

HB 4111 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 2/8

WHAT THE MEASURE DOES:

Expands farm machinery and equipment exemption to include real property, thereby making all farm machinery and equipment property tax exempt. Exempts machinery and equipment used primarily in the preparing for storage or shipping of farm crops.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon court cases have found that hay compressors, conveyers and sorting/cleaning/packing lines are not farm machinery and equipment as construed by the Oregon Supreme Court in *King Estate Winery, Inc. v. DOR* (1999). Those types of machinery and equipment may be susceptible to legal challenges if granted the farm machinery and equipment exemption.

- *Farmers Direct, Inc. v. DOR* (2023)
- *Pollock and Sons, Inc. v. Umatilla County Assessor* (2013)
- *Dinsdale v. Marion County Assessor* (2011)

Some machinery and equipment that are ineligible for the farm machinery and equipment exemption may also be ineligible for the food processing machinery and equipment exemption under ORS 307.453-307.459. The Oregon Department of Agriculture, which is responsible for certifying property for the food processing machinery and equipment exemption, has an administrative rule specifying that food processing “does not mean the sorting, cleaning or water-rinsing of a food” (OAR 603-025-0010 (11)).