



## Support House Bill 3099

Creates a path and parity in process for city to join and withdraw from special district

House bill 3099 creates a path for a city that has joined a special district to petition to withdraw from the district using the same process the city used to join the district. It establishes an equitable process so that the same voters who approved the decision for a city to join a special district are the same voters who make the decision whether to withdraw from the district.

### Background

- In 2006, the City of Happy Valley (City) joined the North Clackamas Parks & Recreation District (District) following the process established in ORS 198.866 for a city to join a service district. The District is governed by the Clackamas County Board of Commissioners (County).
- When the City joined the District, it entered into a contract with the District under which the District agreed to build four parks in the city. In exchange, the City collected and transferred to the District \$18 million in parks SDCs.
- The District breached the agreement—it did not build any of the parks and kept the \$18 million. (The City won a partial summary judgement in Clackamas County Circuit Court in which the court ruled the District breached the contract and did not build any of the parks it agreed to build.)
- The County publicly supported the City's prerogative to withdraw from the District and mutually agreed on the withdraw process outlined in ORS 222.520. At the suggestion of and with the consent of the County, the City worked cooperatively with the County for nearly a year to withdraw under ORS 222.520—which simply requires the City Council to pass an ordinance to withdraw.
- Once the withdrawal became official, the City placed a local option levy for park services on the ballot, which was overwhelmingly approved by city voters (72% to 28%).
- The County and Department of Revenue began discussions about the validity of the process the City used to withdraw from the District.
- *After* City voters approved parks levy, County changed its legal position and filed a lawsuit against the City arguing that City did not properly withdraw.
- Clackamas County Circuit Court agreed that City cannot withdraw from the District under ORS Chapter 198 or Chapter 222. In the ruling, the judge said that the fix, if any, must come from the Legislature.
- As a result, the City is still in the District and City residents could now be double taxed for parks services.
- Under current law, it is effectively impossible for the City to withdraw from the District unless HB 3099 passes.
- HB 3099 allows City to file withdrawal petition with County and requires approval by same voters who approved City joining District.

*For More Information please contact:*

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## Solution

House bill 3099 creates a path for a city that has joined a district to petition to withdraw from the district. It creates parity of process by amending ORS 198.870 to allow for a city to withdraw from a special district in the exact same manner in which it entered into the district. House bill 3099 creates common sense fairness of process and alignment of decision makers in deciding to join and withdraw from a district. House bill 3099 allows the decision to be made by the voters who will be most affected.

<b>City joined District via ORS 198.866</b>	<b>Under House Bill 3099</b>	<b>Without HB 3099</b>
City Council approved a resolution to join	City council must approve a petition to withdraw	City cannot file a petition to withdraw
Resolution sent to and approved by County	Resolution must be sent to county for approval	<i>Because City cannot file petition, nothing for County to approve</i>
City called election for vote of residents of City to approve joining the District (because City is less than 20% of District, only City residents vote)	If approved, city calls an election for vote of city residents (if city is less than 20% of district, only city residents vote)	

## Financial impact of withdraw on District

When City withdrew from the District under Chapter 222, it remained liable for its share of District debt, and City similarly remains obligated for its share of the District's debt even under HB 3099. (ORS 198.880) Upon withdrawal, the District is no longer obligated to provide parks services and facilities within the City; so, while the District would no longer collect parks taxes or SDCs for this purpose, it would also no longer be responsible for the cost.

*We support and encourage you to pass House Bill 3099.*

*For More Information please contact:*

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