

SUMMARY:

HB 2264 clarifies the intent of the legislature and guidance for county assessors to keep farm equipment exempt from ad valorem taxation.

HB 2264

PROVIDING NECESSARY CLARITY AND DIRECTION FOR OREGON'S TAX ASSESSORS REGARDING FARM EQUIPMENT.

PROBLEM

Recently, several county assessors have instructed multiple farmers to list ag equipment, such as on-farm seed cleaners and food safety equipment, when reporting personal property. Recent case law has caused confusion and inconsistency throughout the counties. HB 2264 solidifies the legislative intent and establishes consistency across Oregon.

Key issues:

- Tangible personal property generally refers to moveable property. County assessors have recently implemented a literal interpretation of the word "moveable" and determined that certain equipment was real property because the equipment was lightly bolted or wired into walls. Therefore, the equipment was not exempted and subject to real property tax.
- Department of Revenue strictly determined that only machinery and equipment used to harvest are exempt. This interpretation expanded what equipment has traditionally been exempt and is now subject to taxation. Equipment used to clean produce from the field, prepare crops for storage or shipping are now subject to real property tax.

SOLUTION

HB 2264 would foremost clarify for county assessors that equipment used primarily in agricultural or horticultural activities or animal husbandry, is tangible personal property. Second, HB 2264 clarifies that equipment used for harvest, food safety, and preparation for storage and shipping are also tangible personal property.

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