



Support SB 92

Allows Longer Ramp up Period for Applying Tax Rate in Newly Annexed Areas

Background: Across Oregon, property owners and unincorporated communities consider annexing into cities as they urbanize and look for the levels of service provided in cities. Similarly, cities need to annex areas from their urban growth boundaries into the city to meet their local comprehensive plans and goals. However, the tax rates in cities are usually higher than the unincorporated areas annexed properties are leaving. Currently, a city must offer at least three years, but no more than 10 years, to ramp up from the tax rate in the unincorporated area to the one in the city. At the same time, these new properties get the full array of city services from day one. Having a ramp up for property owners that were paying a lower rate makes sense; extending that ramp up to new purchasers of city property does not.

What SB 92 Does:

- **Only applies to residential annexation.**
- **Allows a longer period, up to 20 years, for newly annexed property owners to adjust from the old tax rate to the new tax rate when city initiates the annexation.** Having a longer period of time allows for a gentler ramp-up to the new tax rate and eases the conversations between unincorporated property owners and the city as they urbanize.
- **Adjusts to the full tax rate at sale.** The purpose of the ramp-up period is to give property owners time to adjust from the unincorporated tax rate to the one in the city they are now within. Any *new* purchaser of property within the new city boundaries should pay what all other city residents pay for the full array of services they receive.
- **Clarifies consideration of rights-of-way adjacent to another city in island annexation.** In some situations, unincorporated islands within a city abut another city with only a right of way separating them. In these cases, the current statutes can leave these islands stranded between two cities. SB 92 provides that when a right-of-way sits between two cities, that right-of-way counts toward the 75% island threshold. This does not change the current statutes preventing “cherry stem” annexation, where unincorporated areas are only surrounded by public right-of-way not adjacent to a city.

Please Support SB 92 with a Do-Pass Recommendation

For more information:

Gwenn Baldwin, City of Beaverton, 503-975-9517

Erin Doyle, League of Oregon Cities, 503-941-8934