

T. J. A.

Memorandum Date: May 21, 2008
Order Date: June 4, 2008

TO: Board of County Commissioners

DEPARTMENT: Department of Public Works
Land Management Division

PRESENTED BY: Matt Laird, LMD Manager

AGENDA ITEM TITLE: ORDER/IN THE MATTER OF ENTERING INTO AN INTERGOVERNMENTAL AGREEMENT WITH LANE COUNTY SCHOOL DISTRICTS FOR THE COLLECTION AND REMITTANCE OF DISTRICT CONSTRUCTION EXCISE TAXES

I. MOTION

I move to authorize the County Administrator to enter into Intergovernmental Agreements (IGA) with School Districts in Lane County, in substantial conformance with the attached IGA and in accordance with ORS 320.170-320.189.

II. AGENDA ITEM SUMMARY

The Board is being asked to approve entering into an intergovernmental agreement (IGA) with Lane County School Districts for the collection and remittance of their district construction excise taxes. Under the terms of the IGA, County agrees to collect construction excise taxes (CET) on behalf of the school district for those properties within both the District's boundaries and the County's area of jurisdiction.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

In order to create a new funding mechanism for public school construction in Oregon, the 2007 legislature, working with school districts and the home builders industry, passed legislation which authorizes local school districts to impose a construction excise tax (CET) as a means to finance capital improvements to facilities. The maximum rate of the CET is set in statute; the law also allows school districts to enter into IGA's with local governments that issue building permits in order to impose the tax at the time permits are obtained.

ORS 320.170-320.189, authorizes school districts, as defined in ORS 330.005, to impose construction excise taxes to fund planned capital improvements to school facilities. The School Districts will be imposing a CET within their boundaries and requests Lane County to collect and remit the tax on their behalf.

On December 12, 2007, the Board directed Lane County Public Works Land Management Division (LMD) staff to enter into discussions with the School Districts regarding implementation and collection of the Construction Excise Tax approved in Senate Bill 1036, by the 2007 Oregon legislature. After multiple coordination meetings, an IGA has been drafted that will allow Lane County to begin collecting the Construction Excise Tax, within 30 days of the agreement or by July 1, 2008.

Lane County contains 20 school districts within its jurisdictional boundaries. Formal requests to collect the Construction Excise Tax (CET) have been received from the Bethel School District, South Lane School District, and the Oakridge School District. Reference Attachments 2-4. While these three districts are the first, it is expected that other districts within Lane County will follow.

B. Policy Issues

ORS Chapter 190 allows units of local government to enter into agreements for performance of any or all functions and activities which such units have authority to perform.

C. Board Goals

Section D of the Strategic Plan positions the County to identify and recover user fees and charges where appropriate. More specifically, Section D3 (b) advocates pursuing entrepreneurial opportunities for services it can offer that would potentially generate additional revenue.

Under the terms of the IGA, Lane County will collect the District's CET at the rate set by resolution by the District, not exceeding the maximum limitation set by ORS 320.176(2). County shall retain 1% of the gross amount of CET collected by County as authorized by ORS 320.179(2)(c) toward County's actual cost of collecting District's CET. In addition, District shall pay County a supplemental fee as District's fair share of the County's actual cost of collecting permit fees, District's CET and any other fees or charges collected by the Land Management Division.

D. Financial and/or Resource Considerations

The County and the School Districts shall review the actual costs one year after beginning collection of the CET with the intent that this additional payment rate be modified to reflect actual costs. After the first year, the parties will evaluate the additional payment rate periodically, with the intent of continuing to reflect actual costs.

The attached IGA includes a 1% administrative fee that will be retained from the taxes collected as well as a 2% additional payment for collection costs. The IGA also includes language about a one time payment to cover the set up costs associated primarily with computer programming. With these additional payments, full cost recovery of collecting the Construction Excise Tax is expected.

E. Analysis

At the December 12, 2007, Board meeting, LMD staff raised four primary issues before the Board. Staff proceeded to develop a prototype IGA, based on the direction given at that meeting on each issue. Below is a summary of each issue.

Issue 1: Should the Lane County Land Management Division (LMD) collect a CET for school districts through an IGA?

While the law is permissive about counties entering into IGA's with school districts, the Board determined that LMD would be the most efficient and logical place to pay the tax, when obtaining a building permit.

Issue 2: Should applicants who are exempt from a CET be required to obtain a CET Exemption Form from the school district?

Section 7 of the IGA authorizes LMD to provide an exemption form to the building permit applicant. LMD will require the applicant to submit a District CET Exemption form along with their building permit application. LMD will then report this activity to the school districts. Appeals of exempt structures will be determined by the individual school district.

Issue 3: What should LMD do if a building permit applicant refuses to pay a CET?

Section 10 of the attached IGA requires a building permit applicant to complete an Appeal form if they refuse to pay the construction excise tax. The County will then issue the building permit and within five days, send notice to the School District, who has the sole responsibility to institute collection procedures.

Issue 4: Should LMD retain only the 1 percent of the CET authorized by Senate Bill 1036 for collecting a CET or seek “full cost recovery” in an IGA?

The Board directed LMD to obtain full cost recovery for collection of the CET. Lane County will not subsidize collection of the construction excise tax for a non-County entity such as a school district. Based on detailed cost analysis, LMD staff determined that a 1% administrative fee, a 2% additional collection payment, and a one time start up charge would ensure the Board policy for full cost recovery was met. Reference section 13 and 14 of the attached IGA.

