

**Enrolled**  
**House Bill 2807**

Sponsored by Representative WINGARD; Senator STARR (at the request of Special Districts Association of Oregon) (Presession filed.)

CHAPTER .....

AN ACT

Relating to annexation of territory by districts; creating new provisions; amending ORS 198.860 and 198.900; and prescribing an effective date.

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

**SECTION 1. Section 2 of this 2011 Act is added to and made a part of ORS chapter 198.**

**SECTION 2. Upon dissolution of a district pursuant to ORS 198.920, a district that was formed under the same principal Act as the district that was dissolved may annex, pursuant to ORS 198.850 to 198.867, all or any part of the territory of the dissolved district.**

**SECTION 3. ORS 198.860 is amended to read:**

198.860. (1) After the date of entry of an order by the county board annexing territory to a district, the territory annexed shall become subject to the outstanding indebtedness, bonded or otherwise, of the district in like manner as the territory within the district, **unless otherwise provided in a debt distribution plan established under ORS 198.900.**

**(2) On and after the effective date of the annexation of territory:**

**(a) The outstanding indebtedness, bonded or otherwise, of the annexing district and the territory annexed may be allocated pursuant to an approved debt distribution plan.**

**(b) The territory annexed is subject to the permanent rate limit established, and any local option taxes imposed, by the annexing district.**

**SECTION 4. ORS 198.900 is amended to read:**

198.900. (1) A petition for **annexation**, merger or consolidation may include a debt distribution plan to be voted upon as a part of the proposal. The plan may provide for any distribution of indebtedness and may require that **the annexing district and any territory annexed, or merging or consolidating districts and any city to be joined to the surviving or successor district, remain solely liable for all or any portion of any indebtedness outstanding at the time of the annexation, merger or consolidation.**

(2) If the merger or consolidation is approved, the district board of the successor or surviving district shall, in accordance with the plan, levy taxes and assessments for the liquidation of any prior existing indebtedness. Such a levy shall be subject to the principal Act of the consolidated or merged district.

**SECTION 5. This 2011 Act takes effect on the 91st day after the date on which the 2011 session of the Seventy-sixth Legislative Assembly adjourns sine die.**

**Passed by House February 23, 2011**

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Ramona Kenady Line, Chief Clerk of House

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Bruce Hanna, Speaker of House

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Arnie Roblan, Speaker of House

**Passed by Senate May 31, 2011**

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Peter Courtney, President of Senate

**Received by Governor:**

.....M,....., 2011

**Approved:**

.....M,....., 2011

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John Kitzhaber, Governor

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

.....M,....., 2011

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Kate Brown, Secretary of State