

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3125 – 8 [Corrected]

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

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

Prepared by: Theresa McHugh
Reviewed by: John Borden, Paul Siebert
Date: June 4, 2015

Measure Description:

Exempts from property taxation qualified machinery and equipment used to process grains.

Government Unit(s) Affected:

Counties, Department of Revenue (DOR), Department of Agriculture

Summary of Expenditure Impact:

See Analysis below

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The measure expands the property tax exemption for specified machinery and equipment used in food processing of grains. The measure excludes businesses that produce products that contain marijuana or marijuana extract from the definition of "food processor." The measure also disallows the exemption if the equipment has a real market value of at least \$100,000 when placed into service. The new tax exemption is effective beginning with the property tax years on or after July 1, 2015.

The Oregon Department of Agriculture (ODA) is responsible for certifying the eligibility of qualified machinery and equipment. As the measure increases this workload, ODA anticipates that they could incur costs between approximately \$50,000 and \$90,000 per biennium, depending on the number of establishments to be certified. While the additional demand is unknown, the estimates are based on the completion of 60 to 120 additional certifications. Under the measure, ODA is granted fee authority to charge food processors an amount sufficient to cover their costs. The agency is required to report to the Legislature by September 15, 2018 on the use of the exemption.

The Department of Revenue and counties anticipate that the fiscal impact of the measure would be minimal.