

House Bill 2264

Sponsored by Representative LEWIS, Senator THOMSEN, Representative MCLAIN, Senator ROBLAN; Representatives BONHAM, POST, WITT (Pre-session filed.)

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**.

Exempts from property taxation property consisting of machinery, equipment, tools, implements or fixtures used primarily in agricultural or horticultural activities or animal husbandry, regardless of whether property is considered real property, and adds such property to definition of "tangible personal property." Adds farming tools and implements to tax-exempt personal property and adds preparing farm crops for shipping as tax-exempt use of personal property.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to property tax exemption for certain farm equipment; creating new provisions; amending
3 ORS 307.020 and 307.394; and prescribing an effective date.

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

5 **SECTION 1. Notwithstanding ORS 307.010, property consisting of machinery, equipment,**
6 **tools, implements or fixtures used primarily in agricultural or horticultural activities or an-**
7 **imal husbandry, or in any combination of these activities, is exempt from ad valorem prop-**
8 **erty taxation, regardless of whether the property is considered real property.**

9 **SECTION 2.** ORS 307.394 is amended to read:

10 307.394. (1) The following tangible personal property is exempt from ad valorem property taxa-
11 tion:

12 (a) Farm machinery and equipment, **tools and implements** used primarily in [*the preparation*
13 *of land,*] **preparing land for farm crops**, planting, raising, cultivating, irrigating[,] **or** harvesting
14 **farm crops**, [*or*] **preparing farm crops for**, **or** placing **farm crops** in, storage [*of*] **or preparing**
15 **farm crops for shipping**;

16 (b) Farm machinery and equipment, **tools and implements** used primarily for the purpose of
17 feeding, breeding, management and sale of, or the produce of, livestock, poultry, fur-bearing animals
18 or bees or for dairying and the sale of dairy products;

19 (c) Machinery and equipment used primarily to implement a remediation plan as defined in ORS
20 308A.053 for the period of time for which the remediation plan is certified; or

21 (d) Farm machinery and equipment, **tools and implements** used primarily in any other agri-
22 cultural or horticultural use or animal husbandry or any combination of these activities.

23 (2)(a) Items of tangible personal property **to which this subsection applies**[, *including but*] **in-**
24 **clude but are** not limited to [*tools*,]:

25 (A) Machinery and equipment, **tools and implements** that are used predominantly in the con-
26 struction, reconstruction, maintenance, repair, support or operation of farm machinery, [*and*]
27 **equipment, tools and implements**; and

28 (B) Equipment and other real or personal farm improvements that are used primarily in animal

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 husbandry, agricultural or horticultural activities, or any combination of these activities[, *are exempt*
 2 *from ad valorem property taxation*].

3 (b) An item of tangible personal property described in paragraph (a) of this subsection is exempt
 4 from ad valorem property taxation [*only*] if the person that owns, possesses or controls the item also:

5 (A) Owns, possesses or controls the farm machinery, equipment, **tools, implements** and other
 6 real and personal farm improvements for which the item is used; and

7 (B) Carries on the animal husbandry, agricultural or horticultural activity, or combination of
 8 activities, in which the farm machinery, equipment, **tools, implements** or other real and personal
 9 farm improvements are used.

10 **SECTION 3.** ORS 307.020 is amended to read:

11 307.020. (1) As used in the property tax laws of this state, unless otherwise specifically provided:

12 (a) “Intangible personal property” or “intangibles” includes but is not limited to:

13 (A) Money at interest, bonds, notes, claims, demands and all other evidences of indebtedness,
 14 secured or unsecured, including notes, bonds or certificates secured by mortgages.

15 (B) All shares of stock in corporations, joint stock companies or associations.

16 (C) Media constituting business records, computer software, files, records of accounts, title re-
 17 cords, surveys, designs, credit references, and data contained therein. “Media” includes, but is not
 18 limited to, paper, film, punch cards, magnetic tape and disk storage.

19 (D) Goodwill.

20 (E) Customer lists.

21 (F) Contracts and contract rights.

22 (G) Patents, trademarks and copyrights.

23 (H) Assembled labor force.

24 (I) Trade secrets.

25 (b) “Personal property” means “tangible personal property.”

26 (c) “Tangible personal property” includes but is not limited to:

27 (A) All chattels and movables, such as boats and vessels, merchandise and stock in trade, fur-
 28 niture and personal effects, goods, livestock, vehicles, [*farming implements*,] movable machinery,
 29 movable tools and movable equipment[.]; **and**

30 (B) **All machinery, equipment, tools, implements and fixtures used primarily in agricul-**
 31 **tural or horticultural activities or animal husbandry, or in any combination of these activ-**
 32 **ities.**

33 (2) Subsection (1) of this section does not apply to any person, company, corporation or associ-
 34 ation [*covered by*] **whose property is subject to assessment under ORS 308.505 to 308.681.**

35 **SECTION 4. Section 1 of this 2019 Act and the amendments to ORS 307.020 and 307.394**
 36 **by sections 2 and 3 of this 2019 Act apply to property tax years beginning on or after July**
 37 **1, 2020.**

38 **SECTION 5. This 2019 Act takes effect on the 91st day after the date on which the 2019**
 39 **regular session of the Eightieth Legislative Assembly adjourns sine die.**