

**HB 2607 STAFF MEASURE SUMMARY**

**Carrier:** Rep. Gomberg

**House Committee On Revenue**

---

**Action Date:** 03/11/21

**Action:** Do Pass.

**Vote:** 6-0-1-0

**Yeas:** 6 - Levy, Marsh, Nathanson, Pham, Reschke, Smith G

**Exc:** 1 - Smith Warner

**Fiscal:** No fiscal impact

**Revenue:** Revenue impact issued

**Prepared By:** Dae Baek, Senior Economist

**Meeting Dates:** 3/11

---

**WHAT THE MEASURE DOES:**

Exempts from construction taxes, residential housing being constructed to replace residential housing on the lot or parcel of land that was destroyed or damaged by wildfire or another specified emergency event or circumstance. Applies to residential housing damaged or destroyed on or after January 1, 2020. Takes effect on the 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

- Optional nature of a tax on new construction imposed by school districts
- Use of construction taxes
- Retroactive application of exemption on residential housing destroyed or damaged

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

SB 1036 (2007) allowed school districts to impose a tax on new construction, measured by the square footage of improvements. It also set tax rate limits of \$1 per square foot for residential use and \$0.50 for nonresidential use, along with a \$25,000 tax limit on nonresidential properties. Beginning in 2009, tax rates were indexed to inflation using the Engineering News Record Construction Cost Index. The Oregon Department of Revenue publishes construction tax caps for every fiscal year.

According to the Oregon Department of Education, 64 school districts imposed a total of \$26 million construction taxes in the school year 2018-19. School districts may use construction tax proceeds only for capital improvements.