



## PERMANENT ADMINISTRATIVE ORDER

REV 4-2025  
CHAPTER 150  
DEPARTMENT OF REVENUE

**FILED**

07/16/2025 4:39 PM  
ARCHIVES DIVISION  
SECRETARY OF STATE  
& LEGISLATIVE COUNSEL

FILING CAPTION: Dairy Definition for Determining Exempt Status of On-Site Processing Equipment.

EFFECTIVE DATE: 07/16/2025

AGENCY APPROVED DATE: 07/16/2025

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ADOPT: 150-307-0465

NOTICE FILED DATE: 05/13/2025

RULE SUMMARY: This rule defines what a dairy is and what dairy products are. The rule also specifies what farm machinery and equipment for the purposes of dairying is. The rule creates a distinction between farm machinery and equipment and dairy machinery and equipment to create clarity in determining when property is exempt. The rule limits the exemption to on-site processing equipment that is used up to the point the milk or dairy products is first sold or leaves the site.

CHANGES TO RULE:

150-307-0465

Dairy Definition for Determining Exempt Status of On-Site Processing Equipment

(1) Definitions:

(a) "Dairy" means a farm or the department of farming that is concerned with the production of milk, butter, cheese or other dairy products (from a cow or other domestic animal, such as a goat).

(b) "Dairy Products" means butter; all varieties of cheese; frozen dessert mixes containing milk; cream or nonfat milk solids; evaporated, condensed, concentrated, powdered, dried or fermented milk; whey; cream and skimmed milk.

(c) "Off-site" means all dairying related activities not located or occurring at the site of the dairy.

(d) "On-site" means all dairying related activities located or occurring at the site of the dairy.

(e) "Processing" means altering or modifying raw milk in any way to produce dairy products for human consumption.

(f) "Site" means a farm, whether a single parcel or several contiguous parcels under common ownership in a location whose zoning permits farming that is used for an integrated purpose and appraised as a single unit, whether that property is taxed as a single account or multiple accounts.

(2) All machinery and equipment in on-site use or held for such use for the raising of dairy animals, or the processing, storage, and sale of milk or dairy products, up until the point it is first sold or otherwise leaves the site, is exempt from taxation.

(3) For a dairy that uses off-site operations for the processing, storage and/or sale of milk or dairy products, the equipment used off-site is taxable, unless otherwise exempt. Only equipment used on-site up until the milk or dairy product is sold or otherwise leaves the on-site dairy is exempt from taxation under this rule.

Statutory/Other Authority: ORS 305.100

Statutes/Other Implemented: ORS 307.394