

CHAPTER 17. LOCAL CONSTRUCTION TAXES

The 2007 Oregon Legislature passed into law Senate Bill 1036 allowing school districts to impose a tax on new construction measured by the square footage of the new construction. The tax rates are limited to \$1 per square foot for residential construction and 50 cents per square foot for other construction, with a maximum of \$25,000 per structure. The limitations will be updated based on an average construction cost index for years beginning on or after June 30, 2009. School districts may use construction tax proceeds for construction purposes only.

Other local districts may impose a construction tax in limited circumstances. Permissible taxes are limited to those that were in effect or were the subject of a public hearing before May 1, 2007. All others are not allowed until January 2, 2018. Proceeds from local construction taxes currently in effect may be used for construction or transportation.

17.001 EXEMPT CONSTRUCTION

Oregon Statute: 320.173

Sunset Date: None

Year Enacted: 2007 (SB 1036)

	Total
2007–09 Revenue Impact:	Not Available
2009–11 Revenue Impact:	Not Available

DESCRIPTION: Certain types of construction may not be subjected to local construction taxes. Exempt construction includes:

- Private school improvements;
- Public improvements defined by ORS 279A.010;
- Affordable housing meeting certain criteria;
- Public or private hospital improvements;
- Improvements to religious facilities primarily used for worship or education associated with worship;
- Agricultural buildings as defined by ORS 455.315 (2)(a).

PURPOSE: The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is to provide tax relief to these types of construction from the imposition of a local construction tax.

WHO BENEFITS: Purchasers or developers of exempted building types.

EVALUATION: Not evaluated.