F. Alternatives/Options

1. Authorize the County Administrator to enter into Intergovernmental Agreements (IGA) with Lane County School Districts in order to collect the construction excise tax pursuant to ORS 320.170-320.189 and in substantial conformance with the attached IGA.
2. Authorize the County Administrator to enter into Intergovernmental Agreements (IGA) with Lane County School Districts in order to collect the construction excise tax pursuant to ORS 320.170-320.189 and in substantial conformance with the attached IGA, as modified by the Board.
3. Do not authorize the County Administrator to enter into Intergovernmental Agreements (IGA) with Lane County School Districts in order to collect the construction excise tax pursuant to ORS 320.170-320.189.

V. TIMING/IMPLEMENTATION

Section 4 of the attached IGA states that the County shall begin collecting the school district construction excise tax within 30 days of District’s giving written notice to the County or on a fixed date mutually agreed upon by both parties. Lane County LMD proposes to begin collecting the Construction Excise Tax, within 30 days of the agreement or by July 1, 2008.

VI. RECOMMENDATION

Staff recommends the Board authorize the County Administrator to enter into an IGA with school districts as described in Option 1 above.

VII. FOLLOW-UP

Lane County LMD will to begin collecting the Construction Excise Tax, within 30 days of the IGA or by July 1, 2008, pursuant to ORS 320.170-320.189.

VII. ATTACHMENTS

1. Proposed Intergovernmental Agreement to Collect and Remit Construction Excise Tax.
2. Formal request to begin implementation of the CET from Bethel School District.
3. Formal request to begin implementation of the CET from South Lane School District.
4. Formal request to begin implementation of the CET from Oakridge School District.

**IN THE BOARD OF COMMISSIONERS OF LANE COUNTY
STATE OF OREGON**

ORDER NO. (IN THE MATTER OF ENTERING INTO INTER-
GOVERNMENTAL AGREEMENTS WITH LANE
COUNTY SCHOOL DISTRICTS FOR THE
COLLECTION AND REMITTANCE OF
CONSTRUCTION EXCISE TAXES

WHEREAS, ORS 320.170-320.189, authorizes school districts, as defined in ORS 330.005, to impose construction excise taxes (CET) to fund planned capital improvements to school facilities; and

WHEREAS, ORS Ch. 190 allows units of local government to enter into agreements for performance of any or all functions and activities which such units have authority to perform; and

WHEREAS, County staff has met with staff from the Lane County School Districts to develop mutually agreeable terms for an intergovernmental agreement to have the County collect CET on behalf of the Districts who desire to have it do so, and

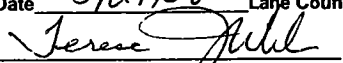
WHEREAS, Section D of the Lane County Strategic Plan positions the County to identify and recover user fees and charges where appropriate. More specifically, Section D3 (b) advocates pursuing entrepreneurial opportunities for services it can offer that would potentially generate additional revenue; and

WHEREAS, under the terms of the proposed IGA, Lane County will collect a Lane County School District's CET at the rate set by resolution by the District, not exceeding the maximum limitation set by ORS 320.176(2), County would retain 1% of the gross amount of CET collected by County as authorized by ORS 320.179(2)(c) toward County's actual cost of collecting District's CET, and the District would pay County a supplemental fee as District's fair share of the County's actual cost of collecting permit fees, District's CET and any other fees or charges collected by the Land Management Division; **NOW, THEREFORE, IT IS HEREBY**

ORDERED, that the County Administrator is authorized to enter into intergovernmental agreements with Lane County School Districts for the collection and remittance of their district CET consistent with the terms of this Board Order.

DATED this _____ day of _____, 2008.

Faye Steward, Chair
Lane County Board of Commissioners

APPROVED AS TO FORM
Date 5/27/08 Lane County

OFFICE OF LEGAL COUNSEL

**DRAFT
INTERGOVERNMENTAL AGREEMENT**

TO COLLECT AND REMIT CONSTRUCTION EXCISE TAX

This Intergovernmental Agreement is effective on the last date of signature below, and is by and between _____ School District No. _____, a school district organized under the laws of the State of Oregon, hereinafter referred to as **District**, and Lane County, a political subdivision of the State of Oregon, hereinafter referred to as **County**, collectively referred to as **Parties**.

WHEREAS, ORS Chapter 190 allows units of local government, such as **District** and **County**, to enter into written agreements for performance of any or all functions and activities which such units have authority to perform; and

WHEREAS, Chapter 829, Oregon Laws 2007 (Senate Bill 1036), [hereafter ORS 320.170-320.189] authorizes school districts, as defined in ORS 330.005, to impose construction excise taxes to fund capital improvements to school facilities; and

WHEREAS, **District** either has imposed or is contemplating imposing a construction excise tax within **District**'s boundaries and desires to enter into an intergovernmental agreement with **County** to collect the tax prior to the adoption of a construction excise tax; and

NOW, THEREFORE, the **Parties** hereto agree as follows:

