

**A-Engrossed**  
**Senate Bill 479**

Ordered by the Senate June 8  
Including Senate Amendments dated June 8

Sponsored by COMMITTEE ON REVENUE (at the request of Oregon Food Processors Council)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

*[Establishes tax credit against personal income or corporate income or excise taxes for property taxes paid on machinery and equipment used by persons engaged in certain food processing.]*

*[Applies to tax years beginning on or after January 1, 2006.]*

**Establishes property tax exemption for qualified machinery and equipment used by food processor in primary processing.**

**Applies to tax years beginning on or after July 1, 2006.**

**Sunsets July 1, 2011.**

**A BILL FOR AN ACT**

1  
2 Relating to taxation.

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

4 **SECTION 1. Sections 2 to 5 of this 2005 Act are added to and made a part of ORS chapter**  
5 **307.**

6 **SECTION 2. The Legislative Assembly finds that food processing activities make signif-**  
7 **icant contributions to the economy of this state and are important in supporting and main-**  
8 **taining a high level of agricultural diversity, upon which consistent economic performance**  
9 **is based. The Legislative Assembly declares that a property tax exemption for qualified real**  
10 **property machinery and equipment encourages continued operation and expansion of the food**  
11 **processing industry in this state.**

12 **SECTION 3. (1) As used in this section and section 4 of this 2005 Act:**

13 (a) "Assessor" means the county assessor, or the Department of Revenue if under ORS  
14 306.126 the department is responsible for appraisal of the facility at which the qualified ma-  
15 chinery and equipment is located.

16 (b) "Food processor":

17 (A) Means a person engaged in the business of freezing, canning, dehydrating, concen-  
18 trating, preserving, processing or repacking for human consumption raw or fresh fruit,  
19 vegetables, nuts, legumes or seafood in any procedure that occurs prior to the point of first  
20 sale by the processor.

21 (B) Does not include persons engaged in the business of producing alcoholic beverages.

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

24 (d) "Qualified machinery and equipment" means property, whether new or used, that is  
25 newly acquired by a food processor and placed into service prior to January 1 preceding the

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.  
New sections are in **boldfaced** type.

1 first tax year for which an exemption under this section is sought, and that consists of:

2 (A) Real property machinery and equipment that is used by a food processor in the pri-  
3 mary processing of raw or fresh fruit, vegetables, nuts, legumes or seafood; or

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

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

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

16 (c) The assessor shall review the application and, if the machinery and equipment that  
17 is the subject of the application constitutes qualified machinery and equipment certified by  
18 the State Department of Agriculture under section 4 of this 2005 Act, shall approve the ap-  
19 plication and exempt the qualified machinery and equipment.

20 (d) If any of the machinery and equipment that is the subject of the application does not  
21 constitute qualified machinery and equipment certified by the State Department of Agricul-  
22 ture under section 4 of this 2005 Act, the assessor shall exclude the nonqualified machinery  
23 and equipment from the application.

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

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

31 **SECTION 4.** (1) At the request of a food processor or under the State Department of  
32 Agriculture's own initiative, the department shall certify qualified machinery and equipment  
33 as eligible for exemption under section 3 of this 2005 Act.

34 (2) The method of certification under this section shall be provided by rules adopted by  
35 the State Department of Agriculture, after consultation with the Department of Revenue.

36 (3) A decision by the State Department of Agriculture to deny certification of certain  
37 property may be appealed to the Director of Agriculture as a contested case under ORS  
38 chapter 183.

39 **SECTION 5.** The Department of Revenue and the State Department of Agriculture may  
40 adopt rules to implement the provisions of sections 3 and 4 of this 2005 Act.

41 **SECTION 6.** Section 3 of this 2005 Act applies to tax years beginning on or after July 1,  
42 2006.

43 **SECTION 7.** Notwithstanding section 3 of this 2005 Act, property may not qualify for a  
44 first year of exemption under section 3 of this 2005 Act for a tax year beginning on or after  
45 July 1, 2011.

