

Property Tax Exemption: Farm Machinery & Equipment

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).
 - This 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 (Tax Expenditure Report 2.034).
- Statute does not explicitly state a purpose for this expenditure. Presumably, purposes are to:
 - Improve financial viability of farming
 - Ease tax administration