

February 2, 2026

House Committee on Housing and Homelessness
Oregon State Capitol
900 Court St. NE
Salem, OR 97301

Chair Marsh, Vice-Chairs Andersen and Breese-Iverson:

The Special Districts Association of Oregon (SDAO) represents approximately 950 districts with 32 types of districts across the state that play a crucial role in delivering essential public services to our citizens, including fire protection, water supply, sanitation, libraries, parks and recreation, irrigation and many more. Our association is opposed to HB 4108 for several reasons.

However, we would like to thank Rep. Fragala for working with our association in attempting to address the concerns that we have raised. SDAO remains willing to discuss this issue further, given the many uncertainties and potential unintended consequences it could create.

One of the biggest concerns that this bill raises is that under current statute, when a city annexes the territory of a special district that provides an urban service as defined under ORS 195.065, the city at that time can withdraw that service from the district. Under statute urban services are defined as sewer, water, fire protection, parks, open space, recreation, streets, roads and mass transit. When territory is withdrawn from a district, the district loses revenue either through a reduction in property tax or utility rates. This places funding pressure on district and remaining patrons of the district. And in some cases, has forced our members to prematurely seek operating levies to maintain services. One example of this is River Road Parks and Recreation District.

Another issue related to the withdrawal of services from a district is how bonded indebtedness is fairly distributed amongst the annexing city and the remaining patrons of the district. Both concerns are largely addressed in the dash 1 amendment that is before you today under sub.

However, we remain opposed to the bill because we entered these discussions with the understanding that the bill would be limited to those cities that directly provide water, sewer and electricity, thereby significantly limiting its impact. Under the new amendment we believe that many additional cities could be eligible. We also do not know what is meant by the term "subcontractor." Would that be a private water provider, a special district, through and intergovernmental agreement. This language is ambiguous and could result in unintended consequences.

We have also discovered an additional concern with the amendment. Specifically, the amendment says property won't be withdrawn from any district until it is contiguous with the city. After giving this language further thought, we want to suggest that the language be clarified to say that property can be withdrawn from a water or sewer service district if

the city or city "subcontractor" is providing those services which is consistent with current requirements).

I want to remind the committee that the main purpose of requiring contiguous land for annexation is to prevent illogical and fragmented boundaries and extension of services which is a part of comprehensive planning requirements for orderly growth and development. It was one of the main criteria applied in the boundary commission days in the Metro area as well as Eugene/Springfield and Salem. As a result, this bill and its amendment runs against the land use structure we have had in place for 50 years.

As a result, we cannot support this bill unless and until further discussions take place amongst all the stakeholders so that we understand the full impacts of this proposal.

Thank you for your consideration of these comments

Sincerely,



Mark Landauer
Special Districts Association of Oregon