



Oregon Agriculture & Business Supports HB 3125 B

Maintain and grow jobs in Oregon's food processing industry

Oregon agricultural producers need food processors nearby to cut down on transportation costs. Both rural and urban communities need food processors for to provide employment opportunities. Without HB 3125 B, there is a ripple effect. HB 3125 B would allow **bakery, dairy, grain and egg** processors to claim the machinery and equipment (M&E) tax exemption already in place for fruits, vegetables, seafood, nuts and legume processors. This five year personal property tax exemption will be used for updating aging and inefficient equipment. Without these tax incentives, bakery, dairy, grain and egg processors will look to make these investments outside the State of Oregon.

First passed in 2005 and extended in 2013, the M&E tax exemption gives food processors the ability to reinvest in their facilities in Oregon. Additionally, this has helped food processors meet our voluntary carbon reduction goals (25% in 10 years, 50% in 20 years) by upgrading to more energy efficient equipment. HB 3125 B expands an already successful jobs program by adding these four sectors (dairy, egg, bakery and grain) to the exemption. The Oregon Department of Revenue estimates a depreciation rate of about 6% a year. After that, local communities receive taxes on the new equipment at roughly **70% value**. With increased property values, additional employment and no plant closures, local communities will continue to benefit from the investment made by the food processor.

HB 3125 B grows an important Oregon industry:

- Oregon needs to compete with tax incentives offered by other states to grow the industry
- Food processors employ more than 31,000 full- and part-time workers and reports more than \$12.3 billion in yearly sales.

Evaluation by the Oregon Department of Agriculture:

Oregon small to mid-size food processors are at a **competitive disadvantage** in a world marketplace with many large retail buyers. This incentive helps offset costs and aids in economic retention, development and competitiveness of Oregon-based food processors and related jobs. Oregon has experienced the loss of many mid-scale food processors over the past two decades. This exemption encourages reinvestment in local food processing facilities, on-farm, value-added opportunity, and job creation. The exemption serves its purpose of creating investment, retaining and expanding jobs, and supporting additional markets for Oregon growers.

From the Desk of
Senator Chris Edwards

Vote YES on HB 3125 B