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Construction Excise Tax Change Goes Into Effect July 1, 2011

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Construction Excise Taxes for some local schools will increase to \$1.05 per square foot for residential construction and \$.53 per square foot for non-residential construction beginning July 1, 2011. This is up from \$1 and \$.50 respectively.

Oregon State Statute authorizes schools to impose construction excise taxes to fund planned capital improvements to school facilities. Currently, the following districts have requested to enter into updated intergovernmental agreement with Lane County for the collection of construction excise taxes:

- Bethel School District
- South Lane School District
- Oakridge School District
- Creswell School District
- Fern Ridge School District
- Junction City School District
- Lowell School District
- McKenzie School District
- Monroe School District

Siuslaw School District remains at the current \$1 per square foot for residential construction and \$.50 per square feet for non-residential construction.

Background

In order to create a new funding mechanism for public school construction in Oregon, the 2007 legislature, (Senate Bill 1036), working with school districts and the home builders industry, passed legislation that authorizes local school districts to impose a construction excise tax (CET) as a means to finance capital improvements to facilities. The maximum rate of the CET is set in statute; the law also allows school districts to enter into IGA's with local governments that issue building permits in order to impose the tax at the time permits are obtained. Lane County originally began collecting the excise tax in July of 2008. In 2009, House Bill 1014 was passed by the legislature, amending the Oregon statutes governing construction excise taxes. Subsequently, new agreements were adopted with the school districts and will come into effect on July 1, 2011.