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REV 5-2025
CHAPTER 150
DEPARTMENT OF REVENUE

FILING CAPTION: Real and Personal Property Used Placing Farm Crops in Storage.

EFFECTIVE DATE: 07/16/2025

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AMEND: 150-307-0460

NOTICE FILED DATE: 05/13/2025

RULE SUMMARY: Chapter 83 OR Laws 2024 (HB 4111) made two major changes to the farm machinery and equipment exemption under ORS 307.394. The first change was expanding the exemption from only personal property to also include real property farm machinery and equipment used for a qualified purpose. The second change was to allow idle equipment “held for use” in a qualified purpose to be exempt. As a result, OAR 150-307-0460 needs to be updated to be consistent with statute language and to replace the existing examples which are now outdated.

CHANGES TO RULE:

150-307-0460
Real and Personal Property Used for Placing Farm Crops in Storage ¶

(1) Definitions:¶
(a) "~~Storage of farm crops" refers to the h~~Primary" is the leading use or the use invol~~d~~ving ~~area in which a product is placed before processing begin~~the highest percentage of time, including time held for use, relative to all the various uses.¶
(b) "Processing" is altering the crop in any way such as: washing, icing, sorting, grading, waxing, boxing, slicing, or cutting.¶
(c) "~~Primary" is the leading use or the use involving the highest percentage of time relative to all the various uses.¶
Example: If an unlicensed farm vehicle is used 45 percent of the time to move cleaned, sorted, washed and bagged carrots ready for market (PRODUCT); 30 percent of the time to move freshly-picked carrots from the field to the warehouse or cold storage facility; and 25 percent of the time sitting idle, then the vehicle is used primarily in a nonexempt status and is fully assessable, even though that use is not 50 percent or more of the time available.¶
(2) M~~Storage of farm crops" refers to the holding area in which a product is placed before processing begins.¶
(2) Personal property and real property machinery and equipment used to place a farm crop in storage are exempt from taxation. However, once processing of the crop is begun, it is no longer a crop, but a product. When the same machinery and equipment are used for both placing in storage and processing the primary use is what determines its assessment status.¶
Example: Apples are picked and go directly into cold storage. This would be considered "placing in storage of farm crops." When these same apples are sorted, washed or boxed it becomes a product and placing back into cold storage until sold is not considered "placing in storage of a farm crops." At this point apples change from a crop to a product.

Statutory/Other Authority: ORS 305.100
Statutes/Other Implemented: ORS 307.394