

**Enrolled**  
**House Bill 3291**

Sponsored by Representatives CLEM, GIROD

CHAPTER .....

AN ACT

Relating to annexation of districts by cities; amending ORS 222.510 and 222.540.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** ORS 222.510 is amended to read:

222.510. Whenever the entire area of a rural fire protection district, a water district, including a domestic water supply corporation [*or a water control district*], a park and recreation district, a highway lighting district, a county service district, a special road district, road assessment district or a sanitary district or authority, lawfully organized and existing, becomes incorporated in or annexed to a city in accordance with law, the district [*shall be*] **is** extinguished and the city shall, upon the effective date of [*such*] **the** incorporation or annexation, succeed to all the assets and become charged with all the liabilities, obligations and functions of the district. The district officers shall forthwith deliver to the city officers the district assets and records. Uncollected taxes theretofore levied by [*such*] **the** district [*shall*] become the property of the city and **must** be delivered to it by the county treasurer upon collection.

**SECTION 2.** ORS 222.540 is amended to read:

222.540. (1) When a part of a water district, including [*a water control district or*] a domestic water supply corporation, is [*thus*] withdrawn, the district shall, by action of its governing body, turn over to the city, of which the withdrawn area becomes a part, its water mains, service installations, structures, facilities, improvements and other property in the area withdrawn from the district that are not necessary for the operation of the remainder of the water control or water supply system of the district. All water mains, service installations, reservoirs, structures, facilities, improvements and other property [*which*] **that** are necessary for the district to continue maintenance and operation of its water control or water supply system [*shall*] remain the property of the district, regardless of whether they are located within or without the city. If the city is not satisfied with [*such*] **the** property division made by the district governing body, or if, within 90 days from the effective date of the withdrawal, the district governing body has failed to make a division, the city's governing body may request the county court or board of county commissioners of the county in which the property is situated to decide upon [*such a*] **the** division.

(2) After giving 10 days' notice and an opportunity to be heard to the district governing body, the court or board shall, in accordance with the standards of guidance provided in this section for the district governing board, divide the property.

(3) The decision of the county court or board of commissioners [*shall be*] **is** binding upon all parties in interest, except that an appeal may be taken therefrom for abuse of discretion in arriving at the decision to the circuit court of the county in which the property withdrawn is located within 30 days from the announcement of the decision. The functions of the district [*shall*] **must** be con-

tinued in the entire preexisting area [thereof] by the district until the final determination of the division of property.

(4) This section [shall] **does** not prevent the governing bodies of the city and the district from arriving at a binding agreement for a joint operation of the water or other facilities of each that will be beneficial to and equitable for the inhabitants and property owners of each after the withdrawal of part of the water district.

**Passed by House April 25, 2007**

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Chief Clerk of House

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Speaker of House

**Passed by Senate May 18, 2007**

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President of Senate

**Received by Governor:**

.....M.,....., 2007

**Approved:**

.....M.,....., 2007

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Governor

**Filed in Office of Secretary of State:**

.....M.,....., 2007

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Secretary of State