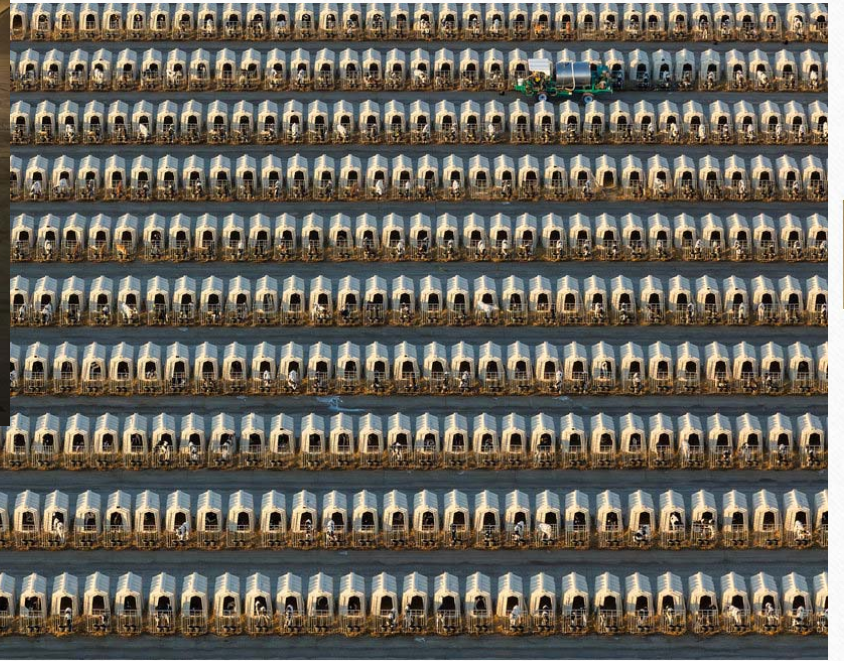


Property Tax

Classification and Assessment



Affixed seed cleaning machine



Field seed cleaner

Mobile seed cleaning for hire



Concepts Today

- Property Classification
- Property assessment and taxation
- Exemptions
- 2019 Bills

Couple of Questions

- What does a typical farm pay taxes on?
- What are all the exemptions that the farm & food processing industries receive

Taxable property

307.030 Property subject to assessment generally.

- (1) All real property within this state and all tangible personal property situated within this state, except as otherwise provided by law, shall be subject to assessment and taxation in equal and ratable proportion.
- (2) Except as provided in ORS 308.505 to 308.681, intangible personal property is not subject to assessment and taxation. [Amended by 1993 c.353 §2; 1997 c.154 §28]

What is real?

