



SESSION SUMMARY

2026 Legislative Session



April 2026

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Introduction

The 2026 legislative session began on February 9 with a long agenda from legislative leadership. From balancing dramatic deficits forecasted for the state budget to addressing federal action and affordability issues, the Legislature considered 304 measures (bills, resolutions, memorials), proposed 599 amendments, held 299 public hearings and 414 work sessions in 279 committee meetings, and received 33,223 pieces of written testimony. In the end, the Legislature adjourned sine die at 4:17 p.m. on Friday, March 6, ending the 2026 session. In just 33 days, legislators sent 104 bills to Governor Kotek’s desk for signature.

The 2026 legislative session was situated between two significant political moments: the successful effort to refer the revenue raising elements of the 2025 transportation package to voters and the upcoming gubernatorial election. As such, the session was marked by partisan, political tension and frequent delays and pauses on debating legislation. Despite the looming tensions, legislators balanced the state’s budget, tackled large policy issues, and even adjourned a couple days early.

The LOC is proud to report key victories for cities in this report, highlighted below. The LOC sets biennial legislative priorities ahead of the long session. We [set ambitious goals](#) for ourselves in October 2024 for the 2025 and 2026 legislative sessions and have made great progress, as indicated by the following legislative wins:

- **Revenue:** The LOCAL Act ([HB 4148](#)) passed, providing flexibility for how local governments use their transient lodging revenue;
- **General Government:** The [Oregon Government Ethics Commission package](#) also passed, providing clarity on public meetings and government ethics requirements;
- **Land Use:** [HB 4035](#) and [HB 4082](#) both passed, giving cities more flexibility when looking at options to expand their urban growth boundaries for housing;
- **Infrastructure:** [SB 1585](#) lowers grant matching requirements for cities on a sliding scale. Despite some uncertainty in the waning days of the session, the bill passed!; and
- **Water Workforce:** [HB 4005](#) created a “Water Professionals Appreciation Week” and was signed into law by Governor Kotek on March 5.

This report also includes legislation impacting cities and the work they do across policy areas. Additionally, it includes policies that were considered but did not advance in the session. The report is not a comprehensive list of all legislation introduced; the [Legislative Policy and Research Office has released its comprehensive 2026 Legislative Summary Report](#). New in this year’s report is a section for city action, detailing where cities may want or need to review their code.

State Budget

The Oregon Legislature entered the session needing to balance the state’s budget. A \$750 million deficit was forecasted due to H.R. 1 and an uncertain economic outlook. Several different factors have helped fill part of the budget gap, resulting in lower cuts than initially expected. This includes:

- Updated figures from agencies on implementing new requirement from H. R. 1 reduced the gap slightly;

- The disconnect package, SB 1507, disconnected Oregon from certain parts of the federal tax code meaning \$311 million of revenue no longer forgone due to the changes in H. R. 1; and
- An improved revenue forecast – a \$650 million increase from the previous forecast.

This resulted in much less dramatic reductions for the state. However, budget authors forecast that additional reductions will have to be addressed in future sessions as state revenues and existing state operations are not fiscally aligned.

In addition to the overall state budget, the Oregon Department of Transportation (ODOT) budget deficit was not addressed by staffing and supply reductions. ODOT faced a \$288 million deficit created by the ballot referral of most portions of the 2025 Transportation Package that raised revenue. More on how the state is addressing that gap is included below.

General Reductions

As a consequence of the reduced budget gap described above, there was not the level of cuts initially expected. Programs were largely left whole, with most cuts coming from agencies holding vacancies and tightening their services and supply budgets. There were decreases in some programs related to declines in specific revenue sources like the Oregon Lottery, criminal fines, marijuana, and corporate activity.

While this biennium’s cuts were minimal, we do expect more dramatic cuts in the 2027-2029 biennium related to H.R. 1 and ongoing revenue constraints. The disconnect package will continue to reduce the size of the cuts that are needed to balance the budget, but the 2025-2027 biennium was expected to have the smallest deficit in current service level operations for the state. The LOC expects more reduction conversations for both the 2027-2029 and 2029-2031 biennia.

ODOT Reductions

As of the publishing of this document, the 2025 transportation package is expected to appear on the May 2026 ballot. This creates a gap of approximately \$288 million that legislators addressed in this session. As part of the budget rebalance the following cuts or reductions were made:

- Vacancy savings and service and supply reductions – no layoffs at ODOT, approximately \$78.2 million;
- Flexibility for the ODOT State Highway Fund to support operations and maintenance, \$35 million;
- Redirection of other ODOT funds, \$20 million;
- Redirection of federal funds away from projects, \$85 million;
- Cancellation of a Highway 36 project, \$6 million;
- Pause of the Multimodal Active Transportation Fund and Student Driver Training Fund, \$12 million;
- Reduction of Connect Oregon*, \$42 million; and
- Reduction of Safe Routes to School*, \$17 million.

*For both Connect Oregon and the Safe Routes to Schools program, ODOT expects some

funds to remain. The LOC will communicate with its membership about program availability for the 2027 grant cycle as additional information is provided.

New and Increased Investments

Despite the challenging budget landscape, the Legislature did choose to make some new or continued investments in this biennium. Below are the investments with the highest nexus to cities:

General Fund Investments:

- \$10 million for Regional Infrastructure Fund (pop. Less than 25,000);
- \$10 million for universal representation, immigrant services, refugee assistance;
- \$6 million for 2027 wildfire season;
- \$5 million for Industrial Site Loan Fund; and
- Additional investments were made.

Bond Investments:

- Up to \$367.6 million in bonds or certificates of participation to finance capital improvements at the Moda Center;
- \$100 million for affordable housing development and preservation;
- \$57.9 million for capital projects at public universities;
- \$2.1 million for a state park acquisition;
- \$84.6 million lottery bonds to support 24 projects, including city projects:
 - City of Vale Water, System Improvements, \$3,000,000;
 - City of Gold Hill, Water Lines, \$1,500,000;
 - City of Warrenton, New Wastewater Treatment Plant, \$4,000,000;
 - City of Philomath, N. 19th Street Sewer Infrastructure for Housing Production, \$2,650,000;
 - City of Eugene, Clear Lake Road Economic Development Infrastructure, \$5,000,000;
 - City of Carlton, S.E. Carlton Water Distribution Improvements, \$1,800,000;
 - City of Lebanon, Wastewater Treatment Plant Biosolids Project, \$2,000,000;
 - City of St. Paul, Main Water Line Repair/Replacement, \$2,614,150;
 - City of Lafayette, Canyon View Pump Station Replacement, \$1,400,000;
 - City of Chiloquin, New Regulatory Compliant Wastewater Treatment Facility, \$4,274,549;
 - City of Silverton, New Wastewater Treatment Plant, \$5,000,000; and
 - City of Grants Pass, Spalding Industrial Park Wastewater Infrastructure Upgrade, \$2,000,000.

Bills Impacting Cities

In this year's report, the LOC has noted specific legislation that may require city action. Not all cities will be required to act on each bill listed below, but the LOC encourages city attorneys and/or administrators to review these pieces of legislation closely.

