

**PROPOSED AMENDMENTS TO
HOUSE BILL 3125**

1 On page 1 of the printed bill, line 3, delete “and 307.455” and insert “,
2 307.455 and 307.457”.

3 Delete lines 6 through 30.

4 On page 2, delete lines 1 through 27 and insert:

5 **“SECTION 1. ORS 307.455 is amended to read:**

6 **“307.455. (1) As used in this section and ORS 307.457:**

7 **“(a) ‘Assessor’ means the county assessor, or the Department of Revenue**
8 **if under ORS 306.126 the department is responsible for appraisal of the fa-**
9 **ility at which the qualified machinery and equipment is located.**

10 **“(b) ‘Bakery product’ has the meaning given that term in ORS**
11 **625.010.**

12 **“(c) ‘Dairy products’ has the meaning given that term in ORS**
13 **621.003.**

14 **“[(b)] (d) ‘Food processor’[:]**

15 **“[(A)] means a person engaged in [*the business of freezing, canning, de-***
16 ***hydrating, concentrating, preserving, processing or repacking for human con-***
17 ***sumption raw or fresh fruit, vegetables, nuts, legumes or seafood in any***
18 ***procedure that occurs prior to the point of first sale by the processor]*** **a qual-**
19 **ified processing activity.**

20 **“[(B) Does not include persons] ‘Food processor’ does not mean a per-**
21 **son engaged in the business of producing alcoholic beverages.**

22 **“[(c)] (e) ‘Integrated processing line’ does not include forklifts, trucks or**

1 other rolling stock used to transport material to or from a point of manu-
2 facture or assembly.

3 “[*(d)*] **(f)** ‘Qualified machinery and equipment’ means property, whether
4 new or used, that is newly acquired by a food processor and placed into
5 service prior to January 1 preceding the first tax year for which an ex-
6 emption under this section is sought, and that consists of[:]

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

12 “[*(B)* *Personal property machinery and equipment that is used in an inte-*
13 *grated processing line for the primary processing of raw or fresh fruit, vege-*
14 *tables, nuts, legumes or seafood.*]

15 “**(g) ‘Qualified processing activity’ means any activity that consists**
16 **of the business of freezing, canning, dehydrating, concentrating, pre-**
17 **serving, processing, packing or repacking for human consumption raw**
18 **or fresh fruits or vegetables, nuts, legumes, grains, bakery products,**
19 **dairy products, eggs or seafood in any procedure that occurs prior to**
20 **the point of first sale by a food processor.**

21 “(2)(a) On or before March 1 preceding the first tax year for which prop-
22 erty is to be exempt from taxation under this section, a food processor
23 seeking an exemption under this section shall apply to the assessor for ex-
24 emption. The application shall be on a form prescribed by the Department
25 of Revenue and shall include any information required by the department,
26 including a schedule of the qualified machinery and equipment for which
27 certification is sought.

28 “(b) Notwithstanding paragraph (a) of this subsection, the assessor may
29 approve an application that is filed after March 1, and on or before Decem-
30 ber 31 of the assessment year, if the statement is accompanied by a late filing

1 fee of the greater of \$200 or one-tenth of one percent of the real market value
2 of the property that is the subject of the application.

3 “(c) The assessor shall review the application and, if the machinery and
4 equipment that is the subject of the application constitutes qualified ma-
5 chinery and equipment certified by the State Department of Agriculture un-
6 der ORS 307.457, shall approve the application and exempt the qualified
7 machinery and equipment.

8 “(d) If any of the machinery and equipment that is the subject of the ap-
9 plication does not constitute qualified machinery and equipment certified by
10 the State Department of Agriculture under ORS 307.457, the assessor shall
11 exclude the nonqualified machinery and equipment from the application.

12 “(3) Qualified machinery and equipment for which an application has been
13 approved under subsection (2) of this section shall be exempt for the tax year
14 for which the application was approved and for the next four succeeding tax
15 years, if as of the assessment date for each year the property constitutes
16 qualified machinery and equipment.

17 “(4) The duration of the exemption under subsection (3) of this section
18 may not be extended as the result of the value of changes to qualified ma-
19 chinery and equipment that are attributable to rehabilitation, reconditioning
20 or ongoing maintenance or repair.

21 “(5) **Notwithstanding subsection (3) of this section, qualified ma-**
22 **chinery and equipment that is used to process bakery products may**
23 **not be granted exemption under this section if proceeds from retail**
24 **sales made at the processing site constitute more than 10 percent of**
25 **all proceeds from sales made at the processing site.**

26 “**SECTION 2.** ORS 307.457 is amended to read:

27 “307.457. (1) At the request of a food processor or [*under*] **on** the State
28 Department of Agriculture’s own initiative, the department shall certify **the**
29 **eligibility of** qualified machinery and equipment [*as eligible*] for exemption
30 under ORS 307.455.

1 “(2) The method of certification under this section shall be provided by
2 rules adopted by the State Department of Agriculture, after consultation
3 with the Department of Revenue.

4 “(3) A decision by the State Department of Agriculture to deny certifica-
5 tion of certain property may be appealed to the Director of Agriculture as
6 a contested case under ORS chapter 183.

7 **“(4) The State Department of Agriculture may fix, assess and col-
8 lect, or cause to be collected, fees on food processors for the certi-
9 fication of qualified machinery and equipment under subsection (1) of
10 this section. The fees must be in an amount reasonably necessary to
11 cover the costs of the certification and of the administration of this
12 section. The fees must have a uniform basis, but the scale of fees may
13 vary according to the location of the qualified machinery and equip-
14 ment.”.**

15 In line 28, delete “2” and insert “3”.

16 In line 29, delete “3” and insert “4”.

17 On page 3, delete lines 37 through 40 and insert:

18 **“SECTION 5. The amendments to ORS 307.455 and 307.457 by
19 sections 1 and 2 of this 2015 Act apply to property tax years beginning
20 on or after July 1, 2015.**

21 **“SECTION 6. This 2015 Act takes effect on the 91st day after the
22 date on which the 2015 regular session of the Seventy-eighth Legisla-
23 tive Assembly adjourns sine die.”.**

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