

## HOUSE AMENDMENTS TO HOUSE BILL 2900

By COMMITTEE ON ECONOMIC DEVELOPMENT

April 11

1 In line 2 of the printed bill, delete “amending” and insert “creating new provisions; amending  
2 ORS 307.455 and 307.459 and”.

3 Delete lines 9 and 10 and insert:

4 **“SECTION 2. Section 3 of this 2019 Act is added to and made a part of ORS 307.453 to  
5 307.459.**

6 **“SECTION 3. (1)(a) Notwithstanding ORS 307.455, the governing body of a county may  
7 adopt an ordinance or resolution that renders the exemption granted under ORS 307.455 in-  
8 operative for all qualified machinery and equipment for any property tax year. The adoption  
9 of the ordinance or resolution shall make the exemption inoperative for the county and all  
10 other taxing districts within the county.**

11 **“(b)(A) The exemption shall become inoperative for the first property tax year that be-  
12 gins on or after the date on which the ordinance or resolution becomes effective.**

13 **“(B) For property tax years beginning on or after the effective date of the ordinance or  
14 resolution, qualified machinery and equipment shall be assessed and taxed as other similar  
15 property is assessed and taxed.**

16 **“(c) Notwithstanding paragraph (b) of this subsection, qualified machinery and equipment  
17 that is exempt under ORS 307.455 on the effective date of the ordinance or resolution adopted  
18 under this subsection shall continue to be exempt for the number of tax years for which the  
19 qualified machinery and equipment is eligible under ORS 307.455 (3).**

20 **“(2)(a) The governing body of a county that adopts an ordinance or resolution under  
21 subsection (1) of this section may subsequently adopt an ordinance or resolution rendering  
22 the exemption granted under ORS 307.455 operative again for the county and all other taxing  
23 districts within the county.**

24 **“(b) The exemption shall become operative for the first property tax year that begins on  
25 or after the date on which the ordinance or resolution adopted under this subsection be-  
26 comes effective.**

27 **“(3) As soon as practicable after the adoption of an ordinance or resolution under:**

28 **“(a) Subsection (1) of this section, the governing body of the county shall provide notice  
29 of the adoption to:**

30 **“(A) The county assessor;**

31 **“(B) The Department of Revenue;**

32 **“(C) The State Department of Agriculture; and**

33 **“(D) Taxpayers whose qualified machinery and equipment is exempt under ORS 307.455  
34 for the current property tax year on the effective date of the ordinance or resolution.**

35 **“(b) Subsection (2) of this section, the governing body of the county shall provide notice**

1 of the adoption to:

2 “(A) The county assessor;

3 “(B) The Department of Revenue; and

4 “(C) The State Department of Agriculture.

5 “(4) An ordinance or resolution adopted under subsection (1) or (2) of this section must  
6 remain in effect for at least three consecutive property tax years.

7 “SECTION 4. Section 3 of this 2019 Act becomes operative on July 1, 2020, for property  
8 tax years beginning on or after July 1, 2021.

9 “SECTION 5. ORS 307.455 is amended to read:

10 “307.455. (1) As used in [this section and ORS 307.457] **ORS 307.453 to 307.459:**

11 “(a) ‘Assessor’ means the county assessor, or the Department of Revenue if under ORS 306.126  
12 the department is responsible for appraisal of the facility at which the qualified machinery and  
13 equipment is located.

14 “(b) ‘Bakery product’ has the meaning given that term in ORS 625.010.

15 “(c) ‘Dairy products’ has the meaning given that term in ORS 621.003.

16 “(d) ‘Food processor’:

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

21 “(B) Does not include:

22 “(i) Persons engaged in the business of producing alcoholic beverages or marijuana items as  
23 defined in ORS 475B.015.

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

26 “(e) ‘Integrated processing line’ does not include forklifts, trucks or other rolling stock used to  
27 transport material to or from a point of manufacture or assembly.

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

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

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

37 “(2)(a) On or before March 1 preceding the first tax year for which property is to be exempt  
38 from taxation under this section, a food processor seeking an exemption under this section shall  
39 apply to the assessor for exemption. The application shall be on a form prescribed by the Depart-  
40 ment of Revenue and shall include any information required by the department, including a schedule  
41 of the qualified machinery and equipment for which certification is sought.

42 “(b) Notwithstanding paragraph (a) of this subsection, the assessor may approve an application  
43 that is filed after March 1, and on or before December 31 of the assessment year, if the statement  
44 is accompanied by a late filing fee of the greater of \$200 or one-tenth of one percent of the real  
45 market value of the property that is the subject of the application.

1       “(c) The assessor shall review the application and, if the machinery and equipment that is the  
2 subject of the application constitutes qualified machinery and equipment certified by the State De-  
3 partment of Agriculture under ORS 307.457, shall approve the application and exempt the qualified  
4 machinery and equipment.

5       “(d) If any of the machinery and equipment that is the subject of the application does not con-  
6 stitute qualified machinery and equipment certified by the State Department of Agriculture under  
7 ORS 307.457, the assessor shall exclude the nonqualified machinery and equipment from the appli-  
8 cation.

9       “(3) Qualified machinery and equipment for which an application has been approved under sub-  
10 section (2) of this section shall be exempt for the tax year for which the application was approved  
11 and for the next four succeeding tax years, if as of the assessment date for each year the property  
12 constitutes qualified machinery and equipment.

13       “(4) The duration of the exemption under subsection (3) of this section may not be extended as  
14 the result of the value of changes to qualified machinery and equipment that are attributable to  
15 rehabilitation, reconditioning or ongoing maintenance or repair.

16       “(5) Notwithstanding subsection (3) of this section, qualified machinery and equipment that is  
17 used to process grains or bakery products may not be granted exemption under this section unless  
18 the qualified machinery and equipment has a total cost of initial investment of at least \$100,000 to  
19 the food processor.

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

24       “**SECTION 6.** ORS 307.459 is amended to read:

25       “307.459. The Department of Revenue and the State Department of Agriculture may adopt rules  
26 to implement the provisions of ORS 307.455 and 307.457 **and section 3 of this 2019 Act.**

27       “**SECTION 7. The amendments to ORS 307.455 and 307.459 by sections 5 and 6 of this 2019**  
28 **Act become operative on July 1, 2020.**

29       “**SECTION 8. This 2019 Act takes effect on the 91st day after the date on which the 2019**  
30 **regular session of the Eightieth Legislative Assembly adjourns sine die.”.**