

House Bill 398 Proponent Testimony
May 3, 2016

Chairman Peterson, Vice Chairman Beagle, Ranking Member Tavares and members of the Senate Ways and Means Committee thank you for the opportunity to provide proponent testimony on House Bill 398.

In regard to House Bill 398, I would like to inform you that the CAUV increases are presenting significant challenges to me and my agricultural business as well as every one of the landowners I have spoken with in my area.

Something needs to be done soon to improve the accuracy of valuing land based on agricultural use as it is difficult to afford to stay in business with the current values in place.

The Ohio Farm Bureau's proposed changes are crucial to enact so that farmland value is not inflated by assuming that land appreciates and that land value benefits from equity buildup at predetermined rates. This type of value inflation has nothing to with our use of the land and should not be included when figuring CAUV rates.

As a farmer, I am trying to use the best practices to protect water resources and stop nutrient runoff but I may not be able to afford to do these things unless the CAUV values are reduced. Implementing accurate woodland values should also be reviewed. It is important to take action NOW to not further burden my farm business and those in my area.

Thank You for your attention to this matter and your support of agriculture,

Allen Willson
Fulton County Farm Bureau President

House Bill 398 Proponent Testimony
William H. Wilkins Troy, Ohio
April 26, 2016

My name is Bill Wilkins. I own a 135 acre farm in Miami County, Ohio where I raise corn, soybeans and wheat. I am the President of the Miami County Farm Bureau. I have some comments regarding CAUV.

Current Agricultural Use Valuation (CAUV) has benefited Ohio farmers since in it was put in place. The reduction in real estate taxes on agricultural and timber land have helped farmers and farm land owners net income and reduced the cost of food and fiber to consumers since its inception.

Ohio land owners have experienced unprecedented increases in real estate taxes in the recent years, even with reductions provided by the offset using the CAUV calculations. Record high corn, soybean and wheat prices from experienced from 2010 to 2013 provided unusually high net incomes to farmers during those crop years. Interest rates on farm mortgage loans have been extremely low during the same period. These factors that are used to calculate CAUV land real estate taxes have caused exceptionally high current farm real estate taxes.

This period of high real estate taxes have put an extreme burden on farm land owners. Most have seen their real estate taxes more than double with some approaching \$100 per acre. This extra expense is especially burdensome now that corn, soybean and wheat prices are less than half of what they were three years ago.

Cash rental income has not covered the cost of land real estate taxes and insurance premiums to many land owners who cash rent their land to farmers. They cannot increase cash rents to tenant farmers who are experiencing low or negative net incomes due to low commodity prices. Many farmers who farm land that they own (especially the young and beginning farmers) are currently being forced out of business due to negative farm income resulting from low commodity prices and high land real estate taxes.

I am in favor of keeping the CAUV program for Ohio farmland. Also, I support modifications to the CAUV formula that will help to make it more representative of current conditions, land types and land uses (cropland verses timberland).

Thank you for considering my comments.

May 3, 2016

Chairman Brown, Vice Chairman Blessing, Ranking Member Clyde and members of the committee, thank you for the opportunity to support House Bill 398, CAUV has been very important in keeping Ohio's Agriculture strong.

My family has a fruit and vegetable farm and market in Geauga county and the change from taxing agricultural land from highest and best use value to agricultural production value in 1973 was a major factor in encouraging my brother and I to keep our orchard and farm market going as we graduated from OSU. There are many places we could sell our land for development purposes but this is an excellent orchard site and we consider our land a production asset necessary to keeping our business in operation.

I consider all attempts to value agricultural land at higher values for taxation purposes counter to Ohio's farmland preservation program. HB 398 should bring the capitalization rate for CAUV calculations under control so it does not disproportionately affect the final CAUV property tax. I support this change.

I also support the change to value conservation land taken out of production at a lower value than our production land. Erosion control has always been a part of farming, incentives to control erosion where necessary is always beneficial to keeping Ohio's multigenerational farms productive.

Thank you for your considering this bill an important addition to the 2016 legislative agenda.

Bob Sage

Robert A. Sage/Sage's Apples

(m) 440-477-3404

11355 Chardon Rd.

Chardon, OH 44024

House Bill 398 Proponent Testimony
Ohio House Government Accountability and Oversight Committee
May 3, 2016

Chairman Brown, Vice Chairman Blessing, Ranking Member Clyde and members of the committee, thank you for the opportunity to provide proponent testimony on House Bill 398.

