



Property Tax Exemption: Farm Machinery & Equipment

Legislative Committee Days

House Interim Committee on Revenue

LRO | 9/28/2023



What do we mean by “farm property”?

			Type of Property		
			Tangible		Intangible
			Real	Personal	
Taxpayer	Household		Taxed	Exempt ¹	Exempt
	Business	Non-Farm	Taxed	Taxed ²	Taxed ³
		Farm	Taxed ⁴	Exempt	Exempt

¹ Floating homes and some manufactured structures are considered taxable personal property

² If value is above \$20,000 for FY 2022-23 (indexed to inflation)

³ If centrally assessed

⁴ Most property is specially assessed, at farmland use value instead of highest and best use value





Current Farm M&E Exemption

- M&E classified as personal property and used in farm operations are exempt from property taxation (ORS 307.394)
 - Includes personal property M&E used by farmer to maintain/repair farm M&E
- Enacted in 1973
- Estimated revenue loss of \$98.7M in 2023-25 (TER 2.034)
- Statute does not explicitly state a purpose for this expenditure. Presumably, purposes are to:
 - Improve financial viability of farming
 - Ease tax administration



Legislative Revenue Office

<https://www.oregonlegislature.gov/lro>

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