1. **Information and Forms**. **District** shall create and provide to **County** all of the forms necessary to collect and remit the construction excise tax (CET), public information in the form of brochures or flyers and other assistance explaining the CET, public information explaining exemptions to the CET and the process for appeals, and any other forms or information necessary for implementation of the CET. All forms created by **District** shall be prepared in consultation with **County**, and shall be subject to review and approval by **County** prior to implementation of the CET. **District** shall consult with the **County** prior to any change in the CET and shall provide updated information, brochures, flyers and forms to **County** prior to the changes taking effect.
2. **Responsibility**. **County** agrees to collect the CET on behalf of **District** for those properties within both **District**'s boundaries and the **County**'s area of jurisdiction. **County** shall collect and remit the CET to the **District** as prescribed in this agreement.
3. **Facility Plan**. **District** has adopted, or is currently developing a long term facilities plan as required by ORS 320.183. **District** agrees not to adopt the CET until such plan has been completed and adopted by resolution of **District**'s Board of Directors.
4. **Collection Start Date**. **County** and **District** shall use their best efforts to coordinate implementation of the CET with other jurisdictions that will collect the CET, so that **County**

begins collecting the CET at the same time as other jurisdictions. Notwithstanding the foregoing, **County** shall begin collecting the **District's** CET within 30 calendar days of **District's** giving written notice to **County** of the adoption of the CET, including a copy of **District's** resolution imposing the tax plus all the forms and public information materials required by Paragraph 1 of this Agreement. Alternatively, **County** may begin collecting the CET on a fixed date mutually agreed upon by **County** and **District**. **County** shall collect the **District's** CET until the CET expires, the underlying statutory authority is repealed, or this Agreement is terminated by either **District** or **County** upon 60 days written notice.

5. Collection Rate. **County** shall collect **District's** CET at the rate set by resolution by the District, but not to exceed the maximum limitations of ORS 320.176(2), adjusted annually as allowed by law. If **District** increases or otherwise modifies the tax, including annual adjustments, it shall send written notice to the **County** of the increase or other modification, including a copy of **District's** resolution adopting the change. **County** shall collect the tax at the new rate within 30 calendar days after notice is received by **County**, or upon the effective date of the change stated in **District's** resolution, or upon receipt of updated forms and information described in Paragraph 1, whichever occurs last. Alternatively, **County** may begin collecting the tax at the new rate on a fixed date mutually agreed upon by **County** and **District**.

6. Collection Methodology. The **District** shall be responsible for developing appropriate information and forms to enable the applicants for a building permit to determine the applicable CET rate (residential or non-residential) and to calculate the amount of CET due. The parties agree that the **County** shall have no responsibility to make the determination of the applicable rate or to perform the calculation. The **County** will consult and cooperate with the **District** to assist in the development of that information per Paragraph 1 above.

7. Exemptions. ORS 320.173 provides that **District's** CET may not be imposed on certain developments as identified in Exhibit A to this Agreement. **District** shall provide **County** with all forms necessary for CET exemptions, rebates, and refunds, and any other forms or information necessary for implementation of the CET in accordance with Paragraph 1. If a person or entity asserts that it is exempt from the CET and files a **District** CET exemption form at the time the CET would otherwise be due, **County** shall grant the exemption. **County** shall provide **District** a copy of the completed exemption forms along with the quarterly reports described in Paragraph 9. It shall be the **District's** responsibility to determine the validity of the exemption and to institute collection procedures to obtain payment of the CET, if **District** determines the applicant was not entitled to the exemption.

8. Remittance. After the start date of this Agreement, **County** shall remit the collected CET according to the terms of Paragraph 12 of this agreement, to **District** on a quarterly basis, by the 30th of the month following the end of the quarter. The CET remittance and the CET Report shall be sent to **District** at _____.

9. CET Reports. **County** shall prepare and submit to **District** a report of the CETs collected and building permits issued by **County** for the previous quarter's construction activities within the **District's** boundaries. The report shall include: the number of building permits issued that

month; the aggregate square footage of residential construction; the aggregate square footage of non-residential construction; the number of building permits for which CET exemptions were given; the aggregate square footage of construction for the exempted construction; the aggregate amount of CET paid.

10. Failure to Pay CET. **District's** CET shall be paid by the person applying for a building permit at the time that a permit authorizing construction is issued. If an applicant for a building permit refuses or fails to pay the CET when due, **County** may issue the building permit, but shall request applicant fill out an appeal form. If the CET is not paid when due, **County** shall forward the appeal form or otherwise notify **District** in writing within five (5) business days of such refusal or failure with information including the applicant's name, address, phone numbers, a description of the permitted project, square footage of new construction and the building permit number. In no event shall **County** be liable for failure to collect **District's** CET when due. It shall be **District's** sole responsibility to institute collection procedures to obtain payment of the CET as well as any other remedy **District** may have under law.

11. Records. **County** shall make all records related to building permit activity, CET collections, and CET exemptions available to **District**, or its designated auditors, as necessary for **District** to audit CET collections. Records shall be stored, maintained and destroyed in accordance with the Secretary of State's General Records Retention Schedule for counties. **County** shall not be responsible for the storage or provision of records after they have been destroyed.

12. Administrative Fee. **County** shall retain 1% of the gross amount of CET collected by **County** as authorized by ORS 320.179(2)(c) toward **County's** actual cost of collecting **District's** CET. Prior to remitting the CET to **District**, **County** shall deduct this amount; the amount retained shall be identified on the report submitted to **District**.

13. Additional Payment for Collection Costs. In addition to the retainage identified in Paragraph 12 of this Agreement, **District** shall pay **County** a supplemental fee as **District's** fair share of **County's** actual cost of collecting permit fees, **District's** CET and any other fees or charges collected by **County's** Land Management Division. The fee shall be 2% of the gross amount of CET collected by **County**. In addition, the **District** shall pay **County** for any bank transaction fees or charges levied against **County** for returned checks, any refunds due to cancelled permits and any credit card fees or charges. These payments shall not be paid from monies collected from **District's** CET. **District** shall pay such supplemental payments within thirty (30) days following receipt of **County's** quarterly report which shall identifies the amount of CET collected, the amount of supplemental payment due, and the amount of any bank transaction fees or charges, refunds, and credit card fees or charges. Delinquent payments shall bear interest at the legal rate. The additional 2% fee for collection costs is based on an estimate of actual costs for **County**. The **County** and **District** shall review the actual costs one year after beginning collection of the CET with the intent that this additional payment rate be modified to reflect actual costs. After the first year, the parties will evaluate the additional payment rate periodically, with the intent of continuing to reflect actual costs.

