

House Bill 3125

Sponsored by Representative DAVIS; Representatives GILLIAM, HOYLE, MCLAIN, Senators EDWARDS, THOMSEN

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Exempts from property taxation qualified machinery and equipment used to process grains, bakery products, milk and eggs. Defines "qualified processing activity" to include packing of food for human consumption.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to property tax exemption for food processing equipment; creating new provisions; amend-
3 ing ORS 184.484 and 307.455; repealing ORS 307.462, 307.464 and 307.466; and prescribing an
4 effective date.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** ORS 307.455 is amended to read:

7 307.455. (1) As used in this section and ORS 307.457:

8 (a) "Assessor" means the county assessor, or the Department of Revenue if under ORS 306.126
9 the department is responsible for appraisal of the facility at which the qualified machinery and
10 equipment is located.

11 (b) "Food processor"[:]

12 [(A)] means a person engaged in [*the business of freezing, canning, dehydrating, concentrating,*
13 *preserving, processing or repacking for human consumption raw or fresh fruit, vegetables, nuts,*
14 *legumes or seafood in any procedure that occurs prior to the point of first sale by the processor]* **a**
15 **qualified processing activity.**

16 [(B) *Does not include persons*] **"Food processor" does not mean a person** engaged in the
17 business of producing alcoholic beverages.

18 (c) "Integrated processing line" does not include forklifts, trucks or other rolling stock used to
19 transport material to or from a point of manufacture or assembly.

20 (d) "Qualified machinery and equipment" means property, whether new or used, that is newly
21 acquired by a food processor and placed into service prior to January 1 preceding the first tax year
22 for which an exemption under this section is sought, and that consists of[:]

23 [(A)] real property machinery and equipment **or personal property machinery and equipment**
24 that is used by a food processor in [*the primary processing of raw or fresh fruit, vegetables, nuts,*
25 *legumes or seafood; or]* **a qualified processing activity, whether in primary processing or in an**
26 **integrated processing line for primary processing.**

27 [(B) *Personal property machinery and equipment that is used in an integrated processing line for*
28 *the primary processing of raw or fresh fruit, vegetables, nuts, legumes or seafood.*]

29 (e) **"Qualified processing activity" means any activity that consists of the business of**
30 **freezing, canning, dehydrating, concentrating, preserving, processing, packing or repacking**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 **for human consumption raw or fresh fruits or vegetables, nuts, legumes, grains, bakery**
 2 **products as defined in ORS 625.010, milk, eggs or seafood in any procedure that occurs prior**
 3 **to the point of first sale by a food processor.**

4 (2)(a) On or before March 1 preceding the first tax year for which property is to be exempt from
 5 taxation under this section, a food processor seeking an exemption under this section shall apply to
 6 the assessor for exemption. The application shall be on a form prescribed by the Department of
 7 Revenue and shall include any information required by the department, including a schedule of the
 8 qualified machinery and equipment for which certification is sought.

9 (b) Notwithstanding paragraph (a) of this subsection, the assessor may approve an application
 10 that is filed after March 1, and on or before December 31 of the assessment year, if the statement
 11 is accompanied by a late filing fee of the greater of \$200 or one-tenth of one percent of the real
 12 market value of the property that is the subject of the application.

13 (c) The assessor shall review the application and, if the machinery and equipment that is the
 14 subject of the application constitutes qualified machinery and equipment certified by the State De-
 15 partment of Agriculture under ORS 307.457, shall approve the application and exempt the qualified
 16 machinery and equipment.

17 (d) If any of the machinery and equipment that is the subject of the application does not con-
 18 stitute qualified machinery and equipment certified by the State Department of Agriculture under
 19 ORS 307.457, the assessor shall exclude the nonqualified machinery and equipment from the appli-
 20 cation.

21 (3) Qualified machinery and equipment for which an application has been approved under sub-
 22 section (2) of this section shall be exempt for the tax year for which the application was approved
 23 and for the next four succeeding tax years, if as of the assessment date for each year the property
 24 constitutes qualified machinery and equipment.

25 (4) The duration of the exemption under subsection (3) of this section may not be extended as
 26 the result of the value of changes to qualified machinery and equipment that are attributable to
 27 rehabilitation, reconditioning or ongoing maintenance or repair.

