

STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Fiscal: No Fiscal Impact
Revenue: Revenue impact issued

Action Date: 03/31/15

Action: Do Pass.

Meeting Dates: 03/17, 03/31

Vote:

Yeas: 5 - Baertschiger Jr, Boquist, Edwards, Hass, Riley

Prepared By: Dae Baek, Economist

WHAT THE MEASURE DOES:

Repeals the sunset of the law authorizing school districts to impose local construction taxes.

ISSUES DISCUSSED:

- History of construction tax collections
- School districts' needs for capital improvements
- Indexed maximum construction excise tax rate

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

A school district may impose a tax on a new construction in the district. This is the taxing authority that the 2007 Legislature granted to school districts. The tax rate was initially limited to a maximum of \$1 per square foot for residential use and \$0.50 for nonresidential use. The tax on nonresidential use was also set at a maximum of \$25,000 per structure or building permit, whichever was less. The maximum rates are being indexed beginning in 2009. The legislation exempted certain properties from this tax. In the school year 2012-13, 56 school districts used this option, raising a total of \$15.5 million. School districts are to use revenues from this tax only for capital improvements. This taxing authority is set to be repealed on January 2, 2018.