

HB 2607 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 4/28, 6/2

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 the adjournment sine die.

ISSUES DISCUSSED:

- Use of construction tax
- Granting authority to school districts in waiving construction tax
- Policy purpose of the bill

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The 2007 Legislature granted school districts a new taxing authority. A school district may impose a tax on a new construction in the district and the revenues are to be used for capital improvements. Maximum tax rates were set at \$1 per square foot for residential use and \$0.50 per square foot with a maximum of \$25,000 per structure for nonresidential use in the beginning. The maximum rates have been adjusted based on a construction cost index, starting from 2009. Certain new constructions and improvements are exempt from this tax.

According to the Oregon Department of Education, 64 school districts imposed a total of \$26 million construction taxes in the school year 2018-19.

If not for wildfire or another specified events, there would not be new residential rebuilding activity on the lot or parcel of land that was destroyed or damaged. It is not known how many units would be rebuilt.

The policy purpose of this measure is to alleviate financial burden in rebuilding residential housing on the lot or parcel of land that was destroyed or damaged by wildfire or another specified emergency event or circumstance.