



*Working together for Ohio farmers to advance
agriculture and strengthen our communities.*

**Senate Finance Committee
HB 166 Interested Party Testimony
Jenna Beadle, Director of State Policy
May 23, 2019**

Chairman Dolan, Vice Chairman Burke, Ranking Member Sykes, members of the Senate Finance Committee, thank you for the opportunity to present interested party testimony on provisions of the operating budget, HB 166, on behalf of the Ohio Farm Bureau Federation.

Taxes

Agriculture faces significant challenges today. Net farm income declined by 30% between 2012 and 2019, crop revenue saw a 50% decrease during that time, and input costs remain high, while new challenges in the areas of water quality, animal care, and food safety all add additional costs to farm operations. The years prior to 2013 have largely sustained farmers through saving and investment as they ride out these past several economically trying years. The business income deduction and the savings farmers have incurred from it have helped our members reinvest their money into their operation. By reducing this deduction, you will be raising taxes on farmers when they should be saving that capital for future investment. The reduction will also create a disincentive for farmers to expand and diversify their operations, which is necessary to the survival of the operation, and will prevent farmers from hiring additional employees. We ask the Senate to restore the business income deduction to current law by removing the language in this bill.

Another beneficial tax provision we would like to have in the budget is a beginning farmer tax credit program in Ohio similar to the program Minnesota uses. This program would award a tax credit to an established farmer who sells or leases an agricultural asset to a beginning farmer, as defined by net worth, number of years in agriculture, and various other criteria. Beginning farmers would also be eligible for a tax credit of up to \$1,500 if they participate in an approved financial management course. This program would provide individuals who are trying to enter agriculture with the foothold they need to secure a place in the industry when they lack the capital and credit of their established colleagues.

General Government

A tremendous amount of work is being done to provide conservation solutions in the agricultural space, regarding nutrient run-off. What is simple and easy about our water quality issues in Ohio is that we know there are many contributors to the bloom, including agriculture. What is much more difficult and complex has been translating research and data into identifiable practices that will be part of the solution. That is why a “one size fits all” approach is not effective and why the approach of the Governor’s H2Ohio proposal is the right path.



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It is refreshing that Governor DeWine wants to work with the agricultural community to address water quality issues, not just in the Western Lake Erie Basin, but across the entire state. We appreciate the governor's proposal to provide funding to ODA, ODNR, and OEPA for targeted purposes. However, H2Ohio isn't just about funding; it is about partnering with people engaged in agriculture, conservation and the environment, as well as researchers at our universities. Be it best management practices based on sound science, help with equipment cost sharing, continued research, addressing failing septic systems, or restoring wetlands, H2Ohio is important because it can be used to address issues across the entire state. Working together on the multitude of nutrient sources will improve water quality.

The Ohio State University provides an array of agricultural leadership and educational programming that is paramount for agriculture. The Ohio Agricultural Research and Development Center (OARDC) provides farmers with researched best management practices so that they can operate their farms with greater efficiency and precision along with conservation practices. With water quality continuing to be one of OFBF's top issues, OARDC provides us with a lot of the information and data needed to respond to the algae issue in Lake Erie and runoff in Ohio's other waterways.

Extension services provide youth all across the State of Ohio with the leadership development skills they need through the 4-H program, educate people about nutrition and healthy food choices, and help farmers meet certification requirements. Another invaluable service Extension provides is taking agriculture to the urban centers and cities leading to more locally grown, fresh food where there is less availability. For these services to continue flourishing, adequate funding is needed to ensure program cuts do not occur. Greater funding for both of these line items will ensure our state has the science-based research and development programs necessary to educate the population on agriculture and safe food practices.

Two other programs we believe are vital to our state are the Sea Grants Program and The Ohio State University Wooster Campus. The Sea Grants Program conducts numerous applied research projects on Lake Erie each year and serves as an important partner in improving water quality. OSU's Wooster Campus provides valuable technical training for students and opportunities for the next generation to get involved in agriculture. The campus is a shining example of success in higher education, ranking first nationwide among two-year institutions awarding degrees in agriculture and related sciences.

In addition, it is important for ODA's general funding to reflect the myriad of duties they are required to perform. With fertilizer certifications, meat inspections, food safety, livestock permitting, and many other responsibilities, it is imperative for the department to have the resources they need to perform these tasks to the degree of quality we have come to expect. We support the needed funding increase contained in this budget to support ODA's efforts and specifically some of the line items below.



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For over 75 years, SWCD have been an indispensable partner of Ohio farmers. They work hand-in-hand with agriculture, helping farmers with technical assistance, which in turn helps conservation and water quality efforts. While they are an important partner with agriculture, SWCDs also execute important duties in urban and suburban areas as well. It is for these reasons that Farm Bureau strongly supports the substantial funding increase contained in this budget to support those districts.

ODA's meat inspection program is not just important for keeping our food supply safe, but it is also an economic driver in our state. Livestock can only be processed with an inspector present, so if Ohio does not have adequate funding for inspection, our livestock producers will have difficulty reaching the market. We are supportive of the increase in funding provided in this budget as it will allow ODA to fill open meat inspector positions.

Farm Bureau also supports the increase in funding to the Ohio Proud program and the inclusion of beer, cider, and spirits to the agricultural products that qualify. Ohio is fourth in the nation in craft beer production with an economic impact of \$2.7 billion as of 2018. The expansion of Ohio Proud to include beer, cider, and spirits furthers the development of businesses that produce value-added products from locally grown agricultural commodities.

Thank you again for the opportunity to testify on behalf of Farm Bureau. I will be happy to answer any questions.