

**HB 2939 STAFF MEASURE SUMMARY**

**House Committee On Revenue**

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**Prepared By:** Kyle Easton, Economist

**Meeting Dates:** 4/4

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**WHAT THE MEASURE DOES:**

Limits city or county imposed construction excise taxes on improvements to commercial and industrial real property to no greater than one percent of the permit valuation for commercial construction permits. Eliminates authority of city or county to adjust tax base of commercial and industrial imposed construction excise tax. Limit is applicable to excise taxes imposed per authority provided in section 8, chapter 59, Oregon Laws 2016 (SB 1533 - 2016) before, on or after effective date of this measure. Allows city or county that imposed and collected taxes above the one percent limit to keep the excess funds. Takes effect on 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

SB 1533 (2016) allowed cities and counties to impose construction excise taxes (CETs) upon improvements to residential, commercial and industrial real properties. CET's imposed on residential property was limited to no greater than one percent of the permit valuation for residential construction permits. No limit was included for CETs imposed upon commercial and industrial improvements. SB 1533 required cities and counties to dedicate revenue derived from the commercial/industrial CET as follows:

48% - City/County general fund

48% - City/County programs related to housing

4% - Up to 4% may be retained by City/County for recouping of administrative costs.