

Senate Bill 1036

Sponsored by Senator DECKERT; Senators BROWN, DEVLIN, JOHNSON, MORSE, STARR, WALKER, Representatives BEYER, BURLEY, DALLUM, FLORES, GILLIAM, GREENLICK, KOMP, KRUMMEL, MORGAN, OLSON, RILEY, ROBLAN, SCOTT

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Restricts local government power to impose construction excise taxes. Dedicates revenues from such taxes to school construction.

A BILL FOR AN ACT

1
2 Relating to local government construction excise taxes.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. A local government or local service district, as defined in ORS 174.116, or a**
5 **special government body, as defined in ORS 174.117, may not impose a tax on the privilege**
6 **of constructing improvements to real property except as provided in sections 2 to 6 of this**
7 **2007 Act.**

8 **SECTION 2. Construction taxes may be imposed under sections 2 to 6 of this 2007 Act**
9 **by a school district or by another local government, local service district or special govern-**
10 **ment body pursuant to a written agreement with a school district.**

11 **SECTION 3. Construction taxes may not be imposed under sections 2 to 6 of this 2007**
12 **Act on the following:**

13 (1) **Commercial tenant improvements.**

14 (2) **Structural remodels costing less than \$100,000.**

15 (3) **Public or private school construction.**

16 (4) **Public improvements, including but not limited to buildings, roads, rights of way,**
17 **sewer and water lines.**

18 (5) **Public or private hospitals.**

19 **SECTION 4. (1) Construction taxes imposed under sections 2 to 6 of this 2007 Act may**
20 **not exceed _____ percent of the lesser of:**

21 (a) **The certified cost of construction; or**

22 (b) **The difference between the appraised value of the real property before the con-**
23 **struction and the appraised value of the real property following the construction, as ap-**
24 **praised by the county assessor.**

25 (2) **For purposes of this section:**

26 (a) **"Appraised value" of the real property before and after construction means the value**
27 **determined by the county assessor for purposes of ad valorem taxation.**

28 (b) **"Certified cost of construction" means the total amount paid or contributed for ma-**
29 **terials and services used in construction and for variances, permits and interests in real**
30 **property necessary to construct the improvements, as certified by the builder.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **(3) The builder's certification shall be made:**

2 **(a) Under oath.**

3 **(b) At the latter of the issuance of a certificate of occupancy for the construction or**
4 **upon completion of construction.**

5 **(c) In the manner prescribed by the school district or other local government, local ser-**
6 **vice district or special government body collecting the tax.**

7 **SECTION 5.** (1) **Construction taxes imposed under sections 2 to 6 of this 2007 Act shall**
8 **be paid by the builder to the school district or to another local government, local service**
9 **district or special government body, as provided in the written agreement with the school**
10 **district.**

11 **(2) Taxes collected by a local government, local service district or special government**
12 **body shall be promptly transferred to the school district pursuant to the written agreement**
13 **with the school district.**

14 **SECTION 6.** **After deducting the costs of administering the construction tax imposed**
15 **under sections 2 to 6 of this 2007 Act and payment of refunds of such taxes, all revenues shall**
16 **be retained and used by the school district only for construction of buildings and other per-**
17 **manent improvements of the school district.**

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