

**ESTACADA SCHOOL DISTRICT  
BOARD AGENDA  
SUPPORTING DOCUMENT**

**Regular Meeting of October 8, 2025**

**ITEM:** Action Item #

**PREPARED BY:** Scott B. Pillar, Director of Finance

**TYPE OF ITEM:** ACTION

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**BACKGROUND INFORMATION**

In 2007, the Oregon Legislature passed SB 1036, which allowed local school districts to impose a Construction Excise Tax (CET) on new construction within district boundaries to help address facilities pressures from rapid community growth.

- The original CET rates were \$1.00/sf for residential and \$0.50/sf for commercial properties.
- The bill exempted certain types of construction, including private schools, affordable housing, religious facilities, and agricultural structures.
- Following passage, the Estacada School District staff created a Board approved intergovernmental agreements with both Clackamas County and the City of Estacada to collect and remit the tax on behalf of the District for a small fee.

In 2009, state law was amended to direct the Oregon Department of Revenue to calculate and publish annually adjusted CET rates indexed to inflation. For the 2025–26 fiscal year, the published rates are:

- \$1.67/sf for residential construction
- \$0.84/sf for commercial construction

The Estacada School District has not increased its CET rates since adoption in May 2008.

Revenues derived from CET may be used for:

- Facilities improvements
  - Capital projects
  - Debt service
  - Enrollment-driven expenses (e.g., desks, portable classrooms)
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## FINANCIAL INFORMATION

CET revenue fluctuates from year to year, largely depending on the number and timing of permits issued to individuals and developers.

### Revenues Collected

Municipality	2023–24	2024–25
City of Estacada	\$323,384	\$83,897
Clackamas County	\$142,400	\$25,118
<b>Total</b>	<b>\$465,784</b>	<b>\$109,015</b>

There is substantial new residential development pending within District boundaries. If permitting activity mirrors that of the 2023–24 fiscal year, potential revenues could exceed \$750,000 possibly over two fiscal years depending on permit timing.

It is important to note that while the District has consistently received CET revenue since inception large revenue inflows are exceptions rather than the norm.

CET revenue is held in the Capital Projects Fund and spent on projects tied to growth, including painting, plumbing upgrades, and network expansions.

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## RECOMMENDATION

It is my recommendation that the Board adopt a resolution to increase the Construction Excise Tax rate in alignment with state-published levels.