- **HB 4005**: Water Professionals Appreciation Week - Infrastructure and Natural Resources

- [HB 4035](#): SB 1537 (2021) Housing UGB Expansion Updates – Land Use
- [HB 4037](#): House Housing Omnibus Bill – Land Use
- [HB 4076](#): Exempts Certain Energy Projects from State Land-Use Goals – Energy and Environment
- [HB 4082](#): One Time UGB Expansion for Manufactured Home Parks and Senior Housing – Land Use
- [HB 4084](#): Governor’s Economic Development Package - Economic Development
- [HB 4100](#): Bulk Fuels Storage – Energy and Environment
- [HB 4138](#): Masking for Law Enforcement – Public Safety
- [HB 4148](#): Transient Lodging Tax Flexibility - Revenue
- [SB 1516](#): Automated License Plate Reader Regulations – Public Safety
- [SB 1521](#): Inclusionary Housing and Zoning Updates - Housing
- [SB 1561](#): Replacement Dwellings Changes - Housing

2026 LEGISLATION

Economic Development DID PASS:

[HB 4084](#): **Governor’s Economic Development Package.** HB 4084 establishes the Joint Permitting Council in the governor’s office to administer a fast track permitting program. Qualifying projects, capped at 15, must make certain capital investments and advance job creation or growth in gross domestic product through targeted industry clusters. The bill requires certain state agencies to publish a one-time catalog of certain permits issued relating to economic development projects as well as report opportunities to streamline permit processes and provide fee relief. HB 4084 also replaces the standard enterprise zone designation requirements relating to area median income, unemployment rate, and economic hardship with a requirement that the zone sponsor demonstrates need for economic development in area.

These standards expand potentially eligible business firm operations to priority industries identified by sponsor resolution. In addition, the bill expands the additional exemption period available after year three, from up to two additional years to up to 10 additional years, if requested by enterprise zone sponsor. A late amendment to the bill prohibits data center properties from authorization as an eligible business firm in standard term enterprise zones prior to 90 days after the adjournment of the 2027 legislative session. The Legislature dedicated \$15 million to Business Oregon for the Industrial Site Loan Fund for 2025-27 biennium. The bill goes into effect on the 91st day after sine die (June 5).

City Action: Only requires action if your city is an enterprise zone sponsor.

Economic Development DID NOT PASS:

[HB 4104](#): **FISH and CHIPS Act.** This bill would have authorized the Oregon Business Development Department (Business Oregon) to award grants and loans from the Oregon Fostering Innovation Strength at Home (FISH) and Creating Helpful Incentives to Produce Semiconductors (CHIPS) Fund (FISH & CHIPS Fund) to qualifying businesses within targeted industries that have not applied for federal semiconductor assistance.

SB 1586: JOBS Act. SB 1586 would have expanded the research and development income tax credit for semiconductor companies to include “qualified alternative energy production company” and “qualified biotechnology company”. The bill expanded the availability of 25% refundable tax credit and modified certification of tax credit. The bill would have allowed a city or county to create a property tax exemption for new or modernized machinery and equipment used by an advanced manufacturing business, and it would have made school support fee in lieu of property taxes optional for standard enterprise zone exemption and long-term rural enterprise zone exemption. SB 1586 also would have reduced employment requirements to qualify as an eligible employer for the Industrial Site Readiness Program. The bill also would have directed certain state agencies to establish deadlines by which the agency intends to process applications for permits and to publish a catalog of permits issued. Lastly, SB 1586 would have added rural reserves in Washington County to Metro for high-technology and advanced manufacturing purposes. The LOC supported this legislation during public hearings, but the bill did not advance.

Emergency Preparation, Management, and Response DID PASS:

HB 4033: Oregon Volunteers in Disaster Database. HB 4033 transfers all responsibility for the Oregon Volunteers in Disaster database from the Higher Education Coordinating Commission to the Oregon Department of Emergency Management. The bill declares an emergency, effective on its passage. The governor has not signed this bill as of April 2, 2026. Please visit the webpage linked for the most recent information.

HB 4121: Emergency Response Preparedness. HB 4121 creates statewide emergency preparedness offices and authorities to coordinate emergency management. It creates new offices, authorities, and advisory councils, including: the Oregon Statewide Preparedness Authority for Response Training and Intergovernmental Continuity of Imperative Services (SPARTICIS) within the Department of Administrative Services; the Statewide Preparedness Authority for Response Coordination (SPARC) within the Department of Public Safety Standards and Training (DPSST); the All-Hazards Statewide Responder Database Oversight Authority within the DPSST; the Statewide Regional Training Office within the DPSST; and more. The bill also expands Oregon’s resilience hub network and creates new accounts and programs, including two FEMA-like assistance programs (Oregon Public Assistance Grant Program and Oregon Individual Grant Program). HB 4121 requires SPARC to make, in future state biennia, multiple \$20 million grants to entities looking to create emergency facilities in specific regions. The Legislature did not fund those grants. Additional provisions of the bill require counties to submit a biennial report to the Legislature about their emergency preparedness, among other provisions. The bill goes into effect on January 1, 2027.

SB 1551: HOAs and Fire Hardened Materials. SB 1551 invalidates deed restrictions and homeowners association provisions that prohibit the installation of fire-hardened building materials or the removal of non-fire-hardened building materials. The bill goes into effect on the 91st day after sine die (June 5).

Emergency Preparation, Management, and Response DID NOT PASS:

HB 4044: State Emergency Management. HB 4044 would have established the Office of Resilience and Emergency Management within the Oregon Department of Human Services.

This is an existing office that is not currently in statute. The bill would have also amended a provision related to the Oregon Disaster Response Fund and established the Oregon Public Assistance Grant Program and the Oregon Individual Assistance Program. The bill received unanimous support from the policy committee but did not advance out of the budget committee.

HB 4056: Resources for Forest Patrols. HB 4056 would have provided \$9 million to offset potential increases to the landowner forest patrol assessments. The bill received no action during the legislative session.

SB 1540: Insurance. SB 1540 would have established requirements for insurers that use select risk-management methods or models to assign risk to residential properties or communities, requiring insurers to submit those methods or models to the Oregon Department of Consumer and Business Services for review and approval. It would have required insurers that use certain models and methods to consider community-level or property-specific mitigation actions when assessing risk and provide lower insurance rates when such actions reduce risk. The bill also would have required insurers to publish information on risk classifications, mitigation opportunities, discounts, and appeal rights, and establish an appeals process. SB 1540 applied only to fire, casualty, property, and homeowner insurance policies. The bill received public hearings but did not advance to the Senate floor.

Energy and Environment DID PASS:

HB 4025: Residential Utility Rate Increases. HB 4025 permits utility providers, other than electric or gas, to raise rates during certain times of the year. This is a technical fix from 2025 to address seasonal differences based on the type of utility. The bill goes into effect on the 91st day after sine die (June 5).

