

HB 2900-1
(LC 3877)
4/4/19 (ASD/ps)

Requested by HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT (at the request of Representative John Lively)

**PROPOSED AMENDMENTS TO
HOUSE BILL 2900**

1 In line 2 of the printed bill, delete “amending” and insert “creating new
2 provisions; amending ORS 307.455 and 307.459 and”.

3 Delete lines 9 and 10 and insert:

4 **“SECTION 2. Section 3 of this 2019 Act is added to and made a part
5 of ORS 307.453 to 307.459.**

6 **“SECTION 3. (1)(a) Notwithstanding ORS 307.455, the governing
7 body of a county may adopt an ordinance or resolution that renders
8 the exemption granted under ORS 307.455 inoperative for all qualified
9 machinery and equipment for any property tax year. The adoption of
10 the ordinance or resolution shall make the exemption inoperative for
11 the county and all other taxing districts within the county.**

12 **“(b)(A) The exemption shall become inoperative for the first prop-
13 erty tax year that begins on or after the date on which the ordinance
14 or resolution becomes effective.**

15 **“(B) For property tax years beginning on or after the effective date
16 of the ordinance or resolution, qualified machinery and equipment
17 shall be assessed and taxed as other similar property is assessed and
18 taxed.**

19 **“(c) Notwithstanding paragraph (b) of this subsection, qualified
20 machinery and equipment that is exempt under ORS 307.455 on the
21 effective date of the ordinance or resolution adopted under this sub-**

1 section shall continue to be exempt for the number of tax years for
2 which the qualified machinery and equipment is eligible under ORS
3 307.455 (3).

4 “(2)(a) The governing body of a county that adopts an ordinance or
5 resolution under subsection (1) of this section may subsequently adopt
6 an ordinance or resolution rendering the exemption granted under
7 ORS 307.455 operative again for the county and all other taxing dis-
8 tricts within the county.

9 “(b) The exemption shall become operative for the first property tax
10 year that begins on or after the date on which the ordinance or re-
11 solution adopted under this subsection becomes effective.

12 “(3) As soon as practicable after the adoption of an ordinance or
13 resolution under:

14 “(a) Subsection (1) of this section, the governing body of the county
15 shall provide notice of the adoption to:

16 “(A) The county assessor;

17 “(B) The Department of Revenue;

18 “(C) The State Department of Agriculture; and

19 “(D) Taxpayers whose qualified machinery and equipment is exempt
20 under ORS 307.455 for the current property tax year on the effective
21 date of the ordinance or resolution.

22 “(b) Subsection (2) of this section, the governing body of the county
23 shall provide notice of the adoption to:

24 “(A) The county assessor;

25 “(B) The Department of Revenue; and

26 “(C) The State Department of Agriculture.

27 “(4) An ordinance or resolution adopted under subsection (1) or (2)
28 of this section must remain in effect for at least three consecutive
29 property tax years.

30 “SECTION 4. Section 3 of this 2019 Act becomes operative on July

1 **1, 2020, for property tax years beginning on or after July 1, 2021.**

2 **“SECTION 5.** ORS 307.455 is amended to read:

3 “307.455. (1) As used in [*this section and ORS 307.457*] **ORS 307.453 to**
4 **307.459:**

5 “(a) ‘Assessor’ means the county assessor, or the Department of Revenue
6 if under ORS 306.126 the department is responsible for appraisal of the fa-
7 cility at which the qualified machinery and equipment is located.

8 “(b) ‘Bakery product’ has the meaning given that term in ORS 625.010.

9 “(c) ‘Dairy products’ has the meaning given that term in ORS 621.003.

10 “(d) ‘Food processor’:

11 “(A) Means a person engaged in the business of freezing, canning, dehy-
12 drating, concentrating, preserving, processing or repacking for human con-
13 sumption raw or fresh fruit, vegetables, nuts, legumes, grains, bakery
14 products, dairy products, eggs or seafood in any procedure that occurs prior
15 to the point of first sale by the processor.

