

From the desk of  
Rep. Janelle Bynum



## Support HB 3099A

House Bill 3099A creates a path for a city that has joined a county service district to petition to withdraw from the district using the same process the city used to join. It establishes an equitable, transparent and public process so that the same voters who approved the decision for a city to join a county service district are the same voters who make the decision whether to withdraw from the district.

### BACKGROUND

- **Currently, ORS 198.866 provides a statutory pathway for a city to *join* a service district.**
  - That process requires a City Council resolution, which is then sent to the County Board of Commissioners for approval or denial and, if approved, is sent to voters for their consideration.
- **There is, however, no authority for a City to initiate a process to *withdraw* from a district.**
- **HB 3099A provides a process by which a City may file a withdrawal petition with the County and if the petition is presented to the voters, it would require approval by the same voters who approved the City joining a district.**

### SOLUTION

House Bill 3099A creates a path for a city that has joined a county service district to petition to withdraw from the district. It creates parity of public process by amending ORS 198.870 to allow for a city to withdraw from a county service district in the exact same manner in which it entered into the district. House Bill 3099A creates common sense fairness of process and alignment of decision makers in deciding to join and withdraw from a district. House Bill 3099A allows the decision to be made by the voters who will be most affected.

### WHY IS HB 3099A NECESSARY?

- Once a city joins a county service district, it has no way to petition the county board to withdraw from the district and let voters decide.
- In a county service district, the county board of commissioners is also the governing body of the district, which creates an inherent conflict of interest. The county board of commissioners is always wearing two hats—one of the county board and the district board and thus does not have flexibility to exercise judgement independent of the district.
- Under current law, even if a county board wanted to allow a city to withdraw from a district, it cannot if it is merely feasible for the district to provide services. The board has no discretion to make this decision.

### SAFEGUARDS

- It should be more difficult for a city to withdraw from a district than it is to join a district and with HB 3099A, it is.
- HB 3099A requires that upon the withdrawal of a city from a county service district, the city and the district have 90 days to negotiate an equitable division and disposal of assets of the district. If no agreement can be made, either party may petition a court to make the final decision.
- When a city withdraws from a district under Chapter 198, it remains liable for its share of district debt, which would remain unchanged under HB 3099A.
- Further, upon withdrawal, the district is no longer obligated to provide services and facilities within the city; so, while a district would no longer collect taxes or SDCs for this purpose, it would also no longer be responsible for the cost.

For More Information please contact:

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Comparison of Current Law with HB 3099A

**1. Who is authorized to file a petition to withdraw from a special district? ORS 198.870(1)**

Currently	HB 3099A
(a) Property owner (b) 100 (or more) district voters <i>(no provision for a city to file a withdraw petition)</i>	(a) Property owner (b) 100 (or more) district voters (c) The city council of a city that annexed into a county service district under ORS 198.866.

*Note* – Under HB 3099A, only a city that annexed into a county service district under ORS 198 may petition the county board to withdraw. HB 3099A thus has no impact on service districts that were created over a city nor does it impact any service district other than a county service district under CH. 451. The number of districts potentially impacted is estimated to be fewer than a dozen.

**2. What can the County Board do with the withdrawal petition? ORS 198.870(4)**

Currently	HB 3099A
The County Board “ <b>shall</b> ” deny a petition if it is “feasible” for the district to provide service to the area. The county has no choice.	The County Board “ <b>may</b> ” deny a petition if it is “feasible” for the district to provide service to the area.  The County’s decision to approve or deny is final unless referred to the ballot by 100+ voters. See #3.

*Note* – HB 3099A gives the County more discretion. Currently, the County is **required** to deny a petition if it is “feasible” for the district to serve the area.

**3. The County’s decision to approve or deny the withdrawal petition may be referred to the voters. ORS 198.875(2)**

Currently	HB 3099A
The County’s decision is referred to “district” voters.	The County’s decision is referred to same voters who approved City joining district.

*Note* – If the County’s decision is referred to the ballot, the same voters who approved a city joining the district must approve the city leaving the district. This makes the procedures for joining and leaving a district the same, and the voters most impacted by the decision would make the decision. If the voters decide to withdraw from a district, HB 3099A requires an equitable distribution of assets to protect the remaining district. This equitable distribution of assets requirement is the same as currently in the county service district statutes under CH. 451.