

REVENUE: Revenue statement issued
FISCAL: No fiscal impact

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	6 - 1 - 0
Yeas:	Cameron, Davis, Frederick, Thatcher, Unger, Clem
Nays:	Holvey
Exc.:	0
Prepared By:	Lynn Beaton, Administrator
Meeting Dates:	2/19, 3/21, 3/28, 4/16

WHAT THE MEASURE DOES: Defines “extraterritorial service” as service provided by district or city outside of boundaries of same district or city, or service provided by municipal electric utility outside of incorporated boundaries of city which owns and operates utility. Allows city or district to require landowner to consent to eventual annexation of property before providing extraterritorial service, except that city or district may not require annexation if: extraterritorial service being provided is pursuant to intergovernmental agreement (IGA) with another local government; contract containing landowner’s consent is not required by either IGA or comprehensive plan for area; and extraterritorial service is not one of five specified services. Allows cities and districts to require landowner to agree to eventual annexation in exchange for providing the following: water service, sewer service, storm water service, constructing a road or street to provide first paved access to landowner’s property, and service provided by a municipal electric utility.

ISSUES DISCUSSED:

- List of services that are included in intergovernmental agreements
- Possible effects of “hostage” annexation on landowners
- Possible financial burden on cities or districts
- Examples of hostage annexation

EFFECT OF COMMITTEE AMENDMENT: Replaces measure.

BACKGROUND: Annexation is the process of incorporating a piece of property into the boundaries of a city, making the property and those who live there eligible for services provided by the city. This action can be initiated by the city or by the landowner. Annexation is a locally driven process with guiding state statutes, including ORS Chapters 195 and 222. Current law allows a city or district to enter into a contract with a landowner and require the landowner’s consent to eventual annexation in exchange for services.

Through intergovernmental agreements, a city or special district may provide services to landowners outside its territory, on behalf of the county or other local government. “Hostage” annexation occurs when a city or district requires a landowner to agree to eventual annexation in exchange for providing services to the landowner.

House Bill 2028-A would create statutory authority for cities and special districts to require consent to eventual annexation in exchange for providing extraterritorial services. House Bill 2028-A would also limit the services that cities and special districts can hold “hostage.”