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www.OhioFarmLaw.com Proponent Testimony Sub. House Bill 95 **House Agricultural and Conservation Committee** Ryan C. Conklin, Esq. March 2, 2021

Chairman Koehler, Vice Chair Creech, Ranking Member Brent, and members of the House Agricultural and Conservation Committee, thank you for the opportunity to offer proponent testimony for House Bill 95.

My name is Ryan Conklin and I grew up on a dairy farm near Plain City. With an established upbringing in agriculture, I used that familiarity to pursue an undergraduate agriculture degree at The Ohio State University and a master's degree in agricultural education from the University of Florida. Seeking an opportunity to work alongside farmers on a variety of issues, I pursued and attained my juris doctor from the Michigan State University College of Law in 2015.

Currently I am in my sixth year working as an attorney with Wright & Moore Law Co., LPA, an agriculture law firm located in Delaware. Our firm is dedicated to assisting helping farm families from all over our state achieve their farm succession planning goals. Each day my colleagues and I encounter Ohio farmers seeking to grow their business, secure a livelihood for their family, and successfully transition to the next generation. Today I will offer proponent testimony for House Bill 95 through a combination of supporting data and personal experience. My goal is to show the need to help more Ohioans get into farming, and the need to help veteran farmers transition.

According to the 2017 United States Census of Agriculture, the average age of the Ohio farmer is 55.8 years old, up from the previous mark of 54.6 years from 2012. Furthermore, the Census revealed that Ohio has 13,233 producers under the age of 35, or approximately 10% of the 128,686 producers in the state. Finally, 19,213 people, or 15% of respondees, indicated they are the principal operators of their farm and possess less than 11 years' experience.

With this very limited data set, it is easy to see that Ohio farmers are getting older, and fewer young people are returning to the farm or entering agricultural production. My interactions with beginning farmers throughout the state reveal a consistent message: we would like to build a larger operation, but various barriers are prohibiting us from doing so. These barriers include:

- An inability to access farm assets and credit.
- Other financial obligations, including student loan debt and off-farm employment, and
- Lack of interest in transitioning farm assets from family, friends, or neighbors.

In 2018, the National Young Farmers Coalition released the results of its 2017 survey of young farmers. When asked about the top obstacle preventing aspiring farmers from entering agriculture, nearly 2/3 of participants referenced one of the barriers listed above. As agriculture has become an increasingly debt and capital-intensive enterprise, beginning farmers have

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become less competitive in the marketplace due to cash flow concerns, insufficient assets to pledge as collateral, and the need to maintain an off-farm income source. This has left beginning farmers in a cycle of stagnation and unable to grow.

Discussing the plight of beginning farmers only presents one side of the coin. Currently, our seasoned farmers are not properly incentivized to immediately transition their operations to beginning farmers. For example, if a landowner wants to sell or lease ground to an area farmer, he/she is more likely to sell to a large established farmer because that person can often offer advantageous better financial terms. However, by offering the landowner a tax incentive to sell to a beginning farmer, this bill would help level the playing field during the bidding process.

Also, existing farm succession planning strategies incentivize farmers to retain assets until death rather than transitioning the farm while living. For beginning farmers, this is a poor outcome. In many cases, this means that the next generation would be in their 50s or 60s before receiving these vital farm assets. By that age, farmers are reluctant to expand the operation. For beginning farmers, they need access to farm assets as early as possible, and access to the expertise of the transitioning farmer. Providing transitioning farmers with tax incentives to transition now, requiring financial management proficiency for beginning farmers, and affording the two generations time to work together would help achieve this "transition now" objective.

Recognizing the challenges facing beginning and transitioning farmers in their states, Minnesota, Iowa, Nebraska, and Kansas, have all enacted beginning farmer tax credit legislation. Now Ohio can join the national effort to alleviate these obstacles. For beginning farmers struggling with student loan debt or balancing off-farm employment with on-farm efforts, the financial management workshops and accompanying tax credits would be a tremendous tool. Offering a tax credit to sellers of farm assets, or to farmers transitioning out of their operations, would provide an incentive to transfer these assets to beginning farmers.

While this bill highlights potential tax and training incentives for beginning farmers, it also contains strong potential for rural development. Rural communities across Ohio have watched their populations fall for decades, and employment opportunities in these areas have followed suit. Agriculture can be a vehicle that stops or reverses these negative trends. It can be a path to recruiting and retaining beginning farmers and farm professionals in rural areas. However, there must be tools in place to incentivize these efforts, and House Bill 95 is one of those tools.

The Ohio General Assembly is an established partner of the Ohio agriculture industry. This Committee is a focal point of that relationship, with many pieces of helpful legislation originating in this body. Now, I respectfully request that this Committee advance another importation piece: House Bill 95. In doing so, this group can help beginning farmers overcome arduous barriers to entry, be competitive in the farm marketplace, and help our rural communities prosper.

Thank you to this Committee for its consideration of this bill, and for Representatives Manchester and Lightbody for their sponsorship. I would be glad to field any questions from Committee members at this time.