

**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 **cility at which the qualified machinery and equipment is located.**

10 **“(b) ‘Food processor’:**

11 **“(A) Means a person engaged in the business of freezing, canning, dehy-**
12 **drating, concentrating, preserving, processing or repacking for human con-**
13 **sumption raw or fresh fruit, vegetables, nuts, legumes, **grains** or seafood in**
14 **any procedure that occurs prior to the point of first sale by the processor.**

15 **“(B) Does not include persons engaged in the business of producing alco-**
16 **holic beverages, **marijuana or any product that contains marijuana or****
17 ****a marijuana extract.****

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

21 **“(d) ‘Qualified machinery and equipment’ means property, whether new**
22 **or used, that is newly acquired by a food processor and placed into service**

1 prior to January 1 preceding the first tax year for which an exemption under
2 this section is sought, and that consists of:

3 “(A) Real property machinery and equipment that is used by a food
4 processor in the primary processing of raw or fresh fruit, vegetables, nuts,
5 legumes, **grains** or seafood; or

6 “(B) Personal property machinery and equipment that is used in an inte-
7 grated processing line for the primary processing of raw or fresh fruit, veg-
8 etables, nuts, legumes, **grains** or seafood.

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

16 “(b) Notwithstanding paragraph (a) of this subsection, the assessor may
17 approve an application that is filed after March 1, and on or before Decem-
18 ber 31 of the assessment year, if the statement is accompanied by a late filing
19 fee of the greater of \$200 or one-tenth of one percent of the real market value
20 of the property that is the subject of the application.

21 “(c) The assessor shall review the application and, if the machinery and
22 equipment that is the subject of the application constitutes qualified ma-
23 chinery and equipment certified by the State Department of Agriculture un-
24 der ORS 307.457, shall approve the application and exempt the qualified
25 machinery and equipment.

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

30 “(3) Qualified machinery and equipment for which an application has been

1 approved under subsection (2) of this section shall be exempt for the tax year
2 for which the application was approved and for the next four succeeding tax
3 years, if as of the assessment date for each year the property constitutes
4 qualified machinery and equipment.

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

9 **“(5) Notwithstanding subsection (3) of this section, qualified ma-
10 chinery and equipment that is used to process grains may not be
11 granted exemption under this section unless the qualified machinery
12 and equipment has a real market value of at least \$100,000 when placed
13 in service by the food processor.**

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

15 “307.457. (1) At the request of a food processor or [*under*] **on** the State
16 Department of Agriculture’s own initiative, the department shall certify **the**
17 **eligibility of** qualified machinery and equipment [*as eligible*] for exemption
18 under ORS 307.455.

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

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

25 **“(4) The State Department of Agriculture may fix, assess and col-
26 lect, or cause to be collected, fees on food processors for the certi-
27 fication of qualified machinery and equipment under subsection (1) of
28 this section. The fees must be in an amount reasonably necessary to
29 cover the costs of the certification and of the administration of this
30 section. The fees must have a uniform basis, but the scale of fees may**

1 vary according to the location of the qualified machinery and equip-
2 ment.”.

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

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

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

6 **“SECTION 5. The State Department of Agriculture shall submit, in**
7 **the manner provided by ORS 192.245, a report on the impact that the**
8 **amendments to ORS 307.455 by section 1 of this 2015 Act have had on**
9 **the use of the exemption for qualified food processing machinery and**
10 **equipment to the interim committees of the Legislative Assembly re-**
11 **lated to revenue not later than September 15, 2018.**

12 **“SECTION 6. The amendments to ORS 307.455 and 307.457 by**
13 **sections 1 and 2 of this 2015 Act apply to property tax years beginning**
14 **on or after July 1, 2015.**

15 **“SECTION 7. This 2015 Act takes effect on the 91st day after the**
16 **date on which the 2015 regular session of the Seventy-eighth Legisla-**
17 **tive Assembly adjourns sine die.”.**

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