HB 4031: Expedited Energy Facility Siting. HB 4031 exempts a renewable energy facility from needing a site certificate from the Energy Facility Siting Council if the energy facility produces power from a renewable energy source, qualifies for certain federal renewable energy tax credits, and is placed in service on or before December 31, 2030. The bill goes into effect on the 91st day after sine die (June 5).

HB 4076: Exempts Certain Energy Projects from State Land-Use Goals. Originally introduced as a study bill, HB 4076 was amended to allow exemptions to state land use goals for renewable energy generation projects that meet certain conditions. HB 4076 includes preemption of local government exclusive farm use (EFU) land use planning. The bill goes into effect on the 91st day after sine die (June 5).

City Action: Cities may want to review ordinance to ensure EFU land use exemption is captured for future large scale renewable energy projects.

HB 4077: Public Utility Insurance Securitization. HB 4077 allows a public utility, upon approval by the Oregon Public Utility Commission, to issue bonds and securitize debt for costs and expenses incurred by the public utility associated with a self-insurance or captive insurance program. The bill goes into effect on the 91st day after sine die (June 5).

HB 4100: Bulk Fuels Storage. HB 4100 requires owners or operators of bulk oils or liquid fuels terminals to obtain a certificate of financial responsibility from the Oregon Department of Environmental Quality. The bill declares an emergency, effective on its passage. The governor signed this bill on March 31st.

City Action Required. Preempts local governments from requiring financial assurance that exceeds or is in addition to the requirements of HB 4100.

Energy and Environment DID NOT PASS:

HB 4032: Emergency Fuel Storage Sites. HB 4032 would have directed the Oregon Department of Energy to evaluate and prioritize geographically dispersed emergency fuel storage sites.

HB 4046: Nuclear Energy Study. HB 4046 would have directed the Oregon Department of Energy, subject to the availability of funding, to conduct a study on nuclear energy, including advanced nuclear reactors. Nuclear power generation conversations have picked up in recent years, with Umatilla County seeking a one-time exclusion to the state moratorium against nuclear energy projects.

HB 4129: Low Carbon Fuels. HB 4129 would have capped low carbon fuel standards at a 10% reduction and preempted local governments from banning large fuel tanks.

SB 1526: “FORGE Act” Green Bank for Clean Energy. SB 1526 would have required the Oregon Department of Energy to apply for money and seek grants to establish a fund and independent board to support clean energy and resilience projects.

SB 1541: Establishes the Climate Superfund Cost Recovery Program. SB 1541 would have established a superfund cost recovery program account and created the climate superfund cost recovery program to: assess financial impacts of greenhouse gas emissions emitted between January 1, 1995, and December 21, 2024; and recover costs from responsible entities.

SB 1582: Distributed Power Plant. SB 1582 would have required electric companies to formalize distributed power plant programs that compensate customer-owned distributed energy resources such as batteries, load control devices, and electric vehicles, for providing grid services.

SB 1588: Inclusive Utility Investment Program. SB 1588 would have required each electric company to develop an inclusive utility investment program to provide financing for customers' energy efficiency upgrades or renewable energy projects.

SB 1597: Power Generation Waste Transparency. SB 1597 would have mandated an electric utility provider to disclose to the public the costs of storing nuclear waste when used to generate electric power.

General Government DID PASS:

HB 4159: Local Government Representation on the Oregon Government Ethics

Commission. HB 4159 is part of an ethics reform package and primarily ensures that a member of the Oregon Government Ethics Commission (OGEC) will have local government experience. The bill also prevents the OGEC from publishing the privileged information they collect through the investigation of an executive session complaint. The bill takes effect on January 1, 2027.

HB 4161: Prohibited Use of Office Exemption for Food, Beverages and Merchandise. HB

4161 is part of a package of ethics reform bills and allows public officials, defined as all employees, volunteers and elected members of a governing body, to accept food, beverages and \$100 in branded or commemorative merchandise from the public body they serve. Adverse advisory opinions from the Oregon Government Ethics Commission indicated that accepting food at events and meetings provided by the agency for which a public official serves would likely be a prohibited benefit of office. The bill declares an emergency, effective on its passage. The governor has not signed this bill as of April 2, 2026. Please visit the webpage linked for the most recent information.

HB 4177: Serial Meeting Reform. HB 4177 clarifies changes made to open meeting laws made in 2023. The bill changes the definitions of “convening,” “meeting,” and “deliberation” while continuing to prohibit 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. It also adds types of communications that are allowed and not considered public meetings. HB 4177 also requires members of governing bodies with budgets greater than \$1 million to be trained on open meetings law before the end of their first year in office. Additionally, the bill extends the time frame for filing a complaint against a public body from 30 to 90 days.

The legislation was the result of an extensive workgroup process that included the Oregon Government Ethics Commission staff, local government representatives, bi-partisan legislators, and a media representative. Passage of reforms to open meetings law that have been confusing and poorly implemented was an LOC priority for 2026. The bill takes effect on the 91st day following adjournment sine die (June 5) and sunsets on December 31, 2027.

HB 4178: Rounding Policies. HB 4178 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 under which the final digit will be rounded to the nearest five-cent increment. The bill requires adopted rounding policies to be applied consistently, and signs to be posted to notify the public of the policies. It 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. This bill was introduced to address the shortage of pennies as the U.S. Treasury phasises them out. An amendment was adopted to clarify responsibilities for government entities. HB 4178 declares an emergency, effective on its passage. The governor has not signed this bill as of April 2, 2026. Please visit the webpage linked for the most recent information.

SB 1517: Recreation Liability Waivers. SB 1517 is Senator Prozanski’s bill, originally focused on providing liability waiver relief to the skiing industry. The LOC opposed the introduced version of SB 1517 as it provided no remedy for cities or the broader recreation industry in Oregon. Through multiple amendments and negotiations, the LOC was able to take a neutral position on the bill. SB 1517 declares an emergency, effective on its passage. The governor has not signed this bill as of April 2, 2026. Please visit the webpage linked for the most recent information.

City Action Required: Review and update internal policies to reflect limited liability waiver framework permitted under SB 1517.

General Government DID NOT PASS:

HB 4098: Unlawful Trade Practices Act. HB 4098 would have expanded Oregon’s tort landscape by removing targeted insurance practices from the definition of exemptions under the Unlawful Trade Practices Act and adding private rights of action against insurance companies.

SB 1593: Recreation Liability Waivers. SB 1593 was Senator Meek’s recreational liability waiver bill that sought to re-validate recreation liability waivers across recreation industries in Oregon. The LOC originally supported this bill as the preferred option to SB 1517. This bill was ultimately found by Senate Leadership to apply too broadly and died in the Senate Rules Committee.

Infrastructure and Natural Resources DID PASS:

HB 4005: Water Professionals Appreciation Week. HB 4005 designates an annual “Water Professionals Appreciation Week” from the first Saturday in October through the end of the following Sunday to encourage public water and wastewater agencies to host educational outreach events and to promote public awareness of the industry and career opportunities in Oregon. The bill was an LOC priority as it keeps attention on the workforce issues in the field. The bill goes into effect on the 91st day after sine die (June 5).

