

# D R A F T

## SUMMARY

Authorizes city to provide for as much as 20-year ramp-up to full taxation rate for property in annexed territory. Adds, for purposes of “island annexation,” corporate boundaries of another city as permitted portion of boundary surrounding territory to be annexed.

### A BILL FOR AN ACT

1  
2 Relating to annexation of lands zoned for residential use; creating new pro-  
3 visions; and amending ORS 222.111 and 222.750.

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

5 **SECTION 1.** ORS 222.111 is amended to read:

6 222.111. (1) When a proposal containing the terms of annexation is ap-  
7 proved in the manner provided by the charter of the annexing city or by ORS  
8 222.111 to 222.180 or 222.840 to 222.915, the boundaries of any city may be  
9 extended by the annexation of territory that is not within a city and that is  
10 contiguous to the city or separated from it only by a public right of way or  
11 a stream, bay, lake or other body of water. Such territory may lie either  
12 wholly or partially within or without the same county in which the city lies.

13 (2) A proposal for annexation of territory to a city may be initiated by  
14 the legislative body of the city, on its own motion, or by a petition to the  
15 legislative body of the city by owners of real property in the territory to be  
16 annexed.

17 (3)(a) **Except as provided in paragraph (b) of this subsection,** the  
18 proposal for annexation may provide that, during each of not more than 10  
19 full fiscal years beginning with the first fiscal year after the annexation  
20 takes effect, the rate of taxation for city purposes on property in the annexed

1 territory shall be at a specified ratio of the highest rate of taxation appli-  
2 cable that year for city purposes to other property in the city.

3 **(b) For purposes of paragraph (a) of this subsection, a proposal for**  
4 **annexation initiated by the legislative body of a city may provide for**  
5 **a duration of not more than 20 full fiscal years.**

6 **(c)** The proposal may provide for the ratio to increase from fiscal year  
7 to fiscal year according to a schedule of increase specified in the  
8 proposal,[,;] but in no case [*shall*] **may** the proposal provide for a rate of  
9 taxation for city purposes in the annexed territory [*which will exceed*] **that**  
10 **exceeds** the highest rate of taxation [*applicable that year*] for city purposes  
11 [*to other property in the city*] **applicable to other property in the city for**  
12 **the current year.**

13 **(d)** If the annexation takes place [*on the basis of*] **pursuant to** a proposal  
14 providing for taxation at a ratio, the city may not tax property in the an-  
15 nexed territory at a rate other than the ratio [*which*] **that** the proposal au-  
16 thorizes for that fiscal year.

17 **(e) Notwithstanding paragraph (d) of this subsection, during the**  
18 **term of fiscal years provided for pursuant to paragraph (b) of this**  
19 **subsection, the ratio shall be 100 percent for property that is sold or**  
20 **transferred to new ownership, beginning with the first property tax**  
21 **year that begins after the sale or transfer.**

22 (4)(a) When the territory to be annexed includes a part less than the en-  
23 tire area of a district named in ORS 222.510, the proposal for annexation may  
24 provide that if annexation of the territory occurs the part of the district  
25 annexed into the city is withdrawn from the district as of the effective date  
26 of the annexation.

27 **(b) [However] Notwithstanding paragraph (a) of this subsection,** if the  
28 affected district is a district named in ORS 222.465, the effective date of the  
29 withdrawal of territory shall be determined as provided in ORS 222.465.

30 (5) The legislative body of the city shall submit, except when not required  
31 under ORS 222.120, 222.170 and 222.840 to 222.915 to do so, the proposal for

1 annexation to the electors of the territory proposed for annexation and, ex-  
2 cept when permitted under ORS 222.120 or 222.840 to 222.915 to dispense with  
3 submitting the proposal for annexation to the electors of the city, the legis-  
4 lative body of the city shall submit such proposal to the electors of the city.  
5 The proposal for annexation may be voted upon at a general election or at  
6 a special election to be held for that purpose.

