

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
Seventy-Eighth Oregon Legislative  
Assembly  
2015 Regular Session  
Legislative Revenue Office**

**Bill Number: HB 3125 - 8  
Revenue Area: Property Tax  
Economist: Kyle Easton  
Date: 6/4/2015**

***Only Impacts on Original or Engrossed  
Versions are Considered Official***

**Measure Description:**

Modifies definition of "food processor" to include grains and exclude a person engaged in the business of producing any product that contains marijuana or a marijuana extract. Modifies definition of qualified machinery and equipment to include grains. Requires qualified machinery and equipment used to process grains, to have real market value of at least \$100,000 when placed in service in order to qualify for exemption. Allows State Department of Agriculture to fix, assess and collect or cause to be collected fees on food processors in amount necessary to cover costs of certification. Applies to property tax years beginning on or after July 1, 2015.

**Revenue Impact (in \$Millions):**

	Fiscal Year		Biennium		
	2015-16	2016-17	2015-17	2017-19	2019-21
<b>Local Government</b>	(0.1)	(0.1)	(0.2)	(0.4)	(0.5)
<b>Local Education Districts</b>	(0.0)	(0.1)	(0.2)	(0.3)	(0.4)
<b>Total Revenue Change</b>	(0.1)	(0.2)	(0.3)	(0.8)	(0.9)

**Impact Explanation:**

The expansion of the existing property tax exemption for food processing equipment is expected to reduce property tax revenues for local taxing districts. The exemption is available for five years for machinery and equipment newly placed into service. This five year exemption horizon causes the revenue impact to increase each biennium reflective of machinery and equipment in years one to year five of the exemption. The growth in machinery and equipment installations is based upon overall food processing industry expansion expectations.

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No

The policy purpose of this measure is contained in ORS 307.453:

“The Legislative Assembly declares that a property tax exemption for qualified real property machinery and equipment encourages continued operation and expansion of the food processing industry in this state.”