City Action: Mark calendars and incorporate this into advocacy with your state legislators on water workforce needs.

HB 4020: Changes to state agency permit processes. HB 4020 requires certain state agencies to specify the authority to justify the denial of a permit application and provide the applicant with a guide on how to contest the denial. The impacted agencies are the Oregon Department of Environmental Quality, the Oregon Department of Transportation, the Oregon Department of State Lands, the Oregon Department of Energy, and the Oregon Department of Geology and Mineral Industries. The bill goes into effect on the 91st day after sine die (June 5).

HB 4102: Expedited permit processes. HB 4102 modifies the statute authorizing the Oregon Department of Environmental Quality (DEQ) to enter into an agreement with an applicant, permittee, or regulated entity to expedite or enhance a regulatory process. Known as receipts authority, it allows the DEQ to hire additional staff to help with permitting processes if the applicant pays additional costs. The bill goes into effect on the 91st day after sine die (June 5).

HB 4144: Safe and Responsible Management of Batteries. HB 4144 prohibits covered producers from selling, offering for sale, or distributing batteries or battery-containing products in or into Oregon unless they participate in a battery producer responsibility organization that successfully implements a battery producer responsibility program. The LOC supported the bill. HB 4144 goes into effect on January 1, 2027.

SB 1585: Lower Matching Grants for Cities. SB 1585 caps the maximum matching fund requirements for seven state grant programs to cities with a population of 20,000 or fewer. This was an LOC priority bill, and staff worked closely with bill sponsors to pass it in the 2026 session. SB 1585 goes into effect on the 91st day after sine die (June 5).

City Action Required: If applying for one of seven grants, update information and see if new, and lower, match applies to your project.

Infrastructure and Natural Resources DID NOT PASS:

HB 4006: Water Rights with Points of Diversion on the Columbia River. This geographically specific legislation would have allowed an intergovernmental entity (Northeast Oregon Water Association) to manage water supplies through a more holistic approach, like irrigation districts and other governmental entities that deliver water. The LOC supported the bill.

HB 4019: Changes to State Agency Permit Processes. HB 4019 would have required certain agencies to base approval or denial of an application for a new permit on the rules and standards that are applicable at the time that the agency determines the application is complete. The bill received no action during the session.

HB 4030: Recycling Modernization Act Exemptions. HB 4030 and its proposed amendments would have shifted the burden of managing recycled materials back onto Oregon communities and undermined the goals and principles of the Oregon's Plastic Pollution and Recycling Modernization Act. The LOC opposed the bill.

HB 4049: Harney Basin Water Management. HB 4049 would have authorized the Oregon Water Resources Commission to encourage and approve voluntary agreements between ground water users in the Greater Harney Valley Groundwater Area of Concern to achieve reasonably stable ground water levels.

Land Use DID PASS:

HB 4035: SB 1537 (2021) Housing UGB Expansion Updates. HB 4035 makes changes to the one-time urban growth boundary expansion process originally created in SB 1537 (2024). There are four key changes to the original framework which make the tool more flexible:

- “Severely” is struck for the cost burden and rent burden metrics;
- “Undeveloped” is defined;
- If more than 80% surrounded by resource land, cities may now use this tool if they follow the processes outlined in the bill; and
- The cap for the amount of land cities with a population of 25,000 or greater can bring in is increased to 150 acres.

Additional guidance was read into the record regarding how to interpret the term “developed.” There are additional sections specifically regarding the city of Woodburn. The bill declares an emergency, effective on its passage. The governor signed this bill on March 31st.

City Action: Only if you are interested in using this tool. Reach out to Alexandra Ring (aring@orcities.org) if you have questions about intent or the legislative record.

HB 4037: House Housing Omnibus Bill. This omnibus bill addresses a range of housing-related issues, including clarifying eligibility for city and county housing project funding programs and modifying the long-term affordability enforcement of publicly supported housing projects. HB 4037 expands the category of one- and two-family dwellings eligible for exemption from mandatory plan review by removing the restriction to conventional light frame construction. The bill also modifies local government review procedures for housing development applications subject to the clear and objective standards requirement. It creates new provisions governing residential tenancies affected by a natural disaster. It restructures and expands the priority order for the acquisition of surplus state-owned real property. Additionally, it makes changes related to urban reserves and by right affordable housing. The bill goes into effect on the 91st day after sine die (June 5). Section 17 (Review of Housing Applications) goes into effect July 1.

City Action: Related to Section 16 (Building Plan Review), the bill will affect which developments have to undergo mandatory plan review and may change permitting staff needs and fee costs. Related to Section 17 (Review of Housing Applications), cities will need to update ordinances and codes regarding when notices are sent, and which housing applications will require public hearings.

HB 4082: One Time UGB Expansion for Manufactured Home Parks and Senior Housing. This bill allows cities and Metro to add land to an urban growth boundary specifically for housing for older individuals, manufactured dwellings, prefabricated structures, or manufactured dwelling parks, including existing units or parks within the existing review process by the Oregon Department of Land Conservation and Development created by Senate Bill 1537 (2024). The bill establishes criteria and timelines for review, limits the acreage that may be added, restricts hearings, and requires long-term affordability and use restrictions. HB 4082 goes into effect on the 91st day after sine die (June 5).

City Action: Only if you are interested in using this tool. Reach out to Alexandra Ring (aring@orcities.org) if you have questions about intent or the legislative record.

HB 4108: Non-Contiguous Annexation for the City of Eugene. HB 4108 allows the city of Eugene to annex certain noncontiguous land without holding a public hearing or submitting the annexation to city electors, notwithstanding contrary provisions in the city’s charter or ordinance, only when 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, 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 and sewer services from the city or a contracted operator or a primary water supplier and be accessible by public

road. The bill 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. HB 4108 goes into effect on January 1, 2027.

HB 4153: Farm Store Bill. The bill creates a new designation of “farm store” for land use purposes on land zoned for farm use (Exclusive Farm Use, EFU, zones). This is intended to address existing issues with the farm stand rules and only applies on county land. The bill:

- Defines terms with respect to permitted uses in EFU zones;
- Creates new side boards related to square footage and what may be sold in farm stores;
- Specifies agritourism activities as a permitted use of farm store structures;
- Authorizes a farm store’s farm-to-table meal operation to include onsite kitchen facilities licensed by the Oregon Health Authority and places limits on the food and beverage services those kitchen facilities provide; and
- Authorizes counties with relevant land use jurisdiction to adopt specific siting standards for farm stores.

The bill goes into effect on January 1, 2027.

Land Use DID NOT PASS:

SB 1514: Camping Regulation Repeal. The bill proposed to repeal ORS 195.530 or House Bill 3115 (2021), which established the objectively reasonable 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. It was originally scheduled to receive a hearing after the deadline, but advocates in favor of SB 1514 asked for the hearing to be cancelled since the bill missed key deadlines to advance in the 2026 session.

