

**REVENUE: Minimal revenue impact, no statement issued**

**FISCAL: Fiscal statement issued**

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<b>Action:</b>	Without Recommendation as to Passage, but with Amendments and Be Printed Engrossed and Be Referred to the House Committee on Rules
<b>Vote:</b>	5 - 0 - 2
<b>Yeas:</b>	Cameron, Davis, Holvey, Unger, Clem
<b>Nays:</b>	0
<b>Exc.:</b>	Frederick, Thatcher
<b>Prepared By:</b>	Lynn Beaton, Administrator
<b>Meeting Dates:</b>	3/26, 4/11

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**WHAT THE MEASURE DOES:** Adds wholesale distribution, including manufacturing, processing, packaging and repackaging, of raw or processed agricultural crops and related products produced on or off farm operator’s property as allowed use on exclusive farm use (EFU) land if distribution: commenced on or before January 1, 2013; is “integrated with farm use of the property;” and is conducted in buildings that existed on or before May 19, 1970.

**ISSUES DISCUSSED:**

- Lavender farm operation
- Processing lavender product from around the world
- Limits of requiring buildings to have existed on or before May 19, 1970

**EFFECT OF COMMITTEE AMENDMENT:** Adds requirement that distribution of products must have commenced on or before January 1, 2013.

**BACKGROUND:** Current state law allows for conditional use permits to be issued for nonfarm uses on exclusive farm use (EFU) zoned land for commercial activities that are in conjunction with farm use. Although the definition of “commercial activities that are in conjunction with farm use” is not found in statute, the Land Use Board of Appeals (LUBA) ruled in *Craven vs. Jackson County* that in order to qualify for a conditional use permit, “...the commercial activity must enhance the farming enterprises of the local agricultural community to which the EFU land hosting that commercial activity relates.” The case, which affirmed the local land use decision to grant a conditional use permit for a winery in conjunction with a vineyard, also specified that both agricultural and commercial activities must take place together to satisfy requirements.

The project which prompted House Bill 3439 A is a lavender processing facility owned by Liberty Natural Products, Inc. (Liberty), which operates an essential oil cultivation and distillation business in Clackamas County. Liberty has operated in conjunction with the Oregon Lavender Farm (OLF) since 1999. In addition to processing crops grown at OLF, Liberty also purchases essential oil and other agricultural products from farms in Oregon, the U.S., and around the world, and uses existing buildings on the farm as a distribution facility. Current state law restricts commercial agricultural uses to locally produced agricultural goods. House Bill 3439 A would allow this business to continue to process and distribute agricultural crops and related products from other locations, as long as the distribution is “integrated with farm use of the property” and conducted in buildings that existed before May 19, 1970.