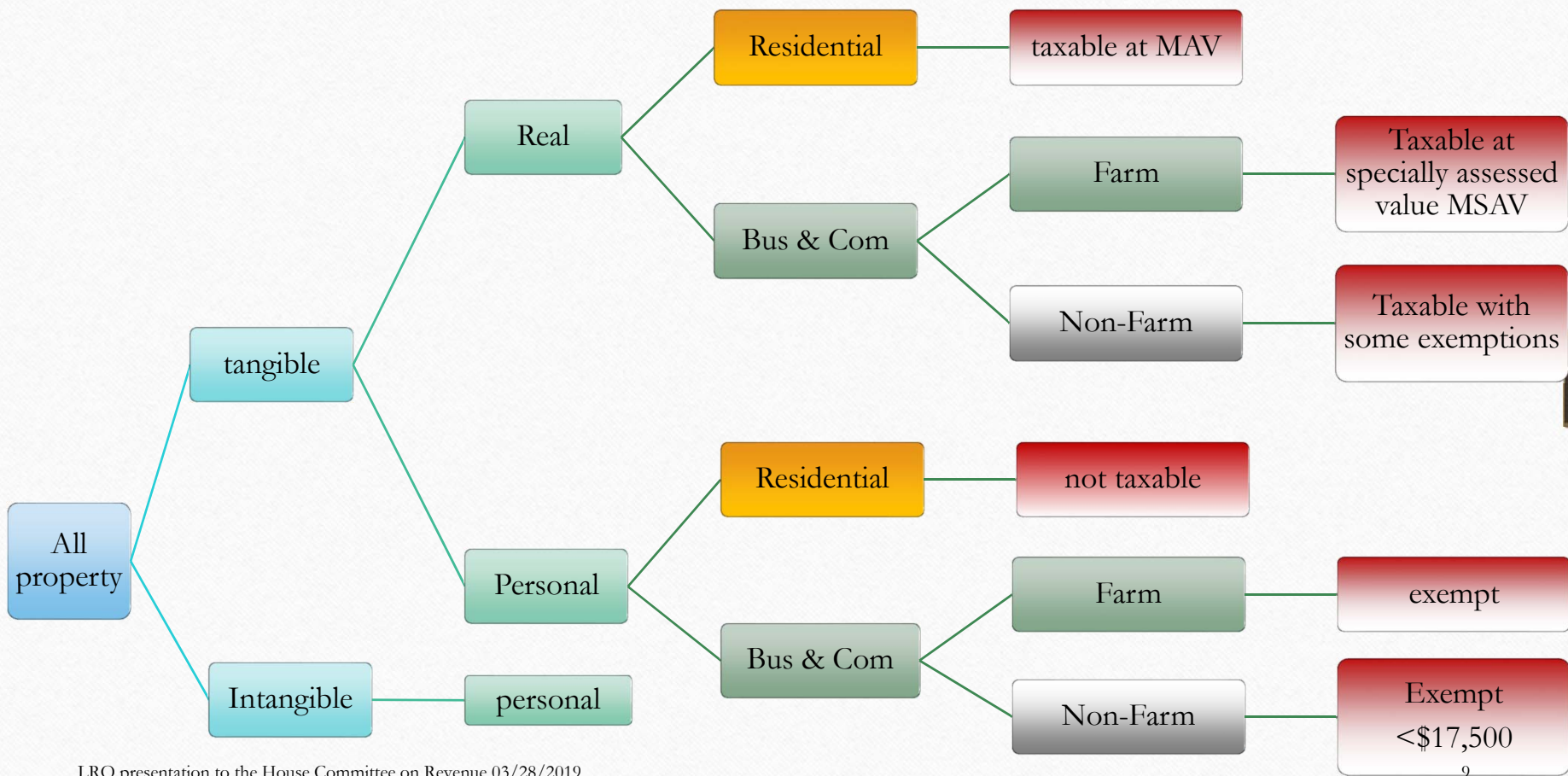
ORS 307.010

- (b) “Real property” includes:
 - (A) The land itself, above or under water;
 - (B) All buildings, structures, improvements, machinery, equipment or fixtures erected upon, above or affixed to the land;

What is not?

ORS 307.020

- (b) “Personal property” means “tangible personal property.”
- (c) “Tangible personal property” includes but is not limited to all chattels and movables, such as boats and vessels, merchandise and stock in trade, furniture and personal effects, goods, livestock, vehicles, farming implements, movable machinery, movable tools and movable equipment.



taxation terminology

- Intangible personal property is not subject to assessment and taxation
- Business personal property can be exempt

Non-Farm Business Exemptions

- If total value is less than \$17,500 (indexed for inflation)
- Inventory, cargo containers
- Must file and enumerate

Farm exemptions

- Land is specially assessed based on farm use and income
- Personal property
- Personal property is self reported
- If property exempted, resulting in a \$1 reduction in tax liability

loss to schools	34	cents
loss to local govt	51	cents
shift to other taxpayers	15	cents

Specific exemptions

- ORS 307.315 Nursery stock
- ORS 307.320 The value of deciduous trees, shrubs, plants, crops, cultured Christmas trees or hardwood on agricultural land
- ORS 307.325 Agricultural productions in possession of farmer:
 - Grain
 - Fruit
 - Hops
 - Poultry
 - Bivalve Mollusks
 - Bees
 - Seed
 - Vegetables
 - Wool
 - Butter/Cheese
 - Livestock
 - Vermiculture supplies & products
 - Hay
 - Nuts
 - Fish
 - Mint
 - Fur-bearing Animals



Harvesting Salad Greens



LRO presentation to the House Committee on Revenue 03/28/2019

Processing salads



Processing or
farm harvest
sorting?



Bills

HB 2130, HB 2264, HB 2429

HB 2130 : food processing

- ORS 307.455
 - Definitions; application for exemption; exemption; limitations
- Sunset extension
- Not a permissive policy for local governments
- 2019-2021 Biennium impact \$8.8 million loss / \$1.8 million shift
- Temporarily exempt for 5 years, then entered on roll

HB 2264-2 : farm personal property

- ORS 307.394
 - Farm machinery and equipment; personal property used in farm operations; limitation
- Notable text:
 - Seeks to include term “tools and implements” in exempt personal property
 - Preparing crops for shipping
 - Attempts to list attributes of property that would make them identifiable as personal property and therefore exempt
 - Attempts to define what is processing and what is not

HB 2429 - haybale

- ORS 307.397
 - Certain machinery and equipment used in agricultural, aquacultural or fresh shell egg industry operations
- Seeks to add baling and compression equipment to a specific list of exemptions dealing with agriculture, aquaculture and fresh eggs.

Questions?

The End

Non-Taxable / Exempt

- Intangible Personal Property
- Business inventory
- Household goods
- Farm machinery and equipment

Farm Special Assessment

- Farmland – farm-land can be specially assessed using the income approach instead of highest and best use value
 - EFU – exclusive farm use
 - EFU – by default eligible if located in EFU zone
 - non-EFU – must complete an application if located outside of EFU zone
 - Based on farm use and income
 - 2017-18
 - 15.2 million acres
 - \$3 billion in taxable assessed value / \$27 billion in real market value

Survey to County Assessors

- 6 of 20 were on a 6 year rotation cycle
- Questionnaires, hotspots and site visits as needed
- Funding was cited as an issue
- Created a hypothetical agricultural operation

	Real	Personal
Tangible	taxable	taxable
Intangible	N/A	not taxable (generally)