

Narrative and Annual Board Resolution for CONSTRUCTION EXCISE TAX (CET)

Each year, the Oregon Dept of Revenue will publish new indexed rates for the Construction Excise Tax. SOMETIMES THE RATES ARE for the coming biennium, and the Board may elect to adopt the rates for both years.

POSSIBLE ACTIONS:

- Keep the rates and commercial collection at the current rate
- Determine a partial increase in one, or both, of the rates and/or the maximum commercial collection.
- Adopt the maximum rates as authorized by the OR Dept of Revenue

SUGGESTED ACTION: Adopt the school construction excise tax rates and the maximum amount levied on commercial construction (known as the Indexed Tax Rate Limits) as published by the Oregon Department of Revenue for the Fiscal Year 2026-27.

SUGGESTED MOTION: I move to adopt the Resolution re-authorizing the collection of Construction Excise Tax and impose the Indexed Tax Rate Limits for Construction Excise Tax for the Fiscal Year 2026-27 to be effective immediately upon signing of the resolution.

**RESOLUTION 2026-2027.003 RE-AUTHORIZING COLLECTION OF
CONSTRUCTION EXCISE TAX AND
SETTING RATES**

WHEREAS The District currently levies a Construction Excise Tax on new construction in the District, as allowed by ORS 320.170 and adopted by the Molalla River School Board in October of 2007, and

WHEREAS, The proceeds of the Construction Excise Tax are to be used only for capital improvement or the repayment of debt incurred due to capital improvements; and

WHEREAS, The tax is levied based on a rate per square foot of new construction, with a maximum amount allowed on commercial construction. The rate is indexed and a maximum allowable rate is published each year by the Oregon Department of Revenue, and

WHEREAS The District wishes to continue its practice of collecting the Construction Excise Tax at the allowable rates authorized by the Oregon Department of Revenue; which for the years 2026 – 2027 are:

Residential	<u>\$1.70</u>
Commercial	<u>\$0.85</u>
Commercial Maximum	<u>\$42,400</u>

NOW, THEREFORE, BE IT RESOLVED that the following rates be adopted as of July 23, 2026, and the Board authorizes the Superintendent or designee to update agreements with local jurisdictions to collect, or communicate the new rates to applicants for construction permits.