The effect of the current CAUV formula is immense to many farmers in Preble County. I work with my uncle and Grandpa on our grain and cattle farm and work as a Territory Manager at a John Deere dealer, so I talk to many farmers on a daily basis.

We have had some good years in the Agricultural industry with higher crop prices and higher yields. Along with those times the input costs also increased. The current formula took those higher incomes into consideration, but it has come at a time when our inputs are still higher and the income and crop prices are not.

Many smaller operations have had to let go of ground they were farming because of the increased cost in taxes. Many farmers in my county talked about at least a 75% increase and many others had a 150% plus increase in their taxes. Small businesses cannot afford to keep going when taxes increase that much. The formula needs to take into account more recent data to make its calculations so this burden ceases to exist so that our farms can remain as productive and profitable as they can be.

To: Members of Ohio House Government Accountability and Oversight Committee

From: Chris Rogers, President Brown County Farm Bureau

Re: Impacts of the CAUV Program

As the President of the Brown County Farm Bureau and the District Manager at the local SWCD, I have had several of our producers contact me about the increases in their taxes and the strain that it is placing on their operations. In the past couple of years, we have had increasing cost of inputs, declining prices of commodities and property taxes increasing, the combination of these factors are taking a toll on our farming operations.

The other area of concern comes from our retired farmers. They are on a fixed income and the increases in their property taxes are debilitating. These landowners have told me, it is getting to the point where they can't afford to own their property any longer. They feel they are getting the appropriate cash rent for their particular farms and know they can't pass the cost onto the farmer. One landlord already told me, with the cost of fertilizer, seed, equipment and cash rent, I do not know how the farmers can stand much more.

This situation has a crippling impact on our younger farming generation as well, their capital is already stretched to the maximum, and they must find areas to cut expenses in their particular operations just to pay their property taxes. This younger generation are trying to diversify their operations just to improve the cash flow.

One of the biggest issues we are currently dealing with at the SWCD/USDA office is the landowners that want to bring land into production that hasn't traditionally been farmed. These areas include woodlots, and those woodlots are (at least in our county) sometimes on soils that are determined wetland soils or have the potential to be wetland soils. Several producers/landowners want to clear these areas and bring them into production. This has the potential of putting the producers/landowners in direct violation of the USDA policies, which in turn can make them ineligible to receive USDA program benefits.

The above concerns are indirect consequences resulting from the increase property tax and the decrease in the CAUV tax savings. There are many more negative unintended consequences.

Ohio House Government Accountability and Oversight Committee
House Bill 398 Proponent Testimony
Christina Gerlach, Wheelersburg, OH
May 3, 2016

I am writing in support for HB 398 as a producer, farm supply/feed mill business owner and current President of the Scioto County Farm Bureau.

I am a lifelong resident of Scioto County and the third generation to live on our 35 acre farm. We farm and pay property taxes on this and an additional 145 acres of land that we own and raise grain, hay, pumpkins and cattle. As an agricultural related business owner and farmer I have seen the impact that the rising cost of property taxes have taken on the small farmer as well as the larger operations.

Yes, there was a two year span recently where grain prices hit peak highs not seen in several years. But input costs at this time were at an all-time high as well. Now we are seeing property taxes hitting an all-time high when grain prices have dropped off to half what they were just three years ago. And while input cost such as fertilizer have become somewhat less expensive, seed and chemicals remain at a higher cost. These are things that go into production cost long before harvest happens.

Then factor in CAUV and what it was originally intended to do for agricultural - Keep farmland as farmland. Our farm has seen our property taxes go up approximately \$1200 verses what they were five years ago. Some may say that is not much. To us that is dollars we could have put into buying more seed or fertilizer to produce more grain for food.

Our current CAUV system needs more work. Some improvements have been made but many more things need to be fixed in the formula to better align it to secure that there is farmland for the next generations to farm and produce food for us all.

House Bill 398 Proponent Testimony
Ohio House Government Accountability and Oversight Committee
May 3, 2016

Chairman Brown, Vice Chairman Blessing, Ranking Member Clyde and members of the committee, thank you for the opportunity to provide proponent testimony on House Bill 398. My name is Cindy Cassell and I am a Trustee and President for the Clermont County Farm Bureau Federation. My buffalo farm is located in southwestern Ohio in New Richmond on the Ohio River.