14. Start-up Costs. **County** will have start-up costs, primarily for computer programming, estimated to be up to \$15,000. By January 10, 2009, **County** will determine actual start-up costs incurred, and will bill each **District** with whom the **County** has an agreement to collect CET for a pro-rata share of these start-up costs. The pro-ration shall be based on the number of districts who then have agreements with the **County**, but the amount shall be reduced by any payments already received by County from any source that for the purpose of offsetting start-up costs. **District** agrees to pay its share of these start-up costs within thirty (30) days following receipt of the invoice.

15. Interest Waiver. **District** waives any and all claims to any interest which may be earned on CET funds prior to **County**'s remittance of collected CET funds to **District** pursuant to Paragraph 7 of this Agreement.

16. Amendment. This Agreement may be amended by mutual written agreement of the **Parties**. If there is legislative change which affects the responsibilities or costs for either party with respect to the CET, the parties will negotiate in good faith towards an amendment of this agreement.

16. Other Agreements. This Agreement does not affect or alter any other agreements between **District** and **County**, if any.

17. Defense and Indemnification. To the extent allowed by the Oregon Constitution and the Oregon Tort Claims Act, **District** agrees to defend, indemnify and hold harmless **County**, its officers, agents and employees, against all claims and actions, and all damages and expenses related thereto, arising from the performance of this agreement, or relating to the subject of this Agreement, except for those caused by the sole negligence of the **County** or its officers and employees.

18. Contact Persons. **District** and **County** hereby designate the following persons as the individuals having primary responsibility for administration of this Agreement, and as the person designated to receive notice provided for herein. Either party may change its designated contact person by written notice to the other party.

District:

Name
Title

Address

Telephone
Email

County:

Name
Title

Address

Telephone
Email

19. Notice. Whenever notice is required to be given under this Agreement, the notice shall be given in writing to the other party's contact person by US Mail, first class postage prepaid. In addition, notice may be given by email or personal delivery.

20. General Provisions. This Agreement is binding on and inures to the benefit of **Parties** and their successors and assigns. Except with the other party's prior written consent, a party may not assign any rights or delegate any duties under this Agreement. The headings used in this Agreement are solely for convenience of reference, are not part of this Agreement, and are not to be considered in construing or interpreting this Agreement. This Agreement sets forth the entire understanding of **Parties** with respect to the subject matter of this Agreement and supersedes any and all prior understandings and agreements, whether written or oral, between **Parties** with respect to such subject matter. A provision of this Agreement may be waived only by a written instrument executed by the party waiving compliance. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. Failure to enforce any provision of this Agreement shall not operate as a waiver of such provision or any other provision. From time to time, each of the parties shall execute, acknowledge, and deliver any instruments or documents necessary to carry out the purposes of this Agreement. Time is of the essence for each and every provision of this Agreement. Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties to this Agreement, any right or remedy of any nature whatsoever. Each party shall bear its own expenses in connection with this Agreement and the transactions contemplated by this Agreement.

21. Termination of Agreement. This Agreement may be terminated by either **District** or **County** upon sixty (60) days written notice of intent to terminate. If a notice of intent to terminate is issued, **District** and **County** agree to meet and discuss the concerns leading to the notice of termination upon receipt of a request to do so from the other party.

District

_____ School District No. _____

By: _____

Date: _____

Title: Superintendent

County

Lane County

By: _____

Date: _____

Title: County Administrator

EXHIBIT A

EXEMPTIONS

The following improvements are exempt from the Construction Excise Tax (CET) pursuant to ORS 320.173.

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)

Bethel School District # 52

4640 Barger Drive • Eugene, OR 97402 • Phone: (541) 689-3280
• Fax: (541) 689-0719 • www.bethel.k12.or.us



*Together we will reach,
teach, and inspire each
student to excellence*

April 28, 2008

Matt Laird, LMD Manager, Lane County
Department of Public Works
Land Management Division
125 E. 8th Ave.
Eugene, OR 97401-2926

RE: Construction Excise Tax Implementation in Bethel School District

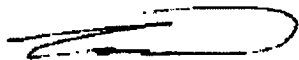
Dear Matt,

Bethel School District is formally requesting to begin the process of collecting the Construction Excise Tax (CET) as allowed under Senate Bill 1036. Attached to this letter is a copy of the Board's Resolution adopted on the 10th day of December 2007 imposing the Construction Excise Tax.

We are working with the City of Eugene to begin collecting the tax on July 1, 2008. We are eager to begin collecting the tax with the county on the same date.

Please notify me if there are any additional documents needed to begin this process in a timely fashion.

