

PUBLIC HEARING: **HB 2048**
ANNEXATION AND REZONING
WORK SESSION: HB 2047
TAPES 50, 51 A/B
HOUSE REVENUE COMMITTEE
**FEBRUARY 19, 1997 8:30 AM HEARING ROOM A STATE CAPITOL
BUILDING**

MEMBERS PRESENT: Rep. Tom Brian, Chair
Rep. Lee Beyer, Vice-Chair (Departed 8:55 am.; returned 10 a.m.)
Rep. Tony Corcoran (Arrived 9:14 a.m.; departed 10 a.m.)
Rep. Randall Edwards (Departed 9a.m.; returned 10:07 a.m.)
Rep. Leslie Lewis (Excused)
Rep. Anitra Rasmussen (Departed 9:35 a.m.; returned 9:47 a.m.;
departed 10:12 a.m.)

Rep. Lane Shetterly (Departed 9:42 a.m.; returned 9:52 a.m.)
Rep. Mark Simmons
Rep. Ken Strobeck
WITNESSES PRESENT: Terry K. Tallman, City of Boardman
Kathy Moore, City of Boardman
Jay Robinson, City of Boardman
Noel Klein, Special Districts Assn.
Steve Bryant, City of Albany
B.J. Smith, Clackamas County
Jon Chandler, Oregon Building Industry Association
Helen Berg, City of Corvallis
Jim Manary, Department of Revenue

STAFF PRESENT: James Scherzinger, Legislative Revenue Officer
Barbara Guardino, Committee Assistant

TAPE 050 SIDE A

015 Chair Brian Called meeting to order at 8:41 a.m.

PUBLIC HEARING, HB 2048
ANNEXATION - **HB 2048**

022 Jim Scherzinger No changes in M47 Progress Summary. Under "To Go" section in Feb. 18
summary is an outline on HB 2048 annexation and rezoning issues.

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(Refer to Feb. 18 Exhibit A, p. 4) Annexation section of HB 2048 begins in Section 50, page 26. HB 2048 states property taxes in 1997-98 is cut and capped at 3 % in years thereafter. This will cause problems in annexing property to a city or another district. Taxes could not be increased to reflect additional services. M47 provides special exception for annexations. It says if an annexation is voter approved with a 50 % turnout vote, instead of cut/cap calculation, all property in annexed area will be taxed on average value of similar property.

058 Scherzinger Explained this concept with Annexation Example (EXHIBIT A)

136 Scherzinger HB 2048 deals primarily with voter approval requirements.

Section 51 -3 (A) and (B) concerns who can vote.

158 All Questions and discussion concerning annexation, voting.

191 Scherzinger Options to voting - Section 51-4: If more than half the voters give written

consent, an election is not necessary.

210 All Questions and discussion concerning voting on an annexation.

286 Terry Tallman Refer to testimony (EXHIBIT B) Verbatim.

Refer to City of Boardman informational packet (EXHIBIT C); and Memorandum (EXHIBIT D)

Asked committee to consider critical impact of M47 annexation on Boardman. Seeks legislative language to help minimize loss.

Requested legislature approve changes in M47 to allow exceptions to

collect beyond 3 % limitation in annexed territory.

420 Kathy Moore Believes M47 could nullify the 10-year phase-in provisions that were

written in agreement. Annexation is two years old,

recommendations

made by committee could set a precedent that unpopular decisions can be

challenged and reversed years after the fact.

TAPE 051 SIDE A

020 Moore Posed questions to the committee: Will Boardman be able to recognize

any portion of the annexed value of the territory? What would the impact

be to the community as far as services?

070 Moore One area of concern is public safety. Fire department will need new equipment.

112 Moore Critical issue: potential draw-down on Columbia River due to salmon

issue. Community could lose its water rights.

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118 Jay Robinson Tallman and Moore have covered situation, he had nothing to add.
122 Vice Chair Beyer Thanked Boardman delegation for bringing this issue to them.
125 All Questions and discussion concerning how Boardman delegation reached

its figure of taxation increase.

183 Helen Berg Shared results of Feb. 18 Corvallis City Council meeting. Council had

before them a decision on an annexation. Annexation had been applied

for prior to passage of M47. Subsequently, the planning commission

approved a general conceptual plan and district designation. City council

finance director pointed that out nobody knows how to change the tax

code for this property. City council does not know what to do.

Emphasized urgency of legislation to clarify implementation of M47.

240 Jon Chandler Concerned with the issue of annexation. OBIA is interested in city-wide

annexation votes; some bills will be heard later this session. M47

complicates this issue. Believes M47 does not require city-wide votes on

annexation. Hopes the committee will make this clear, doesn't believe

HB 2048 makes this clear.

273 Chandler If developers are unable to annex property, they have a problem. This

process is already very complicated.

