State mulling higher wildfire premiums, deductible

By HILLARY BORRUD
Capital Bureau

Courtesy Grant County Sheriff's Department

Lloyd's of London has offered the state wildfire insurance coverage with substantially higher premiums and deductibles.

SALEM — Officials at the Oregon Department of Forestry are getting anxious, as Oregon heads into fire season without the wildfire insurance policy the state has traditionally purchased.

Forest landowners, lawmakers and other state officials are mulling over a proposal that would more than double Oregon's wildfire insurance deductible, from $20 million to $50 million.

"As far as the Department of Forestry is concerned, if there's going to be a policy, we'd like to see it in place as soon as possible because the last two years we've seen fires early in the season," said Rod Nichols, a spokesman for the Oregon Department of Forestry. "Because of the dry, warm conditions, we could see fires early on be substantial. This is the fifth year now of drought in the Northwest and Oregon."

The state usually has a policy in place by April, but the past two costly wildfire seasons caused insurers to reconsider whether to issue coverage to the state. The state "sent a contingent to London" earlier this year to present a case for Lloyd's to continue insuring the state, said Tim Keith, administrator of the Emergency Fire Cost Committee that oversees money raised through fees paid by forest landowners. Oregon State Forester Doug Decker is currently discussing the proposal with lawmakers and the other officials who will decide whether to purchase a policy this year.

"He's talking with them because it is a major budgeting decision," Nichols said.

For several decades, the state has used money from forest landowners and the general fund to purchase a policy from Lloyd's, the London insurance market. Oregon is the only state in the nation to purchase a wildfire insurance policy. Severe wildfires in 2013 and 2014 caused the company to increase the cost of the policy this year.

Nichols said there is no hard deadline for the state to decide whether to purchase the policy, but state lawmakers must pass a budget by June 30.

This year, Lloyd's said it would issue a policy with $25 million in coverage, which would kick in after the state spends at least $50 million on wildfire suppression. The premium would be $3.75 million. Last year, the state paid a premium of $2 million and received $25 million in coverage, after it had spent $20 million on firefighting.

Nichols said it could raise questions for some people that the state would consider an insurance policy with a deductible twice the amount of the coverage, but the state's situation is different than many conventional purchasers such as an individual who buys homeowners insurance. That is because the state views the $50 million deductible as its spending budget for fire protection. Nichols said that during severe fire seasons, the insurance policy is a buffer that prevents firefighting costs from eating into the state general fund and taking money away from other programs.

This story first appeared in the Oregon Capital Insider newsletter. To subscribe, go to oregoncapitalinsider.com

MINIMUM WAGE: Also considering paid sick leave

Continued from 1A

crease their labor costs, in part because workers higher on the wage scale also would expect an increase.

Oregon businesses have competitors around the globe, including in countries with significantly lower labor costs, said John Zielinksi, a farmer who grows pears, apples peaches and hazelnuts near Salem.

"To retain our employees, we will need to pay wages well above the minimum wage, making pears and apples from Oregon less competitive than fruit from other states and countries," Zielinksi, who is president of the Marion County Farm Bureau, told the Senate Workforce Committee.

At least 10 bills have been introduced dealing with the minimum wage. Proposals range from setting the floor at $10.75 to $15 per hour, with effective dates ranging from 2016 through 2018.

Some of the bills would merely lift the statewide pre-emption that prevents local jurisdictions from adopting their own minimum pay laws. The option is a potential compromise if lawmakers can't reach a consensus on where to set the floor or how quickly to phase it in.

In addition to raising the minimum wage, the Legislature also is considering requiring businesses to offer paid sick leave. Business groups said it would be difficult for them to absorb both a paid leave mandate and a higher minimum wage.

NEPAL: BMCC festival continues through Thursday

Continued from 1A

Enslin said. "They told them to stop learning to read and write and go home and cook rice."

In recent years, she said, "women have made a lot of progress. There are active feminist groups throughout Nepal that want to get rid of some archaic ideas."

Enslin, now divorced, lives north of Enterprise near Flora, where she writes and raises yaks. Her son periodically returns to Nepal, "straddling cultures and families."

The BMCC Arts & Culture Festival continues through Thursday on the Pendleton campus and Thursday and Friday in Hermiston. For a complete schedule, go to bluecc.edu.

Contact Kathy Aney at kaney@eastoregonian.com or call 541-966-0810.

Marijuana may spur home-building on farmland

By MATEUSZ PERKOWSKI
Capital Bureau

SALEM — Legalized marijuana in Oregon may spur more home-building on farmland unless regulators revise existing land use rules, according to legal experts.

To build a dwelling on high-value farmland, the property must generate at least $80,000 in gross revenues for several years under current rules.

Because marijuana sells at prices far beyond conventional crops, it would be relatively easy for landowners to meet that income test and build more homes in farm zones, legal experts say.

"People who want to protect farmland are afraid of speculation — not for growing marijuana, but for development," said Rob Bovett, legal counsel for the Association of Oregon Counties, during a recent forum on marijuana policy. "I suspect some of those rules will be tweaked."

Voters approved legalized recreational marijuana in Oregon last year, and the Oregon Liquor Control Commission is aiming to write regulations for commercial production of the psychoactive crop by 2016.

Oregon's land use system is intended to permit farm dwellings for commercial growers and discourage "martini farms," but marijuana has thrown the current income-based approach into question, said Bill Kabeiseman, a land use attorney.

"The economic implications of marijuana growing have changed the underpinning of the rule," Kabeiseman said.

The possibility that lawmakers and regulators will change the income test, possibly with a marijuana-specific provision, is more likely than a marijuana-fueled surge in home-building, he said.

For example, Oregon lawmakers are considering a proposal that would disallow dwellings in conjunction with marijuana production on land zoned for exclusive farm use.

Leland Berger, an attorney for marijuana businesses, said he's concerned about that concept because marijuana growers face security risks and may want to live near their crop.

"I think there's got to be a better way to structure that," he said.

Marijuana legalization has also raised questions about whether the crop will make growers eligible for property tax deferrals.

Bovett of the Association of Oregon Counties, said that marijuana will probably end up qualifying for such deferrals but some counties will probably seek to restrict its cultivation in farm zones.

Whether counties have the legal authority to prohibit or limit marijuana production is still being debated.

Oregon counties may enact local regulations unless clearly pre-empted by state law, Sean O'Day, legal counsel for the League of Oregon Cities, said.

O'Day said that local ordinances for marijuana are not pre-empted by Measure 91 — which legalized the crop — but marijuana attorney Leland Berger said that was the initiative's intention.

Revisions being considered by lawmakers may strengthen language that pre-empts local ordinances on marijuana production and processing, Berger said.

Even so, counties could argue that they are allowed to regulate marijuana because the Oregon statute is pre-empted by federal law, under which the crop remains illegal, Kabeiseman said.

The Capital Bureau is a collaboration between EO Media Group and Pamplin Media Group.

FREY: Police considering the possibility of more victims

Continued from 1A

department received a call on April 4 regarding Frey that led to an investigation and his arrest April 6. Roberts is out of the office this week and Pendleton police Lt. Bill Caldera said the department will not release any more information until the investigation is complete.

Frey was in the Umatilla County Jail, Pendleton, but is now in the Northern Oregon Correctional Facility, The Dalles, in lieu of $150,000 bond.

Roberts also stated police are considering the possibility of more victims and plan on obtaining search warrants. District Attorney Dan Primus said he will present evidence from the case to a grand jury this week for an indictment. Frey's next court appearance is Friday.