Construction and the Oregon School Boards

Senate Bill 1036 allows school districts to tax new and expanded facilities needed to help growing school districts, with bipartisan support by the Oregon Legislature. Agencies and groups supporting it include the Oregon PTA, the Oregon School Boards Association, the Oregon Home Builders Association, the Oregon Construction Industry Association, and the Oregon Association of Counties.

The revenue generated from SB 1036 alone will not raise sufficient revenue to cover the cost of new or expanded construction at the time a district each year, the district may collect a maximum of:

• $1 per square foot of new residential construction
• $50 per square foot of new on-residential construction

What is required to implement construction excise tax revenue on operating costs or costs of routine maintenance.

What can school districts spend the money on?

School districts may only spend construction excise tax revenue on capital improvements, including:

• Land acquisition
• Construction, reconstruction, equipment or improvement of school facilities
• Costs to purchase and install architectural, engineering, legal or similar services needed to capital improvements

School districts may NOT spend money on:

• Architectural, engineering, legal, or similar services needed to capital improvements
• Construction, reconstruction or equipment to improve of school facilities
• Costs to purchase and install architectural, engineering, legal or similar services needed to capital improvements

What is required to impose a construction excise tax.

In order to impose a construction excise tax, a construction, reconstruction or equipment to improve of school facilities, costs to purchase and install architectural, engineering, legal or similar services needed to capital improvements or an intergovernmental agreement, the person undertaking the construction may be one less than one percent of the amount collected as an administrative fee.

How are the funds collected and distributed?

The Oregon Home Builders Association has a useful life of more than ten years. Construction districts may collect a maximum of:

• $1 per square foot of new residential construction
• $50 per square foot of new on-residential construction

The total amount a school district may collect will vary based on the amount and type of new construction in the school district. School districts may collect a maximum of:

• $1 per square foot of new residential construction
• $50 per square foot of new on-residential construction (subject to a cap of $5,000 per non-residential project)

If 100 new 2,500 square foot houses are built in a school district, the district could receive $25,000 annually or $235,000 over a ten-year period.

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Construction cities and counties, to tax new districts, in cooperation with SB 1036 alone will not raise necessary. However, every dollar collected from new districts may collect a maximum of:

- $1 per square foot of new construction
- $3,250,000 over a ten-year period.

Is all development subject to the tax? No. The law exempts private schools, public improvements (schools, libraries, fire stations, etc.), affordable housing, hospitals, religious facilities, agricultural structures and limited developments on environmentally contaminated sites (brownfields).

How much money can school districts spend the money on?

School districts may only spend the construction excise tax funds on:

- Land acquisition
- Architectural, engineering, legal services
- Capital improvements, including:
  - Equipment
  - Furniture
  - Fixtures
  - Buildings
  - Bookshelves
  - Classroom equipment
  - Band and orchestra equipment
  - Athletic equipment and facilities
  - Landscaping

School districts may NOT spend the money on:

- Routine maintenance
- Operating costs or costs of personnel
- Administrative fees or charges

What is the Oregon School Boards Association?

The Oregon School Boards Association (OSBA) represents 375 school districts throughout Oregon. OSBA works to improve the learning opportunities for students by helping school boards set policies and priorities, and by providing support and resources to help boards and districts improve education. OSBA empowers school boards with expertise, tools and connections to help ensure that our state’s public schools are places where all students can learn. www.orsba.org

Contact information

Newberg Public Schools
Superintendent 503-538-5041
Business Services Director 503-538-4374
City of Newberg
City Planner 503-538-1240
City Administrator 503-538-392

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Yamhill County
County Administrator 503-434-7501
Country Administrator 503-434-7501

What is required to implement a construction excise tax?

In order to impose a construction excise tax, school districts are required to:

- Adopt a long-term capital facility plan
- Enter into an intergovernmental agreement with local cities and counties that will oversee collection of the construction excise tax
- Adopt a resolution establishing the amount and terms of the tax

How are construction excise taxes collected?

The tax is collected by the city or county and is paid by the person undertaking the construction at the time a building permit is issued. Under an intergovernmental agreement, the city or county collecting the construction excise tax passes the funds through to the local school district. The city or county may charge more than one percent of the amount collected as an administrative fee.

Contact information

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What can school districts do with the money collected?

School districts may collect a maximum of:

- $1 per square foot of new residential construction
- $25,000 per non-residential project

The revenue generated from the construction excise tax will fund capital improvements to accommodate growth.

Contact information

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Using the construction excise tax, school districts may NOT spend the money on:

- Routine maintenance
- Operating costs or costs of personnel
- Administrative fees or charges

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