SB 1522: Urban Reserve Updates. SB 1522 was introduced as a placeholder bill. Amendments were considered to change which criteria a city may use when establishing urban reserves. These conversations were led by the city of Bend. While the bill did not pass, the amendments proposed were eventually added to HB 4037.

SB 1564: City of Woodburn One Time UGB Expansion. SB 1564 proposed to add a specific tract of land to Woodburn’s urban growth boundary for the purposes of housing development. While this bill did not pass, provisions were added to HB 4035 to address the city of Woodburn’s needs.

SB 1578: New Rural Residential Development. SB 1578 would have allowed rural counties to zone up to 50 acres for homes and allow more rural accessory dwelling units (ADUs) at a density of less than 30 people per square acre. The bill would have expanded allowable development of ADUs to farmland with certain existing nonfarm dwellings. SB 1578 also would have allowed the development of larger rural ADUs. The bill did not pass due to challenges with infrastructure provisions and concerns about creating further loopholes in the land use system.

SB 1566: Changes to Prevailing Wage for Affordable Housing. SB 1566 would have exempted some affordable housing projects, and certain public works projects related to affordable housing, from Oregon’s prevailing wage law. The bill received a public hearing but did not advance out of the policy committee.

HB 4113: Metolius River Conservation Housing Offset. The –1 amendment was a full replacement of the bill. The amendment would have replaced statutory references to a “small-scale recreation community” with a new development concept termed a “conservation-offset housing opportunity” and revised the conditions under which such a development may be approved in connection with a Metolius resort site. It also would have extended the deadline for a Metolius resort site owner to apply to a county for approval of a conservation-offset housing opportunity to January 1, 2037. It required that at least one-half of residential units be subject to long-term affordability restrictions for households with incomes at or below 130% of area median income. The amendment would have established standards governing commercial uses, infrastructure, water and sewer service, water conservation, impervious surface limits, stormwater management, and preservation of natural resource functions. HB 4113 did not pass due to strong opposition.

Housing DID PASS:

HB 4036: Affordable Housing Preservation. This bill establishes the Housing Opportunity, Longevity and Durability (HOLD) fund to support the preservation of affordable housing and authorizes \$25 million in Article XI-Q General Obligation bonds for deposit into the fund. It continuously appropriates HOLD money to the Oregon Housing and Community Services (OHCS) department for acquiring, constructing, remodeling, repairing, equipping, or furnishing affordable housing that is at risk of loss and that is or will be owned or operated by the state. HB 4036 requires OHCS to submit a report to the Legislature by December 1, 2026, evaluating state laws, departmental policies, and practices that negatively affect the efficiency, effectiveness, or cost of operating affordable housing, as well as opportunities to streamline, reduce, or eliminate reporting requirements. The bill declares an emergency, effective on its passage. The governor has not signed this bill as of April 2, 2026. Please visit the webpage linked for the most recent information.

HB 4123: Landlord Tenant Information Privacy. HB 4123 limits the circumstances under which a landlord may disclose confidential tenant information, including specified personal, financial, employment, immigration, medical, disability, and protected-class information, as well as records related to the assertion of certain tenant rights and protections under state and federal law. The bill also authorizes statutory damages for individuals affected by knowing violations. HB 4123 goes into effect on the 91st day after sine die (June 5).

HB 4128: 90 Day Waiting Period for Private Equity to Buy Homes. This bill creates restrictions on the purchase of single-family residences by certain large institutional real estate investors and related entities, requiring that the residence be publicly listed for sale for at least 90 consecutive days immediately preceding the covered entity’s offer or acceptance of an offer. HB 4128 authorizes any person, without a showing of harm, to bring a civil action within five years of a sale or acquisition for violations and to seek injunctive relief. It additionally applies to offers to purchase or acquire a single-family residence conveyed by a covered entity

on or after the bill's effective date. The bill goes into effect on January 1, 2027.

SB 1521: Inclusionary Housing and Zoning Updates. These changes to the state's inclusionary housing statute allow local governments in the Portland Metropolitan Statistical Area to require that new multiunit residential developments include a minimum number of affordable units only if they offset the expected loss in marginal value caused by the requirement. The bill allows a local jurisdiction to set the level of affordability for rental housing at a threshold lower than 80% of the area median income and updates the definition of "multiunit housing" to refer to buildings of 10 or more units (instead of three or more units). SB 1521 also updates and adds definitions relating to a local regulation of affordable housing development. The bill goes into effect on January 1, 2027, but operative dates vary.

City Action: None required if the city does not operate an inclusionary housing program. These provisions become operative for new developments containing rental housing on January 1, 2028, and for all new developments on January 1, 2029.

SB 1561: Replacement Dwellings Changes. SB 1561 requires a local government to approve the application for restoring or replacing a damaged dwelling under a process that is not a land use decision, if the application for repair or replacement was filed within three years of the destruction of the original dwelling. The bill requires that the replacement dwelling not exceed 125% of the floor area of the original dwelling, be adequately served by utilities and roads, and be located at least partially within the footprint of the former building (except as needed to comply with local flood regulations or avoid a natural hazard). The replacement dwelling must comply with applicable building codes that were in effect on the date that the original dwelling was damaged or destroyed. Local governments can require an applicant to give notice to certain nonparties and provide these parties with an opportunity to submit written comments. The bill goes into effect on January 1, 2027.

City Action: This will require internal changes in policies and procedures for cities.

SB 1567: Mixed Income Development Fund. SB 1567 creates the Mixed Income Development Fund at Oregon Housing and Community Services (OHCS), allowing OHCS to develop and implement a program to provide below-market, short-term loans for the development of mixed income housing. OHCS must adopt rules to establish program eligibility criteria, the method by which the interest rates and terms are set, the proportion of housing units that must be restricted units, the minimum duration for which restricted units must be affordable (which must be at least the term of the loan); and the means by which a project that receives a loan ensures affordability of restricted units through an affordable housing covenant. The Legislature allocated \$20 million to the fund. The bill goes into effect on the 91st day after sine die (June 5).

SB 1576: Accessible Affordable Housing Act. SB 1576 extends the authority of the director of the Oregon Department of Consumer and Business Services to include adopting more stringent standards for covered multifamily dwellings and other types of dwellings for purposes of compliance with the Fair Housing Act. The bill requires that any subsidized rental development for which Oregon Housing and Community Services (OHCS) provides funding

must comply with Section 504 of the federal Rehabilitation Act of 1973. It updates the definition of “accessible” as it applies to affordable and subsidized housing. SB 1576 allows OHCS and the DCBS director to adopt rules and take any other action before the operative date that may be necessary to enable them to undertake and exercise the duties mandated by the bill. [SB 1567](#) bill goes into effect on the 91st day after sine die (June 5).

Public Contracting DID PASS:

[HB 4012](#): Unlicensed Contractor Enforcement Assessment. HB 4012 as amended requires the Oregon Construction Contractor Board to consult with the Oregon Bureau of Labor and Industries to execute a targeted assessment initiative to investigate the utilization of unlicensed construction labor contractors on job sites. The bill goes into effect on the 91st day after sine die (June 5).

