



February 5, 2026

House Committee on Housing and Homelessness  
900 Court Street NE  
Salem, OR 97301

**RE: HB 4118**

Chair Marsh, Vice-Chairs Andersen and Breese-Iverson, and Members of the Committee,

LOC is largely neutral on HB 4118 with the -1 amendment, though “nuanced” is perhaps a better descriptor. Non-contiguous annexation presents a challenge for local governments as a whole. For cities, the -1 addresses our primary concern with the change from a city “shall” annex these properties to “may.” However, it also introduced another challenge in implementation in Section 3 of the –1 amendment.

The flexibility of “may” is vital to make this bill workable for local governments.

Noncontiguous annexation challenges cities’ relationships with their local counties and special districts in the management of land where there are intersecting services. Above and beyond water and sewer services, annexation raises questions about road and sidewalk maintenance requirements and responsibilities, fire services responsibilities, and more. This may further create more areas of patchwork services. This bill does not address difficulties in service provision to these areas.

“May” gives cities the necessary latitude to have conversations with county and special district partners to ensure that the applicable local governments are all in agreement or at least have a plan as to how to move forward. It won’t be a universal solution; in some cases, it may just be too complicated. It’s important for local governments to work together and urbanize in an orderly effective manner; we don’t want this to become an acrimonious situation for the local government.

LOC acknowledges that Section 3 of the -1 is a major point of contention between cities and special district partners. We understand the need for better assurance for special districts on revenue, but as currently written in Section 3 is a challenge to administer and passes an extra burden onto cities and the property owner. LOC finds this issue unresolvable under the current framework of this bill.



**A broader conversation about annexation and the land use system would be a better solution to address patchwork service provision.** These individual issues are part of a broader problem within our system regarding urbanization, and a broader, more wholistic look at these issues would better address Oregonians' needs. A more complete look would address many of the concerns raised about this bill and create fewer future issues. LOC remains an eager partner in these conversations.

Please don't hesitate to reach out with any questions.

Thank you for your time.

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