

Good afternoon Chairman Koehler, Vice Chairman Smith, Ranking Member Brent, and Members of the Committee. Thank you for the opportunity to testify in support of House Bill 183, which creates the Beginning Farmer Tax Credit Program.

The average age of the U.S. farmer is currently 58. Recognizing the need to help the next generation of farmers get started in a very capital intensive industry, this program will allow income tax credits for established farmers as they sell or rent their agricultural assets to beginning farmers who take a qualified financial management course. A similar program was successfully implemented in Minnesota in 2018, which has already enabled 162 established farmers to sell or rent land to beginning farmers and allocated \$1.4 million in tax credits. This legislation is currently supported by the Ohio Farm Bureau Federation and Ohio Agribusiness Association.

The potential benefits of this program are great. I've seen this scenario played out firsthand in my own district, where retiring farmers without family successors are looking for someone to take over their operation, but face tough financial barriers when selling their land or assets. This program would incentivize retiring farmers to look to beginning farmers to take over their operations by decreasing their tax burden. It would also set beginning farmers up for success by giving them an opportunity to learn more about the financial management of a farm operation.

In the program, a beginning farmer is defined as an individual who has not operated a farm or who has not operated a farm for more than 10 consecutive years. To enter the program, beginning farmers will need to receive a certification from the Department of Agriculture by meeting requirements such as:

- Enrolling in a financial management program,
- Providing positive projected earnings statements,
- Having a net worth less than \$800,000.

Additionally, the beginning farmer cannot be related to the current owner of the agricultural assets that the farmer intends to purchase or rent.

The credit to the agricultural asset owner will be:

- 5% of the sale price of the agricultural asset,
- 10% of the gross rental income received during each of the first three years of the rental agreement, or
- 15% of the cash equivalent of the gross rental income received during each of the first three years of a share rental agreement.

The credit must be claimed for the taxable year during which the sale of agricultural assets occurs. In cases of rent or share rent agreements, the credit must be claimed for the three taxable years of the agreement.

I am grateful for the opportunity to introduce this legislation, which will bring the next generation of Ohio farmers into the agriculture industry and ease the financial burden for retiring farmers.

Again, thank you to the committee for the opportunity to testify and to Rep. Patterson for his partnership on this legislation. I welcome your questions.