

April 1, 2015

AOC SUPPORTS HOUSE BILL 3125

The Association of Oregon Counties (AOC) Legislative Committee supports HB 3125, which expands the tax property exemption for newly acquired food processing machinery and equipment to include dairy, egg, bakery, and grain processors.

AOC believes that local governments play a crucial role in economic development in our state. However, AOC's members face a constant balancing act when weighing the costs and benefits of business incentives. With the support of HB 3125, counties are willing to give up a portion of property tax revenues on new investment in the short term because it is beneficial to our communities in the long term.

HB 3125 expands on an existing tax exemption which has proven successful over the past decade. Since 2005, the food processing industry has seen significant increases in annual employment and in total payroll. Much of that growth has been in the rural areas where it is desperately needed. Expanding this proven incentive will allow Oregon to compete with neighboring states. Chobani recently invested \$450 Million and created 500 new jobs in Idaho. Imagine the impact that investment would have made in Malheur County! Additionally, expansion of the exemption provides incentive to companies like Tillamook Creamery to stay put and continue to make investments and grow jobs in Oregon.

It should be noted that the property tax exemption is only on newly acquired machinery and equipment; companies benefitting from this exemption continue to pay property taxes on their land, buildings, and other equipment. We anticipate that the exempted machinery and equipment will come back onto the tax rolls after five years at approximately 70% of its original value, meaning that counties will eventually see an increase in revenues as a result of the original investment.

In order to encourage economic growth in Oregon, we ask for your support of HB 3125.

Please contact Mary Stern at mstern@ocweb.org for more information about AOC or this issue.