[HB 4016](#): Tax Compliance for State Contracting. HB 4016 seeks to enhance state income tax compliance oversight. The bill requires an Oregon Department of Revenue Tax Compliance Certificate to be provided by a contractor prior to the award of a state contract. The LOC successfully worked with stakeholders to amend the bill to exclude cities from being impacted by this new procurement requirement. The bill goes into effect on the 91st day after sine die (June 5).

[HB 4027](#): BOLI Expense Fund. HB 4027 creates the Oregon Bureau of Labor and Industries (BOLI) Expense Fund and permits the directors of the Oregon Department of Consumer and Business Services and BOLI to set and collect an assessment from employers and employees to deposit in the BOLI Expense Fund and Workers Benefit Fund. The bill specifies the number of positions BOLI can hire through the fund. HB 4027 goes into effect on the 91st day after sine die (June 5).

[HB 4089](#): Wage Theft. HB 4089 increases the penalties for direct contractors who knowingly enter into contracts for services with an unlicensed contractor or subcontractor. The LOC and stakeholders successfully worked on two iterations of amendments to ensure this bill applied to the contracting industry as intended, and not to cities. The bill goes into effect on January 1, 2027.

Public Contracting DID NOT PASS:

[HB 4010](#): Mandatory Change Order Payment. HB 4010 would have required cities that procure public improvement contracts or contracts for public works that require additional work outside the scope set forth in the public improvement contract or contract for public works to issue change orders for the additional work within a specific time or to pay interest for failing to do so.

[HB 4093](#): Regulation of Employment/Hiring Practices. HB 4093 would have mandated that a “support person” accompany an employee when discussing reasonable accommodations with employers and would have prohibited use of physical requirements in job descriptions unless accompanied by related job duties.

HB 4150: Anti-Human Trafficking. HB 4150 would have required prospective contractors, subcontractors and grant recipients to attest that they do not and will not transport individuals detained by federal agencies for the purpose of deportation, except in accordance with judicial orders.

SB 1506: Worker Benefit Fund. SB 1506 would have allowed the Oregon Department of Consumer and Business Services and the Bureau of Labor and Industries to adjust the assessment that funds the state's Worker Benefit Fund. This concept was passed through HB 4027.

Public Safety DID PASS

HB 4099: Task Force on Responding to Veterans in Crisis. HB 4099 creates a new task force with fourteen members, including a seat for an LOC member. The bill requires the task force to develop a proposal to ensure all Oregon counties have a veteran crisis response team with at least two individuals trained in veteran crisis response, and to submit a report to the Legislature's interim committee on emergency management and veterans by September 15, 2026. The Oregon Department of State Police will provide staff support. The bill takes effect on the 91st day following adjournment sine die (June 5) and sunsets on December 31, 2027.

HB 4138: Masking for Law Enforcement. HB 4138 prohibits law enforcement officers from wearing face coverings during the normal course of their duties. However, the bill also allows officers to wear masks when necessary for health and safety purposes and to protect undercover detectives. The legislation further requires police uniforms to display a name tag or other individual identifier and a patch to identify the employing agency. Masking for normal duties is not a practice Oregon agencies engage in. HB 4138 may also apply to federal agencies that do routinely mask during regular duties. The bill declares an emergency, effective on its passage. The governor signed this bill on March 31st.

City Action: Cities should review their policies for officer masking, if applicable.

SB 1516: Automated License Plate Reader Regulations. SB 1516 is known as an "omnibus" bill as it deals with multiple topics of interest to cities in the regulation of automatic license plate readers (ALPR). Police departments will continue to use this technology, which has proved useful in solving serious crimes, but SB 1516 creates limitations. ALPR data may be retained for 30 days, and the bill limits the utilization of the technology to criminal enforcement. SB 1516 also places restrictions on public records requests for this data. The bill declares an emergency, effective on its passage. The governor signed this bill on March 31st.

City Action: Cities should review their policies for ALPR, if applicable.

Revenue and Finance DID PASS:

HB 4052: Tax Credit for New Banks. HB 4052 creates a corporate income tax credit for Oregon-chartered banks that are new to the state in their first three years of operations. It exempts banks formed by mergers or conversions that have filed an Oregon tax return in a previous year. The tax credit is set at the amount of tax due up to \$1 million a year, allowing unused credits to be carried forward for up to three tax years. The Oregon Department of

Consumer and Business Services will provide information to the Department of Revenue about banks eligible for the credit. The tax credit is available to banks that commence business in Oregon in tax years beginning on or after January 1, 2027, and before January 1, 2033. The bill passed both chambers without any opposition. HB 4052 goes into effect on the 91st day after sine die (June 5).

HB 4130: Farm Tax Special Assessments. HB 4130 states that lands under certain farm crop and farm product processing facilities that are currently employed for “farm use” may qualify for the farmland special assessment. It requires an owner of exclusive farm use (EFU) land under such processing facilities to apply for the first year of the special assessment. HB 4130 requires an owner of non-EFU land under such processing facilities to include information in the application demonstrating that the facility meets the definition of “processing facility.” It applies to tax years 2027–2028 and later.

HB 4148: Transient Lodging Tax Flexibility. HB 4148 creates additional flexibility for the use of revenue from transient lodging taxes (TLT) imposed after 2003 on public services. Current law requires 70% of those taxes to be spent on tourism promotion and only allows 30% to be spent for city needs. The bill changes that split to 50% for each purpose and expands the use of the tourism component to include resiliency grants for small businesses in the restaurant and lodging industry. Lastly, HB 4145 requires cities to provide information to the Legislature regarding a city’s TLT, including the tax rate, revenue collected, use of funds, and more. This bill has been a long-term LOC priority as existing law left local residents paying for tourism-related costs. The bill takes effect on the 91st day following adjournment sine die (June 5) and the flexibility for TLT revenue is effective January 1, 2027.

City Action: For cities with a TLT or potentially creating one, consider this flexibility when crafting a budget. Prepare to meet new reporting requirements. The LOC can collect required reporting information and report on behalf of cities with a TLT.

SB 1507: Federal Tax Code Limited Disconnect. SB 1507 selectively disconnects Oregon from the federal tax code related to [H.R. 1](#) changes. The Legislature contemplated broader disconnect but only disconnected from three elements:

1. Vehicle loan interest deduction – requires qualified passenger vehicle loan interest deducted by a taxpayer on their federal tax return to be added to income reported on their Oregon income tax return;
2. Qualified small business stock – requires gain from the exchange or sale of qualified small business stock that is excluded from a taxpayer’s federal income tax return to be added to income reported on their Oregon personal income tax return; and
3. Bonus depreciation – disallows bonus depreciation for property placed in service in tax years 2026;

SB 1507 connects Oregon to the rest of the federal tax code, including the new provisions excluding overtime and tips as income. The bill also creates a new tax credit for taxpayers creating jobs (\$1,000 per new net job) and increases resources for the Oregon Earned Income Tax Credit. The bill goes into effect on the 91st day after sine die (June 5).

