

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Sixth Oregon Legislative
Assembly
2011 Regular Session
Legislative Revenue Office

Bill Number: HB 2563 - A6
Revenue Area: Property Tax
Economist: Christine Broniak
Date: 6/15/11

Measure Description:

Adjusts sunset dates for the property tax exemption on food processing equipment from July 1, 2011 to July 1, 2013. Removes the sunset on the property tax exemption for environmentally sensitive logging equipment.

Revenue Impact (in \$Millions): The food processing equipment property tax exemption has an impact of \$2,000,000 in loss in 2011-13 for county and local taxing districts. There is a shift of \$400,000 during this same time period. Since the tax exemption on environmentally sensitive logging equipment did not sunset until 2018, there will be no revenue impact in 2011-13 or 2013-15 for this part of the measure. Biennia after 2018 will have a revenue impact from this measure.

Impact Explanation:

The extension of the food processing property tax exemption would extend the exemption period from the beginning to the end of 2011-13. No interest would be paid to taxpayers owning eligible food processing equipment on any subsequent roll corrections that apply this exemption.

The tax exemption for environmentally sensitive logging equipment causes a loss in revenue to counties and local taxing districts of \$6.2 million in 2011-13 and a shift in \$1.3 million during this same time period. This exemption would be continued under current session law until 2018. After 2018, this measure would result in a revenue impact for this property tax exemption.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to encourage continued operation and expansion of the food processing industry in this state due to its significant contributions to the economy and its importance in supporting and maintaining a high level of agricultural diversity.