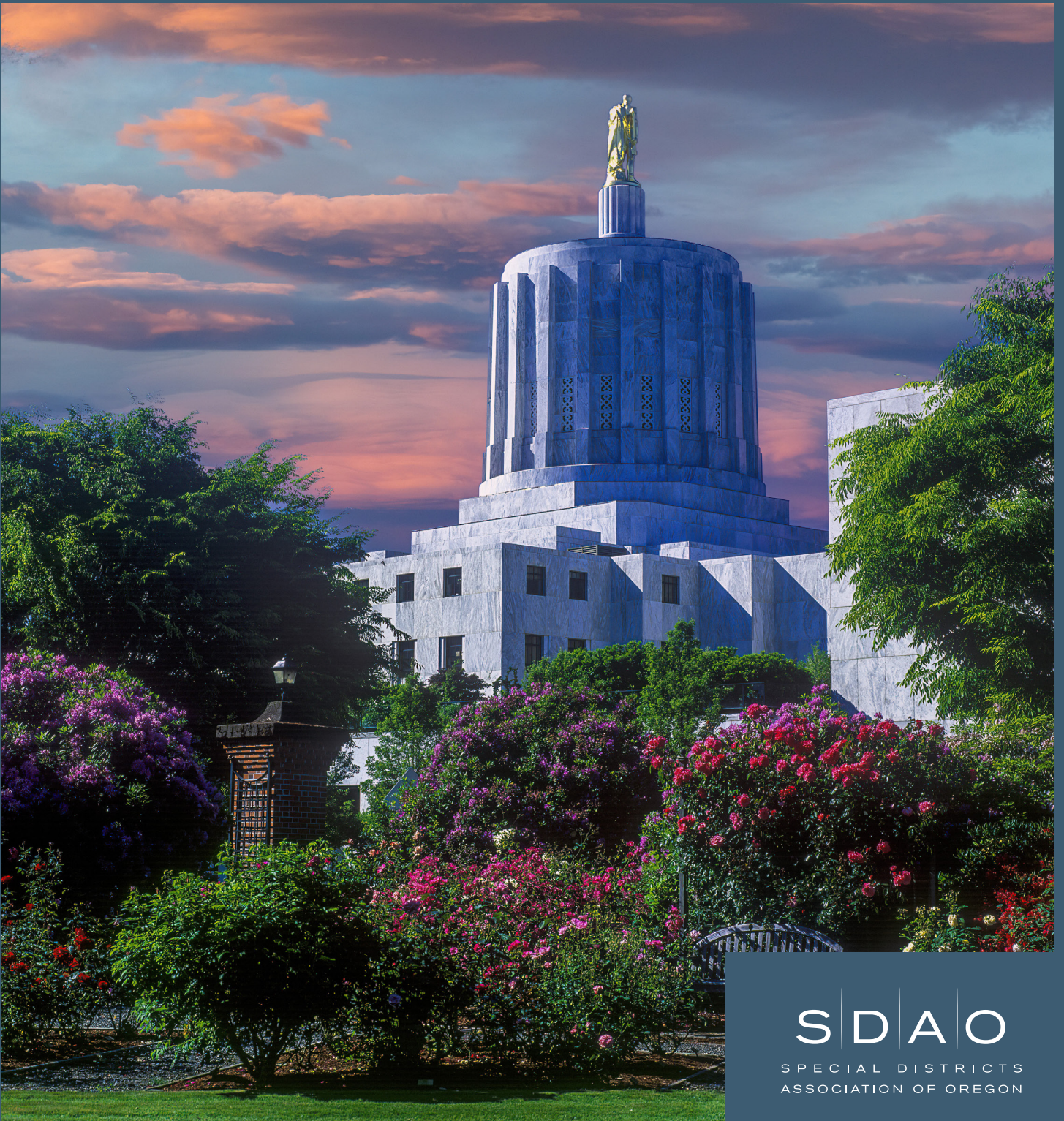


2026 LEGISLATIVE SESSION

IN REVIEW



SDAO

SPECIAL DISTRICTS
ASSOCIATION OF OREGON

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2026 LEGISLATIVE SESSION IN REVIEW

The short session of the 83rd Oregon Legislative Assembly convened on February 2nd and concluded March 6th at approximately 4:15 pm, two days earlier than the constitutional deadline to sine die. 304 bills, resolutions and memorials were introduced during the session with 140 ultimately passing both chambers and making to the Governor's desk.

Entering the short session, the Legislative Assembly faced two key budgetary challenges. The first resulted from federal action and the other due to the inability of both parties to agree on a transportation funding package. Nearly one month after the long session concluded with a balanced budget for the biennium, HR 1, otherwise known as "One Big Beautiful Bill Act" put Oregon's budget out of balance by nearly \$900 million. Furthermore, after the passage of a transportation funding package during a Special Session in September of last year, opponents of the measure were able to gather nearly 250,000 signatures in record time to refer the proposal to the November ballot, thereby putting ODOT's operations and maintenance budget out of balance by about \$290 million.

When lawmakers entered the session, they needed to close a gap of roughly \$650–700 million in the general fund. Agencies were told to prepare for cuts across the board designed to minimize service impacts, and leaders began looking for ways to keep more money in state coffers, despite the federal move.

SB 1507 was one of the most consequential bills of the 2026 session and was a key component to stabilizing the state's budget. The bill partially disconnects Oregon's tax code from the recently adopted federal tax changes. Typically, Oregon automatically adopts federal tax law but SB 1507 selectively decoupled Oregon's tax code with the Federal code by not automatically adopting three federal tax provisions contained in HR 1 resulting in more revenue coming to state coffers. Those three provisions are:

- The federal deduction for interest on loans for new car purchases,
- The federal exclusion for qualified small business stock gains, and
- Bonus depreciation, which allows businesses to immediately write off major equipment purchases.

Those three changes are expected to increase Oregon tax collections by about \$311 million in the current two-year budget cycle. Budget reductions totaled \$128 million, mostly achieved through vacancy savings, fund swaps, program delays, and reductions in non-programmatic agency budgets.