Sincerely,



Colt Gill
Superintendent

Bethel School District # 52

4640 Barger Drive • Eugene, OR 97402 • Phone: (541) 689-3280
Fax: (541) 689-0719 • www.bethel.k12.or.us



*Together we will reach,
teach, and inspire each
student to excellence*

RESOLUTION NO. 07-08: 32

DECEMBER 10, 2007

WHEREAS, the District has need to plan for future growth and build new facilities and improve existing school facilities; and,

WHEREAS, the Oregon Legislative Assembly passed Senate Bill 1036, authorizing school districts to impose construction excise taxes to fund capital improvements to school facilities; and,

WHEREAS, pursuant to Section 5 of Senate Bill 1036 (2007), the District shall enter into an intergovernmental agreement with the City of Eugene and Lane County; and,

WHEREAS, pursuant to Section 5 of Senate Bill 1036 (2007), this intergovernmental agreement establishes: (a) collection duties and responsibilities; (b) the Bethel School District #52 account into which construction tax revenues are to be deposited and the frequency of such deposits; and (c) the amount of the administrative fee of 1 % that the entity collecting the tax may retain from *collections* to recoup its expenses in collecting the tax.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The rates of tax, imposed only on improvements to real property that result in a new structure, with the exemptions outlined in Senate Bill 1036, are:
 - (a) \$ 1.00 on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing; and,
 - (b) \$.50 on structures or portions of structures intended for nonresidential use, not including multiple-unit housing of any kind.
2. In addition, a construction tax imposed on structures intended for nonresidential use will not exceed \$25,000 per building permit or \$25,000 per structure, whichever is less.
3. For years beginning on or after June 30, 2009, the tax rates stated in this resolution shall be adjusted for changes in construction costs. The Oregon Department of Revenue will determine the adjusted rate limitations and report to the District.
4. The construction excise tax shall be assessed and collected pursuant to the provisions of Senate Bill 1036 (2007).
5. This resolution takes effect on December 10, 2007 and upon effective date of intergovernmental agreements.

ATTEST Ginger R Poage
Chair
[Signature]
Clerk

MOVED BY Andersen

SECONDED BY Laisure

RESOLUTION Passed / Failed

DATE 12-10-07

	AYE	NAY	ABSTAIN	ABSENT
Keith Andersen	✓			
Sherry Cunningham				✓
Paul Jorgensen	✓			
Alan Laisure	✓			
Greg Nelson	✓			
Ginger Poage	✓			
Wayne Watkins	✓			

REC'D APR 30 2008



**South Lane
School District 45J3**

455 Adams
P.O. Box 218 (mailing address)
Cottage Grove, OR 97424
Phone 541-942-3381
Fax 541-942-8098
www.slane.k12.or.us

Krista Parent
Superintendent

Julle De Pauw
Asst Superintendent

Todd Hamilton
Director

Chris Parra
Director

Tim Rochholz
Director

April 28, 2008

Matt Laird, LMD Manager, Lane County
Department of Public Works
Land Management Division
125 E. 8th Ave.
Eugene, OR 97401-2926

Dear Matt Laird and Lane County Commissioners,

South Lane School District is formally requesting to begin the process of collecting the Construction Excise Tax (CET) as allowed under Senate Bill 1036. Attached to this letter is a copy of the Board's Resolution adopted on the 17th day of December 2007 imposing the Construction Excise Tax. South Lane School District has a fully developed Facilities Plan as required by the law. In addition, at their regular board meeting on May 5, 2008 the South Lane School Board plans to adopt the Intergovernmental Agreement provided us by the county. A signed copy of the IGA will be sent to your attention on May 6, 2008.

With the City of Cottage Grove, we began collecting the tax on January 1, 2008. We are eager to begin collecting the tax with the county as soon as possible. There are projects on the near horizon in Cottage Grove that we don't want to miss. It is the district's intent to begin collecting those fees with the county no later than July 1, 2008.

Please notify us if there are any additional documents needed to begin this process in a timely fashion.

Sincerely,

Dr. Krista Parent, Superintendent

RESOLUTION 08-11

Imposition of Construction Excise Tax

WHEREAS, the South Lane School District has a critical need to build new facilities and improve existing school facilities; and

WHEREAS, the Oregon Legislative Assembly passed Senate Bill 1036, authorizing school districts to impose construction excise taxes to fund capital improvements to school facilities; and

WHEREAS, pursuant to Section 5 of Senate Bill 1036 (2007), the District shall enter into an intergovernmental agreement with the appropriate local government, local service district and/or special government body collecting the tax; and

WHEREAS, pursuant to Section 5 of Senate Bill 1036 (2007), this intergovernmental agreement establishes: (a) collection duties and responsibilities; (b) the South Lane School District account into which construction tax revenues are to be deposited and the frequency of such deposits; and (c) the amount of the administrative fee of 1% that the entity collecting the tax may retain to recoup its expenses in collecting the tax.

NOW, THEREFORE, BE IT RESOLVED as follows:


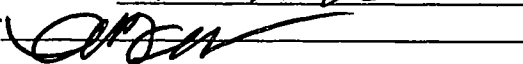
1. The rates of tax, imposed only on improvements to real property that result in a new structure or additional square footage in an existing structure, with the exemptions outlined in Senate Bill 1036, are:
 - (a) \$.50 per square foot on structures or portions of structures intended for nonresidential use, not including multiple-unit housing of any kind; and
 - (b) \$.25 per square foot on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing from January 1 to June 30, 2008; and
 - (c) \$.50 per square foot on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing from July 1 to December 31, 2008; and
 - (d) \$.75 per square foot on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing from January 1 to June 30, 2009; and
 - (e) \$1.00 per square foot on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing from July 1, 2009 and on.
2. In addition, a construction tax imposed on structures intended for nonresidential use will not exceed \$25,000 per building permit or \$25,000 per structure, whichever is less.
3. For years beginning on or after June 30, 2009, the tax rates stated in this resolution shall be adjusted for changes in construction costs. The Oregon Department of Revenue will determine the adjusted rate limitations and report to the District.
4. The construction excise tax shall be assessed and collected pursuant to the provisions of Senate Bill 1036 (2007).
5. This resolution takes effect on December 17, 2007.