28 **SECTION 2. ORS 307.462, 307.464 and 307.466 are repealed.**

29 **SECTION 3.** ORS 184.484 is amended to read:

30 184.484. (1) For each statute authorizing a tax expenditure that has a purpose connected to
 31 economic development and is listed in subsection (2) of this section, the state agency charged with
 32 certifying or otherwise administering the tax expenditure shall submit a report to the Oregon De-
 33 partment of Administrative Services. If no agency is authorized by statute, or if the statute does not
 34 provide for certification or administration of the tax expenditure, the Department of Revenue shall
 35 submit the report.

36 (2) This section applies to:

37 (a) ORS 285C.175, 285C.309, 285C.362, 307.123, 307.455, [307.462,] 315.141, 315.331, 315.336,
 38 315.341, 315.507, 315.514, 315.533, 316.698, 316.778, 317.124, 317.391 and 317.394.

39 (b) Grants awarded under ORS 469B.256 in any tax year in which certified renewable energy
 40 contributions are received as provided in ORS 315.326.

41 (c) ORS 315.354 except as applicable in ORS 469B.145 (2)(a)(L) or (N).

42 (d) ORS 316.116, if the allowed credit exceeds \$2,000.

43 (3) The following information, if it is already available in an existing database maintained by the
 44 agency, must be included in the report required under this section:

45 (a) The name of each taxpayer or applicant approved for the allowance of a tax expenditure or

1 a grant award under ORS 469B.256.

2 (b) The address of each taxpayer or applicant.

3 (c) The total amount of credit against tax liability, reduction in taxable income or exemption
4 from property taxation granted to each taxpayer or applicant.

5 (d) Specific outcomes or results required by the tax expenditure program and information about
6 whether the taxpayer or applicant meets those requirements. This information shall be based on data
7 already collected and analyzed by the agency in the course of administering the tax expenditure.
8 Statistics must be accompanied by a description of the methodology employed in their generation.

9 (e) An explanation of the agency's certification decision for each taxpayer or applicant, if ap-
10 plicable.

11 (f) Any additional information submitted by the taxpayer or applicant and relied upon by the
12 agency in its certification determination.

13 (g) Any other information that agency personnel deem valuable as providing context for the in-
14 formation described in this subsection.

15 (4) The information reported under subsection (3) of this section may not include proprietary
16 information or information that is exempt from disclosure under ORS 192.410 to 192.505 or 314.835.

17 (5) No later than September 30 of each year, agencies described in subsection (1) of this section
18 shall submit to the Oregon Department of Administrative Services the information required under
19 subsection (3) of this section as applicable to applications for allowance of tax expenditures ap-
20 proved by the agency during the agency fiscal year ending during the current calendar year. The
21 information shall then be posted on the Oregon transparency website required under ORS 184.483
22 no later than December 31 of the same year.

23 (6) In addition to the information described in subsection (3) of this section, the Oregon De-
24 partment of Administrative Services shall post on the Oregon transparency website copies of all
25 reports that the department, the Department of Revenue or the Oregon Business Development De-
26 partment receives from counties and other local governments relating to properties in enterprise
27 zones that have received tax exemptions under ORS 285C.170, 285C.175 or 285C.409, or that are el-
28 igible for tax exemptions under ORS 285C.309, 315.507 or 317.124 by reason of being in an enterprise
29 zone. The reports shall be submitted to the Oregon Department of Administrative Services in a
30 manner and format prescribed by the department.

31 (7) The information described in this section that is available on the Oregon transparency
32 website must be accessible in the format and manner required by the Oregon Department of Ad-
33 ministrative Services.

34 (8) The information described in this section shall be furnished to the Oregon transparency
35 website by posting reports and providing links to existing information systems applications in ac-
36 cordance with standards established by the Oregon Department of Administrative Services.

37 **SECTION 4. The amendments to ORS 307.455 by section 1 of this 2015 Act apply to**
38 **property tax years beginning on or after July 1, 2015.**

39 **SECTION 5. This 2015 Act takes effect on the 91st day after the date on which the 2015**
40 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**