One of the biggest battles during the session was the timing of the referral for parts of the transportation funding package adopted in September. Democrats argued that the referral should take place during the May primary so that the state would know the funding challenges facing the Oregon Department of Transportation (ODOT) sooner rather than later – allowing more time to address those funding challenges in 2027. Republicans, on the other hand, wanted the referral to remain on the November ballot because polling showed overwhelming opposition to the tax and fee increases and they wanted to use that sentiment during the General Election against the Democratic majority. In the end, the referral will likely take place in May. However, because ODOT still faced nearly a \$290 million shortfall for this biennium, the legislature swept funding from several programs. ODOT’s rebalanced budget has \$288.7 million in reductions, largely through already-accrued vacancy savings, directing ODOT to hold certain positions vacant, swapping state funds for federal funds where possible, and temporarily redirecting revenue from the following programs:

- **\$35 million** – Funds from planned bridge, seismic, and highway preservation projects not yet spent
- **\$30 million** – Portland area projects like Rose Quarter freeway improvements, Boone Bridge and Abernathy Bridge
- **\$42 million** – Connect Oregon that provides grants for non-highway freight and transportation infrastructure (airports, marine ports and rail)
- **\$17 million** – Safe Routes to School
- **\$12 million** – Multimodal Active Transportation Fund and Student Driver Training Fund
- **\$8 million** – Community Paths Program

Furthermore, due to increasing concerns about how the Federal Government was carrying out the President’s immigration crackdown, members of the majority party introduced several bills to address those concerns. The “immigrant justice package” was designed to limit state cooperation with ICE and increase protections for immigrant communities. Democrats justified this package of bills saying that federal immigration enforcement is inconsistent with Oregon values. Some of the bills addressing this included the following:

- **SB 1587** restricts the ability of public bodies to disclose personally identifiable information to data brokers – a move proponents say protects Oregonians’ personal data from immigration enforcement.
- **SB 1570**, the Health Care Without Fear Act, restricts hospitals from sharing sensitive information like a person’s country of birth or immigration status with law enforcement.

- **HB 4079** requires school districts and institutions of higher education to adopt policies governing institutional responses to federal immigration authorities on school property and imposes reporting requirements.
- **HB 4114**, the Protect Your Door Act, creates a state civil cause of action allowing Oregonians to sue federal or out-of-state agents who enter property without a judicial warrant. It prohibits state and local law enforcement from coordinating with federal agencies that fail to follow certain rules or that target sensitive locations—such as schools, places of worship, or health care facilities— without proper authorization.
- **SB 1516** limits law enforcement’s use and data sharing from automated license plate readers.
- **HB 4138** creates the Law Enforcement Accountability and Visibility Act (LEAVA), that restricts the use of masks and requires visible identification for law enforcement.

Speaker Julie Fahey (D-Eugene) and Majority Leader Ben Bowman (D-Tigard) maintained their leadership roles for the majority party in the House. Rep. Lucetta Elmer (R-McMinnville) served as the newly elected Minority Leader in that chamber. The majority leadership in the Senate remained the same from the previous long session with President Rob Wagner (D-Lake Oswego), Majority Leader Kayse Jama (D-Portland) and newly elected Minority Leader Bruce Starr (R-Dundee).

Each member was permitted to introduce up to two bills, and each committee was allowed to introduce up to three measures. Bills that were not worked long in advance of the convening of the assembly struggled due to the very tight timelines to get bills through committees. For example, bills had to be posted for a work session within seven days of the opening day to remain alive. It should also be noted that for the first time since the beginning of the pandemic in 2020, most of the Capitol upgrades had been completed and the entire facility was open. Gone are the days of frequent interruptions of committee meetings and floor sessions due to construction.

The five-week session, saw Democrats and Republicans come together to pass significant legislation despite two very brief times where Republicans paused floor action in each chamber. Legislators were able to balance the state’s budget, but the shifting of Medicaid and Supplemental Nutrition Assistance Program (SNAP) costs from the federal government to states will grow significantly in the 2027–2029 and 2029–2031 biennia. Over the next 3 biennia Oregon faces nearly \$15 billion shortfall due to federal divestment in just those two programs.

NOTABLE ACTIONS TAKEN THIS SESSION

- Broadened the ability of cities to use a one-time UGB expansion process that is more generous in the amount of land being brought into the UGB and for elderly individuals. (HB 4035, HB 4082)
- Expanded the Earned Income Tax Credit (EITC) for 200,000 Oregon families and created a new tax credit for businesses that bring jobs to Oregon. (SB 1507)
- Enabled public officials to consume publicly provided food and beverages during official events. (HB 4161)
- Allowed places of public accommodation to adopt a rounding policy for in-person cash transactions to a nickel. (HB 4178)
- Established rules allowing recreation providers to use liability waivers for ordinary negligence in inherently risky activities, while preserving liability for gross negligence, safety failures, and other prohibited areas. (SB 1517)
- Allocated \$10 million in General Fund for deposit into the Regional Infrastructure Fund for grants to local and tribal governments with populations of under 25,000 for rural infrastructure projects. (HB 5204)
- Invested \$100 million to create and preserve affordable housing. (SB 5702, HB 4036)
- Removed financial barriers to preventive health care and cervical cancer testing. (SB 1598, SB 1527)
- Prohibited HOAs from blocking fire-safe home improvements. (SB 1551)
- Prohibited state and local governments from cooperating with the federal government on the sale of public lands. (SB 1590)
- Put Oregonians ahead of large corporate investors in homebuying. (HB 4128)
- Directed Business Oregon to evaluate and consolidate its 90+ grant, loan, and tax incentive programs to reduce administrative burdens and improve efficiency. (HB 4062)
- Established a Joint Permitting Council to speed up regulatory approval for large capital projects (\$25M–\$100M+ depending on location), coordinate agency timelines, and increase accountability. (HB 4084)
- Outlined a partnership to secure the future of the Moda Center and keep the Trail Blazers in Portland. (SB 1501)
- Dedicated \$15 million to industrial sites and eased permitting demands for economic development. (HB 4084, HB 5204)
- Established the Blue Economy Task Force to support the growth of sustainable businesses while maintaining the health of Oregon's coastal ecosystems. (SB 1525)
- Funding stream dedicated to protecting Oregon's natural resources and wildlife. (HB 4134)

LOOKING FORWARD

March 3rd was filing day for all incumbents and March 10th was filing day for all others. Some long-serving members will not be returning. Representative Ken Helm (D-Beaverton), Rep. John Lively (D-Springfield), Rep. Annessa Hartman (D-Oregon City), Rep. Rick Lewis (R-Silverton) and Rep. Boomer Wright (R-Coos Bay) all announced their intention not to seek another term. Rep. Jeff Helfrich (R-Hood River) will seek the Senate seat likely to be vacated by Senator Christine Drazan (R-Canby) who is running for Governor after replacing Senator Daniel Bonham (R-Hood River). Senator Jeff Golden (D-Ashland) also announced that he will not seek an additional term. Finally, three Republican Senators will not be allowed to seek re-election due to violating Ballot Measure 113. They are Senators Cedric Hayden (Fall Creek), Kim Thatcher (Keizer), and Suzanne Weber (Tillamook).

