

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
82nd Oregon Legislative Assembly  
2023 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	<b>SB 1068</b>
<b>Revenue Area:</b>	<b>Property Tax</b>
<b>Economist:</b>	<b>Beau Olen</b>
<b>Date:</b>	<b>4/4/2023</b>

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

---

**Measure Description:**

Authorizes board of directors of rural fire protection district (RFPD) to annex land into district. Prior to annexation, district must identify coverage area of district.

**Revenue Impact:**

The bill does not automatically change property taxes for any taxpayer. Changes to local government revenue will depend on which boards of the 251 RFPDs, in 34 counties, identify the coverage area of the district, the assessed value of property within the annexed territory, and the current tax rates of those RFPDs.

**Impact Explanation:**

The annexation of lands already served by a RFPD is a means to adjust the district tax base to maintain a given level of service in the district. Since fire protection services will often be provided to prevent fire from spreading in the district, properties within a district and within driving distance to district fire stations will both receive fire protection services. However, some of these properties do not pay RFPD tax. This unintentionally free service can be an incentive to develop new property or new improvements on land for which RFPD services are provided without payment of district property tax. This free riding on RFPD services can reduce district service quality for landowners that do pay the district tax.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No