

REVENUE: Revenue statement issued

FISCAL: No fiscal impact

Action: Concur in House amendments dated June 13 and be further amended

Vote: 6-0-0

Yeas: Senators Starr, Walker and Deckert
Representatives Burley, Hunt and Barnhart

Nays:

Exc.:

Prepared By: Steve Meyer, Economist

Meeting Dates: 6/22

WHAT THE BILL DOES: Allows school districts to impose a tax on new construction measured by the square footage of improvements. Requires revenue to be used for capital improvements and defines capital improvements. Sets a tax rate limit of \$1 per square foot for residential use and \$0.50 for nonresidential use. Imposes additional \$25,000 limit on nonresidential use. Indexes rates beginning in 2009. Exempts construction of affordable housing, public buildings, agricultural buildings, hospitals, private schools, and religious facilities. Requires school districts with construction tax revenue to develop long-term facility plans. Requires intergovernmental agreement with local governments collecting the tax and limits collection expense to 1% of tax revenue. Preempts local governments from using a construction tax until 2018, but grandfathers in local government construction taxes already in effect as of May 1, 2007 or in the process of being adopted. Allows taxes to be used for repayment of capital improvement debt. Takes effect on the 91st after sine die.

ISSUES DISCUSSED:

Deleting the exemption for the Oregon City brownfields

Exempting brownfields statewide

Imposing a \$25,000 cap on all brownfields

Letting school districts decide to exempt any brownfields

EFFECT OF COMMITTEE AMENDMENTS: Changes the effective date from on passage to the 91st day after sine die. Removes the specific exemption for Oregon City brownfields.

BACKGROUND:

School districts have traditionally had to rely on local voter approval of bonds for capital improvements and new construction. After the passage of Measure 50, the 1997 Legislature added a facility grant to the school equalization formula to help with the cost of new classroom equipment and furnishings that cannot be bonded. School districts do not have the authority to impose other taxes or fees for capital needs.

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This summary has not been adopted or officially endorsed by action of the committee.