As noted previously, the Legislative Assembly sent one referral to the May ballot (BM 120) which will be on the taxes and fee increases the Assembly passed and signed into law last September for transportation funding during a special session. To qualify constitutional measures for the November ballot, gatherers will need to collect approximately 156,231 signatures; statutory measures to qualify for the ballot will need 117,173 signatures. The deadline to turn in those signatures will be July 2, 2026. 85 petitions have been filed to date, although several have already been withdrawn, and it is hard to predict what petitions will have the financial backing to have a chance to appear before the voters.

Finally, there will be a race for Governor this year. Governor Kotek announced her intention to run for a second term. Senator Christine Drazan (R-Canby) declared her intent to seek candidacy, setting up a potential rematch between her and Governor Kotek. Second term Representative Ed Diehl (R-Scio), leader of the anti-gas tax referendum, entered his name into the running and former Trailblazer Chris Dudley officially announced his intention to run again in late January.

ECONOMIC DEVELOPMENT – Bills that Passed

HB 4084 – Fast Track Permitting & Enterprise Zone Changes

Chapter Law: 50 Effective Date: June 5, 2026

HB 4084 creates a Joint Permitting Council to administer a fast-track permitting program. The Council will establish project eligibility criteria, review applications, and forward eligible projects to the Governor's Office for consideration and determination. The measure requires specified state agencies to publish a comprehensive catalog of permits related to economic development and to report to the Governor on the performance and operations of their

respective permitting programs within 120 from the measure's effective date. The bill modifies and expands eligibility for participation in Oregon's enterprise zones. In addition, it appropriates \$40 million General Fund to the Oregon Business Development Department (OBDD) for deposit into the existing Industrial Site Loan Fund.

Fast-Track Permitting Program

- Establishes the following capital investment minimum thresholds to qualify for the program:
 - \$100 million for a project within a metro area's Urban Growth Boundary (UGB).
 - \$50 million for a project neither within a metro UGB nor a nonurban county.
 - \$25 million for a project in a nonurban county, as defined by ORS 653.026.
- Designates additional eligibility criteria.
- Establishes a multistep eligibility and approval process.
- Directs the council to establish a timeline for all regulatory approvals and designate a lead agency to provide monthly updates on each project.
- Sets a program limit of 15 fast-tracked projects.
- Requires the council to provide an annual report to the Governor and the Department of Administrative Services (DAS) on fast-tracked projects.

Agency Permitting Accountability

- Within 120 days of the measure's effective date, requires agencies to publish a comprehensive catalog of available permits related to economic development and report to the Governor on permitting delays, opportunities to expedite permitting, permit applicants' feedback, and fee relief for delayed permits.
- Specifies information to be included in the catalog.

Enterprise Zone Reform

- Directs OBDD to designate enterprise zones based upon the following criteria:
 - Economic transition or hardship.
 - Underutilized industrial land.
 - Alignment with recognized development strategies.
 - Ability to support or modernize existing or emerging industries.
 - Measurable development/economic objectives.
 - Community-defined economic need or potential.
- Expands eligibility to a business engaged in an identified priority industry.
- Allows an otherwise ineligible business operating in an enterprise zone to qualify for tax exemption if certain criteria are met.
- Permits businesses to seek extensions of tax exemptions.

- Provides businesses with flexibility for meeting employment requirements.

HB 4086 – Industrial Symbiosis

Chapter Law: 51 Effective: June 5, 2026

This bill defines industrial symbiosis as voluntary collaboration and resource sharing among businesses or other organizations. The measure directs OBDD to develop a plan, referred to as the “Industrial Symbiosis Roadmap,” to promote and encourage voluntary industrial symbiosis activities in Oregon. The measure also directs OBDD to provide a report on the plan to the Legislature by May 1, 2027. One of the provisions in the bill permits county service districts to charge for services, facilities and commodities for the construction, operation and maintenance of district facilities. HB 4086 provides a total of \$1,150,000 General Fund. Of this amount, \$900,000 will fund technical assistance grants to four designated entities for planning and development of industrial symbiosis projects. Those four designated entities are: COR Healthy Communities, Clatsop County, Klamath County and the Port of Morrow. The bill appropriates \$250,000 for OBDD to hire a contractor to assist in developing the Industrial Symbiosis Roadmap required by the bill.

HB 4102 – DEQ Faster Permitting

Chapter Law: 55 Effective: June 5, 2026

Currently under ORS 468.073, Oregon Department of Environmental Quality (DEQ) has the authority to enter into an agreement with any applicant, permittee, or regulated entity to set a schedule of payments to the department. The purpose of such an agreement is to enable DEQ to expedite or enhance a regulatory process by contracting services, hiring additional staff, or covering costs of activities not otherwise provided during the ordinary course of department business. This bill modifies the statute authorizing the DEQ to enter into an agreement with an applicant, permittee, or regulated entity to expedite or enhance a regulatory process.

Specifically, it:

- Allows DEQ to spend money received under an agreement made with an applicant, permittee, or regulated entity in a regulatory process for hiring additional staff, including limited-duration employees, to expedite or enhance the regulatory process.
- Requires DEQ, before hiring additional staff or contracting with a third party to provide services, to evaluate opportunities to perform the services with existing staff.
- Establishes agreement request, review, and approval procedures and associated timelines for the applicant and DEQ.
- Establishes notice and publication requirements for DEQ.