While the CAUV program has served as a critical farmland preservation tool for more than 40 years, recent Farm Bureau analysis shows there is a need for targeted changes to the program. The CAUV formula's capitalization method includes factors that inflate the value of farmland by including assumptions that land value constantly appreciates based on real estate market factors that have nothing to do with agricultural production. Farm Bureau fully supports House Bill 398 as it will make the targeted changes needed to improve CAUV.

As a board member, one of my duties is to work with my colleagues each year to develop our organization's priority issues. We had our public policy meeting this morning and listened to several of our members concerns about the CAUV process and how it has affected their farm operation. This year we set as a priority to advocate for tax policy that strengthens Ohio's economic competitiveness with a primary focus on the Current Agricultural Use Value (CAUV) program. We made it a priority to work with policymakers to improve the accuracy of the formula because it has been clear this is the issue farmers across the state are impacted by the most.

The increased taxes this past 2014 in our area, were significant enough in my buffalo operation for us to raise our prices to vendors causing a slowdown in sales in 2015.

Farmers are not asking for arbitrary decreases in taxes. I believe the targeted changes in HB 398 will help us achieve needed improvements, eliminate factors that have led to unsustainable property tax increases and uphold the integrity of Ohio agriculture's most important program.

Thank you.

Cindy Cassell

Good Morning! I am writing in support for SB 246/HB 398 as a producer and current President of the Athens-Meigs County Farm Bureau. I would be irresponsible not to voice my experiences and concerns regarding CAUV.

I reside in Athens County but have a 6th generation row crop farm in Clinton County. We produce corn, wheat and soybeans. The cost of inputs in production agriculture seldom are within the control of the producer. These include fertilizer, seed, and crop protectant chemicals with little wiggle room for price shopping benefits. Capital inputs seldom rely on annual changes since most are 6-20 year purchase decisions. Property taxes represent an annual cost which is determined by an established formula and has potential to change.....if communication is provided to those decision makers.

The United States Department of Agriculture was established under President Lincoln because food production was of national security in importance. The original intent of CAUV was to aid in the retention of farmland as farmland, essentially supporting the original mission of the USDA, but at the State of Ohio level. The current formula for CAUV has not been favorable toward the intended benefit in recent years. On our small (192 CAUV acres) farm, the annual cost of property taxes has increased from \$3136 in 2011 to the current 2016 cost of \$8698. This represents an increase of 277% in 5 years. These are "net" dollars for payment and gross earnings represent a higher cost to our family cash flow. This cost increase has removed funds which our family had planned for college tuition for our currently enrolled daughter Erin.

We would encourage your support for the passage of SB 246/ HB 398 to realign the original intent of CAUV for Ohio agriculture family.

David Bright
145 Beal Road
Athens, OH 45701

House Bill 398 Proponent Testimony
Dennis Howick
Howick Farms, Mercer County

Members of the Ohio House Government Accountability and Oversight Committee, I am Dennis Howick and I am Mercer County's Farm Bureau President. I have farmed all of my life and recently found out that 124 acres of the 199 acres has been in the Howick family for 160 plus years. I farm a corn, soybean and wheat rotation. I do not see how I or any other farmer can continue to make a living at farming with the present low commodity prices, high input costs and ever increasing CAUV and property taxes. The formula needs to be changed or modified to reflect the present day farming business. Here are my property taxes from 2010 – 2016 (These figures are per half a year):

2010 - \$3,565.84
2011 - \$3,665.84
2012 - \$3,667.60
2013 - \$4,548.18
2014 - \$4,550.06
2015 - \$6,880.80
2016 - \$6,880.84

As you can see, the property taxes were pretty consistent until 2013 when the county did a re-evaluation and then the CAUV was re-evaluated in our county. The property taxes for some farm owners went up 300%. At one time CAUV, was very helpful to farmers but the present formula is no longer effective and needs to be changed or modified. The future of farming has so many obstacles as it is. CAUV should not be one of them.