7 (6) The proposal for annexation may be voted upon by the electors of the  
8 city and of the territory simultaneously or at different times not more than  
9 12 months apart.

10 (7) Two or more proposals for annexation of territory may be voted upon  
11 simultaneously[; *however*], **but** in the city, each proposal shall be stated  
12 separately on the ballot and voted on separately, and in the territory pro-  
13 posed for annexation, no proposal for annexing other territory [*shall*] **may**  
14 appear on the ballot.

15 **SECTION 2. The amendments to ORS 222.111 by section 1 of this**  
16 **2019 Act apply to proposals for annexation initiated by a city on or**  
17 **after the effective date of this 2019 Act.**

18 **SECTION 3.** ORS 222.750 is amended to read:

19 222.750. (1) As used in this section:

20 (a) “Creek” means a natural course of water that is smaller than, and  
21 often tributary to, a river, but is not shallow or intermittent.

22 (b) “River” means a large, continuous and natural stream of water that  
23 is fed along its course by converging tributaries and empties into an ocean,  
24 lake or other body of water.

25 (2) When territory not within a city is surrounded by the corporate  
26 boundaries of the city, or by the corporate boundaries of the city and **the**  
27 **corporate boundaries of another city**, the ocean shore, a river, a creek,  
28 a bay, a lake or Interstate Highway 5, the city may annex the territory  
29 pursuant to this section after holding at least one public hearing on the  
30 [*subject*] **question** for which notice has been mailed to each record owner  
31 of real property in the territory proposed to be annexed.

1 (3) This section does not apply [*when*] **if** the territory not within a city:

2 (a) Is surrounded entirely by water; or

3 (b) Is surrounded as provided in subsection (2) of this section, but a por-  
4 tion of the corporate boundaries of the city that consists only of a public  
5 right of way, other than Interstate Highway 5, constitutes more than 25  
6 percent of the perimeter of the territory.

7 (4) Unless otherwise required by [*its*] **the city** charter, annexation by a  
8 city under this section must be by ordinance or resolution subject to refer-  
9 endum, with or without the consent of any owner of real property within the  
10 territory or resident in the territory.

11 (5) For property that is zoned for, and in, residential use when annexation  
12 is initiated by the city under this section, the city shall specify an effective  
13 date for the annexation that is at least three years and not more than 10  
14 years after the date the city proclaims the annexation approved. The city  
15 recorder or other officer performing the duties of the city recorder shall:

16 (a) Cause notice of the delayed annexation to be recorded by the county  
17 clerk of the county in which any part of the territory subject to delayed  
18 annexation is located within 60 days after the city proclaims the annexation  
19 approved; and

20 (b) Notify the county clerk of each county in which any part of the ter-  
21 ritory subject to delayed annexation is located not sooner than 120 days and  
22 not later than 90 days before the annexation takes effect.

23 (6) Notwithstanding subsection (5) of this section, property that is subject  
24 to delayed annexation becomes part of the city immediately upon transfer  
25 of ownership.

26 (7) This section does not limit provisions of a city charter, ordinance or  
27 resolution that are more restrictive than the provisions of this section for  
28 creating or annexing territory that is surrounded as described in subsection  
29 (2) of this section.

30 (8) If a city charter, ordinance or resolution requires the city to conduct  
31 an election in the city, the city shall allow electors, if any, in the territory

1 proposed to be annexed to vote in the election on the question of annexation.  
2 If the governing body of the city finds that a majority of the votes cast in  
3 the city and the territory combined favor annexation, the governing body,  
4 by ordinance or resolution, shall proclaim the annexation approved. The  
5 proclamation shall contain a legal description of each territory annexed.

6 **SECTION 4. The amendments to ORS 222.750 by section 3 of this**  
7 **2019 Act apply to annexations initiated, on or after the effective date**  
8 **of this 2019 Act, in the manner required under ORS 222.750 (4).**

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