

Parkrose School District #3

Agenda Item # _____

SUBMITTED BY: (✓) Sharie Lewis	DATE 9/22/15
APPROVED BY:	
Building Administrator ()	
Superintendent Karen Fischer Gray (X)	9/22/15
Director of Business Services Sharie Lewis (X)	9/22/15

TOPIC: RESOLUTION TO INCREASE A CONSTRUCTION EXCISE TAX

PURPOSE OF AGENDA ITEM: [Why are you asking for Board review]:

Information ___ **Policy Change** ___ **Action/Approval** X **Presentation/Special Request** ___

BACKGROUND: Attachments: Y ___ N ___ **LIST:** DOR MEMO

RATIONALE/DISCUSSION:

FINANCIAL IMPLICATIONS:

Senate Bill 1036 states that the construction excise tax may not be imposed unless the school district develops a long-term facilities plan for making capital improvements, and the School Board adopts the plan by resolution. Parkrose School District is in compliance with this requirement

Secondly, the District must impose the Construction Excise Tax. This was completed and now Parkrose School District can modify the amount imposed.

Thirdly, the District adopts, through board resolution, an Intergovernmental Agreement with the collecting agency after that agency has adopted the same Agreement. That IGA was adopted December 2007 by City of Portland and Parkrose School District.

After those resolutions were completed, then the tax was enacted. Parkrose School District now has the ability to increase the amount by another \$.03 for residential and \$.02 for non-residential property from 2014-15 to 2015-16. The amount will again increase from 2015-16 to the new rates established for 2016-17 as per the attached document. City of Portland collects this tax when permits are filed. This request for board approval is with an effective date of October 1, 2015. City of Portland staff requires at least 30 days implementing this change.

RELATION TO GOALS:

Senate Bill 1036 allows school districts, by resolution adopted by the School Board, to impose construction excise taxes through intergovernmental agreements with other local governments. These taxes imposed will create funds available for improvement of Parkrose School District facilities.

ACTION REQUESTED:

Hereby resolved; Board of Directors of Parkrose School District enacts to increase a construction excise tax to be imposed only on improvements to real property that result in a new structure or additional square footage in an existing structure at a rate of:

For fiscal year 2015-16;

One dollar and twenty cents (\$1.20) per square foot on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing; and

Sixty cents (\$0.60) per square foot on structures or portions of structures intended for nonresidential use, not including multiple-unit housing of any kind.

In addition to the limitations under this resolution, a construction tax imposed on structures intended for nonresidential use may not exceed \$29,900 per building permit or \$29,900 per structure, whichever is less.

For fiscal year 2016-17;

One dollar and twenty-three cents (\$1.23) per square foot on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing; and

Sixty-one cents (\$0.61) per square foot on structures or portions of structures intended for nonresidential use, not including multiple-unit housing of any kind.

In addition to the limitations under this resolution, a construction tax imposed on structures intended for nonresidential use may not exceed \$30,700 per building permit or \$30,700 per structure, whichever is less.

For years beginning on or after June 30, 2009, the limitations under this resolution shall be adjusted for changes in construction costs by multiplying the limitations set forth by the ratio of the averaged monthly construction cost index for the 12-month period ending June 30 of the preceding calendar year over the averaged monthly construction cost index for the 12-month period ending June 30, 2008.

The adjusted limitations under this section and shall be pursuant to the report of the construction cost index published by the Oregon Department of Revenue. As used in this section, the "construction cost index" means the Engineering News-Record Construction Cost Index, or a similar nationally recognized index of construction costs identified by the department by rule.

Construction taxes shall be paid by the person undertaking the construction at the time that a permit authorizing the construction is issued.

The construction excise taxes shall not be imposed on the following:

Private school improvements.

Public improvements as defined in ORS 279A.010.

Residential housing that is guaranteed to be affordable, under guidelines established by the United States Department of Housing and Urban Development, to households that earn no more than 80 percent of the median household income for the area in which the construction tax is imposed, for a period of at least 60 years following the date of construction of the residential housing.

Public or private hospital improvements.

Improvements to religious facilities primarily used for worship or education associated with worship.

Agricultural buildings, as defined in Ors 455.315(2)(a).

Improvements to real property that result in a new structure or additional square feet totaling 1,000 square feet or less.

After deducting the costs of administering a construction tax and payment of refunds of such taxes, pursuant to intergovernmental agreement with collecting agencies, the District shall use net revenues only for capital improvements.

As used in this, "capital improvements" means:

The acquisition of land;

The construction, reconstruction or improvement of school facilities;

The acquisition of installation of equipment, furnishings or other tangible property;

The expenditure of funds for architectural, engineering, legal or similar costs related to capital improvements and any other expenditures for assets that have a useful life of more than one year; or

The payment of obligations and related costs of issuance that are issued to finance or refinance capital improvements.

It does not include operating costs or costs of routine maintenance.

The school district may pledge construction taxes to the payment of obligations issued to finance or refinance capital improvements as defined herein.

This resolution takes effect on October 1, 2015.