Respectfully,

Dennis Howick

Dear Members of Ohio House Government Accountability and Oversight Committee:

As President of the Greene County Farm Bureau, Commercial / Agricultural Lending Officer for Merchants National Bank, and a farmer myself, I have experienced the benefits and challenges surrounding the CAUV program from many different angles. The CAUV program is a valuable method for determining the taxable value of farmland in Ohio; however, the formula and its various assumptions no longer accurately account for all of the economic factors impacting agricultural land prices today. It is important to make adjustments to the CAUV formula regularly to make sure the program continues to accurately value farmland and provide the intended stability of tax rates that the program was established to create. The viability of the CAUV program for establishing the tax levels for farmland in Ohio and the ability of farm owners to maintain ownership of their farm property depend on the proposed changes and continued review of the CAUV calculation.

The great majority of farm owners consider their farm real estate to be a lifetime asset that will be passed down to their children and their children's children. Farmers do not value their farmland by how much it appreciates in value or development potential but by how much it can generate for them annually through crop or livestock production. My wife and I are the fourth generation to farm our "family farm" which was purchased by my great grandfather and great grandfather in various pieces from the mid-1800s to 1916. My parents and my wife and I have added several hundred acres to the farm over the years through other land purchases. At the last tax reappraisal of our family farmland, the property taxes in the span of 4 years, the property taxes per acre increased approx. 300%. These increases have been quick and dramatic at a time when gross farm revenues have been declining due to crop and livestock price decreases of nearly 50%. In many areas of Greene County, property taxes are now over \$65 per acre and some surrounding counties have property taxes per acre exceeding \$100 per acre on farmland. The amount and speed of the tax increase puts a financial strain on farm owners well ahead of projections.

A few months ago I spoke with a gentleman whose story demonstrates the stress that dramatically increasing property taxes have on farmers and farm owners. He and his wife retired from farming five years ago after working their farm into their mid-70's. They had worked the majority of their lives to get the 200 acre farm where they live paid off, and now the majority of their retirement income comes from the cash rent generated by this property. This gentleman called me asking what cash rent levels were being paid in his area because he was going to have to increase his cash rent price to the tenant due to the increase in property taxes. Leaving the cash rent level unchanged would not give them enough money after paying the property taxes to live. Being a lifelong farmer, he was concerned about asking his tenant to pay more cash rent when grain prices and profit margins were significantly decreased from the previous years and many farmers were struggling to be profitable. He did not want to increase the cash rent too far so the tenant would not make money or possibly choose to discontinue farming the property but had to make a change. The only other option was for them to put the farm up for sale and hope to get enough money from the sale to purchase another small home for them to live in and have enough net money to live on for the rest of their lives. Although none of their children were currently farming, one of their teenage grandchildren was expressing interest in farming and they were hoping to

maintain ownership of the farm to pass it on to that grandchild. This family was able to come to an agreement with the tenant farmer to increase the cash rent and maintain ownership of the farm. However, several other families in the area have already had to make the hard decision to sell the farm in order to relieve the property tax burden and have enough money to continue their retirement.

While farmers and farm owners do expect that their property taxes will increase over time as their farm incomes and the value of the farmland increase, they did not expect the quick and dramatic increases in tax levels that have occurred in the past several years. Changes are necessary to the CAUV calculation to make sure that it accurately values farmland based on the economic conditions of today and to reduce the future volatility of tax level adjustments. From beginning farmers considering their first farm purchase to retired farmers depending on the cash rent income from their property for living expenses, the property tax level has become a significant limiting factor in their decisions regarding farm ownership. I encourage the legislature and the Department of Taxation to consider the Farm Bureau proposed changes to CAUV as they are for the good of all parties involved.

Sincerely,

Doug Shannon

Farmer

Commercial Lending Officer, Merchants National Bank

Greene County Farm Bureau President

House Bill 398 Proponent Testimony
Ohio House Government Accountability and Oversight Committee
May 3, 2016

Chairman Brown, Vice Chairman Blessing, Ranking Member Clyde and members of the committee, thank you for the opportunity to provide proponent testimony on House Bill 398

My name is Ed Rumburg from Chardon Ohio. I am currently Chairman of the Geauga County Farm Bureau Policy development committee. I am past President, VP and Secretary of our local board of directors. I am retired due to disability and previously operated a farm, an insurance agency and an Insurance Loss Control Firm. Prior to that, I worked as an Ag Banker, Co-op Manager and on the Largest Nursery in Ohio (at the time). I am also a degreed Agricultural Economist.

As a side note, I would like to thank the chairman for holding hearings on such an important issue. We happen to neighbors with the chairman's In-laws, and my wife and I were the Chairman's wife's 4-H Advisors! (yes it's a small world!)