ETHICS/PUBLIC MEETINGS – Bills that Passed

HB 4159 – Oregon Government Ethics Commission Membership

Chapter Law: 51 Effective: June 5, 2026

The Oregon Government Ethics Commission (OGEC) consists of nine members. The governor appoints eight from recommendations by the leadership of the Democratic and Republican parties in each house of the legislature (two per chamber caucus), and one member without leadership recommendation. These appointments are subject to Senate confirmation. This bill requires the governor to appoint at least one member with local government experience to the nine-member OGEC. It also maintains attorney-client privilege for information provided to OGEC regarding a complaint alleging a violation of government ethics or public meetings laws.

HB 4161 – Food and Beverage for Public Officials

Chapter Law: 51 Effective: June 5, 2026

Oregon Ethics Law (ORS Chapter 244) prohibits public officials from using or attempting to use their official positions or offices to obtain a financial benefit for themselves, relatives, or businesses they are associated with if that financial benefit or opportunity for financial gain would not be available except for the position or office held. Recently, the Oregon Government Ethics Commission (OGEC) provided guidance to public bodies that public officials could not receive food or beverages during official events like public meetings unless the public body adopted a policy allowing for the provision of food or beverages to public officials. This bill provides an exception to Oregon ethics law that allows a public body to provide food and beverages to public officials during meetings, other official events, or when required by state law or rules. It also allows a public body to provide merchandise to public officials if the cost does not exceed \$100 in a calendar year or as provided by the public body's policies.

HB 4177 – Public Meeting Updates

Governor Vetoed

This measure passed both chambers but in the end was vetoed by the Governor. It would have changed the meaning of meetings, convening, and deliberation in Oregon's public meetings law to continue to prohibit a series of communications among a quorum of a governing body during which it examines, weighs, or reflects on a decision. The bill added types of communications that are allowed and not considered public meetings. It limited the types of governing bodies required to attend training on public meetings law and changes the timeframe for completing the training. HB 4177 changed the deadline for individuals to submit a grievance regarding a potential violation of public meetings law to 90 days, changed the process for a public body to

respond to and cure a grievance, and prohibited the Oregon Government Ethics Commission (OGEC) from opening an investigation if the grievance process was not satisfied. The measure also made a public body responsible for meeting the legal requirements for providing the meeting's location, notice, minutes, and recordings, and allowed a grievance to be submitted to the public body and for OGEC to investigate and impose a penalty on the public body for violations of these provisions. The measure would have taken effect on the 91st day after adjournment. Additional changes, had the bill been implemented include:

Serial Communications:

- Changed the definitions of “convening” and “deliberation.”
- Prohibited a quorum of a governing body from using a series of any communications, including directly or through intermediaries, to decide or deliberate on any matter or to meet in private.
- Changed allowed communications to include the following:
 - Communications related to procedural matters with no deliberation or decision on substance.
 - Communications that share the views of outside parties, published articles, or constituent letters.
 - Communications with the media, constituents, or the public, unless those parties are being used as an intermediary to engage in deliberation.
 - Communications for gathering information related to a deliberation or decision of the governing body.

Training:

- Changed the required training to members of governing bodies that have decision-making authority over policy or administration for the public body, and exempted members of governing bodies that only have authority to make recommendations.
- Allowed training to count if the member attended or viewed the training at any time between 3 months before assuming office and 12 months after taking office.

Enforcement:

- Allowed grievance to be filed when a person believed a public body, not just a governing body, had acted in violation of its responsibilities under the law.
- Extended the deadline for filing a written grievance from 30 days to 90 days after the alleged violation.
- Changed the grievance process to require a public body to provide an initial response within 21 days, without specifying that the response denied or admitted the facts or circumstances of the grievance or admitting that the conduct amounted to a violation.

- Changed the requirements for a public body or the governing body of a public body to cure a violation by rescinding the decision; acknowledging in a public meeting within 90 days of receipt of the grievance that the decision was in violation but will not be rescinded, and practices will be modified to avoid future violations; or describing some other action to be taken.
- Allowed a public body or the governing body of a public body to cure a violation by correcting procedures to ensure that they do not occur again.
- Allowed OGEC to not consider a complaint if the complainant did not satisfy the grievance process, instead of requiring OGEC to dismiss the complaint.
- Made complaints related to OGEC members subject to a court process.
- Made a public body responsible for the requirements to provide the meeting notice and provide the minutes or recordings of public meetings for each of its governing bodies.
- Allowed complaints about the actions of a public body, and for OGEC to proceed with an investigation into, and impose a civil penalty on, the public body.

FINANCE & TAXATION – Bills that Passed

HB 4004 – Small Tract Forestland Tax Deferral

Chapter Law: 29 Effective: June 5, 2026

HB 4004 defers the imposition of additional taxes under the Small Tract Forestland special assessment program which is otherwise required by inability of landowner to meet stocking and species requirements due to Douglas-fir mortality. The bill requires qualifying landowners to submit written notification by July 1 each year requesting deferral and attesting to effects of Douglas-fir mortality. The measure imposes deferred additional taxes when such land is disqualified for other reasons. It repeals the deferral on January 2, 2028. HB 4004 directs the Water Resources Department (OWRD) to promote and facilitate enrollment in the federal Conservation Reserve Enhancement Program for water users in this state who voluntarily cancel ground water rights in areas where the department is not allowing new rights to use ground water for irrigation. Finally, the bill authorizes an extension of time to develop water for irrigation or well use due to circumstances beyond the applicants' control like the delay of a local permit by a city or county.

HB 4134 – Increased Transient Lodging Tax Dedicated to Natural Resource Areas

Chapter Law: Awaiting Assignment Effective: June 5, 2026

This bill increases Oregon's state transient lodging tax from 1.5% to 2.75%, dedicating additional resources to the Recovering Oregon's Wildlife Fund Subaccount. The fund supports

multiple conservation priorities, including the State Wildlife Action Plan, species recovery and management, wildlife stewardship, invasive species control, poaching prevention, and the Oregon Conservation Corps. Below is how the additional 1.25% will be allocated:

- 0.1% to the Oregon Conservation Corps Fund.
- 0.05 to the Wolf Management Compensation and Proactive Trust Fund.
- 0.015% to the Invasive Species Control Account.
- 0.005% to the Invasive Species Council Account.
- 0.9% to the Recovering Oregon's Wildlife Fund.
- 0.05% to the Oregon Conservation and Recreation Fund.
- 0.05% to the ODFW efforts in supporting wildlife connectivity.
- 0.2% to the wildlife stewardship efforts within ODFW.
- 0.005% to the Oregon State Police to support efforts to combat poaching.
- 0.01% to the Department of Justice to support anti-poaching and wildlife law enforcement efforts.

