

Enrolled
House Bill 2618

Sponsored by Representatives CLEM, GILLIAM (Pre-session filed.)

CHAPTER

AN ACT

Relating to withdrawal of part of a district; creating new provisions; amending ORS 222.520; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 222.520 is amended to read:

222.520. (1) Whenever a part less than the entire area of a district named in ORS 222.510 becomes incorporated as or annexed to a city in accordance with law **and the city, after the incorporation or annexation, will provide for the service to the part of the district that the district provided before the incorporation or annexation**, the city may cause *[that]* **the** part to be withdrawn from the district in the manner set forth in ORS 222.120 or at any time after *[such]* **the** incorporation or annexation in the manner set forth in ORS 222.524. Until *[so]* withdrawn, the part of *[such a]* **the** district incorporated **as** or annexed *[into a]* **to the** city shall continue to be a part of the district.

(2) The part *[thus]* withdrawn **pursuant to subsection (1) of this section** *[shall]* **is** not *[thereby be]* relieved from liabilities and indebtedness previously contracted by the district. For the purposes of paying *[such]* **the** liabilities and indebtedness of the district, property in the part withdrawn shall continue to be subject to assessment and taxation uniformly with property in the area remaining in the district. The city of which it became a part shall, however, assume such obligations if the obligations assumed do not bring the total of the city's obligations above any applicable limitations prescribed by statute. When the city assumes *[such]* **the** obligations it shall be liable to the district for one of the following, at the option of the city:

(a) The amount of taxes *[which]* **that** otherwise would be extended each year *[therefor]* **for the obligations** against the property in the part withdrawn; or

(b) Payment annually, as the bonds of the district that were outstanding on the effective date of the withdrawal mature, of the same proportion of *[such]* **the** outstanding bonds, and the interest *[thereon]* **on the bonds**, as the assessed valuation of the part withdrawn bears to the assessed valuation of the entire district on the effective date of the withdrawal. After the city agrees to make *[such]* payments under this *[subsection]* **paragraph**, neither the city nor the part withdrawn shall be charged by the district with any future liabilities, obligations or functions of the district.

SECTION 2. The amendments to ORS 222.520 by section 1 of this 2013 Act apply to the incorporation or annexation of part of a district occurring on or after the effective date of this 2013 Act.

SECTION 3. This 2013 Act takes effect on the 91st day after the date on which the 2013 regular session of the Seventy-seventh Legislative Assembly adjourns sine die.

Passed by House April 23, 2013

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Ramona J. Line, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate May 22, 2013

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Peter Courtney, President of Senate

Received by Governor:

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Approved:

.....M,....., 2013

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John Kitzhaber, Governor

Filed in Office of Secretary of State:

.....M,....., 2013

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Kate Brown, Secretary of State