SB 1510: Omnibus Revenue Bill. SB 1510 includes multiple provisions updating Oregon's tax laws. It updates corporate income tax references to align with federal changes. It also clarifies the sunset for the Oregon Earned Income Tax Credit. SB 1510 expands the use of the Oregon Production Investment Fund and extends the sunset of the cargo container property tax exemption by six years. The bill clarifies fuel license tax exemptions for Indian tribes. It also extends the applicability of pass-through business alternative income tax and related personal income tax credit by two years (tax years 2026 and 2027). Lastly, SB 1510 changes requirements for 'enrolled agents' as overseen by the Oregon State Board of Tax Practitioners. The bill goes into effect on the 91st day after sine die (June 5).

HJM 201: Wildfire Survivor Tax Break. This House Joint Memorial urges the U.S. Congress to pass legislation to permanently extend federal tax cuts for wildfire victims.

Revenue and Finance DID NOT PASS:

HB 4014: International Income Task Force. HB 4014 would have created a Task Force on Taxation of International Income, consisting of eleven members, including four Representatives, two Senators, and one member each from Oregon based labor unions, Oregon based businesses, and international corporations based in Oregon, plus an Oregon based expert on international income tax policy and a nationally recognized expert on international income tax policy. The task force would have investigated whether changes to Oregon's tax code could improve or simplify the state's tax treatment of international income as well as explore other statutory changes. The task force would have submitted a report by December 1, 2026. The bill passed the House on a 32-26-2 vote but received no action in the Senate.

HB 4015: Federal Tax Code Connection. HB 4015 would have reconnected Oregon to the federal tax code as amended by the federal government in 2025. Oregon has a history of connecting and disconnecting from the federal tax code. SB 1507 (2026) passed and created a selective disconnect from the federal tax code. The bill received no action during the legislative session.

HB 4064: HOA Assessments. HB 4064 would have required homeowner association (HOA) assessments for properties deeded to a county. The bill permitted HOAs to record a lien on impacted priorities. HOAs would be required to provide notice to the county on the assessment. Lastly, the bill would have appropriated \$4 million to a specific HOA to pay back a loan used to pay a Department of Environmental Quality fee. HB 4064 received no action during the legislative session.

HB 4078: Tax Subtractions Related to Wildfire Resolution. HB 4078 would have expected awards and legal fees paid from corporate excise and income taxes as part of wildfire lawsuits. Taxpayers would have been permitted to amend a return to claim a refund for the earliest tax year in which a subtraction is allowed (2018). The bill received no action during the legislative session.

HB 4125: Revenue Forecast Methodology. HB 4125 would have changed the method used to produce the quarterly economic and revenue forecast. The bill would have required the use

of estimates in the lower range for budgeting purposes but still produce a high end of the revenue forecast. A "Close-of-Session" forecast would have incorporated the greatest positive difference between forecasted and actual revenues over the previous five biennia. By November 15 of each odd-numbered year, the Oregon Department of Revenue would have been required to estimate the prior biennium the amount equal to the difference between the personal kicker estimate as the difference between the Close-of-Session forecast, creating the One-Time Emergencies and Finance Fund. These resources would have been used for: reduction of the unfunded liability of PERS; capital projects, debt service, or emergency expenses. The bill received no public hearing but did not advance out of the policy committee.

HB 4136: Mortgage Interest Tax Deduction Changes. HB 4136 would have reformed mortgage interest tax deductions (MIDs). The bill would have limited MIDs to primary residents only, unless a taxpayer lived in their home during the tax year or three months before. It would have also required the Oregon Department of Revenue to transfer revenue collected from the MID changes to the Homeownership Opportunity Account for the purpose of providing down payment assistance payments that are administered through home ownership programs or nonprofit organizations. The bill received no public hearing but did not advance out of the policy committee.

SJR 201: Kicker for Schools and Wildfires. This Senate Joint Resolution proposed an amendment to the Oregon Constitution to change how surplus revenue (i.e., the 'kicker') is distributed. If the amount of the surplus is greater than \$300 million, one half would be returned to personal income taxpayers and one half deposited into reserve accounts. Funds in the reserve accounts would be used in equal amounts for public education (K-12 and community colleges), and wildfire prevention and suppression. SJR 201 also would have adjusted the \$300 million threshold for inflation at the close of each biennium. It would have referred the proposed amendment to the voters for their approval or rejection at the next regular general election. The bill received no public hearing but did not advance out of the policy committee.

SB 1511: Estate Tax Updates. SB 1511 would have converted the existing \$1 million estate tax exemption threshold to a deduction from estate value before calculation of tax. The bill included a new tax table with increased tax rates. SB 1511 would have phased in estate tax liability, as calculated from the tax tables, beginning at 0% for the \$2.5 million subject threshold and increasing to 100% for estate value exceeding the threshold by \$500,000. Starting in 2027, estates with gross value below \$2.5 million would not have had to file a tax return starting in 2027. The \$2.5 million subject threshold would be adjusted for inflation beginning in 2028. The bill passed with broad, bipartisan support in the Senate but did not advance out of the House Committee on Revenue.

Telecommunications, Cybersecurity, and AI DID PASS:

HB 4140: Telecom Scrap Metal Definition. HB 4140 modifies the definition of "commercial metal property" to include telecommunications equipment for the sake of criminal penalties and requires scrap metal businesses to check ownership of certain types of commercial metal property before purchasing or receiving the property. The bill goes into effect on January 1, 2027.

SB 1546: Artificial Intelligence Transparency. SB 1546 defines new requirements for AI companion platforms operators. It defines “AI companion platform,” “National 9-8-8 suicide and crisis lifeline,” and among other definitions, “youthline.” SB 1546 also establishes a private right of action for users harmed in violation of the requirements. The bill goes into effect on January 1, 2027.

Telecommunications, Cybersecurity, and AI DID NOT PASS:

HB 4055: Cyber Security Incident Notification. HB 4055 would have required local governments to notify the Oregon State Chief Information Officer upon the realization of a cyber security incident. The LOC registered concerns with the structure of the bill and has committed to working with stakeholders on a cyber security breach notification bill for 2027.

HB 4103: Establishes Aaron Woods Commission on Artificial Intelligence. HB 4103 would have established a commission on AI (named after late Oregon Senator Aaron Woods) to look at the state's use of AI. The bill also involved the Oregon Department of Administrative Services hiring a person to create a privacy, data protection and AI plan for the state.

Transportation DID PASS:

HB 4007: Micromobility Devices and Milk Trucks. HB 4007 defines “powered micromobility devices,” sets age requirements and other requirements for them, establishes new violations and penalties and allows local governments to regulate use on their facilities. The bill also directs the Oregon Department of Transportation to establish a new five-year pilot program for overweight milk trucks, limited to state highways. Lastly, HB 4007 delays a report on the Highway Cost Allocation Study. The bill passed with broad, bipartisan support. Most provisions are effective on the 91st day after sine die (June 5), but some are effective on January 1, 2027.

City Action Optional: HB 4007 maintains cities’ ability to regulate these newly defined devices through time, place, manner regulations or outright prohibition.

