Frequently Asked Questions
Machinery and equipment certification

General frequently asked questions:
What exemption year am I currently applying for?
• At this time, qualified firms are applying for the 2017 tax year exemption (for equipment placed into service in 2016).

When should I submit my request for certification of machinery and equipment?
• It is required that you submit your request for certification prior to February 28, 2017 otherwise a late fee is encountered.

Can I submit a request for certification and an application for exemption after March 1, 2017?
• Yes, 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.

During what period must qualified machinery and equipment have been placed in service?
• To qualify for the exemption, qualified machinery and equipment must have been placed in service between January 1, 2016 and December 31, 2016 of the previous calendar year.

During what period must machinery and equipment have been purchased to qualify for exemption certification?
• To qualify, machinery and equipment must have been acquired up to two years (24 months) prior to being placed in service. For example, a piece of equipment placed in service May 25, 2016 must have been purchased any time between May 25, 2014 and May 25, 2016.

What is the difference between certification and exemption?
• The Oregon Department of Agriculture is responsible for "certification" of machinery and equipment. ODA staff determines if the machinery and equipment qualify under the requirements outlined in statute and rule. The county tax assessors or the Dept. of Revenue are responsible for the "exemption" from your taxes.
What will happen when the ODA representative comes to certify the machinery and equipment?

• The ODA representative will come to your facility with the list of machinery and equipment you have submitted to verify that it is present, in service, and meets the criteria for qualification. Someone from your firm who is familiar with the qualified machinery and equipment on the list must be present to accompany ODA personnel through the plant and identify each piece of qualified machinery and equipment.

What if the list I submit is inaccurate?

• There may be questions about whether a piece of machinery or equipment can be qualified for the exemption. Part of the reason for the certification visit is to make those determinations. Forms that list items that are not machinery and equipment, are clearly not qualified because they are not part of a primary processing line for qualified products, or were not placed in service during the acceptable time frame will be sent back to be resubmitted.

What if I disagree with ODA's proposal to deny certification?

• If ODA makes a preliminary decision to deny the approval of certification for machinery or equipment, a request for further review may be sent to ODA's Director of Market Access & Certification Programs, Lindsay Eng, at 1207 NW Naito Parkway #104, Portland, Oregon 97209. A fee will not be assessed for any request for further review of a denial.

Does my machinery and equipment need to be certified every tax year?

• No, however each year between January 1 and February 28, a letter and a copy of the certified machinery and equipment will be sent from the Department of Revenue (DOR). The letter will ask for confirmation that the previously certified machinery and equipment is still in service in the same capacity as it was when it was certified. If previously certified machinery and equipment is no longer in service or it is no longer being used in the capacity that it was certified, you will be asked to cross out the non-qualifying machinery and equipment and return the revised list to the Department of Revenue.

If upon the certification visit none of the equipment qualifies for the tax exemption, will a fee be assessed for the visit?

• Yes. The ODA will attempt to determine if machinery and equipment qualifies prior to visiting the firm to provide an estimated fee. If during
the certification visit it is determined that none of the equipment qualifies, the appropriate fee will be assessed.

What qualifies for certification?

Can engineering fees and permit costs for qualified machinery and equipment be included?
• For real property valuation purposes, Department of Revenue includes all of the costs incurred to make the machinery and equipment functional. So, engineering fees, freight, wiring, foundations, installation, and county permit fees associated with installation can all be included.

Can leased machinery or equipment that has been bought out in the last year be certified?
• The Dept. of Revenue rules refer to machinery and equipment "newly acquired" and "newly placed into service". Newly acquired means new or used M&E that is first purchased or leased by a food processor not more than two years (24 months) prior to placing it into service. Leased equipment may be exempt only if the food processor is responsible for the payment of the property taxes under the terms of the lease agreement. Newly acquired property does not include existing equipment that has been refurbished or reconditioned in the time frame provided by this rule.

Does an air exchanger or a fan system used to cool a building qualify for certification?
• No, these are not examples of primary processing equipment and considered part of the building.

Can new equipment in the wastewater system qualify?
• Yes- For example, the wastewater system does qualify if removing onion solids from the wastewater before irrigation is the final step in the onion process.

Can a dehumidifier in a raw produce storage warehouse qualify?
• No, while the dehumidifier provides the atmosphere that allows for the storage of the raw produce, it is integral to the building rather than the process.
If the new processing line needed catwalks, do the catwalks qualify?
• Yes, as long as the catwalks were installed along with the new equipment and the machinery could not operate without them. If catwalks are installed at the same time as the new equipment, but they are integral to the building and not necessary for the process, than the catwalks are not eligible.

Does a new section of roof qualify if it was installed to support a new air condenser?
• No, this is considered part of a building and is not deemed equipment.

If the insides of the tubes on an aseptic fill line are replaced, does this qualify?
• No, this is considered an upgrade and/or regular maintenance.

If filling tubes on an aseptic fill line are replaced, does this qualify?
• Yes, if whole sections of the line are literally removed and replaced with improved tubes that allow for more capacity.

Does machinery and equipment used for research and development qualify?
• No

Do video jet machines that code the finished product qualify?
• Yes, as long as the video jet machines are on lines that do primary processing of products that qualify for the exemption.

Does the stove in the QA lab that dries the samples for testing qualify?
• Yes, if the stove is used to control or test a process in real time. Equipment used to test a food product where the results are post processing will not qualify.

Does the computer in the lab that runs statistics for the processing line qualify?
• Yes, if it is used to in real time to control the line.

Does the computer in the lab that maintains files for the QA lab qualify?
• No

Does the computer associated with the equipment on the primary processing line qualify?
• Yes, if it is used to set up or run the equipment.
Does the new server that updates communications to the production staff qualify?
  • No

Does the new metal detector on the packaging line qualify?
  • Yes, as long as it is on a line that does primary processing.

Does a new IQF tunnel qualify?
  • Yes, if part of the primary process is to send the product through the IQF tunnel.

Do new belts on an existing inspection line qualify?
  • No, this is considered maintenance.

If old conveyor lines and belts are removed and everything is replaced, does this qualify?
  • Yes

Does air conditioning in the electrical/computer housing room qualify?
  • If the air conditioning is required to prevent the processing line from stopping due to over heating, then yes it qualifies. If the air conditioning is required for the comfort of the employees, then it does not qualify.

Does an ammonia detector qualify if it is required by OSHA?
  • No, this would not be considered primary processing equipment.

If an existing blancher is broadened and lengthened to increase capacity, does this qualify?
  • No, this is considered a modification to existing equipment.

If machinery and equipment is fabricated on site, can it qualify?
  • Yes, if it is newly installed and involved in primary food processing for qualifying foods.

If a new overhead door is installed to keep pests and insects out, does this qualify?
  • No, an overhead door is integral to the building, not the process.
Are firms that are engaged in the business of producing alcoholic beverages, marijuana or any products that contains marijuana or a marijuana extract permitted to apply for the exemption?
  • No

A bakery has sales that are more than 10% retail. May it apply for the exemption?
  • No, HB 3125 stipulates that proceeds from retail sales of bakeries must be less than 10%.

For bakeries and grain processors, what does the $100,000 real market value requirement mean?
  • To qualify for the exemption, the total of all equipment newly obtained and placed into service must be worth more than $100,000 in real market value