HB 4148 – Transient Lodging Taxes – District Eligibility

Chapter Law: 121 Effective: June 5, 2026

A 1% Transient Lodge Tax (TLT) was established by HB 2267 (2003) to help fund Oregon Tourism Commission programs. In 2016, the legislature increased the tax from 1% to 1.8% from July 1, 2016, to July 1, 2020. The tax rate was set to 1.5% thereafter. Lodging providers or intermediaries collect and remit the tax. In statute, new or increased local Transient Lodging Taxes are those that are first imposed after July 1, 2003. Under current law, there are limits placed on these taxes. Net revenues may be used to fund tourism promotion or tourism-related facilities, city or county services, and financing, or refinancing, the debt of tourism-related facilities. At least 70% of the net revenues must be used for tourism promotion, tourism-related facilities, or financing or refinancing the debt of tourism-related facilities.

Among other things, this bill changes the percent of net local TLT revenue that must be used for tourism promotion or tourism-related facilities to at least 50 percent. It allows local TLT revenue to be used for tourism or tourism-related facilities to also fund resiliency grants for small businesses in the restaurant and lodging industries. The bill changes the percent of net local TLT revenue that may be used for city or county services to no more than 50 percent. It clarifies city or county services include both emergency services and non-emergency services funded by a city, county, or a special district in lieu of a city or county. HB 4148 bill clarifies the percent changes may also be used by local governments who had local TLT in place on or before July 1, 2003. These changes are operative on January 1, 2027.

GENERAL GOVERNMENT – Bills that Passed

HB 4007 – Omnibus Transportation Package – Micromobility Devices

Chapter Law: 101 Effective: June 5, 2026

Among other things, this bill defines “powered micromobility devices,” (i.e. electric scooters and bicycles) sets age requirements and other requirements for them, establishes new violations and penalties, and allows local governments to regulate their use on their facilities – including banning. The measure directs the Oregon Department of Transportation (ODOT) to establish a new five-year pilot program for overweight milk trucks, and it delays a report on the Highway Cost Allocation Study (HCAS).

HB 4016 – Tax Compliance for State Contracts

Chapter Law: 102 Effective: June 5, 2026

This measure requires any person or business that provides a state agency with goods or services through a contract valued over \$250,000 to demonstrate compliance with tax laws. It requires compliance with state and local tax programs administered by the Department of Revenue (DOR) except for property taxes and includes owners with at least 20 percent ownership interest in contracting business. HB 4016 requires contractors and owners to obtain a certificate of tax compliance from DOR and to provide that certificate to the contracting agency before entering, renewing, or extending a contract and for increase in contract values. The bill requires DOR to provide a certificate of compliance to a contractor and each owner within 14 days of request if they are complying and requires certificate be dated no more than six months prior to contract execution.

HB 4016 requires contractors to self-attest to tax compliance for contracts at or below \$250,000. It applies to agency contracting requirements beginning January 1, 2027. The measure requires the Secretary of State to study methods to ensure the Corporation Division business registry is reliable, sufficient, collected and maintained in a manner most effective to ensure tax compliance. It requires submission of preliminary report by December 31, 2026, and a final report during the 2027 legislative session.

HB 4020 – Permit Denials

Chapter Law: 104 Effective: June 5, 2026

This bill requires the Oregon Department of Environmental Quality (DEQ), Department of Transportation (ODOT), Department of State Lands (DSL), Department of Energy (ODOE), and Department of Geology and Mineral Industries (DOGAMI) to provide the statutory or regulatory authority for denying an application for a permit, provide guidance on how to contest the

denial, and provide time limitations for a contest. It requires these agencies to develop a performance measure by July 1, 2029, on the timeliness of permit and permit renewal processing and issuance, and to provide a description of what slows permit processing and issuance and what steps take the most time. The measure allows an agency to reevaluate the usefulness of the performance measure on or after July 1, 2039, and ends the performance measure requirement on January 2, 2040.

HB 4021 – Adoption/Modification of Administrative Rules

Chapter Law: 105 Effective: June 5, 2026

House Bill 4021 requires the Oregon Environmental Quality Commission (DEQ), the Oregon Transportation Commission (OTC), the State Land Board, the Oregon Department of State Lands (DSL), and the governing board of the Oregon Department of Geology and Mineral Industries (DOGAMI) to use an effective date of at least 28 days after a final rule is filed with the Secretary of State (SOS) for permanent rules adopted, amended, or repealed that create or modify compliance requirements for individuals regulated by the agencies. It requires the agencies to provide their required rule notices a certain number of days before the rule is filed with the SOS and requires the agencies, as well as the Oregon Department of Energy (ODOE), to provide contact information on their websites for questions about the rule.

HB 4178 – Rounding to a Nickel

Chapter Law: 126 Effective: April 7, 2026

Because the United States Treasury is no longer producing pennies, this bill allows places of public accommodation that offer goods or services, and public bodies, to adopt a rounding policy for in-person cash or mixed-tender transactions. It requires adopted rounding policies to be applied consistently and signs to be posted to notify the public of the policies. The bill exempts retail transactions that occur over the telephone or by mail, or that are internet-based. HB 4178 exempts rounding done consistently with a policy from being considered in violation of laws that prohibit the refusal to accept coins or currency for payment or price misrepresentation.

