

# North Santiam School District Construction Excise Tax

## **What is the Construction Excise Tax for the North Santiam School District?**

The Oregon Legislature passed SB 1036, a law that provides a financial tool to help school districts pay for capital improvements, expanded facilities, and equipment needed as a result of community growth. The law authorizes a school district, in cooperation with cities and counties, to tax new residential and non-residential development. Specifically, the tax applies to improvements to real property that result in a new structure or additional square footage to an existing structure.

## **What does the tax pay for?**

The excise tax revenue would be used for capital improvements such as acquisition of land, the construction, reconstruction or improvement of school facilities; acquisition or installation of equipment, furnishings, or other tangible property; related architectural, engineering expenses, legal expenses or similar costs related to capital improvements. The excise revenue would allow the district to purchase and prepare sites for future school facilities and/or to help defray the cost of new school facilities.

## **Who has to pay and when?**

The tax is required to be paid by the developer or property owner who is developing property in the North Santiam School District 29J at the time when he or she wishes to have a permit issued by the City or County. A permit will not be issued unless the tax is paid or unless an approved exemption is submitted on the Exemption Form.

## **Who is exempt from paying the tax?**

The following are exempt from the Construction Excise Tax:

1. Private school improvements;
2. Public improvements as defined in ORS279A.010;
3. 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% 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 for residential house);
4. Public or private hospital improvements;
5. Improvements to religious facilities primarily used for worship or education associated with worship;
6. Agricultural buildings as defined by ORS 455.315 (2)(a).
7. The square footage of a residential structure that is equal to or less than the square footage of the residential structure being removed. The structure being removed has to have been currently occupied to qualify for the exemption. (Supporting information confirming the square footage of both residential structures must be provided.)

## **How much is the tax?**

The tax may not exceed:

- \$1.41 per square foot on residential construction;
- \$.70 per square foot on non-residential construction. For non-residential construction only, the excise tax is limited to \$35,200 per building permit.

## **Whom can I contact for more information?**

If you have additional questions, you may contact the North Santiam School District business manager at (503)769-4187 or by emailing [jnofziger@nsantiam.k12.or.us](mailto:jnofziger@nsantiam.k12.or.us)

North Santiam School District  
Construction Excise Tax Calculation Form

**Building Permit Applicant:**

Name (Printed): \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Construction Address: \_\_\_\_\_

See *Exemptions Form* for exceptions to this tax.

**Construction Category:**

- Residential.** Construction excise tax of \$1.41 per square foot of living space in new or replacement structures intended for residential use, including:
  1. All new or relocated single or multiple unit housing, including manufactured housing units.
  2. Conversion of an existing non-residential structure to a residential structure.
  3. Addition of living space to an existing residential structure.
- Nonresidential.** Construction excise tax of \$.70 per square foot for all new or replacement nonresidential structures or additions. Nonresidential construction excise tax is limited to \$35,200 per building permit or per structure, whichever is less.

**Construction Excise Tax Calculation:**

Taxable square footage of construction.

Times \$1.41 per square foot for residential or \$0.70 per square foot for nonresidential.

\$ \_\_\_\_\_ Equals total Construction Excise Tax due (maximum \$35,200 for nonresidential).

\_\_\_\_\_ Deduction of Qualifying Exemption if application

\_\_\_\_\_ Adjusted Total Construction Excise Tax

Jurisdiction Issuing Building Permit: \_\_\_\_\_ Permit No. \_\_\_\_\_

For questions on this tax, please contact North Santiam School District Business Director, Jane Nofziger, (503) 769-4187.

**Construction Excise Tax Exemption Application Form  
For North Santiam School District 29J**

**APPLICANTS NAME:** \_\_\_\_\_  
**PERMIT No.** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**CITY:** \_\_\_\_\_ **STATE:** \_\_\_\_\_ **ZIP:** \_\_\_\_\_

**Exemption Description (check applicable exemption):**

- 1. Private School Improvements.
- 2. Public Improvements as defined in ORS 279A.010.
- 3. 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% 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.
- 4. Public or Private hospital improvements.
- 5. Improvements to religious facilities primarily used for worship or education associated with worship.
- 6. Agricultural buildings as defined in ORS 455.315(2)(a).
- 7. The square footage of a replacement structure to a formerly existing residential structure which is equal to or less than the amount of square footage in the removed structure. (Attach supporting documentation). The original structure must be in a condition that is able to be occupied. For example, an old structure that is not in adequate condition to be occupied, will not meet the conditions of the exclusion. The structure being removed has to have been currently occupied to quality for the exemption.

**Application for any of the above exemptions provides consent for the District to audit the applicant's records to verify the legal status and compliance with the exemption prerequisites.**

I do hereby certify that by signing I am verifying eligibility for the above Exemption to the Construction Excise Tax.

\_\_\_\_\_ Date

\_\_\_\_\_ Applicant

**APPROVAL OF EXEMPTION BY SCHOOL DISTRICT**

\_\_\_\_\_ Name of District Representative

\_\_\_\_\_ Signature

\_\_\_\_\_ Date

## TO QUALIFY FOR THE BEACHIE CREEK FIRE EXCISE TAX EXEMPTION

The school Board passed a resolution providing exemption from the excise tax if the homeowner meets the following requirements:

1. The home is within the boundaries of the North Santiam School District.
2. The person requesting the permit owned the home at the time of the fire.
3. The person requesting the permit occupied the home at the time of the fire.
4. The home being replaced was burned in the September 2020 Beachie Creek fire.

If you meet all of these qualifications, please send me verification from your homeowner's insurance that contains:

Your name

The address of the home

Verification from your homeowner's insurance that the home was destroyed in the fire.

After I receive that verification, I will be able to provide you with a memo of North Santiam School district excise tax exclusion.

Thank you.

Jane Nofziger

North Santiam School District Business Director



# Oregon

Kate Brown, Governor

Department of Revenue  
955 Center St NE  
Salem, OR 97301-2555  
www.oregon.gov/dor

**Issue:** Indexing of School Construction Tax Limits

**Statute Reference:** ORS 320.170

**Last Updated:** 6/23/2021

## Background

Passed in 2007, Senate Bill (SB) 1036 allowed school districts to impose a tax on new construction measured by the square footage of improvements (affordable housing, public buildings, agricultural buildings, hospitals, private schools, and religious facilities are exempt). SB 1036 defined and required revenues to be used for capital improvements. Construction taxes imposed by a school district must be collected by a local government, local service district, special government body, state agency, or state official that issues a permit for structural improvements regulated by the state building code. An intergovernmental agreement with local governments collecting the tax is required and collection expenses are limited to 4 percent of tax revenue. DCBS is allowed to establish an administration fee of .25 percent of tax revenue. School districts with construction tax revenue are required to develop long-term facility plans. Construction taxes may be used for repayment of capital improvement debt.

## Tax Limit Calculations

SB 1036 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. As prescribed in statute, DOR is responsible for updating tax rate limits and notifying affected districts. To notify affected districts, DOR has partnered with the Department of Education, who receives updated limit calculations from DOR and notifies the affected districts.

Tax rate limits by fiscal year:

Fiscal Year	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23
<b>Residential*</b>	1.20	1.23	1.26	1.30	1.35	1.39	1.41	1.45
<b>Non-Residential*</b>	0.60	0.61	0.63	0.65	0.67	0.69	0.70	0.72
<b>Non-Residential Max</b>	29,900	30,700	31,400	32,600	33,700	34,600	35,200	36,100

\* Dollars per square foot