



Testimony submitted to the House Revenue Committee

HB 2264: Relating to property tax exemption for certain farm equipment; prescribing an effective date.

By Leigh Geschwill

Owner F & B Farms and Nursery, Past President Oregon Association of Nurseries, Current Chair of the Oregon Association of Nurseries Government Relations Committee

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Chair Nathanson, Vice Chairs Findley and Marsh, members of the committee, my name is Leigh Geschwill, one of 4 owners of F & B Farms and Nursery. I appreciate the opportunity to testify on this issue.

Background:

Our family owns a third-generation farm where we produce Hops, Grass and Specialty Seed Crops, Row Crops, Hazelnuts, Pumpkins and Wheat. The hops and seed crops are shipped all over the world. The Row Crops, Hazelnuts are shipped nationally. 22 years ago, we expanded the operation to include greenhouse nursery production for independent garden centers in the Pacific Northwest. We are located in Woodburn, Marion County.

The issue of county assessment on agricultural operations is one of tremendous concern. You have in the record the testimony of the Oregon Association of Nurseries and other farm interests about the need to provide clarity to county assessors on how to properly assess farm equipment and machinery in farm operations. I support my association and their efforts to pass HB 2264.

Points of information for your consideration:

Unequal treatment within a class of property tax payers:

The unequal treatment by the county assessor in Marion County, where my operation is located, is a major concern. The assessor sent a letter asking us to pay on property that under the law looked to be exempt. This letter was sent out to, and received by, **only a handful** of agricultural operations in our county. This is clearly an example of unequal application of the law.

Lack of clarity around what pieces of equipment are subject to taxation:

The letter we received called out certain pieces of equipment related to part of our farming operations, including equipment we are already taxed on as real property. An example would be my greenhouse heaters. If greenhouses are permanent structures with heating systems installed, they are taxed under real property taxes. I should not be subject to double taxation again under personal property taxes.

Furthermore, I believe that this opens the door to try to pry tax dollars out of agricultural operations where they do not have the authority to do so. ORS 307.394 section (1a) clearly states that "Farm machinery and equipment used primarily in the preparation of land, planting, raising, cultivating, irrigating, harvesting or placing in storage of farm crops is exempt." The types of equipment that were called out in the letter are needed to get product in a condition to be sold and ready for market. For example, if I have a field of green beans, I need a harvester and a truck to get the beans out of the field and to the cannery for processing. Without that, I just have a rotting field of beans of no value. Similarly, the assessor would like to tax my seed cleaning equipment. This equipment is needed to remove soil and debris from the raw product so that it can then be inspected, certified, bagged for shipping or storage and sold. Again, without this equipment I do not have a product that is in a state



that it can be sold. Another example would be my planting machine at my nursery. This machine is used to assist workers in placing seeds and plant starts into pots for us to grow into the finished product we ship.

The assessor did send out the Oregon statute with their letter – seeming to contradict themselves. This activity lead to confusion about whether we were supposed to determine what was included or exempt.

Capital intensive and uncertain nature of Agriculture and Horticulture:

Agricultural and Horticultural operations have considerable capital investments into production, harvesting, conditioning, and storage equipment. The price tag of this equipment represents a significant barrier to new people entering our industries. The cost of equipment typically has a very long Return on Investment (ROI) due to the commodity nature of agriculture – a 10-20 year time frame is not unheard of. Costs of new, refurbished or modernized equipment is carefully considered and weighed against perceived benefits.

The current labor crisis in Oregon has further increased the need and desirability of mechanization on agricultural operations. Lack of available and qualified skilled labor has made this equipment a “have to have” not a “nice to have” reality to survive.

Uncertainty around additional and unknown taxation of equipment we believed to be exempt will further slow economic growth in our sector, as family farms add another unknown to an already high-risk operation. Many family farms are multigenerational – representing decades of work and sacrifice to have grown into the businesses they are today. It has taken the careful planning and investment through booms and busts for us to be able to survive.

In Conclusion,

There are several elements of HB 2246 that are well thought out and deserve your consideration. HB 2264 provides clarity, uniformity, and consistency across the state for our county assessors and agricultural operations around the state. I would greatly appreciate your consideration of passing this bill. Thank You!