SB 1517 – Recreational Waivers

Chapter Law: 132 Effective: April 7, 2026

Allows recreation operators to require a liability release for ordinary negligence for injuries arising out of a sport, fitness, or recreational activity, or out of volunteering to maintain facilities or places used for the activity. The measure:

- Defines “operator” to include people who offer the opportunity to participate in a sport, fitness, or recreational activity, or who provide a facility or place for the activity.
- Defines “sport, fitness, or recreational activity” to include indoor or outdoor activities involving elements of inherent risk and gives examples.
- Lists claims that cannot be waived with a liability release including claims for greater than ordinary negligence and claims relating to the following:
 - Negligence per se.
 - Maintenance or inspection of safety gear provided by the operator in connection with the activity.
 - Negligent safety-related training of an employee or agent that causes injury.
 - Abuse of a child or the physical or sexual abuse of an adult.
 - Negligent hiring, training, credentialing, supervision, or retention of an employee or agent that caused injury constituting greater than ordinary negligence or an intentional tort.
 - Vehicle operation or use, unless the participant uses the vehicle as part of the activity.
- Provides conditions on the enforceability of releases on the following:
 - The participant, or their parent or guardian, voluntarily signs the written release.
 - The release is clear and unambiguous.
 - The release discloses risks associated with the sport, fitness or recreational activity, or volunteering.
 - The release waives the operator’s liability for damages for injuries resulting from those risks.
- Allows nonconforming releases to be construed as enforceable within the measure’s requirements.
- Makes the determination of whether a risk is inherent to the activity a question of law for the court.
- Clarifies that nothing in the measure modifies current ski safety statutes.
- Applies the measure to waivers executed at any time for claims that arise on or after the measure’s effective date.

It should be noted that two other bills that were more generous and supported by SDAO were introduced during the session, SB 1593 and HB 4071. Neither advanced.

SB 1585 – Small City Reduced Matching Requirements

Chapter Law: 134 Effective: June 5, 2026

Matching fund requirements for state grants vary by program. Some require a minimum cash

match; others may require a one-to-one match; and still others may allow in-kind contributions. This bill sets the maximum matching fund requirements for state grants to small cities for specific capital construction projects. Specifically, it applies the following maximum matching fund requirements for incorporated cities:

- For a population of 5,000 or fewer people: Up to 3 percent of a grant award of \$100,000 or less, and 5 percent of a grant award greater than \$100,000.
- For a population of 5,000–7,500 people: 7 percent of a grant award.
- For a population of 7,500–10,000 people: 9 percent of a grant award.
- For a population of 10,000–20,000 people: 12 percent of a grant award.

The bill applies these matching requirements to the following programs:

- Transportation Commission for safety improvement projects near schools.
- Department of Transportation from the Connect Oregon Fund and the Multimodal Active Transportation Fund for certain transportation projects.
- Infrastructure Finance Authority for levee projects.
- Parks and Natural Resource Fund.
- Water Resource Departments for planning studies to evaluate the feasibility of developing a water conservation, reuse, or storage project.

Additionally, this bill allows incorporated cities with a population of fewer than 20,000 people to use capital construction and municipal infrastructure grant money for all phases of the funded project, including engineering, planning, and support. It is anticipated that legislation will be introduced in the 2027 legislative session to include special districts in the provisions of this bill.

SB 1587 – Attestation for Personally Identifiable Information to Data Brokers

Chapter Law: 96 Effective: June 5, 2026

This bill prohibits public bodies from disclosing personally identifiable information to a data broker without an accepted attestation from the broker that the data will not be sold or transferred to an entity that will use the information for immigration enforcement. It provides exceptions for court orders, data subject to disclosure under public records laws, and publicly available information disclosed under the same terms and conditions that it is available to the public.

LABOR – Bills that Passed

HB 4013 – Child Labor Standards

Chapter Law: 7 Effective: January 1, 2027

HB 4013 establishes that Oregon’s rules on the total hours a minor may work may not be less restrictive than the requirements of the federal Fair Labor Standards Act (FLSA) that are in effect on January 1, 2026. It permits the Oregon Bureau of Labor and Industries (BOLI) to adopt rules to conform to changes in the FLSA that increase protections for minors. Current Oregon law directly aligns with the FLSA’s child labor regulations regarding the maximum number of hours a minor may work in nonagricultural employment – the bill was a proactive move to assure that the state keeps the current standards should they be rolled back federally.

HB 4027 – Bureau of Labor and Industry Employer/Employee Charges

Chapter Law: 30 Effective: June 5, 2026

The Worker Benefit Fund (WBF) is supported by assessments based on each hour of work performed by a worker subject to Oregon workers’ compensation law and workers whom an employer chooses to cover with workers’ compensation insurance. Presently, the WBF assessment is 1.8 cents per hour worked. It is an employer’s responsibility to collect and pay the full WBF assessment. The WBF supports cost-of-living increases to the monthly payments made to permanently and totally disabled workers, and to the spouses and children of workers who died because of an occupational injury or disease, a program for employment and reemployment of workers with disabilities, and monetary incentives for Oregon employers to hire or rehire injured workers. The WBF may also be used for Bureau of Labor and Industries (BOLI) expenses for activities related to the investigation of discrimination against an injured worker. This bill establishes the BOLI Expenses Fund in the State Treasury and directs the director of the Department of Consumer and Business Services (DCBS) to manage the fund, subject to an agreement between the DCBS director and the BOLI commissioner. The measure permits the director to set and collect an assessment from employers and employees to deposit in the fund and specifies the fund’s minimum sufficient funding.

LAND USE – Bills that Passed

HB 4035 – Urban Growth Boundary Expansion

Chapter Law: 31 Effective: March 31, 2026

This bill modifies eligibility criteria, acreage limits, and procedural requirements for cities

seeking to add land to their urban growth boundaries (UGBs) under the one-time process created by Senate Bill 1537 (2024). Specifically, it broadens the eligibility criteria for demonstrating housing needs by removing the requirement that households be severely cost- or rent-burdened and instead requiring that they be cost- or rent-burdened. It increases the maximum acreage that may be added by cities with populations of 25,000 or greater from 100 to 150 net buildable acres, provided the site includes a complete community. HB 4035 expands the types of land eligible for addition to a UGB by allowing certain lands to qualify when resource land predominates (at 80 percent or more) in the surrounding quarter-mile area and when no higher-priority qualifying applications are available. The bill exempts the City of Woodburn from the requirement that no higher-priority land be available.

HB 4082 – UGB Expansion for Older Individuals

Chapter Law: 49 Effective: June 5, 2026

House Bill 4082 allows cities and Metro to add land to an urban growth boundary (UGB) specifically for housing for older individuals, manufactured dwellings, prefabricated structures, or manufactured dwelling parks within the Department of Land Conservation and Development's (DLCD) existing review process created by Senate Bill 1537 (2024). The measure establishes criteria and timelines for review, limits the acreage that may be added, restricts hearings, and requires long-term affordability and use restrictions.

