

HB 2164-3
(LC 2327)
6/5/19 (ASD/ps)

Requested by JOINT COMMITTEE ON TAX EXPENDITURES

**PROPOSED AMENDMENTS TO
HOUSE BILL 2164**

1 In line 2 of the printed bill, after the semicolon insert “creating new
2 provisions; amending ORS 307.455 and 307.459 and section 7, chapter 637,
3 Oregon Laws 2005;”.

4 Delete lines 4 through 11 and insert:

5 **“SECTION 1.** Section 7, chapter 637, Oregon Laws 2005, as amended by
6 section 1, chapter 656, Oregon Laws 2011, and section 1, chapter 210, Oregon
7 Laws 2013, is amended to read:

8 **“Sec. 7.** Property may not qualify for a first year of exemption under ORS
9 307.455 for a tax year beginning on or after July 1, [2020] **2025.**

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

12 **“SECTION 3.** (1)(a) Notwithstanding ORS 307.455, the governing
13 body of a county may adopt an ordinance or resolution that renders
14 the exemption granted under ORS 307.455 inoperative for all qualified
15 machinery and equipment for any property tax year. The adoption of
16 the ordinance or resolution shall make the exemption inoperative for
17 the county and all other taxing districts within the county.

18 **“(b)(A)** The exemption shall become inoperative for the first prop-
19 erty tax year that begins on or after the date on which the ordinance
20 or resolution becomes effective.

21 **“(B)** For property tax years beginning on or after the effective date

1 of the ordinance or resolution, qualified machinery and equipment
2 shall be assessed and taxed as other similar property is assessed and
3 taxed.

4 “(c) Notwithstanding paragraph (b) of this subsection, qualified
5 machinery and equipment that is exempt under ORS 307.455 on the
6 effective date of the ordinance or resolution adopted under this sub-
7 section shall continue to be exempt for the number of tax years for
8 which the qualified machinery and equipment is eligible under ORS
9 307.455 (3).

10 “(2)(a) The governing body of a county that adopts an ordinance or
11 resolution under subsection (1) of this section may subsequently adopt
12 an ordinance or resolution rendering the exemption granted under
13 ORS 307.455 operative again for the county and all other taxing dis-
14 tricts within the county.

15 “(b) The exemption shall become operative for the first property tax
16 year that begins on or after the date on which the ordinance or re-
17 solution adopted under this subsection becomes effective.

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

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

22 “(A) The county assessor;

23 “(B) The Department of Revenue;

24 “(C) The State Department of Agriculture; and

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

28 “(b) Subsection (2) of this section, the governing body of the county
29 shall provide notice of the adoption to:

30 “(A) The county assessor;

1 **“(B) The Department of Revenue; and**

2 **“(C) The State Department of Agriculture.**

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

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

8 **“SECTION 5. ORS 307.455 is amended to read:**

9 **“307.455. (1) As used in [*this section and ORS 307.457*] **ORS 307.453 to****
10 **307.459:**

11 “(a) ‘Assessor’ means the county assessor, or the Department of Revenue
12 if under ORS 306.126 the department is responsible for appraisal of the fa-
13 cility at which the qualified machinery and 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, dehy-
18 drating, concentrating, preserving, processing or repacking for human con-
19 sumption raw or fresh fruit, vegetables, nuts, legumes, grains, bakery
20 products, dairy products, eggs or seafood in any procedure that occurs prior
21 to the point of first sale by the processor.

22 “(B) Does not include:

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

25 “(ii) A person engaged in the business of producing bakery products un-
26 less the person has been issued a wholesale license by the State Department
27 of Agriculture.

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

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

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

8 “(B) Personal property machinery and equipment that is used in an inte-
9 grated processing line for the primary processing of raw or fresh fruit, veg-
10 etables, nuts, legumes, grains, bakery products, dairy products, eggs or
11 seafood.

12 “(2)(a) On or before March 1 preceding the first tax year for which prop-
13 erty is to be exempt from taxation under this section, a food processor
14 seeking an exemption under this section shall apply to the assessor for ex-
15 emption. The application shall be on a form prescribed by the Department
16 of Revenue and shall include any information required by the department,
17 including a schedule of the qualified machinery and equipment for which
18 certification is sought.

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

24 “(c) The assessor shall review the application and, if the machinery and
25 equipment that is the subject of the application constitutes qualified ma-
26 chinery and equipment certified by the State Department of Agriculture un-
27 der ORS 307.457, shall approve the application and exempt the qualified
28 machinery and equipment.

29 “(d) If any of the machinery and equipment that is the subject of the ap-
30 plication does not constitute qualified machinery and equipment certified by

1 the State Department of Agriculture under ORS 307.457, the assessor shall
2 exclude the nonqualified machinery and equipment from the application.

3 “(3) Qualified machinery and equipment for which an application has been
4 approved under subsection (2) of this section shall be exempt for the tax year
5 for which the application was approved and for the next four succeeding tax
6 years, if as of the assessment date for each year the property constitutes
7 qualified machinery and equipment.

8 “(4) The duration of the exemption under subsection (3) of this section
9 may not be extended as the result of the value of changes to qualified ma-
10 chinery and equipment that are attributable to rehabilitation, reconditioning
11 or ongoing maintenance or repair.

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

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

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

23 “307.459. The Department of Revenue and the State Department of Agri-
24 culture may adopt rules to implement the provisions of ORS 307.455 and
25 307.457 **and section 3 of this 2019 Act.**

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

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