Adopted this 17th day of December, 2007.

ATTEST:

Superintendent/Clerk

Board Chair

RESOLUTION 08-10

**Adoption of South Lane School District's
Facilities and Property Plan**

WHEREAS, the South Lane School District, in 2003 began developing a long-term Facilities and Property master plan, and the plan was completed on December 3, 2007; and

WHEREAS, Senate Bill 1036 (2007) allows school districts, by resolution, to impose construction excise taxes on new construction; and

WHEREAS, Senate Bill 1036 (2007) requires school districts to adopt the district long-term facilities plan for capital improvement prior to the imposition of a construction excise tax.

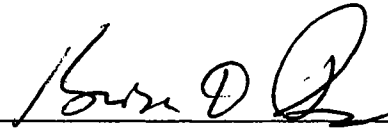
NOW, THEREFORE, BE IT RESOLVED that:

The South Lane School District adopts the December 3, 2007 Long-Term Facilities and Property Plan as their long-term facilities plan for making capital improvements as required by Senate Bill 1036 (2007).

Adopted this 3rd day of December, 2007.

ATTEST:

Superintendent/Clerk



Board Chair



RESOLUTION 08-26

Lane County and South Lane School District INTERGOVERNMENTAL AGREEMENT

TO COLLECT AND REMIT CONSTRUCTION EXCISE TAX

This Intergovernmental Agreement is effective on the last date of signature below, and is by and between South Lane School District No. 45J3, a school district organized under the laws of the State of Oregon, hereinafter referred to as **District**, and Lane County, a political subdivision of the State of Oregon, hereinafter referred to as **County**, collectively referred to as **Parties**.

WHEREAS, ORS Chapter 190 allows units of local government, such as **District** and **County**, to enter into written agreements for performance of any or all functions and activities which such units have authority to perform; and

WHEREAS, Chapter 829, Oregon Laws 2007 (Senate Bill 1036), [hereafter ORS 320.170-320.189] authorizes school districts, as defined in ORS 330.005, to impose construction excise taxes to fund capital improvements to school facilities; and

WHEREAS, **District** either has imposed or is contemplating imposing a construction excise tax within **District's** boundaries and desires to enter into an intergovernmental agreement with **County** to collect the tax prior to the adoption of a construction excise tax; and

NOW, THEREFORE, the **Parties** hereto agree as follows:

1. **Information and Forms.** **District** shall create and provide to **County** all of the forms necessary to collect and remit the construction excise tax (CET), public information in the form of brochures or flyers and other assistance explaining the CET, public information explaining exemptions to the CET and the process for appeals, and any other forms or information necessary for implementation of the CET. All forms created by **District** shall be prepared in consultation with **County**, and shall be subject to review and approval by **County** prior to implementation of the CET. **District** shall consult with the **County** prior to any change in the CET and shall provide updated information, brochures, flyers and forms to **County** prior to the changes taking effect.
2. **Responsibility.** **County** agrees to collect the CET on behalf of **District** for those properties within both **District's** boundaries and the **County's** area of jurisdiction. **County** shall collect and remit the CET to the **District** as prescribed in this agreement.
3. **Facility Plan.** **District** has adopted, or is currently developing a long term facilities plan as required by ORS 320.183. **District** agrees not to adopt the CET until such plan has been completed and adopted by resolution of **District's** Board of Directors.

4. Collection Start Date. **County** and **District** shall use their best efforts to coordinate implementation of the CET with other jurisdictions that will collect the CET, so that **County** begins collecting the CET at the same time as other jurisdictions. Notwithstanding the foregoing, **County** shall begin collecting the **District's** CET within 30 calendar days of **District's** giving written notice to **County** of the adoption of the CET, including a copy of **District's** resolution imposing the tax plus all the forms and public information materials required by Paragraph 1 of this Agreement. Alternatively, **County** may begin collecting the CET on a fixed date mutually agreed upon by **County** and **District**. **County** shall collect the **District's** CET until the CET expires, the underlying statutory authority is repealed, or this Agreement is terminated by either **District** or **County** upon 60 days written notice.

5. Collection Rate. **County** shall collect **District's** CET at the rate set by resolution by the District, but not to exceed the maximum limitations of ORS 320.176(2), adjusted annually as allowed by law. If **District** increases or otherwise modifies the tax, including annual adjustments, it shall send written notice to the **County** of the increase or other modification, including a copy of **District's** resolution adopting the change. **County** shall collect the tax at the new rate within 30 calendar days after notice is received by **County**, or upon the effective date of the change stated in **District's** resolution, or upon receipt of updated forms and information described in Paragraph 1, whichever occurs last. Alternatively, **County** may begin collecting the tax at the new rate on a fixed date mutually agreed upon by **County** and **District**.

[6. Collection Methodology. The **District** shall be responsible for developing appropriate information and forms to enable the applicants for a building permit to determine the applicable CET rate (residential or non-residential) and to calculate the amount of CET due. The parties agree that the **County** shall have no responsibility to make the determination of the applicable rate or to perform the calculation. The **County** will consult and cooperate with the **District** to assist in the development of that information per Paragraph 1 above.