HB 4108 – Annexation

Chapter Law: 112 Effective: January 1, 2027

As originally introduced, this bill would have applied statewide and allowed residents who were being served by a city water or sewer provider or contractor to voluntarily annex into a city if the property was non-contiguous with the city boundary. The bill that was ultimately amended to apply only to the City of Eugene. It allows the City of Eugene to annex certain non-contiguous land without holding a public hearing or submitting the annexation to city electors, if all owners of the land submit a petition for annexation and the land meets specified criteria. The land must be located within the city's urban growth boundary (UGB), be designated for residential or mixed use under the city's comprehensive plan (excluding land designated for heavy industrial use), be connected to and receive water, wastewater, and stormwater services from a unit of local government or a contracted operator or a primary water supplier, and be accessible by public road. The measure permits the city, by resolution or ordinance, to declare the qualifying land annexed and establish the final boundaries of the annexed area by legal description.

PORTS – Bills that Passed

HB 4061 – Unified Trade Strategy

Chapter Law: 39 Effective: March 31, 2026

This bill provides funding to Oregon Business Development Department (OBDD) to establish and administer a program of small business tariff-relief grants. The measure establishes grant criteria and directs OBDD to update its unified trade strategy, in collaboration with the Port of Portland, the Oregon Tourism Commission (OTC), the State Department of Agriculture (ODA), and other stakeholders, to advance specified economic objectives. The measure directs the Department of Administrative Services (DAS) to produce for the legislature a draft procurement reform roadmap by September 15, 2026, and a final roadmap by December 15, 2026, and specify criteria to be included in the roadmap. The measure establishes a task force to develop a business and investment retention strategy and specifies task force membership, procedures, and objectives. Finally, the bill directs the task force to issue a report to the legislature by December 15, 2026, including recommendations for statutory, policy, and governance changes.

HB 4100 – Bulk Fuel Terminal Financial Responsibility

Chapter Law: 54 Effective: March 31, 2026

Oregon Revised Statute 468B.510 describes “bulk oils or liquid fuels terminal” as industrial facilities located in Columbia, Multnomah, or Lane counties that are primarily engaged in the transport or bulk storage of oils or liquid fuel products and are characterized by having marine, pipeline, railroad, or vehicular transport access to transloading facilities for transferring shipments of oils or liquid fuel products between transportation modes; and one or more bulk storage tanks with a combined capacity of 2 million gallons or more. This bill requires owners or operators of bulk oils and liquid fuels terminals to obtain a certificate of financial responsibility from the Department of Environmental Quality (DEQ). It limits the Environmental Quality Commission (EQC) from requiring a bulk oil or liquid fuels terminal to obtain an amount of financial assurance that is greater than \$300 million.

SB 1510 – Reestablishment of Cargo Container Property Tax Exemption

Chapter Law: 75 Effective: June 5, 2026

This bill contained several provisions. Among the provisions is an extension of the six-year property tax exemption for domestically owned cargo containers that meet certain conditions as outlined in ORS 307.835 which lays out three criteria:

- **Permanent & Durable:** The receptacle must be of permanent character and strong enough for repeated use.
- **Intermodal Design:** It must be specially designed to facilitate the carriage of goods by one or more modes of transport (specifically including vessels) without intermediate reloading.
- **Handling Devices:** It must be fitted with devices that permit ready handling, particularly for transfer between different modes of transport (e.g., from ship to rail or truck).

SB 1525 – Blue Economy Task Force

Chapter Law: 80 Effective: June 5, 2026

Establishes the Blue Economy Task Force, consisting of no fewer than 13 members appointed by the president of the Senate and the speaker of the House of Representatives. Requires the task force to include one senator and one representative, one of whom must be a member of the coastal caucus, along with representatives from the following:

- Public or private research institutions
- Businesses innovating in blue economy sectors
- Commercial and noncommercial fisheries businesses
- Recreational activities
- Tourism industry
- Environmental organizations
- Equity investors in blue economy businesses
- Coastal labor
- Sea Grant College of Oregon State University
- Federally recognized Indian Tribes located on the Oregon Coast

SB 1525 requires the chair of the Ocean Policy Advisory Council (OPAC) or their designee to serve on the task force. The bill requires the task force to submit a report to the legislature’s interim committees related to the environment and to OPAC no later than September 15, 2027.

SB 5701 – Lottery Bonding Bill – Coos Bay Channel and UFSWQD Fund Swap

Chapter Law: 136 Effective: April 7, 2026

This bill makes several expenditures of lottery bonds. Included in the provisions are direct allocations to a few special districts including:

- **\$1.1 Million** – Central Oregon Coast Fire and Rescue District to acquire the land and a building.

- **\$2.4 Million** – Terrebonne Sanitary District to construct a septic tank effluent pump (STEP) wastewater collection system.
- Authorizes changes the project authorized in the 2023 legislative session from the International Port of Coos Bay Federal Navigation Channel modification project to the Columbia River Levee System improvements, being run by The Flood Safety District in Multnomah County, from Sauvie Island to the Sandy River in Troutdale. Changing the project allows the 2025 lottery revenue bond proceeds to be used on the Columbia River Levee System project and allows the 2026 lottery revenue bonds to be issued for the International Port of Coos Bay Federal Navigation Channel modification project. Both projects are funded with \$20 million in net lottery revenue bond proceeds.

Other allocations of interest include: \$10 Million for the Industrial Site Loan Fund for industrial land development projects. This brings the total net proceeds authorized for funds in the 2025-27 biennium to \$20 million. And the Oregon Business Development Department, Brownfields Redevelopment Fund: approved modifying the \$10 million in net lottery bond proceeds authorized in SB 5531 (2025) for the Brownfields Redevelopment Fund to \$5 million, with the remaining \$5 million approved for the Brownfield Properties Revitalization Fund. This will allow support for remediation and removal actions to support properties classified as brownfields as well as redevelopment actions

WATER – Bills that Passed

HB 4005 – Water Professional’s Week

Chapter Law: 5 Effective: June 5, 2026

This measure designates an annual Water Professionals Appreciation Week from the first Saturday in October through the following Sunday to encourage public water and wastewater agencies to host educational outreach events and promote public awareness of the industry and career opportunities in Oregon. **See HB 4004 under Finance & Taxation for additional water-related statutory changes.*

SIGNIFICANT BILLS THAT FAILED

- **HB 4002 – Bill Limits:** Limited lawmakers to no more than 25 proposals each during a long legislative session, and the governor and state agencies to no more than 200 combined aside from budgeting bills.
- **HB 4006 – Color of Water:** limited to Umatilla and Morrow Counties.

