

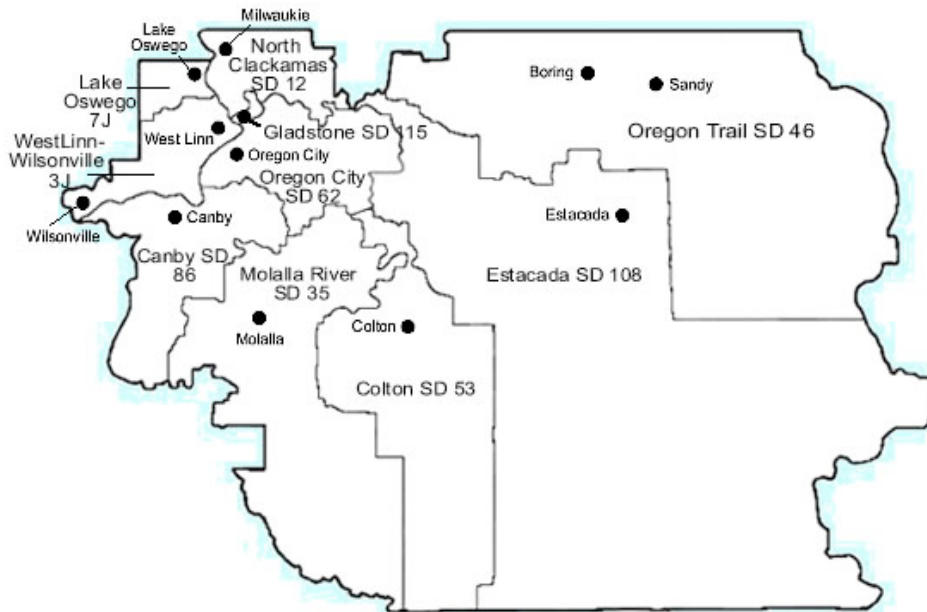


INFORMATIONAL HANDOUT: SCHOOL DISTRICT CONSTRUCTION EXCISE TAX

The State of Oregon passed Senate Bill 1036 allowing school districts to impose a construction excise tax effective May 2007. The excise tax may only be assessed on projects that result in a new structure or additional square footage to an existing structure. Clackamas County administers this tax for some cities and the unincorporated areas in the participating school districts within the County jurisdiction.

The following school districts have passed resolutions implementing this new tax.

SCHOOL DISTRICT	START DATE	EXEMPTIONS
North Clackamas	10/5/2007	<1,000 sq. ft.
Oregon City	10/15/2007	
Molalla River	11/1/2007	
Newberg	12/14/2007	
Oregon Trail	12/17/2007	<1,000 sq. ft
West Linn/Wilsonville	1/1/2008	
Canby	1/2/2008	<1,000 sq. ft
Sherwood	2/1/2008	
Gladstone	3/1/2008	<500 sq. ft
Riverdale	3/1/2008	
Tigard-Tualatin	3/1/2008	
Estacada	6/1/2008	
Gresham / Barlow	7/1/2008	



Before a school district can pass a resolution implementing these taxes they must develop a long-term facilities plan for making capital improvements. The plan is adopted by resolution and the expenditure of the money collected is restricted. ‘Capital Improvements’ can include:

- ✓ Land Acquisition
- ✓ The construction, reconstruction or improvement of school facilities.
- ✓ The acquisition or installation of equipment, furnishings or other tangible property.
- ✓ The cost for architectural, engineering, legal or similar costs related to capital improvements.
- ✓ Assets that have a useful life of more than one year.
- ✓ Payment of obligations, and related costs, that are issued to finance/re-finance capital improvements.

RESIDENTIAL:

- ✓ The construction tax may not exceed \$1.00 per square foot on structures or portions of structures intended for residential use; including, but not limited to, single-unit or multiple-unit housing.
- ✓ The excise tax is not assessed on garage or porch areas; fee is computed on habitable areas only.
- ✓ Replacement dwellings may receive credit for existing square footage on record with the county tax assessor.

COMMERCIAL:

- ✓ The construction tax may not exceed \$0.50 per square foot on structures or portions of structures intended for non-residential use; not including multiple-unit housing of any kind.
- ✓ The tax imposed on structures intended for non-residential use may not exceed \$25,000 per building permit or \$25,000 per structure, whichever is less.
- ✓ Replacement structures may receive credit for existing square footage on record with the county tax assessor.

ADDITIONAL EXEMPTIONS:

These construction taxes may not be imposed on the following:

- ✓ Private school improvements;
- ✓ Public Improvements as defined in ORS 279A.010;
(cc) “Public improvement” means a project for construction, reconstruction or major renovation on real property by or for a contracting agency. “Public improvement” does not include certain exempted projects, emergency work and alterations. (Refer to the ORS for the full definition.)
- ✓ Residential housing that is guaranteed to be affordable, under guidelines established by the US Department of Housing and Urban Development, to households that earn no more than 80 percent of the median household income for the area in which the tax is imposed, for a period of at least 60 years following the date of construction of the housing;
- ✓ Public or private hospital improvements;
- ✓ Improvements to religious facilities primarily used for worship or education associated with worship;
- ✓ Agricultural buildings, as defined in ORS 455.315(2a);

If a person claims to be exempt from the tax they must contact the appropriate School District at the time of permit submittal, the School District may grant the exemption if it appears to be a valid exemption under the resolution. In some instances the permit will not be released until the exemption is approved or the excise tax has been paid in full.

This handout only provides a basic outline of the restrictions and guidelines for applying the ‘School District Excise Tax’. Each jurisdiction has the option to make minor modifications to the guidelines given in the executed Senate Bill.

For complete overview of the Senate Bill, please review the full text version on the Oregon State Legislature web page at: <http://www.leg.state.or.us/07reg/measpdf/sb1000.dir/sb1036.en.pdf>.