



Reedsport School District #105

Construction Excise Tax (CET) Information

What is the Construction Excise Tax (CET)?

Passed in 2007, SB 1036 allows school districts to impose a tax on new construction, calculated based on the square footage of improvements. The tax applies to most new residential and non-residential developments, with exemptions for affordable housing, public buildings, agricultural buildings, hospitals, private schools, and religious facilities. Revenues from the Construction Excise Tax (CET) are required to be used for capital improvements to school facilities. The tax is collected by local governments or entities that issue permits for structural improvements regulated by the state building code.

Why is a Construction Excise Tax needed?

The Construction Excise Tax is crucial for funding the necessary capital improvements that ensure our schools have the infrastructure, safety, and resources needed to provide an excellent education for our students. It is important to note that the revenue generated by SB 1036 alone will not be enough to fully fund the costs of infrastructure, meaning voter approved bonds will still be needed and are crucial to the safe and healthy learning environment for our students.

CET Rates

The following rates apply to construction projects within the Reedsport School District for the upcoming fiscal year:

Fiscal Year	Residential Rate	Non-Residential Rate	Non-Residential Maximum
2025-2026	1.67 per square foot	\$0.84 per square foot	\$41,800

Residential Rate: Applied to new residential construction or additions to existing homes.

Non-Residential Rate: Applied to commercial, industrial, and other non-residential developments.

Non-Residential Maximum: The maximum tax amount for non-residential projects, regardless of the square footage.

How the CET Benefits Reedsport School District

The funds collected through the CET can be used for:

- Construction, reconstruction, or improvement of school facilities
- Expenses for purchasing and installing equipment, furnishings, or other tangible property with a useful life exceeding one year
- Architectural, engineering, legal, or other related costs associated with capital improvements
- Land acquisition

School districts may NOT spend construction excise tax funds on operating costs or costs of routine maintenance.

Who Pays the CET?

The CET is required to be paid by the property developer or owner requesting a building permit for new residential or non-residential construction. A permit will not be issued unless the tax is paid or an approved exemption is submitted.

Exemptions to the CET

The law provides exemptions for private schools, public improvements (such as schools, libraries, fire stations, etc.), affordable housing, hospitals, religious facilities, agricultural buildings, and certain developments on environmentally contaminated sites (brownfields)

What is Needed to Implement a Construction Excise Tax?

To implement a construction excise tax, school districts must:

- Adopt a long-term capital facility plan
- Enter into an intergovernmental agreement with local cities and counties to manage the collection and distribution of the tax
- Adopt a resolution that defines the tax amount and terms

Contact Information

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