SB 1544: Dismantlers and Transit Funding. SB 1544 was introduced as a placeholder bill. Amendments were adopted at a Monday evening committee meeting after being introduced over the weekend. The bill, as amended, directs cities or counties to approve supplemental dismantler certificates under the same circumstances as standard dismantler certificates, and removes renewals from these requirements. SB 1544 removes the requirement that dismantler and supplemental certificate holders receive local government approval to renew their certificates. In addition, the bill allows intergovernmental entities that provide public transportation services on behalf of counties or Tribes to designate a public transportation service provider as the designated qualified entity for distributing funds from the Statewide Transportation Improvement Fund. SB 1544 passed with broad, bipartisan support and goes into effect on the 91st day after sine die (June 5).

City Action May be Required: Cities are encouraged to review their codes or policies related to dismantlers to ensure compliance with the modified approval authority.

SB 1599: Moving the Date of the Transportation Referendum. SB 1599 reschedules the date for the portions of [HB 3991 \(2025 special session\)](#) that were referred to voters via [Referendum Petition 2026-302](#) to the primary election held on May 19, 2026, rather than the general election in November. The bill requires the referendum to use the latest ballot title certified by the attorney general on the ballot and voters' pamphlet if the Oregon Supreme Court review process has not been completed by March 12, 2026. It also establishes alternative processes and timelines for the referendum, including having a joint legislative committee prepare the explanatory statement and financial estimate for printing in the voters' pamphlet. SB 1599 was passed narrowly in both chambers and was signed by the governor on March 2, 2026. The bill was effective upon passage.

Transportation DID NOT PASS:

HB 4008: Transit Funding Task Force. HB 4008 would have created a task force to examine transit funding needs in the state. The group would have been made up of representatives from across the state in different sectors to determine the level of funding needed to maintain adequate transit service statewide and a funding mechanism for transit. A report would have been due to the Legislature on December 1, 2026. The bill received a public hearing and passed with a 5-2 vote to the Ways and Means Committee. HB 4008 received no action in the budget policy committee.

HB 4009: Per-Mile Road Fee. HB 4009 would have required electric vehicles to pay per mile driven, rather than pay fuel taxes, or to opt for a flat fee instead. The bill would have directed the Oregon Department of Transportation to calculate the rate needed each year for upkeep of the road system if every car paid the per mile driven tax. HB 4009 would have also narrowed electric vehicle rebates to lower-income households and limited rebates to one per household until demand for the rebate met supply of money for the rebate. The bill received a public hearing but did not advance out of the policy committee.

HB 4023: Limits Mass Transit Funding. HB 4023 would have prevented mass transit districts from raising revenue for their operations without putting the issue before voters. The bill received no action during the 2026 session.

HB 4063: Kei Trucks. HB 4063 would have permitted a new motor vehicle on Oregon roads. Kei trucks are manufactured in Japan or South Korea and are smaller and lighter than vehicles currently on the road. The bill would have exempted Kei trucks from statutes where racing vehicles are exempt. HB 4063 received no action during the 2026 session.

HB 4081: Photo Radar on Highway Work Zones. HB 4081 would have modified how photographic speed enforcement may be used in highway work zones, allowing for the operation of photo radar in work zones without the Oregon State Police or law enforcement from a jurisdiction present. The bill received a public hearing and passed with a 6-1 vote to the Ways and Means Committee. HB 4081 bill received no action in that budget policy committee.

HB 4085: Autonomous Vehicles. HB 4085 would have established a statewide framework for the deployment of autonomous vehicles (AVs). The Oregon Department of Transportation (ODOT) would have issued permits to companies to enable operation of AVs without an on-

board driver, defining “driver” as the company that owns the AV and exempting them from some driver duties. While permits would be valid in perpetuity, ODOT could remove a permit for safety reasons. The bill also would have preempted local governments from regulating AVs and assessing fees or taxes on AVs. The LOC opposed the bill and testified in opposition during the public hearing. The bill sponsor, Representative Susan McLain, pulled the bill from consideration to work collaboratively with local governments and other stakeholders ahead of the 2027 legislative session.

HB 4090: Lower Car Registration Fees for Certain Communities. HB 4090 would have permitted counties with a population of greater than 700,000 to create a zone (or zones) where the median household income was less than a certain threshold (left blank in the introduced bill) and the county could eliminate or charge lower car registration fees within that zone. The county would be required to create a regional plan to address revenue impacts and report to affected cities. The state would also adopt rules to address revenue impacts. The bill received no action during the 2026 session.

HB 4126: Per Mile Road User Charge Study. HB 4126 would have required the Oregon Department of Transportation (ODOT) to submit a biennial report to the Legislature recommending a rate for the per-mile road usage charge that would sustainably raise the revenue necessary to maintain Oregon public highways, including county roads and city streets. ODOT would have submitted the first report in January 2027. The bill received a public hearing and was advanced from the policy committee on a 5-2 vote but received no action in the budget committee.

SB 1542: Measure What You Drive. SB 1542 would have directed the Oregon Transportation Commission (OTC) to develop and maintain a 10-year capital investment plan that included a scoring methodology to rank projects in the Statewide Transportation Improvement Program by priority and region of the state. The bill would have specified certain criteria and target goals that must be used, required cost-benefit analyses for projects, and would have directed the OTC to post this work on its website. SB 1542 received a public hearing but failed to advance out of the policy committee.

SB 1543: Guardrails for Good Governance. SB 1543 would have modified the make-up and duties of the Oregon Transportation Commission (OTC). It would have increased the size of the OTC to include two nonvoting state legislators, required geographic and travel mode representation among voting members, and added term limits. The bill would have directed the OTC to develop a debt financing management policy with specified criteria, given the OTC review authority for debt finance requests from the Oregon Department of Transportation, and increased reporting and public notice requirements for transportation projects. SB 1543 received a public hearing but failed to advance out of the policy committee.

SB 1591: Creation of a Port Study. SB 1591 would have required Business Oregon to study the creation of an inland port. The port would have been located in the counties of Deschutes, Jefferson or Crook, and known as the Port of Central Oregon. The bill received no action during the 2026 session.

Conclusion

The LOC relies on the engagement of its member cities to make an impact at the Legislature. We thank the cities that submitted testimony, testified via Teams or in person, reached out to their legislators, and helped us pass all 2026 LOC priority legislation this session. We also invite all member cities to continue engaging with the LOC and in the legislative process. Just as it's important for the LOC to hear from you, we encourage member cities to engage with their legislators. The LOC has produced an online "Lobbying 101" training to support cities in that engagement. Please watch for opportunities to learn more and contact the LOC Intergovernmental Relations Team with any questions.

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In addition, LOC [policy committees](#) are meeting this spring and summer to create the 2027-28 priorities and advise on updates to the [Oregon Municipal Policy](#). All members are invited to engage in this process and share feedback with LOC leads for further discussion. In addition, the LOC will release a survey in 2026 to inform updates to the Oregon Municipal Policy, the foundational document that guides our policy development efforts. We hope to hear from you!

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