7. Exemptions. ORS 320.173 provides that **District's** CET may not be imposed on certain developments as identified in Exhibit A to this Agreement. **District** shall provide **County** with all forms necessary for CET exemptions, rebates, and refunds, and any other forms or information necessary for implementation of the CET in accordance with Paragraph 1. If a person or entity asserts that it is exempt from the CET and files a **District** CET exemption form at the time the CET would otherwise be due, **County** shall grant the exemption. **County** shall provide **District** a copy of the completed exemption forms along with the quarterly reports described in Paragraph 9. It shall be the **District's** responsibility to determine the validity of the exemption and to institute collection procedures to obtain payment of the CET, if **District** determines the applicant was not entitled to the exemption.

8. Remittance. After the start date of this Agreement, **County** shall remit the collected CET according to the terms of Paragraph 12 of this agreement, to **District** on a quarterly basis, by the 30th of the month following the end of the quarter. The CET remittance and the CET Report shall be sent to **District** at 455 Adams Avenue, Cottage Grove, Oregon 97424.

9. CET Reports. **County** shall prepare and submit to **District** a report of the CETs collected and building permits issued by **County** for the previous quarter's construction activities within the **District's** boundaries. The report shall include: the number of building permits issued that month; the aggregate square footage of residential construction; the aggregate square footage of non-residential construction; the number of building permits for which CET exemptions were given; the aggregate square footage of construction for the exempted construction; the aggregate amount of CET paid. .

10. Failure to Pay CET. **District's** CET shall be paid by the person applying for a building permit at the time that a permit authorizing construction is issued. If an applicant for a building permit refuses or fails to pay the CET when due, **County** may issue the building permit, but shall request applicant fill out an appeal form. If the CET is not paid when due, **County** shall forward the appeal form or otherwise notify **District** in writing within five (5) business days of such refusal or failure with information including the applicant's name, address, phone numbers, a description of the permitted project, square footage of new construction and the building permit number. In no event shall **County** be liable for failure to collect **District's** CET when due. It shall be **District's** sole responsibility to institute collection procedures to obtain payment of the CET as well as any other remedy **District** may have under law.

11. Records. **County** shall make all records related to building permit activity, CET collections, and CET exemptions available to **District**, or its designated auditors, as necessary for **District** to audit CET collections. Records shall be stored, maintained and destroyed in accordance with the Secretary of State's General Records Retention Schedule for counties. **County** shall not be responsible for the storage or provision of records after they have been destroyed.

12. Administrative Fee. **County** shall retain 1% of the gross amount of CET collected by **County** as authorized by ORS 320.179(2)(c) toward **County's** actual cost of collecting **District's** CET. Prior to remitting the CET to **District**, **County** shall deduct this amount, plus any bank transaction fees or charges levied against **County** for returned checks, any refunds due to cancelled permits and any credit card fees or charges, directly from the CET collected, and the amounts deducted and retained shall be identified on the report submitted to **District**.

13. Additional Payment for Collection Costs. In addition to the retainage identified in Paragraph 12 of this Agreement, **District** shall pay **County** a supplemental fee as **District's** fair share of **County's** actual cost of collecting permit fees, **District's** CET and any other fees or charges collected by **County's** Land Management Division. The fee shall be 2% of the gross amount of CET collected by **County**. This payment shall not be paid from monies collected from **District's** CET. **District** shall pay such supplemental payments within thirty (30) days following receipt of **County's** quarterly report which shall identifies the amount of CET collected and the amount of supplemental payment due. Delinquent payments shall bear interest at the legal rate. This additional payment for collection costs is based on an estimate of actual costs for **County**. The **County** and **District** shall review the actual costs one year after beginning collection of the CET with the intent that this additional payment rate be modified to reflect actual costs. After the first year, the parties will evaluate the additional payment rate periodically, with the intent of continuing to reflect actual costs.

14. Start-up Costs. **County** will have start-up costs, primarily for computer programming, estimated to be up to \$15,000. By January 10, 2009, **County** will determine actual start-up costs incurred, and will bill each **District** with whom the **County** has an agreement to collect CET for a pro-rata share of these start-up costs. The pro-ration shall be based on the number of districts who then have agreements with the **County**, but the amount shall be reduced by any payments already received by County from any source that for the purpose of offsetting start-up costs. **District** agrees to pay its share of these start-up costs within thirty (30) days following receipt of the invoice.

15. Interest Waiver. **District** waives any and all claims to any interest which may be earned on CET funds prior to **County's** remittance of collected CET funds to **District** pursuant to Paragraph 7 of this Agreement.

16. Amendment. This Agreement may be amended by mutual written agreement of the **Parties**. If there is legislative change which affects the responsibilities or costs for either party with respect to the CET, the parties will negotiate in good faith towards an amendment of this agreement.

16. Other Agreements. This Agreement does not affect or alter any other agreements between **District** and **County**, if any.

17. Defense and Indemnification. To the extent allowed by the Oregon Constitution and the Oregon Tort Claims Act, **District** agrees to defend, indemnify and hold harmless **County**, its officers, agents and employees, against all claims and actions, and all damages and expenses related thereto, arising from the performance of this agreement, or relating to the subject of this Agreement, except for those caused by the sole negligence of the **County** or its officers and employees.

18. Contact Persons. **District** and **County** hereby designate the following persons as the individuals having primary responsibility for administration of this Agreement, and as the person designated to receive notice provided for herein. Either party may change its designated contact person by written notice to the other party.

