

I_133_1059-2

133rd General Assembly
Regular Session
2019-2020

Sub. H. B. No. 183

A BILL

To amend section 5747.98 and to enact sections 1
901.61 and 5747.72 of the Revised Code to 2
temporarily allow income tax credits for 3
beginning farmers who participate in a financial 4
management program and for businesses that sell 5
or rent agricultural land, livestock, 6
facilities, or equipment to beginning farmers. 7

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 5747.98 be amended and sections 8
901.61 and 5747.72 of the Revised Code be enacted to read as 9
follows: 10

Sec. 901.61. (A) As used in this section: 11

(1) "Agricultural asset" means agricultural land, 12
livestock, facilities, buildings, and machinery used for 13
agricultural production in this state. 14

(2) "Agricultural land" means land that is composed of 15
tracts, lots, or parcels totaling not less than ten acres 16
devoted to agricultural production or totaling less than ten 17



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acres devoted to agricultural production if the land produces an 18
average yearly gross income of at least two thousand five 19
hundred dollars from agricultural production. 20

(3) "Agricultural production" has the same meaning as in 21
section 929.01 of the Revised Code. 22

(4) "Beginning farmer" means an individual who has been 23
certified as a beginning farmer by the director of agriculture 24
or a participating land grant college under division (B) of this 25
section or who has received a substantially equivalent 26
certification from the United States department of agriculture. 27

(5) "Owner of agricultural assets" means a person that is 28
the owner in fee of agricultural land or that has legal title to 29
any other agricultural asset. An "owner of agricultural assets" 30
does not include an equipment dealer or comparable entity 31
engaged in the business of selling agricultural assets for 32
profit. 33

(6) "Share rent agreement" means a rental agreement in 34
which the principal consideration given to the owner of 35
agricultural assets is a predetermined portion of the production 36
of the agricultural products produced from the rented 37
agricultural assets and which provides for sharing production 38
costs or risk of loss. 39

(7) "Participating land grant college" or "college" means 40
a state university, as defined in section 3345.011 of the 41
Revised Code, that is designated a land grant college under the 42
federal "Morrill Act of 1862," 7 U.S.C. 301 et seq., or the 43
"Agricultural College Act of 1890," 7 U.S.C. 321 et seq., and 44
that elects to participate in certifying individuals as 45
beginning farmers under this section. 46

(B) For the purposes of the tax credit authorized in 47
division (A) of section 5747.72 of the Revised Code, the 48
director of agriculture and participating land grant colleges 49
shall certify individuals as beginning farmers. An individual 50
may apply to the director or college for certification, and the 51
director or college shall provide the certification if the 52
director or college determines that the individual meets all of 53
the requirements of this division. To qualify, the individual 54
must be a resident of this state and: 55

(1) Be seeking entry, or have entered within the last ten 56
years, into farming; 57

(2) Farm, or intend to farm, land in this state; 58

(3) Not be a partner, member, shareholder, or trustee of 59
the owner of the agricultural assets the individual is seeking 60
to purchase or rent. 61

(4) Have a total net worth, including the assets and 62
liabilities of the individual's spouse and dependents, of less 63
than eight hundred thousand dollars in 2020 and an amount in 64
subsequent years which is adjusted for inflation by multiplying 65
that amount by the cumulative inflation rate as determined by 66
the consumer price index (all items) prepared by the United 67
States bureau of labor statistics. 68

(5) Provide the majority of the day-to-day physical labor 69
for and management of the farm; 70

(6) Have adequate farming experience or demonstrate 71
knowledge in the type of farming for which the individual seeks 72
assistance; 73

(7) Submit projected earnings statements and demonstrate a 74
profit potential; 75

(8) Demonstrate that farming will be a significant source 76
of income for the individual; 77

(9) Participate in a financial management program approved 78
under division (C) of this section; 79

(10) Meet any other requirements prescribed by the 80
director. 81

(C) For the purposes of the tax credit authorized in 82
division (B) of section 5747.72 of the Revised Code, the 83
director of agriculture, in consultation with the participating 84
land grant colleges, shall certify financial management programs 85
that would qualify a beginning farmer for the credit authorized 86
under that division. The director and colleges shall establish a 87
procedure for certifying such programs and shall maintain a list 88
of certified programs on the web site of the department of 89
agriculture. 90

