KATE BROWN
Governor

August 12, 2015

The Honorable Jeanne P. Atkins
Secretary of State
136 State Capitol
900 Court Street NE
Salem, OR 97310

Dear Secretary Atkins:

Oregon's food processing industry is critical to Oregon's current and long term economic vitality and it is good for our state to have policies in place that allow for future growth. It's particularly important to our rural regions where natural resources are the economic cornerstone. It's for this reason that I am signing and supporting the tax exemption program in HB 3125. I believe this short-term property tax exemption will create an environment for additional investment and as a result more jobs coming from our food processors.

With all of this in mind, I did want to highlight a few issues that were brought up during the debate by the Department of Revenue because I believe the legislature should consider some fixes to the bill that would provide clarity for all parties. One such fix is the definition of the value of the equipment that triggers the exemption. The current bill calls for the "Market Value" of the equipment to be over $100,000. This could open up room for interpretation and possibly litigation. I would recommend that the legislature consider changing this provision to reflect the "Cost" of the equipment. This would be easier to quantify and leave little for debate.

The other issue I hope we monitor is whether the sideboards put in this bill will be clear enough for regulators. It's clear that everyone's intent was to provide the incentive to "wholesalers" and not "retailers". ODA has expressed confidence in being able to manage the distinction, but should the application of this program prove otherwise, I would recommend the legislature take a second look at this issue in the statute.

Finally, ODA has rulemaking authority to further clarify some of the issues and I have asked the department to look at what they could put into rule to provide greater certainty. Food processing is an important part of Oregon's economy; our policies should foster industry growth without burdening either regulators or those regulated.

Sincerely,

Kate Brown

Governor Kate Brown

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