299 Chandler Suggested committee clarify language in HB 2048 Section 51 (2).

323 Chandler Concluding statement: Developers want to help in whatever way they can

on interpretation of HB 2048.

345 Rep. Shetterly Suggested that annexation votes should be required under local law rather

than under state law.

375 Noel Klein Discussed annexation before M47, how annexation systems currently

work, how taxing and financing implications of M47 might impact those

annexation methods. (Refer to EXHIBIT E)

389 Steve Bryant State has taken a step backwards with annexation in M47. Could end up

in a situation where annexed territories have a differential tax from the cities.

Between six and nine methods of annexation exist depending whether it's

an in-boundary commission area or a non-boundary commission area.

(Refer to EXHIBIT F):

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032 Bryant Non-boundary commission areas:

- 1) Resolution
- 2) 100 % owner and majority of electors
- 3) Triple majority
- 4) Double majority
- 5) Island annexation
- 6) Health hazard abatement

095 All Questions about existing methods of annexation.

119 Bryant 7) Annexation plan

125 Bryant Adjustments to the tax base of the annexing entity (Refer to EXHIBIT E)

Withdrawal of territory

142 Klein Annexation contracts: When you annex territory, you usually follow with

an ordinance to withdraw territory from other district.

154 Klein Delayed annexation

186 B.J. Smith M47 doesn't address issues:

1) Who are the appropriate voters, when elections can be held, who calls

and conducts election, what the ballot must say.

2) Frequent situation: Can an annexation occur if there are no voters?

Attorney general opinion said no, this caused concern.

3) Transitional situations: Delayed or contract annexations that have been stopped at mid-point.

4) Whether any annexation can occur without meeting M47.

240 Bryant Asked what to do with annexations that took place after March 30, 1995.

There are about 400 annexations throughout Oregon that have fallen into this category. Suggested legislators adjust base tax year to deal with this, provide method for de-annexation.

295 All Questions and discussion concerning Bryant testimony
318 Klein Issue of which voters should be involved in question of voting, agrees with general sense of the bill that those in the annexed area should be the ones who vote. If no registered voters in area to be annexed, resolve it by a petition of the property owners. Will present some amendments for this.
340 Klein Flexibility of when elections can be held is important. Language in bill suggests options for mail elections that can be held any time. Election must meet 50% voter requirement.

378 Bryant Approved of the bill's double majority election method.

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401 Chair Brian Thanked local governments and special service districts for their comments.

REZONING - HB 2048

417 Scherzinger Sections in HB 2048 Sections 67-70 is rezoning language. M47 says if property is rezoned, the cut and cap do not apply, tax on the property is recalculated based on properties similarly valued. Effect would be delayed unless owner requested rezoning or use of the property changed.

TAPE 051 SIDE B

036 Scherzinger If a rezoning occurred prior to effective date of the act, not at the owner's

request, use had not changed, property would be re-valued at same
the
value as before the rezoning.

049 Scherzinger Measure sets up a process so that when rezoning occurs, the
assessor

increases taxes through calculation, gives notice to the taxpayer.

The
owner has option to file a petition to prevent an increase.

Not clear whether asking for a reassessment will necessarily benefit
a

person.

077 Jim Manary Generally assessors appraise property as used. Doesn't expect there
will

be many situations where a property owner rezones and doesn't
change

the use.

125 Rep. Shetterly Concerning lines HB 2048, Section 69 page 33, lines s1-2:

Property

acquired by will, inheritance language of measure. Bill needs
language to

broaden concept of transfer by inheritance.

152 Chair Brian Concluded public hearing.

WORK SESSION - HB 2047

157 Scherzinger Reviewed committee schedule:

Attorney general opinion will be available Monday, Feb. 24.

Friday, Feb. 21, discussion on definitions of public
education/public

safety; discussion on firewall.

Thursday, Feb. 20, discussion on fee payer.

169 Rep. Shetterly More questions concerning transfer by inheritance.

194 Chair Brian Adjourned meeting at 10: 14 a.m.

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Submitted by, Reviewed by,
Barbara Guardino Kim James
Committee Assistant Revenue Office Manager

EXHIBIT SUMMARY:

- A. HB 2048, Scherzinger, Annexation Example, 1 p.
- B. HB 2048, Tallman, Testimony of Terry Tallman, Mayor of the City of Boardman, 3 pp.
- C. HB 2048, Tallman, City of Boardman briefing document, 34 pp.
- D. HB 2048, Tallman, Memorandum: City of Boardman Industrial Park Annexation, 9 pp.
- E. HB 2048, Bryant, League of Oregon Cities annexation, 5 R.
- F. HB 2048, Bryant, Methods of Annexation. Summary of Existing Law, 2 pp.

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