

House Committee On Health Care

Fiscal: No Fiscal Impact

Revenue: Has minimal revenue impact

Action Date: 05/11/15

Action: Do Pass.

Meeting Dates: 05/06, 05/11

Vote:

Yeas: 8 - Buehler, Clem, Greenlick, Hayden, Kennemer, Lively, Nosse, Weidner

Exc: 1 - Keny-Guyer

Prepared By: Sandy Thiele-Cirka, Committee Administrator

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 (OHA) or Environmental Quality Commission (EQC) with respect to alternative plan proposed in resolution. Requires 40 percent of residents to petition local board of health to initiate annexation proceedings to abate health hazard. Permits withdrawal of petition if a specified number of petitioners provide local board of health with alternative plan. Requires, if petition is withdrawn before OHA finds danger to public health exists, all proceedings be terminated. Requires, if petition is withdrawn after a danger to public health exists, alternative plan be evaluated. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Need for additional options for small communities
- Force annexations in small communities
- Financial and economic impact
- Health hazard abatement process

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Oregon law permits 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 to prevent communicable diseases. A health hazard abatement process can be proposed by a city, local board of health, local boundary commission, or a petition to the local board of health by at least 11 residents of a territory. The Oregon Health Authority (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 (EQC) review alternative plans, and may reject them in favor of the best, most expeditious method. The EQC has purview over issues other than danger to water.

Since 1991, OHA 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 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.