

HB 614 – Sponsor Testimony to the House Ways and Means Committee 05/17/2022

Good afternoon Chairman Merrin, Vice-Chair Riedel, Ranking Member Sobecki, and Members of the Committee;

Thank you for the opportunity to present sponsor testimony on HB 614 – a bill to amend section 319.302 of the Revised Code to allow property used for woodlands and forestry agriculture to receive the 10% nonbusiness property tax rollback.

This winter our Ashtabula County Auditor brought to my attention that many of Ohio's farmers who grow timber to fuel our strong lumber market are not treated equally to traditional farmers who grow other forms of agricultural products. The Ohio Forest Tax Law and Woodland CAUV Tax Credit Program are currently incompatible with the 10% Non-Business tax credit, which other CAUV crops in agricultural production enjoy. Property owners producing lumber must choose which credits to receive, while property owners producing all other forms of agriculture can receive BOTH credits.

This has created disparities in how the credit is applied across the state and results in higher property taxes for residents participating in some woodland programs when the parcel is not directly connected to their residence.

Properties in traditional CAUV, or any property with a residential use classification, qualify for the 10% Non-Business tax credit. Due to the current language of 319.302, properties that receive the Ohio Forest Tax Law or Woodland CAUV Tax Credit cannot qualify for the 10% Non-Business tax credit unless more than 50% of their property value is not forested land.

As an example: in Wayne County, 75% of woodland parcels are connected to the home or large residential value parcel and thus could still qualify for the non-business tax credit. Think of a home with 30 acres of woods and a garage. If the total value is \$400,000, the improvement value of the home would need to be \$200,001 and the property gets a 10% savings. However, in Ashtabula County, 75% of woodland parcels are on their own and not with residential value thus losing the credit. These standalone parcels may be of equal or greater total value to the Wayne County example, but because of the lack of home value, the property owner is disqualified for the 10% Non-Business credit.

This may ultimately be an issue of semantics, determining what is commercial timber versus non-commercial timber. My language clears up the discrimination and makes plain the definitions, that all agricultural use should be eligible for the non-business tax credit.

HB 614 would include the production of commercial woodlands as an agricultural product and be eligible for the 10% Non-Business tax rollback, making woodlands on par with other crops in the CAUV program. Woodlands can include trees utilized for the production of sap and syrup, all nut and fruit trees, nursery and Christmas trees and all other forest products derived from or produced in Ohio Woodlands.

I have been working with several constituents affected by the current interpretation of existing law, the Ohio Farm Bureau, and our Ashtabula County Auditor David Thomas to develop the bill language before you. All of them are supportive of the changes we seek and expect to present testimony of how these changes would positively impact woodlands taxpayers during proponent testimony.

Thank you for your consideration, if you have any questions we would be happy to note them and respond in writing.