

March 16, 2021

The House Economic Recovery and Prosperity Committee
Oregon State Capitol
900 Court Street NE
Salem, OR 97301

Chair Lively and Members of the Committee:

The Special Districts Association of Oregon represents approximately 950 districts across the state that providing nearly 34 types of different services statewide. Our membership consists of 97 domestic water supply districts, 46 sanitary districts, 45 water improvement districts and 53 park and recreation districts, all of whom would be negatively impacted by this proposal. Our membership is united in its opposition to HB 3040 and the proposed dash one amendment.

At the outset our members do not oppose additional studies, nor do we oppose efforts to create greater transparency on how system development charges are calculated or what they pay for. In fact, current law provides for a great deal of that. However, the provisions attempting to create more transparency in Section 6 are cumbersome, will cost local government more and in some cases will likely be unattainable because nearly a third of SDAO's membership does not have an internet presence. We would be more than happy to discuss modifications to Section 6 that will prevent what we believe will be some unintended consequences created by the proposed language.

Section 4 of the bill creates most of the concerns for our membership. This section would require our members to defer collecting SDCs until the certificate of occupancy is issued for multi-family residential, commercial, and industrial development, and to defer SDC collection until sale of a single-family home as part of closing costs. This modification will result in small savings on interest for developers, however it will increase costs for local governments. There is no requirement for developers to pass through cost savings to homebuyers or reduce housing prices. Additionally, there is no mention that these deferrals of payment are targeted to affordable housing. Rather they apply to all types of residential developments - even multi-million-dollar condominiums.

Furthermore change will require our members to increase their workloads and develop new ways to track development in their communities, thereby increasing administrative

burdens that will have to be covered in additional SDC charges. Tracking SDCs at close of sale for single family homes is unworkable as written because our members have no way of tracking when these properties are exchanging ownership. At a minimum, this language needs to be amended in order to give; our members the authority to place liens, collect interest, or collect SDCs that may be missed in the closing process.

We believe that the net result of passing the dash one amendment to HB 3040 will make it more difficult for local government to afford to pay for the infrastructure that provides critical services to the citizens of Oregon and will likely result in shifting the cost of new infrastructure capacity demands onto existing residents.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Landauer", with a long horizontal flourish extending to the right.

Mark Landauer
Lobbyist
Special Districts Association of Oregon