First, I would like to thank the Great State of Ohio for offering the CAUV program for the last 42 years, it has always been beneficial to farmers. However, in talking with local famers, and our local Auditor, I have heard and seen significant property tax increases over the last couple of years. In "real dollars", that equates to increases of \$1500- \$10,000 in taxes for local farmers.

How many of you could easily absorb a \$10,000 hit in your wallets every year? How many homeowners could absorb that kind of a hit to their taxes every year?

As you know, we have a large Amish population and their farming operations tend to be modest in size and in revenue. These means, even a \$1500 increase is hard for those farm families to cover.

Wood lot owners have seen 300% or more increases in taxes as well. Proper woodlot management calls for selective harvest every 20 years or so. For those people struggling with that huge tax increase, many are cutting timber sooner, just to pay the taxes. I'm sure you know the impact trees have on the health of people in Ohio, so increased timbering is bad. Maple syrup wood lots are also being timbered to pay taxes- This is bad for those maple producers that rely on rented sugar bushes to produce syrup- something Geauga County is well known for.

All of our farmers in the county constantly struggle with high land values, and absentee landlords making it difficult to expand to generate additional revenue. This fact, coupled with 8 years of some of the most volatile crop and milk prices that most of us have ever seen makes it hard to deal with and cash flow the volatile and steep property taxes that we are seeing.

Money spent on property taxes is less money spent on farm inputs, updating equipment and farm vehicles and less money to support or local civic, school and religious causes.

As an economist, I see the trend of wide shifts in commodity and milk pricing continuing into the foreseeable future. This adds another big hurdle for farmers, and makes it important that we get farm property taxes under control again.

We are located next to Cleveland and Cuyahoga County. Financial Struggles on our family farms definitely impacts consumers in Cuyahoga County. Much of the produce, free range eggs, apples, maple syrup and dairy products produced in Geauga County is consumed in Cuyahoga County. This is especially true now with the current interest in “eating local”. (This is true for all urban areas in the state). This means urban legislators in our state have just as much “skin in the game” so to speak, as farm country legislators do, because if our farmers are forced out of business or have to charge more, that effects city consumers and your constituents as well.

Also keep in mind that trees help urban air quality as well, so when trees are timbered to pay taxes, air quality in the city is adversely impacted

You, as legislators in our State hold one of the keys to successful and stable agricultural economy, as well as the key to supplying affordable, safe food all Ohio residents, rests in how you vote.

I would urge you to vote to do what needs to be done to provide a more fair and accurate formula which I am confident will lower and to stabilize CAUV.

Please feel free to contact me at 440-478-3576 if you have any questions I might answer.

TO: Ohio Legislature

FROM: Gary Wilson
Hancock Co. Farm President

RE: CAUV Legislation Support Letter

Dear Sirs,

This letter is to support the current proposed HB 398 / SB 246 as legislation to revise the current CAUV process.

This proposed legislation will help greatly to improve the accuracy of valuing land based on agricultural use. I own and operate a farm in Hancock County and I have one 40 acre parcel with no buildings and 8 acres of woodland that has risen over 600% since 2010. Farm Income always goes up and down due to market prices but we are definitely not earning more than 600% on that parcel since 2010 with the present year forecasted to be a very low year. This farm has been in my family since 1834 and our goal is for that to continue many more years.

CAUV is very important to us in the farming industry, but it is crucial to increase the accuracy to determine these values in the future.

Thank You for your attention!

Gary Wilson
Hancock Co. Farm Bureau President

April 26, 2016

To those considering changes to the CAUV formula,

My name is Jim Hefner. I own, live on, and operate a farm in Allen County. I am now currently serving as president of the Allen County Farm Bureau Board of Trustees.

I understand that the Ohio House, Ohio Senate, and Department of Taxation are reviewing possible changes to the CAUV formula.

I have heard many examples of real estate tax increases due to the re-evaluations of CAUV parcels. From my own experience, my total tax bill went up approximately 50%. It would have been more if not for the fact I have some non-CAUV parcels that actually went down. I have heard of bills that increased 100, 150 or 200%.

The CAUV formula has served us well in the past when things were more stable and predictable. Lately, stable is not one of the terms that can be used to describe the farm sector as far as prices for crops, inputs and land. I urge you to consider any changes that can keep the calculations as current and up to date as possible, after all the title of the formula is "Current" