

# House Bill 2151

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Special Committee on Small Business Growth)

## 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 **as introduced**.

Allows property tax exemption for food processing machinery and equipment newly acquired by persons engaged in business of producing cannabinoid edibles, alcoholic beverages and alcoholic liquors.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to property tax exemption for food processing equipment; creating new provisions; amend-  
3 ing ORS 307.455; and prescribing an effective date.

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

5 **SECTION 1.** ORS 307.455, as amended by section 1, chapter 105, Oregon Laws 2016, is amended  
6 to read:

7 307.455. (1) As used in this section and ORS 307.457:

8 (a) **“Alcoholic beverage” and “alcoholic liquor” have the meaning given those terms in**  
9 **ORS 471.001.**

10 [(a)] (b) **“Assessor”** means the county assessor, or the Department of Revenue if under ORS  
11 306.126 the department is responsible for appraisal of the facility at which the qualified machinery  
12 and equipment is located.

13 [(b)] (c) **“Bakery product”** has the meaning given that term in ORS 625.010.

14 [(d)] (d) **“Cannabinoid edible”** has the meaning given that term in ORS 475B.015.

15 [(e)] (e) **“Dairy products”** has the meaning given that term in ORS 621.003.

16 [(d)] (f) **“Food processor”**:

17 (A) Means a person engaged in the business of freezing, canning, dehydrating, concentrating,  
18 preserving, processing, **producing** or repacking for human consumption raw or fresh fruit, vegeta-  
19 bles, nuts, legumes, grains, bakery products, dairy products, eggs [or], seafood, **cannabinoid edibles**  
20 **or alcoholic beverages or alcoholic liquors** in any procedure that occurs prior to the point of first  
21 sale by the processor.

22 (B) Does not include[:]

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

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

27 [(e)] (g) **“Integrated processing line”** does not include forklifts, trucks or other rolling stock used  
28 to transport material to or from a point of manufacture or assembly.

29 [(f)] (h) **“Qualified machinery and equipment”** means property, whether new or used, that is  
30 newly acquired by a food processor and placed into service prior to January 1 preceding the first

**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 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 primary  
 3 processing of raw or fresh fruit, vegetables, nuts, legumes, grains, bakery products, dairy products,  
 4 eggs [or], seafood, **cannabinoid edibles or alcoholic beverages or alcoholic liquors**; or

5 (B) Personal property machinery and equipment that is used in an integrated processing line for  
 6 the primary processing of raw or fresh fruit, vegetables, nuts, legumes, grains, bakery products,  
 7 dairy products, eggs [or], seafood, **cannabinoid edibles or alcoholic beverages or alcoholic li-**  
 8 **quors.**

9 (2)(a) On or before March 1 preceding the first tax year for which property is to be exempt from  
 10 taxation under this section, a food processor seeking an exemption under this section shall apply to  
 11 the assessor for exemption. The application shall be on a form prescribed by the Department of  
 12 Revenue and shall include any information required by the department, including a schedule of the  
 13 qualified machinery and equipment for which certification is sought.

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

18 (c) The assessor shall review the application and, if the machinery and equipment that is the  
 19 subject of the application constitutes qualified machinery and equipment certified by the State De-  
 20 partment of Agriculture under ORS 307.457, shall approve the application and exempt the qualified  
 21 machinery and equipment.

22 (d) If any of the machinery and equipment that is the subject of the application does not con-  
 23 stitute qualified machinery and equipment certified by the State Department of Agriculture under  
 24 ORS 307.457, the assessor shall exclude the nonqualified machinery and equipment from the appli-  
 25 cation.

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

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

33 (5) Notwithstanding subsection (3) of this section, qualified machinery and equipment that is  
 34 used to process grains or bakery products may not be granted exemption under this section unless  
 35 the qualified machinery and equipment has a total cost of initial investment of at least \$100,000 to  
 36 the food processor.

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

41 **SECTION 2. The amendments to ORS 307.455 by section 1 of this 2017 Act apply to**  
 42 **property tax years beginning on or after July 1, 2017.**

43 **SECTION 3. This 2017 Act takes effect on the 91st day after the date on which the 2017**  
 44 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**