

HB 4130 – Farm Building

Summary and Talking Points

Toplines

- The problem: Oregon is losing farms.
 - According to the most recent US Census of Agriculture, between 2017 and 2022 Oregon lost over 2,000 farms. You can't blame this on sprawl – over 99.5% of the land originally zoned EFU in the 1970s and 1980s remains in EFU zoning, and cities have barely expanded their UGBs during that time.
- What's driving the problem: Economic pressure.
 - The reason Oregon is losing farmers is that it is getting harder every year for farmers to stay in business, which is why over half of Oregon farmers must work a job off the farm to make a living.
- The impact: Unused farm land and/or consolidation.
 - When Oregon loses farmers, the land that used to be farmed either sits fallow or is purchased and consolidated into larger corporate farms. It is risky for Oregonians to rely on an ever-smaller group of large corporations to provide our food and fiber.
- The result: Farmers are vertically integrating, and it's creating new challenges to our tax code.
 - One way for family farmers to stay in business is by vertically integrating their farms. Many have done this by adding on-farm facilities to prepare and process crops as part of their overall operations. These are the kinds of operations this bill is designed to support.

THE SOLUTION: What HB 4130 does – big picture

- The bill applies to the farm tax special assessment for land under and in conjunction with buildings used to process and prepare farm products, governed by ORS 308A.056.
- Exemptions for machinery and equipment (ORS 307) and farm tax special assessment for land (ORS 308A) remain distinct; nothing in 308A applies to machinery/equipment, and nothing in 307 applies to land special assessment.
- What HB 4130 is: A land-only bill. It does not change anything about the exemption for farm machinery and equipment under ORS 307.394.
- What HB 3140 is NOT:
 - A land-use bill. It does not change what farmers can and cannot do on their land.
 - A tax exemption bill. The bill changes what kind of tax they pay, not whether or not they are paying taxes on their buildings.

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Technical Highlights

- Separates processing facilities from other farm buildings.

Under current law (ORS 308A.056(3)(f)), land under certain processing facilities qualifies for farm special assessment only if the facility “supports accepted farming practices,” a vague standard that requires subjective, fact-intensive tests for both the farmer and the assessor. HB 4130 removes this unnecessary subjectivity by treating qualifying “processing facilities” as a specific category and allowing farm tax deferral for the land under and used in conjunction with those facilities, when they meet clear statutory criteria.

- Defines “preparing” farm products.

For farm tax special assessment, land is in “farm use” when the farmer is preparing, storing, or disposing of products or by-products raised on that land, including by marketing or donation (e.g., to local food banks or schools). Farmers and assessors have long struggled to distinguish “preparing” (farm use) from “processing” (non-farm use). HB 4130 adds a clear definition of “preparing” to include activities such as cleaning, treating, cutting, sorting, and packaging. This draws a bright line so that typical on-farm preparation qualifies the land under those buildings for farm special assessment, while “processing” is treated separately.

- Defines “processing facilities” using existing land use law.

Because the bill separates processing facilities from other buildings, it adds a definition of “processing facility” by cross-referencing the existing definition in ORS 215.255(1)(b). That definition effectively distinguishes facilities that are part of a working farm operation (e.g., a mid-sized family farm processing its own crops) from stand-alone plants that have no direct connection to a farm operation. The intent is clear: to qualify land under a processing facility for farm special assessment, the facility must be part of an actual farm operation processing its own crops.

- Creates a simple application and 25% standard for processing facilities.

For land under and used in conjunction with a processing facility (and only for that land), HB 4130 requires a farmer to apply for farm tax special assessment in the first year they seek it. As part of that application, the farmer must certify that at least 25% of the farm products processed in the facility will come from their own farm operation. This objective certification standard helps county assessors administer the law without constant site visits or intrusive investigations.

The Stakes: Why this bill matters

- HB 4130 does not make a major change in farm tax policy and has no revenue impact; it clarifies existing law so that farmers and assessors have clear, workable rules.
- The bill reduces confusion, appeals, and litigation for county assessors, and gives family farmers predictable treatment when they invest in on-farm facilities as part of vertical integration.
- By supporting the viability of small and mid-sized farms, HB 4130 helps slow the loss and consolidation of Oregon farmland into large corporate holdings, protecting our long-term food security and rural economies.