(D) (1) The owner of agricultural assets who sells 91
agricultural assets to a beginning farmer during the calendar 92
year or who rents agricultural assets to a beginning farmer 93
during the calendar year or in either of the two preceding 94
calendar years may apply to the director of agriculture, on 95
forms prescribed by the director, for a tax credit under 96
division (A) of section 5747.72 of the Revised Code, provided, 97
in the case of a rental, the asset is rented at prevailing 98
community rates, as determined under the rules adopted under 99
division (G) of this section. The application shall identify or 100
include all of the following: 101

(a) The name of the beginning farmer; 102

(b) The date the sale was made or the date the lease was 103
entered into; 104

<u>(c) If applying for the credit on the basis of the sale of</u>	105
<u>an agricultural asset, the sale price of the asset;</u>	106
<u>(d) If applying for the credit on the basis of renting an</u>	107
<u>agricultural asset:</u>	108
<u>(i) The duration of the lease;</u>	109
<u>(ii) Proof that the asset is rented at prevailing</u>	110
<u>community rates;</u>	111
<u>(iii) The amount, in cash equivalent, of the gross rental</u>	112
<u>income received during the taxable year for which the credit is</u>	113
<u>sought;</u>	114
<u>(iv) Whether the asset is rented pursuant to a share rent</u>	115
<u>agreement.</u>	116
<u>(2) The director shall approve an application received</u>	117
<u>under this section if the director determines that the applicant</u>	118
<u>is eligible for the credit and if awarding the credit would not</u>	119
<u>cause the limit described in division (F) of this section to be</u>	120
<u>exceeded. The director shall issue a tax credit certificate to</u>	121
<u>an approved applicant listing the amount of the credit the</u>	122
<u>applicant is authorized to claim under division (A) of section</u>	123
<u>5747.72 of the Revised Code, which shall equal one of the</u>	124
<u>following:</u>	125
<u>(a) Five per cent of the sale price of the agricultural</u>	126
<u>asset;</u>	127
<u>(b) Ten per cent of the cash equivalent of the gross</u>	128
<u>rental income received during the calendar year pursuant to a</u>	129
<u>rental agreement, provided the agreement was entered into on or</u>	130
<u>after the first day of the second preceding calendar year;</u>	131
<u>(c) Fifteen per cent of the cash equivalent of the gross</u>	132

rental income received during the taxable year pursuant to a 133
share rent agreement, provided the agreement was entered into on 134
or after the first day of the second preceding calendar year. 135

(E) A beginning farmer may apply to the director of 136
agriculture, on forms prescribed by the director, for a tax 137
credit under division (B) of section 5747.72 of the Revised Code 138
equal to the cost the farmer incurs during the calendar year for 139
participating in a financial management program approved under 140
division (C) of this section or a substantially equivalent 141
financial management program approved by the United States 142
department of agriculture. The application shall include all of 143
the following: 144

(1) The number of credit certificates under division (E) 145
of this section the farmer has been issued for preceding taxable 146
years; 147

(2) The name and address of the financial management 148
program; 149

(3) The costs the farmer incurs for participating in that 150
program; 151

(4) The date or dates the farmer participated in that 152
program. 153

The director shall approve an application received under 154
this section if the director determines that the applicant is 155
eligible for the credit and has not been issued credit 156
certificates under division (E) of this section for more than 157
two preceding taxable years and if awarding the credit would not 158
cause the limit described in division (F) of this section to be 159
exceeded. The director shall issue a tax credit certificate to 160
an approved applicant listing the amount of the credit the 161

applicant is authorized to claim under division (B) of section 162
5747.72 of the Revised Code. 163

(F) The director may not issue more than ten million 164
dollars in tax credit certificates under divisions (D) and (E) 165
of this section. The director may not issue tax credit 166
certificates under this section on or after January 1, 2026. 167

(G) The director of agriculture, in consultation with the 168
tax commissioner, may adopt any rules necessary to administer 169
this section, including a rule prescribing the method for 170
determining prevailing community rental rates. 171

Sec. 5747.72. (A) There is hereby allowed a nonrefundable 172
credit against a taxpayer's aggregate liability under section 173
5747.02 of the Revised Code for a taxpayer that is issued a 174
credit certificate under division (D) of section 901.61 of the 175
Revised Code. The credit shall be claimed for the taxable year 176
during which the certificate is issued. 177

The credit shall be claimed in the order required under 178
section 5747.98 of the Revised Code. If a credit exceeds the 179
aggregate amount of tax otherwise due for a taxable year, the 180
excess may be carried forward and applied against the tax due 181
for not more than fifteen succeeding taxable years, provided 182
that the amount applied to the tax due for any taxable year 183
shall be subtracted from the amount available to carry forward 184
to succeeding years. 185

