

Tigard-Tualatin School District 23J
Resolution 2324-02

Amendment to Construction Excise Tax

WHEREAS, the 2007 Oregon Legislative Assembly enacted ORS 320.170 to 320.189 (Senate Bill 1036) authorizing school districts to impose construction excise taxes (“CET”) to fund capital improvements to school facilities; and

WHEREAS, On February 7, 2008, the Tigard-Tualatin School District Board of Directors (“Board”) enacted Resolution 0708-14 imposing a CET pursuant to this Statute; and

WHEREAS, ORS 320.176 provides that a school district may adjust the CET tax rate and cap limitations each fiscal tax year based upon changes to the construction cost index as determined by the Oregon Department of Revenue (“DOR”), and


WHEREAS, on July 1, 2010, August 22, 2011, August 9, 2012, August 15, 2013, June 25, 2015, June 12, 2017, July 2, 2018, July 12, 2019, July 6, 2020, July 1, 2021 and July 13, 2022, the DOR issued the adjusted rate and cap limit numbers for fiscal years 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 2020-21, 2021-22 and 2022-23; and

WHEREAS, the Board desires to amend the District’s CET tax rate and cap to reflect the DOR adjustments.

NOW, THEREFORE, BE IT RESOLVED as follows:


1. The applicable CET rates/limits imposed pursuant to Resolutions 0708-14, 1011-02, 1112-04, 1213-03, 1314-02, 1415-04, 1516-02, 1617-06, 1718-02, 1819-02, 1920-02, 2020-21, 2122-02 and 2122-29 are amended as follows:
 - (a) \$1.56 per square foot on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing; and
 - (b) \$0.78 per square foot on structures or portions of structures intended for nonresidential use, not including multiple-unit housing of any kind.
 - (c) A construction tax imposed on structures intended for nonresidential use will not exceed \$39,100 per building permit or \$39,100 per structure, whichever is less.
2. The construction excise tax shall be assessed and collected pursuant to the provisions of ORS 320.170 to 320.189.
3. The Superintendent is hereby directed to provide notice of this amendment the District’s local government partners collecting the CET pursuant to intergovernmental agreements with the District under ORS 320.179(2).
4. This resolution takes effect on July 1, 2023.

Duly passed this 14th day of August 2023, at the Meeting of the Board of Directors of Tigard-Tualatin School District 23J.



Tristan Irvin, Board Chair

ATTEST:



Susan Rieke-Smith, Ed.D., Superintendent

Issue: Indexing of School Construction Tax Limits

Statute Reference: ORS 320.170

Last Updated: 7/5/2023

Background:

Passed in 2007, SB 1036 allowed school districts to impose a tax on new construction measured by the square footage of improvements (affordable housing, public buildings, agricultural buildings, hospitals, private schools, and religious facilities are exempt). SB 1036 defined and required revenues to be used for capital improvements. Construction taxes imposed by a school district must be collected by a local government, local service district, special government body, state agency or state official that issues a permit for structural improvements regulated by the state building code. An intergovernmental agreement with local governments collecting the tax is required and collection expenses are limited to 4% of tax revenue. DCBS is allowed to establish an administration fee of .25% of tax revenue. School districts with construction tax revenue are required to develop long-term facility plans. Construction taxes may be used for repayment of capital improvement debt.

Tax Limit Calculations:

SB 1036 set tax rate limits of \$1 per square foot for residential use and \$0.50 for nonresidential use, along with a \$25,000 tax limit on nonresidential properties. Beginning in 2009, tax rates were indexed to inflation using the Engineering News-Record Construction Cost Index. As prescribed in statute, DOR is responsible for updating tax rate limits and notifying affected districts. To notify affected districts DOR has partnered with Department of Education who receives updated limit calculations from DOR and notifies the affected districts.

Tax rate limits by fiscal year:

| Fiscal Year | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|----------------------------|----------------|----------------|----------------|----------------|
| Residential* | 1.41 | 1.45 | 1.56 | 1.63 |
| Non-Residential* | 0.70 | 0.72 | 0.78 | 0.82 |
| Non-Residential Max | 35,200 | 36,100 | 39,100 | 40,800 |
| * Dollars per square foot | | | | |