District:

Name Dr. Krista Parent
Title Superintendent

Address 455 Adams Ave.
 Cottage Grove, OR 97424

Telephone 541-942-3381
Email kparent@lane.k12.or.us

County:

Name
Title

Address

Telephone
Email

19. Notice. Whenever notice is required to be given under this Agreement, the notice shall be given in writing to the other party's contact person by US Mail, first class postage prepaid. In addition, notice may be given by email or personal delivery.

20. General Provisions. This Agreement is binding on and inures to the benefit of **Parties** and their successors and assigns. Except with the other party's prior written consent, a party may not assign any rights or delegate any duties under this Agreement. The headings used in this Agreement are solely for convenience of reference, are not part of this Agreement, and are not to be considered in construing or interpreting this Agreement. This Agreement sets forth the entire understanding of **Parties** with respect to the subject matter of this Agreement and supersedes any and all prior understandings and agreements, whether written or oral, between **Parties** with respect to such subject matter. A provision of this Agreement may be waived only by a written instrument executed by the party waiving compliance. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. Failure to enforce any provision of this Agreement shall not operate as a waiver of such provision or any other provision. From time to time, each of the parties shall execute, acknowledge, and deliver any instruments or documents necessary to carry out the purposes of this Agreement. Time is of the essence for each and every provision of this Agreement. Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties to this Agreement, any right or remedy of any nature whatsoever. Each party shall bear its own expenses in connection with this Agreement and the transactions contemplated by this Agreement.

21. Termination of Agreement. This Agreement may be terminated by either **District** or **County** upon sixty (60) days written notice of intent to terminate. If a notice of intent to terminate is issued, **District** and **County** agree to meet and discuss the concerns leading to the notice of termination upon receipt of a request to do so from the other party.

District

South Lane School District No. 45J3

By: Brian D. Paris

Date: 5/5/08

Title: Superintendent

County

Lane County

By: _____

Date: _____

Title: County Administrator

EXHIBIT A

EXEMPTIONS

The following improvements are exempt from the Construction Excise Tax (CET) pursuant to ORS 320.173.

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)



Oakridge School District 76

"Schools and community partnering to
prepare students for productive
citizenship."

Donald Kordosky
Superintendent
Principal: OHS/OJH
76499 Rose St.
Oakridge, Oregon 97463
Phone: (541) 782-2813
Fax: (541) 782-2982

April 28, 2008

TO: Matt Laird, LMD Manager, Lane County
FROM: Donald Kordosky
RE: Oakridge School District Construction Excise Tax

Hello Matt,

The Oakridge School District has passed a resolution imposing a construction excise tax (CET). A copy of that resolution is included with this letter.

It is the District's intent to enter into an intergovernmental agreement (IGA) with Lane County to collect that tax.

It is the District's intent to have Lane County begin collecting those fees by July 1, 2008.

The Lane County CET IGA will be on the May, 2008 Oakridge School District Board meeting agenda.

Sincerely,

Donald L. Kordosky

c.c.: Krista Parent, Superintendent, South Lane School District; Colt Gill, Superintendent, Bethel School District; OSD Board of Directors; Debbie Egan, Lane ESD Superintendent



Oakridge School District 76

"Schools and community partnering to prepare students for productive citizenship."

Donald Kordosky
Superintendent
Principal: OHS/OJH
76499 Rose St.
Oakridge, Oregon 97463
Phone: (541) 782-2813
Fax: (541) 782-2982

RESOLUTION 08-05 Imposition of Construction Excise Tax

WHEREAS, the District has a need to build new facilities and improve existing school facilities; and

WHEREAS, the Oregon Legislative Assembly passed Senate Bill 1036, authorizing school districts to impose construction excise taxes to fund capital improvements to school facilities; and

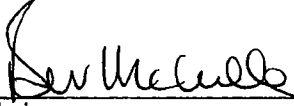
WHEREAS, pursuant to Section 5 of Senate Bill 1036 (2007), the District has entered into an intergovernmental agreement with the City of Oakridge and Lane County; and

WHEREAS, pursuant to Section 5 of Senate Bill 1036 (2007), this intergovernmental agreement establishes: (a) collection duties and responsibilities; (b) the Oakridge School District account into which construction tax revenues are to be deposited and the frequency of such deposits; and (c) the amount of the administrative fee of [less than 1%] that the entity collecting the tax may retain to recoup its expenses in collecting the tax.

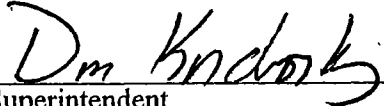
NOW, THEREFORE, BE IT RESOLVED as follows:

1. The rates of tax, imposed only on improvements to real property that result in a new residential or commercial structure with the exemptions outlined in Senate Bill 1036, are:
 - (a) \$1 per square foot on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing; and
 - (b) \$.50 per square foot on structures or portions of structures intended for nonresidential use, not including multiple-unit housing of any kind.
2. In addition, a construction tax imposed on structures intended for nonresidential use will not exceed \$25,000 per building permit or \$25,000 per structure, whichever is less.
3. For years beginning on or after June 30, 2009, the tax rates stated in this resolution shall be adjusted for changes in construction costs. The Oregon Department of Revenue will determine the adjusted rate limitations and report to the District.
4. The construction excise tax shall be assessed and collected pursuant to the provisions of Senate Bill 1036 (2007).
5. Nursing homes and assisted living facilities shall be exempt.
6. This resolution takes effect on 1st day of March, 2008

Adopted this 25th day of February, 2008



Chairman



Superintendent