

CHAPTER 105

AN ACT

SB 1506

Relating to the minimum cost requirement for the exemption of certain food processing property; creating new provisions; amending ORS 307.455; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 307.455 is amended to read: 307.455. (1) As used in this section and ORS 307.457:

(a) "Assessor" means the county assessor, or the Department of Revenue if under ORS 306.126 the department is responsible for appraisal of the facility at which the qualified machinery and equipment is located.

(b) "Bakery product" has the meaning given that term in ORS 625.010.

(c) "Dairy products" has the meaning given that term in ORS 621.003.

(d) "Food processor":

(A) Means a person engaged in the business of freezing, canning, dehydrating, concentrating, preserving, processing or repacking for human consumption raw or fresh fruit, vegetables, nuts, legumes, grains, bakery products, dairy products, eggs or seafood in any procedure that occurs prior to the point of first sale by the processor.

(B) Does not include:

(i) Persons engaged in the business of producing alcoholic beverages, marijuana or any product that contains marijuana or a marijuana extract.

(ii) A person engaged in the business of producing bakery products unless the person has been issued a wholesale license by the State Department of Agriculture.

(e) "Integrated processing line" does not include forklifts, trucks or other rolling stock used to transport material to or from a point of manufacture or assembly.

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

(A) Real property machinery and equipment that is used by a food processor in the primary processing of raw or fresh fruit, vegetables, nuts, legumes, grains, bakery products, dairy products, eggs or seafood; or

(B) Personal property machinery and equipment that is used in an integrated processing line for the primary processing of raw or fresh fruit, vegetables, nuts, legumes, grains, bakery products, dairy products, eggs or seafood.

(2)(a) On or before March 1 preceding the first tax year for which property is to be exempt from taxation under this section, a food processor seeking

an exemption under this section shall apply to the assessor for exemption. The application shall be on a form prescribed by the Department of Revenue and shall include any information required by the department, including a schedule of the qualified machinery and equipment for which certification is sought.

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

(c) The assessor shall review the application and, if the machinery and equipment that is the subject of the application constitutes qualified machinery and equipment certified by the State Department of Agriculture under ORS 307.457, shall approve the application and exempt the qualified machinery and equipment.

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

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

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

(5) Notwithstanding subsection (3) of this section, qualified machinery and equipment that is used to process grains or bakery products may not be granted exemption under this section unless the qualified machinery and equipment has a [*real market value*] **total cost of initial investment** of at least \$100,000 [*when placed in service by*] **to** the food processor.

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

SECTION 2. The amendments to ORS 307.455 by section 1 of this 2016 Act apply to property tax years beginning on or after July 1, 2016.

SECTION 3. This 2016 Act takes effect on the 91st day after the date on which the 2016 regular

session of the Seventy-eighth Legislative Assembly adjourns sine die.

Approved by the Governor April 4, 2016
Filed in the office of Secretary of State April 4, 2016
Effective date June 2, 2016
