries for housing
- Clarity in government ethics requirements
- Creation of a "Water Professionals Appreciation Week"
- And more!



Thank you to cities who made your voice heard!

State Budget Update



Budget Summary: The Context



- H.R. 1 created one big budget whole
 - Tax code changes
 - Implementation costs
 - Cost shifting from federal coffers to state
- Revenue forecasts are trending down
- Inflation is trending up
- Ongoing revenue challenges with reliance on income tax
- Referral of the 2025 transportation package revenue

Budget Summary: The Cuts



Session started with \$750M deficit that was addressed by:

- Disconnect package ([SB 1507](#)) - \$311M no longer forgone
- Improved revenue forecast - \$650M up from previous forecast
- H.R 1 implementation clarity – update figures from agencies
- Agency reductions – holding roles vacant and cutting services/supplies

ODOT's \$288M reductions due to transportation package referral:

- Grant program pauses – multiple programs impacted, with Connect Oregon and Safe Routes to School maintaining some funds
- Fund redirection – statutes waived, projects paused and one cancelled
- Agency reductions – holding roles vacant and cutting services/supplies

Budget Summary: The Adds



Bonding Investments

- Up to \$367.6M in bonds or certificates of participation to finance capital improvements at the Moda Center
- \$100M for affordable housing finance and preservation
- \$84.6M lottery bonds to support 24 project total
 - 14 city projects receive new funds, ~\$38M

General Fund

- \$10M for Regional Infrastructure Fund (pop. <25K)
- \$6M for 2027 wildfire season
- \$5M for Industrial Site Loan Fund

Bills of Impact to Cities



Revenue & Finance Bills



- [HB 4178](#) – establishes requirements for rounding policies for business and government (given penny shortage)
Requires cities to notice and post policies if used
- LOCAL Act ([HB 4148](#)) - creates flexibility (50% general use instead of 30%) for use of transient lodging tax revenue enacted after 2003 and creates a new grant ability for tourism funds, **LOC priority bill and 2025-26 legislative priority**
Consider this new flexibility when budgeting, review new grant program & get ready for new reporting requirements

Ethics Package (LOC priority)



HB 4161: Exempts food and beverages from the prohibited use of office statute



~~HB 4177: Simplifies the serial meeting laws passed in 2023 (vetoed by Governor Kotek)~~



HB 4159: Requires the governor's appointee to the OGEC to have local government experience

Cities should review policies related to food and beverages

Links: [HB 4161](#), [HB 4177](#), and [HB 4159](#)

Housing & Economic Development Bills



- [HB 4037](#) – The Omnibus Housing Bill
Updates to local codes/procedures related to public hearings and notices for housing
- [HB 4035](#) & [HB 4082](#) – Changes to the one-time UGB expansion program originally created in SB 1537 (2024).
Contact Alexandra if you are interested in using this tool!
- [HB 4084](#) - Prosperity Roadmap Package
*Changes to Enterprise Zone (e-zones) regulations to add flexibility for local governments and businesses, allows extensions.
Includes one-year prohibition on data centers in standard e-zones (not rural)*

Transportation Bills



- [HB 4007](#) - regulates micromobility devices
Cities to consider code for safety and curb management needs
- [SB 1544](#) - modifies dismantler (junk yard) re-permitting
Cities to review code related to dismantlers for compliance
- [SB 1599](#) - moves the date of the transportation tax referendum
Watch for results to understand State Highway Fund revenue

Public Safety Bills



- [HB 4138](#) - Requires unmasking and identifying markers for law enforcement, includes exemptions for health/safety or undercover needs.

City law enforcement policies likely unimpacted, but recommend reviewing

- [SB 1516](#) - Establishes Automated License Plate Reader (ALPR) regulations, prohibiting sharing ALPR data with agencies outside of Oregon (unless due to investigation of crimes that have an Oregon equivalent), prohibits retaining ALPR data for longer than 30 days, and creates public records restrictions around that data.

Review policies around ALPR and retention of date to ensure compliance

Energy and Environment Bills



- [SB 1517](#) – Validates use of Recreational Liability Waivers.
Consult with city attorney re: addressing waiver exemptions
- [HB 4076](#) – Reduces regulatory burden to amend Energy Facility Siting Council (EFSC) site certificate to increase renewable energy generation and transmission
Review ordinance to ensure exclusive farm use (EFU) land use exemption for future large scale renewable energy projects

Water & Infrastructure Bills



- [SB 1585](#) – Small Cities Grant Matching on sliding scale for 7 state programs
May make it possible for you to advance an infrastructure project!
- [HB 4005](#) – Water Professional Appreciation Week, starts every first Saturday in October
Consider how to recognize this key workforce

What's Next?



