

HB 4111 A STAFF MEASURE SUMMARY

Carrier: Rep. Reschke

House Committee On Revenue

Action Date: 02/29/24

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 7-0-0-0

Yeas: 7 - Levy B, Marsh, Nathanson, Nguyen D, Reschke, Smith G, Walters

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

Prepared By: Beau Olen, Economist

Meeting Dates: 2/8, 2/20, 2/27, 2/29

WHAT THE MEASURE DOES:

Exempts real farm machinery and equipment from property taxation. Applies to property tax years beginning on or after July 1, 2025.

ISSUES DISCUSSED:

- Meaning of "preparing for storage or shipping"
- Real property buildings and structures
- Applicability date
- Uniformity of property tax

EFFECT OF AMENDMENT:

Narrows proposed property tax exemption for machinery and equipment by removing proposed language exempting machinery and equipment used primarily in the preparing for storage or shipping of farm crops. Clarifies farm machinery and equipment exemption does not apply to land or buildings. Aligns implementation date with property tax year beginning on or after July 1, 2025.

BACKGROUND:

Oregon court cases have ruled that some machinery and equipment, such as 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). Given that the term "farm machinery and equipment" is not defined in statute, exempting that machinery and equipment under the farm machinery and equipment exemption, or exempting other machinery and equipment with analogous court rulings, may be susceptible to legal challenges.

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