

HOUSE AMENDMENTS TO HOUSE BILL 3125

By COMMITTEE ON REVENUE

June 8

- 1 On page 1 of the printed bill, line 3, delete “and 307.455” and insert “, 307.455 and 307.457”.
2 Delete lines 6 through 30.
- 3 On page 2, delete lines 1 through 27 and insert:
4 “**SECTION 1.** ORS 307.455 is amended to read:
5 “307.455. (1) As used in this section and ORS 307.457:
6 “(a) ‘Assessor’ means the county assessor, or the Department of Revenue if under ORS 306.126
7 the department is responsible for appraisal of the facility at which the qualified machinery and
8 equipment is located.
9 “(b) ‘Food processor’:
10 “(A) Means a person engaged in the business of freezing, canning, dehydrating, concentrating,
11 preserving, processing or repacking for human consumption raw or fresh fruit, vegetables, nuts,
12 legumes, **grains** or seafood in any procedure that occurs prior to the point of first sale by the
13 processor.
14 “(B) Does not include persons engaged in the business of producing alcoholic beverages,
15 **marijuana or any product that contains marijuana or a marijuana extract.**
16 “(c) ‘Integrated processing line’ does not include forklifts, trucks or other rolling stock used to
17 transport material to or from a point of manufacture or assembly.
18 “(d) ‘Qualified machinery and equipment’ means property, whether new or used, that is newly
19 acquired by a food processor and placed into service prior to January 1 preceding the first tax year
20 for which an exemption under this section is sought, and that consists of:
21 “(A) Real property machinery and equipment that is used by a food processor in the primary
22 processing of raw or fresh fruit, vegetables, nuts, legumes, **grains** or seafood; or
23 “(B) Personal property machinery and equipment that is used in an integrated processing line
24 for the primary processing of raw or fresh fruit, vegetables, nuts, legumes, **grains** or seafood.
25 “(2)(a) On or before March 1 preceding the first tax year for which property is to be exempt
26 from taxation under this section, a food processor seeking an exemption under this section shall
27 apply to the assessor for exemption. The application shall be on a form prescribed by the Depart-
28 ment of Revenue and shall include any information required by the department, including a schedule
29 of the qualified machinery and equipment for which certification is sought.
30 “(b) Notwithstanding paragraph (a) of this subsection, the assessor may approve an application
31 that is filed after March 1, and on or before December 31 of the assessment year, if the statement
32 is accompanied by a late filing fee of the greater of \$200 or one-tenth of one percent of the real
33 market value of the property that is the subject of the application.
34 “(c) The assessor shall review the application and, if the machinery and equipment that is the
35 subject of the application constitutes qualified machinery and equipment certified by the State De-

1 partment of Agriculture under ORS 307.457, shall approve the application and exempt the qualified
2 machinery and equipment.

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

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

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

14 “(5) **Notwithstanding subsection (3) of this section, qualified machinery and equipment**
15 **that is used to process grains may not be granted exemption under this section unless the**
16 **qualified machinery and equipment has a real market value of at least \$100,000 when placed**
17 **in service by the food processor.**

18 “**SECTION 2.** ORS 307.457 is amended to read:

19 “307.457. (1) At the request of a food processor or [*under*] **on** the State Department of
20 Agriculture’s own initiative, the department shall certify **the eligibility of** qualified machinery and
21 equipment [*as eligible*] for exemption under ORS 307.455.

22 “(2) The method of certification under this section shall be provided by rules adopted by the
23 State Department of Agriculture, after consultation with the Department of Revenue.

24 “(3) A decision by the State Department of Agriculture to deny certification of certain property
25 may be appealed to the Director of Agriculture as a contested case under ORS chapter 183.

26 “(4) **The State Department of Agriculture may fix, assess and collect, or cause to be**
27 **collected, fees on food processors for the certification of qualified machinery and equipment**
28 **under subsection (1) of this section. The fees must be in an amount reasonably necessary to**
29 **cover the costs of the certification and of the administration of this section. The fees must**
30 **have a uniform basis, but the scale of fees may vary according to the location of the qualified**
31 **machinery and equipment.”.**

32 In line 28, delete “2” and insert “3”.

33 In line 29, delete “3” and insert “4”.

34 On page 3, delete lines 37 through 40 and insert:

35 “**SECTION 5. The State Department of Agriculture shall submit, in the manner provided**
36 **by ORS 192.245, a report on the impact that the amendments to ORS 307.455 by section 1 of**
37 **this 2015 Act have had on the use of the exemption for qualified food processing machinery**
38 **and equipment to the interim committees of the Legislative Assembly related to revenue not**
39 **later than September 15, 2018.**

40 “**SECTION 6. The amendments to ORS 307.455 and 307.457 by sections 1 and 2 of this 2015**
41 **Act apply to property tax years beginning on or after July 1, 2015.**

42 “**SECTION 7. This 2015 Act takes effect on the 91st day after the date on which the 2015**
43 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.”.**