



HB 4111A All Farm equipment should be taxed

Senate Committee on Finance and Revenue – Jody Wiser –3.6.2024

Large equipment is generally taxed as personal property in our property tax system. Except if it is on a farm or in our forests.

This bill is another tax break for the farm industry, one that will cost the counties \$3.3 million a year now, and of course more going forward. Because legislators seem to pass a bill favoring these industries every year, farmers are barely taxed. LRO said some years ago that only 7% of farms pay any income taxes in a given year. The property tax on farm land is based on only 9% of its real market value. Some small portion of farm equipment was about all left being taxed, and this bill undoes that. We urge a “no” vote. This bill adds another \$3.3 million to the farm machinery exemptions already costing counties \$50 million a year.

Look at other industries. Paving equipment that lays asphalt for roads, the cranes that lift Doug fir trees off storm-hit homes or deliver plywood for construction, the cherry pickers PGE uses to fix power lines, and the forklifts that move food from trucks to stores all have property tax paid on them (unless they are owned by non-profits, like the Food Bank).

For basic tax fairness, this bill should be a bill not to exempt more farm equipment, but to tax all farm equipment, as we do other owners’ machinery and equipment.

The loss of revenue will hit rural counties which are already struggling to cover basic services, the very services farmers will want if their equipment is vandalized or catches fire – police and fire.

Further, one might hope that this is a bright line solution, but it isn’t. Instead issues will end up decided in court over a bulldozer, for instance, used both on a farm and off to build a road or an irrigation ditch.

The only bright line solution at hand is to tax all agriculture machinery and equipment just as we do other machinery and equipment, whether its shop equipment or tractors, attached to a building or moveable, used in a particular year or not.

Just as we tax machinery used in nearly every other industry.

That some of Oregon’s farms produce food is not relevant, many produce nursery plants, Christmas trees and grass or other ornamental seeds and they too would be advantaged by this

bill. We tax machinery and equipment used by other critical industries. This industry should not be favored.

Farm equipment exemptions were first given in 1971 when mobile field incinerators were exempted as the legislature demanded that open field burning be stopped. The exemptions have been expanded several times since by earlier Finance and Revenue Committees.

The current exemptions cost local communities nearly \$50 million a year in lost property tax revenue.

Such exemptions are given to few other industries. The current farm machinery and equipment exemptions are unfair and should be reversed, not broadened.

We read the bills and follow the money