

PRELIMINARY STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Fiscal: May have fiscal impact, but no statement yet issued

Revenue: May have revenue impact, but no statement yet issued

Action Date:

Action:

Meeting Dates:

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WHAT THE MEASURE DOES:

Modifies the minimum expenditure requirement for the property tax exemption available to qualified machinery and equipment used to process grains or bakery products. Changes requirement from minimum real market value of at least \$100,000 when placed in service to total cost of initial investment to food processor of at least \$100,000. Applies to property tax years beginning on or after July 1, 2016.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Enacted during the 2015 legislative session, HB 3125 expanding the existing property tax exemption for qualified machinery and equipment used in food processing to include machinery and equipment used to process grains, bakery products, dairy products and eggs. HB 3125 required qualified machinery and equipment used to process grains and bakery products to have a real market value of at least \$100,000 when placed in service in order to qualify for exemption. In the Governor's signing statement of HB 3125, the Governor described a potential change to the measure as enacted that the legislature should consider. As stated in the signing statement:

"One such fix is the definition of the value of the equipment that triggers the exemption. The current bill calls for the Market Value of the equipment to be over \$100,000. This could open up room for interpretation and possibly litigation. I would recommend that the legislature consider changing this provision to reflect the Cost of the equipment. This would be easier to quantify and leave little for debate."

This measure reflects the definitional change requested in the Governor's signing statement.