

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
82nd Oregon Legislative Assembly
2024 Regular Session
Legislative Revenue Office

Bill Number: HB 4111 - 2
Revenue Area: Property Tax
Economist: Beau Olen
Date: 2.28.24

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Makes real farm machinery and equipment property tax exempt. Applies to property tax years beginning on or after July 1, 2025.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2025-26	2026-27	2025-27	2027-29	2029-31
Local Governments	-\$3.2	-\$3.3	-\$6.5	-\$6.6	-\$6.8

Impact Explanation:

Making real farm machinery and equipment property tax exempt will have revenue impacts on local governments associated with the production of a variety of Oregon’s 200 farm commodities. For example, there is a revenue impact of approximately \$2M per year associated with real farm machinery and equipment used in the production of cow milk. Other revenue impacts are based on a non-bond tax rate of \$9.39 per thousand dollars of assessed value. That tax rate does not include a rate for city taxing districts, due to the largely rural nature of farming. Growth in the real market value of real farm machinery and equipment is 1 percent to 2 percent per year. The added real market value of new property exceeds depreciation of existing property. The bill applies to property tax years beginning on or after July 1, 2025.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to improve the financial viability of Oregon farming.