

# Senate Bill 1506

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## 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**.

Changes minimum expenditure requirement for property tax exemption of qualified machinery and equipment used to process grains or bakery products from \$100,000 of real market value when placed in service to \$100,000 of total cost of initial investment to food processor.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to the minimum cost requirement for the exemption of certain food processing property;  
3 creating new provisions; amending ORS 307.455; and prescribing an effective date.

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

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 if under ORS 306.126  
8 the department is responsible for appraisal of the facility at which the qualified machinery and  
9 equipment is located.

10 (b) "Bakery product" has the meaning given that term in ORS 625.010.

11 (c) "Dairy products" has the meaning given that term in ORS 621.003.

12 (d) "Food processor":

13 (A) Means a person engaged in the business of freezing, canning, dehydrating, concentrating,  
14 preserving, processing or repacking for human consumption raw or fresh fruit, vegetables, nuts,  
15 legumes, grains, bakery products, dairy products, eggs or seafood in any procedure that occurs prior  
16 to the point of first sale by the processor.

17 (B) Does not include:

18 (i) Persons engaged in the business of producing alcoholic beverages, marijuana or any product  
19 that contains marijuana or a marijuana extract.

20 (ii) A person engaged in the business of producing bakery products unless the person has been  
21 issued a wholesale license by the State Department of Agriculture.

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

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

27 (A) Real property machinery and equipment that is used by a food processor in the primary  
28 processing of raw or fresh fruit, vegetables, nuts, legumes, grains, bakery products, dairy products,  
29 eggs or seafood; or

**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 (B) Personal property machinery and equipment that is used in an integrated processing line for  
2 the primary processing of raw or fresh fruit, vegetables, nuts, legumes, grains, bakery products,  
3 dairy products, eggs or seafood.

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 (5) Notwithstanding subsection (3) of this section, qualified machinery and equipment that is  
29 used to process grains or bakery products may not be granted exemption under this section unless  
30 the qualified machinery and equipment has a [*real market value*] **total cost of initial investment**  
31 of at least \$100,000 [*when placed in service by*] **to** the food processor.

32 (6) Notwithstanding subsection (3) of this section, qualified machinery and equipment that is  
33 used to process bakery products may not be granted exemption under this section if proceeds from  
34 retail sales made at the processing site constitute more than 10 percent of all proceeds from sales  
35 made at the processing site.

36 **SECTION 2. The amendments to ORS 307.455 by section 1 of this 2016 Act apply to**  
37 **property tax years beginning on or after July 1, 2016.**

38 **SECTION 3. This 2016 Act takes effect on the 91st day after the date on which the 2016**  
39 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**

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