



State Representatives
John Patterson & Susan Manchester

House Bill 183
Sponsor Testimony
House Agriculture and Rural Development Committee
April 9, 2019

Chairman Koehler, Vice-Chair Smith, Ranking Member Brent, and distinguished members of the House Agriculture and Rural Development Committee, thank you for the opportunity to offer testimony on HB 183, a bill that, if enacted, would incentivize those who are seeking to sell their agricultural land, livestock, facilities, buildings, and/or machinery to a “young farmer.” Though seemingly counterintuitive, the genius in this approach is the nudge for a retiring farmer to locate and consummate such a financial transaction.

The number of farm families has shrunk over the years for farming is not a traditional occupation, it is a way of life. “Succession” is, arguably, the most difficult challenge that farm families face—especially today. When the time comes, how does a family execute the proverbial changing of the guard when, oftentimes, offspring are not inclined to continue the familial occupation? Though the Ohio legislature did eliminate the estate tax several years ago, this option does not apply to transactions outside the family—which proves to, potentially, serve as the “trigger” for a sale to a young farmer.

However, increasingly there are “young farmers” (as defined by the bill) who would like the opportunity to engage in this noble endeavor—and thus the thrust of this bill.

To be more specific, land can sell for approximately \$3000 to \$7000 per acre (depending on a variety of factors). A combine can sell for anywhere up to nearly \$1 million and a tractor, even stripped down, can sell for over six digits. When the tax bill is added up, it can be significant. This legislation seeks to lessen that burden by allowing a tax credit up to 5% of the sale price of the asset carried forth for not more than 15 years (with the amount subtracted each year from the amount available).

This initiative shall fall under the purview of the director of agriculture to determine eligibility and organizational framework for the program. Further, those young farmers who are eligible (less than ten years of farm experience, to provide the majority of labor on the farm, and whose

net worth is less than \$800,000) would also be required to participate in a financial management program to better enhance their chance of success in their new “calling.”

It should be noted that there are two changes coming to you in a sub bill. First, there shall be an aggregate cap of \$10 million placed on the program on a first come, first served basis—to ensure an exact dollar amount from the state’s perspective. Secondly, the program will sunset five years after its implementation so that a proper evaluation of the program can take place.

With that, Rep. Manchester and I thank you for your time and attention and will entertain any questions you might have.