House Bill 3344

Sponsored by Representative HELFRICH

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.

Expands property tax exemption for food processing machinery and equipment to include machinery and equipment used to process meat and wild game.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to food processing machinery and equipment; creating new provisions; amending ORS 307.455; and prescribing an effective date.

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

SECTION 1. ORS 307.455 is amended to read:

ORS 307.455. (1) As used in ORS 307.453 to 307.459:

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

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

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

(d) “Food processor”:

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

(B) Does not include:

(i) Persons engaged in the business of producing alcoholic beverages or marijuana items as defined in ORS 475C.009.

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

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

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

(A) Real property machinery and equipment that is used by a food processor in the primary processing of raw or fresh fruit, vegetables, nuts, legumes, grains, bakery products, dairy products, eggs, [or] seafood, meat or wild game; or

(B) Personal property machinery and equipment that is used in an integrated processing line for the primary processing of raw or fresh fruit, vegetables, nuts, legumes, grains, bakery products,
dairy products, eggs, [or] seafood, meat or wild game.

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

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

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

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

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

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

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

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

SECTION 2. The amendments to ORS 307.455 by section 1 of this 2023 Act apply to
property tax years beginning on or after July 1, 2024.

SECTION 3. This 2023 Act takes effect on the 91st day after the date on which the 2023
regular session of the Eighty-second Legislative Assembly adjourns sine die.