



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

**House Ways and Means Committee
HB 1 Opponent Testimony
Brandon Kern, Senior Director, State and National Policy
March 28, 2023**

Chairman Roemer, Vice Chair Merrin, Ranking Member Troy, and members of the House Ways and Means Committee, thank you for the chance to provide opponent testimony on House Bill 1. My name is Brandon Kern and I am the Senior Director of State and National Policy for the Ohio Farm Bureau. The Ohio Farm Bureau is a grassroots organization that advocates for our members on issues facing the agricultural community.

First, Ohio Farm Bureau appreciates the legislature's continued focus on tax reform. Agriculture and the state's overall economy has benefited from the continued and steady progress made over the last decade to lower Ohio's tax burden. We agree this provides real economic benefits for all Ohioans.

When considering the full spectrum of taxes, Ohio Farm Bureau members have crafted a policy that ranks each type of tax from most palatable to least, based on the costliness and impact of each tax-type on farming production. Given this policy, Farm Bureau takes a holistic approach when reviewing tax proposals. This policy allows Farm Bureau to support or oppose tax reform proposals that take on a number of different forms.

HB1 is a perfect example of a tax proposal that can present mixed results through the lens of our tax policy. While we welcome policies that help lower the income tax burden on our members, we are very concerned HB 1 will increase property taxes on many many farm operations.

To be clear, Ohio Farm Bureau has consistently supported the goal of reducing income taxes. Farmers across the state have organized their businesses as pass-through entities for the many benefits they provide such as liability protection and workable options for passing their farms on to the next generation. When income tax reductions are targeted toward small businesses such as these, it provides an even greater benefit for Ohio's economy.

That said, property taxes are the most costly tax a farmer pays due to the nature of how they impact production agriculture directly. Property tax is a tax on agriculture's most important production asset; farmland. The proposal in HB 1 to repeal the 10% property tax rollback is a significant concern for our members.



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According to the Legislative Service Commission, net taxes charged to owners of residential and agricultural real property would increase an estimated \$929 million if this legislation were to become law. With the legislation's significant changes to the property tax system, the impact of the HB 920 reduction factors must also be considered. Outside fixed-rate levies subject to tax reduction factors would be offset or partly offset by higher effective tax rates, up to the original voted millage, as a result of the bill's lower property assessment rate. Any changes to property tax must consider the entire system, and all the downstream impacts that can be created.

While our organization supports the goal of continuing tax reform in Ohio, the changes made to property taxes in HB 1 will have significant negative impacts on agriculture in Ohio. We urge the removal of the property tax provisions in the bill.

We stand ready to work with the bill sponsor and other interested parties to find a better way to reform Ohio's tax policy that is best for all Ohioans. Thank you again for allowing me the opportunity to testify, I would be happy to answer any questions from the committee.