

PRELIMINARY STAFF MEASURE SUMMARY**CARRIER:**

Senate Committee on Senate Health Care

REVENUE: Minimal revenue impact**FISCAL: No fiscal impact (introduced)****Action:****Vote:****Yeas:****Nays:****Exc.:****Prepared By:** Zena Rockowitz, Administrator**Meeting Dates:** 3/9, 4/8

WHAT THE MEASURE DOES: Authorizes electors in affected territory to propose plan for abating health hazard other than annexation of territory or extraterritorial extension of city or district services to territory. Requires cost effectiveness as criteria to consider by Oregon Health Authority or Environmental Quality Commission before approving or rejecting alternative plan. Alters number of residents necessary to petition local board of health to initiate annexation proceedings to abate health hazard. Permits withdrawal of petition of annexation before annexation is final. Applies to proceedings in which annexation of affected territory is not final. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Provides alternative plan to eliminate danger to public health without annexation and extension of services
- Allows Oregon Health Authority to look at cost effectiveness
- More input for citizens in process
- Property owners have addressed their own issues without annexation
- Small number of signatures impact thousands of people
- Options include engineering
- Annexation creates high cost of construction

EFFECT OF COMMITTEE AMENDMENT: -2 Amendment: Clarifies that cost analysis for alternative plan to annexation is only appropriate when proposed by city to respond to petition. Requires 40 percent of residents to sign petition to annex. Directs withdrawal of petition if subtracted from number of petitions would reduce the number of petitioners below 40 percent of residents of territory. Clarifies if petition is withdrawn before OHA finds danger to public health exists, all proceedings will be terminated. Clarifies if petition is withdrawn after a danger to public health exists, alternative plan can be evaluated. Clarifies when annexation or extension is final.

BACKGROUND: ORS 222.885 and 222.890 allows annexation of a territory or district to allow people to gain access to sewer or waterlines, if water quality is poor (e.g., failing water and septic systems). This is intended to provide people living outside a city with safe drinking water and prevent communicable diseases. A health hazard abatement process can be proposed by a city, local board of health, local boundary commission, or petition to the local board of health by 11 residents of a territory. When Oregon Health Authority (OHA) is presented with a resolution with a proposal for annexation, OHA investigates conditions to determine if a danger to public health exists. OHA will then hold a hearing, and if the finding is upheld, a city council or governing body of a district of the affected territory may adopt a resolution for an alternative plan to annexation. OHA and the Environmental Quality Commission review alternative plans, and may reject them in favor of the best, most expeditious method.

Since 1991 Oregon Health Authority has engaged in health hazard abatement twice. In the past, to offset the cost of extension of services, annexation would ensure that the new user was part of the tax base of the city. If a person was added to the system without being annexed into the territory, the city could not include that property as a source of income to establish that the general fund bond was sound. However, cities use local improvement districts (LIDs) to

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finance the extension of infrastructure. LIDs allow property owners to pay back the city overtime using low interest rate government bonds. Annexation can be costly to cities, depending on how far the infrastructure is extended. Further, residents cannot remove themselves from the petition in order to stop the process if they do not wish to annex the property.