(B) There is hereby allowed a nonrefundable credit against 186
a taxpayer's aggregate liability under section 5747.02 of the 187
Revised Code for a taxpayer that is issued a credit certificate 188
under division (E) of section 901.61 of the Revised Code. The 189
credit shall be claimed for the taxable year during which the 190

certificate is issued. 191

The credit shall be claimed in the order required under 192
section 5747.98 of the Revised Code. If a credit exceeds the 193
aggregate amount of tax otherwise due for the taxable year, the 194
excess may be carried forward and applied against the tax due 195
for not more than three succeeding taxable years, provided that 196
the amount applied to the tax due for any taxable year shall be 197
subtracted from the amount available to carry forward to 198
succeeding years. 199

Sec. 5747.98. (A) To provide a uniform procedure for 200
calculating a taxpayer's aggregate tax liability under section 201
5747.02 of the Revised Code, a taxpayer shall claim any credits 202
to which the taxpayer is entitled in the following order: 203

(1) Either the retirement income credit under division (B) 204
of section 5747.055 of the Revised Code or the lump sum 205
retirement income credits under divisions (C), (D), and (E) of 206
that section; 207

(2) Either the senior citizen credit under division (F) of 208
section 5747.055 of the Revised Code or the lump sum 209
distribution credit under division (G) of that section; 210

(3) The dependent care credit under section 5747.054 of 211
the Revised Code; 212

(4) The credit for displaced workers who pay for job 213
training under section 5747.27 of the Revised Code; 214

(5) The twenty-dollar personal exemption credit under 215
section 5747.022 of the Revised Code; 216

(6) The joint filing credit under division (G) of section 217
5747.05 of the Revised Code; 218

(7) The earned income credit under section 5747.71 of the Revised Code;	219 220
(8) The credit for adoption of a minor child under section 5747.37 of the Revised Code;	221 222
(9) The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;	223 224
(10) The enterprise zone credit under section 5709.66 of the Revised Code;	225 226
(11) The ethanol plant investment credit under section 5747.75 of the Revised Code;	227 228
(12) <u>The credit for beginning farmers who participate in a financial management program under division (B) of section 5747.72 of the Revised Code;</u>	229 230 231
<u>(13)</u> The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	232 233
(13) <u>(14)</u> The small business investment credit under section 5747.81 of the Revised Code;	234 235
(14) <u>(15)</u> The nonrefundable lead abatement credit under section 5747.26 of the Revised Code;	236 237
(15) <u>(16)</u> The opportunity zone investment credit under section 122.84 of the Revised Code;	238 239
(16) <u>(17)</u> <u>The credit for selling or renting agricultural assets to beginning farmers under division (A) of section 5747.72 of the Revised Code;</u>	240 241 242
<u>(18)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	243 244
(17) <u>(19)</u> The research and development credit under	245

section 5747.331 of the Revised Code;	246
(18) <u>(20)</u> The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	247 248
(19) <u>(21)</u> The nonresident credit under division (A) of section 5747.05 of the Revised Code;	249 250
(20) <u>(22)</u> The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	251 252
(21) <u>(23)</u> The refundable motion picture and Broadway theatrical production credit under section 5747.66 of the Revised Code;	253 254 255
(22) <u>(24)</u> The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;	256 257 258
(23) <u>(25)</u> The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	259 260 261
(24) <u>(26)</u> The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code;	262 263 264
(25) <u>(27)</u> The refundable credit under section 5747.80 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;	265 266 267 268
(26) <u>(28)</u> The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code.	269 270
(B) For any credit, except the refundable credits enumerated in this section and the credit granted under division	271 272

(H) of section 5747.08 of the Revised Code, the amount of the 273
credit for a taxable year shall not exceed the taxpayer's 274
aggregate amount of tax due under section 5747.02 of the Revised 275
Code, after allowing for any other credit that precedes it in 276
the order required under this section. Any excess amount of a 277
particular credit may be carried forward if authorized under the 278
section creating that credit. Nothing in this chapter shall be 279
construed to allow a taxpayer to claim, directly or indirectly, 280
a credit more than once for a taxable year. 281

Section 2. That existing section 5747.98 of the Revised 282
Code is hereby repealed. 283

Section 3. The amendment or enactment by this act of 284
sections 5747.72 and 5747.98 of the Revised Code applies to 285
taxable years beginning on or after January 1, 2020. 286