

## Food Processors' Exemption – HB 3125-4

**This bill seeks to expand the current food processors exemption to include grains, bakery products, dairy products and eggs and to increase the types of property included in the exemption.**

The Department is neutral on this bill but I would like to bring to your attention some language that is new, somewhat confusing or could present administrative issues.

- The one technical change in the bill is that personal property is now eligible even if it is not in an “integrated processing line”. The existing law is on page 1, line 27 and the change is on Page 1, line 25 and 26. The bill would allow personal property to be exempt if it is in the primary processing **OR** an integrated processing line. Anything you can imagine that is used to process that is not bolted down and not hooked up to the processing line is potentially now eligible with this language.
- Page 1, Line 29 to Page 2, Line 3 - The language here is somewhat confusing because it says that a qualified processing activity “occurs prior to the first point of sale by a food processor” but includes industries like bakeries that purchase processed grains from other potentially qualifying processors. (This would also apply to many dairy related activities if the language is expanded as we anticipate, cheese and yogurt producers may purchase pasteurized and processed cream products from another producer.)
- Note that the current law relative to vegetables, fruit and the addition of bakeries by this amendment would include the processing of cannabinoid (marijuana) for human consumption.