

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

Bill Number: HB 4111 - A
Revenue Area: Property Tax
Economist: Beau Olen
Date: 2.29.24

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

Measure Description:

Exempts real farm machinery and equipment from property taxation. 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:

Exempting real farm machinery and equipment from property taxation will reduce local government property tax revenue for districts in which such property is located. There are more than 200 farm commodities grown in Oregon and use of real farm machinery and equipment can vary by commodity. For example, the revenue impact on exempting real farm machinery and equipment used in the production of cow milk is about -\$2M per year. Growth in the real market value of real farm machinery and equipment is one to two percent per year (net of depreciation). Estimated impacts are based on a non-bond tax rate of \$9.39 per thousand dollars of assessable value. That tax rate does not include a rate for city taxing districts due to the largely rural nature of farming. Exemption 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.