- **HB 4049 – Harney Basin Water:** Would have let ground water users in Harney Valley make agreements to limit their water use.
- **HB 4055 – Cybersecurity Incidents:** Would have required a local government, local service district or special government body to notify and submit a report to the State Chief Information Officer within 48 hours of an information security incident or ransomware incident.
- **HB 4094 – Unused Vacation Leave Payout:** Would have required employers who provide paid vacation time to compensate employees for all earned or accrued but unused paid vacation time when employment terminates.
- **HB 4105 – Sustainable Timber Harvest:** Required the State Forester to establish sustainable harvest levels for harvesting timber on state forestland and manage available state forestland.
- **HB 4109 – Repeal Pay for Strikes:** Repealed SB 916 (2025) unemployment benefits for striking workers.
- **SB 1514 – HB 3115 (2021) Repeal:** Repealed bill that established objective reasonableness as a statewide standard, for city and county laws regulating the use of public property with respect to persons experiencing homelessness.
- **SB 1530 – Threats to Public Officials:** Made it a felony to threaten a public official or their family with the intent of causing alarm.
- **SB 1541 – Climate Superfund:** Required the largest oil and gas companies to pay damages for disasters fueled by climate change in Oregon.
- **SB 1562 – Transient Lodging Tax:** Allowed city and county services for which net local transient lodging tax revenue may be used to be provided either directly by the city or county or indirectly by a special district.
- **SB 1566 – PRW Threshold Increase:** Would have modified the Prevailing Wage law to raise the threshold from \$50,000 to \$250,000 in 29 counties and exempted certain housing projects from the requirements.
- **SB 1593 – Recreational Immunity:** Required OBDD to study the creation of a new inland port.

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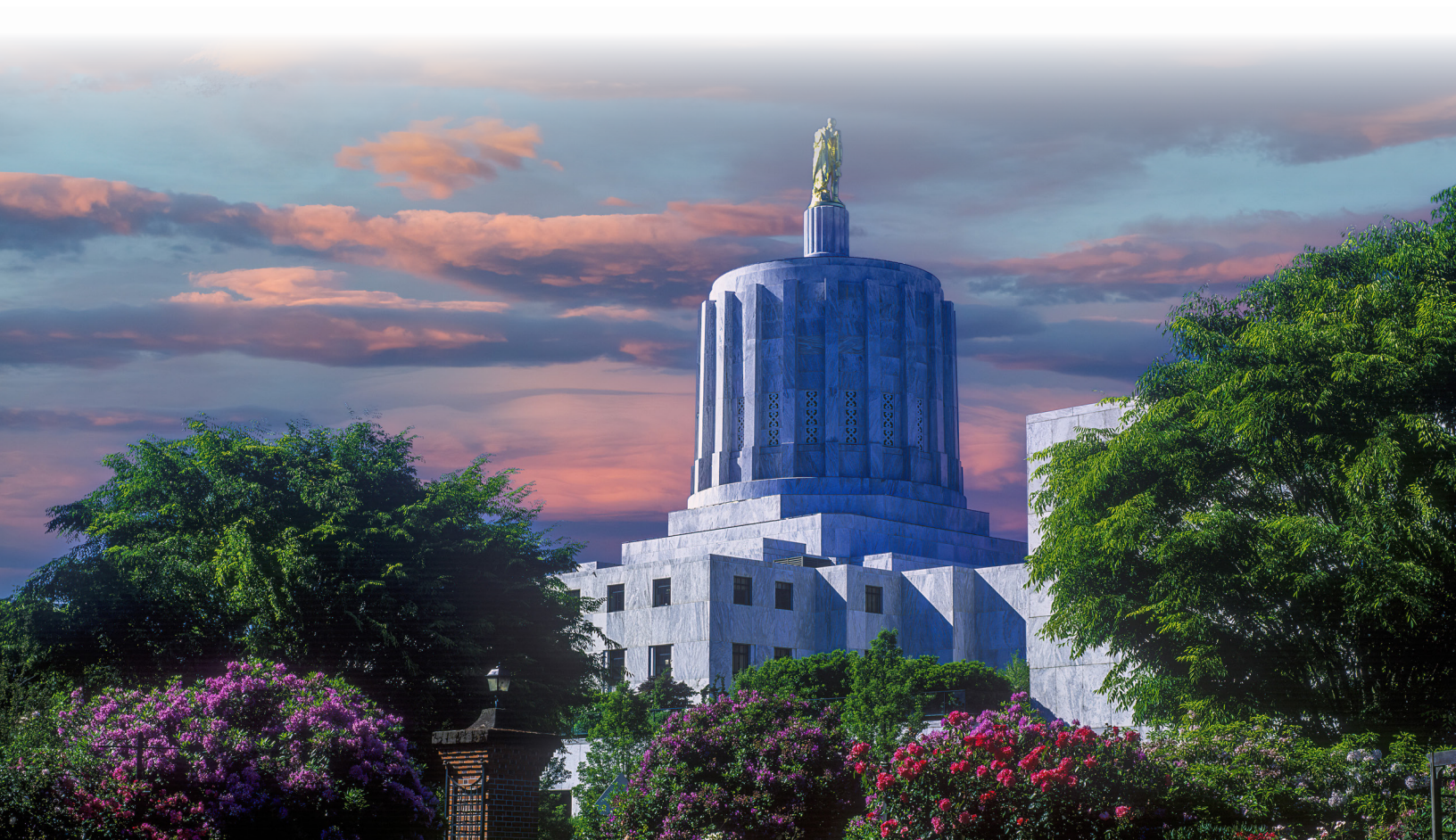
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2026 LEGISLATIVE SESSION

— IN REVIEW —