



April 1, 2019

Senator Michael Dembrow, Chair
Senate Committee on Environment and Natural Resources
Oregon State Capitol
900 Court St. NE, HR C
Salem, OR 97301

RE: Support for SB 92

Dear Chair Dembrow and Members of the Committee:

The City of Hillsboro enthusiastically supports SB 92, which would provide a more significant incentive to unincorporated property owners to annex into a city.

Oregon law views cities as the preferred provider of urban services, yet often times unincorporated property owners eager to annex into cities for higher levels of urban services do not have sufficient incentive. Usually property tax rates are higher in cities commensurate with the higher levels of services. Current law provides that unincorporated property owners must be provided the same property tax rate for three years, but not more than 10 years. That is a helpful incentive but often times is insufficient to overcome the higher tax rate that eventually takes effect post annexation.

SB 92 improves this process by allowing for a longer phase-in period before the full tax rate of the city applies. It allows cities at their discretion to offer unincorporated property owners up to 20 years under their current tax rate should they choose to annex. This creates a longer glide path towards the full city property tax rate and will be more enticing to property owners who can enjoy higher services levels for a much longer period of time before their property tax rates change.

The City of Hillsboro was recently approved for a modest residential Urban Growth Boundary expansion in Witch Hazel Village South. SB 92 will be a helpful tool as we engage property owners in discussions about annexation in our efforts to serve our growing community.

Thank you for the opportunity to provide comments on this important legislation. We urge your support.

Sincerely,

Andy Smith
Government Relations Manager