16 “(B) Does not include:

17 “(i) Persons engaged in the business of producing alcoholic beverages or
18 marijuana items as defined in ORS 475B.015.

19 “(ii) A person engaged in the business of producing bakery products un-
20 less the person has been issued a wholesale license by the State Department
21 of Agriculture.

22 “(e) ‘Integrated processing line’ does not include forklifts, trucks or other
23 rolling stock used to transport material to or from a point of manufacture
24 or assembly.

25 “(f) ‘Qualified machinery and equipment’ means property, whether new
26 or used, that is newly acquired by a food processor and placed into service
27 prior to January 1 preceding the first tax year for which an exemption under
28 this section is sought, and that consists of:

29 “(A) Real property machinery and equipment that is used by a food
30 processor in the primary processing of raw or fresh fruit, vegetables, nuts,

1 legumes, grains, bakery products, dairy products, eggs or seafood; or

2 “(B) Personal property machinery and equipment that is used in an inte-
3 grated processing line for the primary processing of raw or fresh fruit, veg-
4 etables, nuts, legumes, grains, bakery products, dairy products, eggs or
5 seafood.

6 “(2)(a) On or before March 1 preceding the first tax year for which prop-
7 erty is to be exempt from taxation under this section, a food processor
8 seeking an exemption under this section shall apply to the assessor for ex-
9 emption. The application shall be on a form prescribed by the Department
10 of Revenue and shall include any information required by the department,
11 including a schedule of the qualified machinery and equipment for which
12 certification is sought.

13 “(b) Notwithstanding paragraph (a) of this subsection, the assessor may
14 approve an application that is filed after March 1, and on or before Decem-
15 ber 31 of the assessment year, if the statement is accompanied by a late filing
16 fee of the greater of \$200 or one-tenth of one percent of the real market value
17 of the property that is the subject of the application.

18 “(c) The assessor shall review the application and, if the machinery and
19 equipment that is the subject of the application constitutes qualified ma-
20 chinery and equipment certified by the State Department of Agriculture un-
21 der ORS 307.457, shall approve the application and exempt the qualified
22 machinery and equipment.

23 “(d) If any of the machinery and equipment that is the subject of the ap-
24 plication does not constitute qualified machinery and equipment certified by
25 the State Department of Agriculture under ORS 307.457, the assessor shall
26 exclude the nonqualified machinery and equipment from the application.

27 “(3) Qualified machinery and equipment for which an application has been
28 approved under subsection (2) of this section shall be exempt for the tax year
29 for which the application was approved and for the next four succeeding tax
30 years, if as of the assessment date for each year the property constitutes

1 qualified machinery and equipment.

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

6 “(5) Notwithstanding subsection (3) of this section, qualified machinery
7 and equipment that is used to process grains or bakery products may not be
8 granted exemption under this section unless the qualified machinery and
9 equipment has a total cost of initial investment of at least \$100,000 to the
10 food processor.

11 “(6) Notwithstanding subsection (3) of this section, qualified machinery
12 and equipment that is used to process bakery products may not be granted
13 exemption under this section if proceeds from retail sales made at the pro-
14 cessing site constitute more than 10 percent of all proceeds from sales made
15 at the processing site.

16 **“SECTION 6.** ORS 307.459 is amended to read:

17 “307.459. The Department of Revenue and the State Department of Agri-
18 culture may adopt rules to implement the provisions of ORS 307.455 and
19 307.457 **and section 3 of this 2019 Act.**

20 **“SECTION 7.** The amendments to ORS 307.455 and 307.459 by
21 sections 5 and 6 of this 2019 Act become operative on July 1, 2020.

22 **“SECTION 8.** This 2019 Act takes effect on the 91st day after the
23 date on which the 2019 regular session of the Eightieth Legislative
24 Assembly adjourns sine die.”.

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