

Food Processors' Exemption – SB 1506

This bill clarifies eligibility criteria on equipment used to process grains or bakery products.

- The Department is neutral on the underlying policy of the exemption but supportive of the bill as written. We feel it addresses the only remaining issue from the Governor Brown's signing letter on HB 3125 (2015).
- Page 2, Lines 30 and 31 – Modifies eligibility requirement for qualifying equipment used to process grains and bakery products from a "real market value" of \$100,000 to a "total cost of initial investment" of \$100,000.
- This change does two things. First, it avoids the potential for appraisal related arguments around the value of the equipment. Second, including the word "total" clarifies that the requirement applies to the aggregate investment for the assessment year as found on the application and not the cost per each individual item of machinery.