

General Frequently Asked Questions

What exemption year am I currently applying for?

- You apply for the current tax years exemption with machinery and equipment (M&E) installed in the prior year.

What is the difference between “certification” and “exemption”?

- The Oregon Department of Agriculture (ODA) is responsible for “certification” of M&E. Through onsite verification the ODA staff will determine if the M&E are placed in service and qualify under the requirements outlined in Oregon Statute and Rule.
- The Department of Revenue is responsible for the “exemption” from your taxes.
- **This is a two-step process with an application form for each agency. Certification through the ODA must occur prior to filing your claim form and attached certification through the Department of Revenue.**

When should I submit my request for certification of M&E?

- Early January is the best time to submit your request to ODA for certification.
- March 1st is the deadline to submit your Food Exemption Claim Form and attached certification to the Department of Revenue without a late penalty.
- It is the responsibility of the applicant to request certification at least two weeks prior to the deadline. Certification occurs on a first-come-first-served basis. Requests for certification without adequate lead time may lead to on site visits after the March 1st deadline and result in late penalties.

Can I submit a request for certification and the food exemption claim form after March 1st?

- Yes
- Claim Forms submitted to the Dept. of Revenue after March 1st and on or before December 31st must include a Department of Revenue late filing fee of \$200 or one-tenth of one percent of the real market value of the property that is subject of the application. Whichever is greater.

During what period must qualified M&E have been placed in service?

- To qualify for the exemption, M&E must have been placed in service between January 1 and December 31 of the previous calendar year.

During what period must M&E have been purchased to qualify for exemption certification?

- To qualify, M&E must have been acquired no more than two years (24 months) prior to being placed in service.

Can M&E placed in service prior to the previous year be “retroactively” certified and exempted?

- No

What will happen when the ODA representative comes to certify the machinery and equipment?

- The ODA representative will come to your facility with the asset list of M&E 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 M&E on the asset list must be present to accompany ODA personnel through the plant to identify each piece of qualified M&E.
- The ODA representative will physically verify and affirm that piece of M&E on the asset list qualifies or note why it doesn't on the certified asset list.

What if the list I submit is inaccurate?

- There may be questions about whether a piece of M&E can be qualified for the exemption. Part of the reason for the certification visit is to make those determinations and adjust the M&E list accordingly. [Asset lists that list items that are not machinery and/or 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 lined out and appropriate notations made on the asset list.]
- The ODA representative may make additions/corrections while onsite and will document any revisions directly on the asset list and/or include an amendment.
- If you discover more M&E may qualify for exemption after certification is complete a new request for certification and asset list must be

submitted to ODA. This initiates a new process to get the additional qualified M&E certified under a new certification number.

What if I disagree with ODA's determination of whether machinery or equipment qualify or do not for certification?

- If ODA makes a preliminary decision to deny the approval of certification for machinery or equipment, a written request for further review may be sent to ODA's Director of Market Access and Certification Program Area at 1207 NW Naito parkway #104, Portland, Oregon 97209. A fee will not be assessed for requests 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. The letter will ask for confirmation that the previously certified machinery and equipment is still in service in the same capacity as it was 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.
- Newly placed in service and uncertified machinery and equipment must be certified the year after it was placed in service. Only one year of placed-in-service machinery and equipment may be certified at the time of certification.

What if none of the machinery or equipment qualifies for the tax exemption. Will a fee be assessed for the visit?

- Yes, The ODA will attempt obvious determinations through a desktop review if M&E qualifies prior to visiting the site. 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 (M&E) be included?

- For real property valuation purposes, Department of revenue includes all of the costs incurred to make the M&E functional. So, engineering fees, freight wiring foundations, installation, and county permit fees associated with installation can all be included.

Can leased M&E that has been bought out in the last year be certified?

- The Dept. of Revenue rule refer to M&E “newly acquired” and “newly placed in service”. Newly acquired means new or used M&E that is first purchased or leased by a food processor not more than two years prior to placing it in service. Leased M&E 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, rebuilt 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. When it is handling waste from the primary processing line. For example, the waste water system does qualify if removing onion solids from the wastewater before irrigation is the final step in the onion process.
- No. If the wastewater system is part of the septic waste or building wastewater system.

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 M&E could not operate without them.
- No, if catwalks are installed at the same time as the new equipment but they are integral to the building and not the processing line.

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 M&E.

Do newly added non-porous and cleanable floor coatings qualify?

- No, this is considered integral to the building and is not deemed M&E.

If the insides of the tubes on an aseptic fill line are replaced, does this qualify?

- No, this is considered an upgrade or regular maintenance.

If filling tubes on an aseptic fill line are replaced does this qualify?

- Yes, if whole sections of the line are removed and replaced with improved tubes.

Does M&E 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.
- No, M&E 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 in real-time to control a line.
- No, if it only provides after-the-fact reporting information without controlling the line or monitoring critical control points.

Does a computer in the lab that maintains files for QA lab qualify?

- No

Does a computer, touchscreen, or software associated with the M&E on the processing line qualify?

FREQUENTLY ASKED QUESTIONS

- Yes, if it is used to setup or run the M&E. Do new servers, wall monitors, and/or tablets that update communications to the production staff qualify?
- No, communications systems would not be part of the primary processing equipment.

Does a new metal detector on the packaging line qualify?

- Yes, as long as it is on a processing line.

Does a new IQF tunnel qualify?

- Yes, if it is used for qualifying product.

Do new belts on an existing inspection line qualify?

- No, this is considered maintenance.

If old conveyor line units and belt systems are removed and everything is replaced with improved units does this qualify?

- Yes, new pieces of M&E that add capacity or upgrade the system are qualified.

Does air conditioning in the electrical/computer/control area qualify?

- Yes, If the cooling is a condition to maintaining and running the M&E on the primary processing line.
- No, if the air conditioner is part of the building system and is required for the comfort of the employees.

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 M&E is fabricated on site can it qualify?

- Yes, if it is newly installed and involved in primary food processing for qualified foods.

If a new overhead door or automatic closing door is installed to keep pests and insects out does this qualify?

- No, these doors would be integral to the building not the processing line.