Ways for Cities to Engage



[Session summary report](#) available online, includes more bills you may want to track



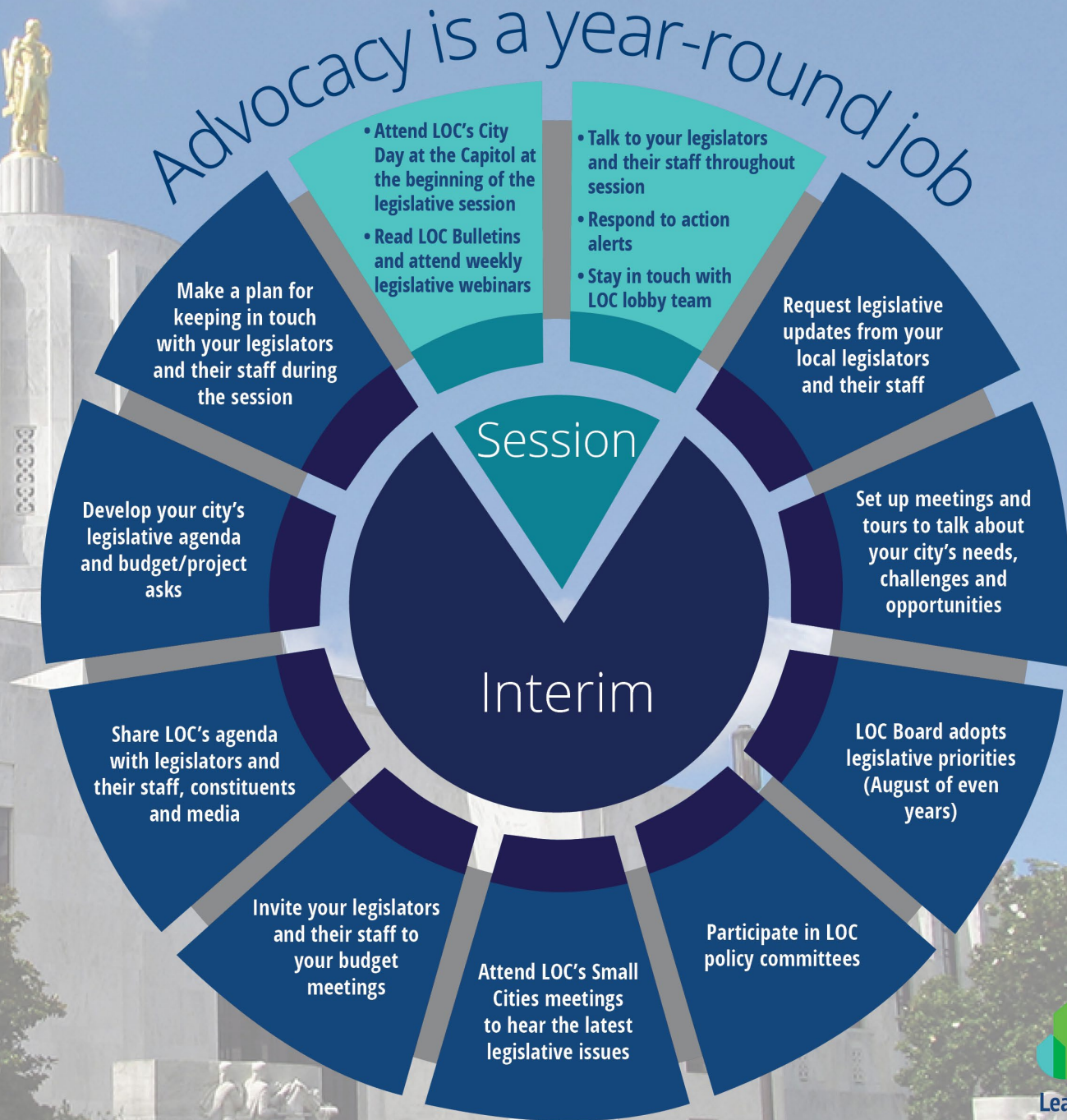
[Policy Committees](#) are now meeting to develop the 2027-28 LOC Legislative Priorities



An update to the Oregon Municipal Policy – rewriting the policy based on feedback from committees and regional meetings

Looking Ahead 2027

Contact your legislators about your city's needs NOW – start laying the foundation for a strong ask!



Design concept by AWC

LOC is a resource!



Lobby Team



Nicole Stingh, Legislative Director

Oversight of LOC's legislative program; advocacy issue areas: transportation, wildfire, tax, finance.
(971) 428-7274 nstingh@orcities.org



Alexandra Ring, Lobbyist

Advocacy issue areas: land use, housing, eminent domain
(541) 646-4180 aring@orcities.org



Greg Miller, Lobbyist

Advocacy issue areas: telecommunications, broadband and cable, energy, environment and cybersecurity
(971) 428-7278 gmliller@orcities.org



Michael Martin, Lobbyist

Advocacy issue areas: water, wastewater, solid waste and natural resources
(971) 382-2069 mmartin@orcities.org



[LOC Home](#) > [Advocacy: Legislative Advocacy](#) > [Lobbying 101 Toolkit](#)

Lobbying 101 Toolkit

[Legislative Basics](#)

[Developing Legislative Relationships](#)

[How to Lobby for Policies](#)

[How to Lobby for Financial Resources](#)

Lobbying 101 Toolkit

Helping you be successful in the legislative process

The LOC remains focused on building a member-driven grassroots advocacy network. This effort has significantly increased our member involvement and success in the legislative process. Much of this program has occurred during annual meetings, quarterly Small Cities meetings, and weekly statewide webinars when the Legislature is in session.

We intend to provide all LOC members with an accessible set of advocacy resources to share with staff, build confidence in representing your community, and build relationships with

Video: Intro to Lobbying 101 Toolkit



Legislative News

Questions?

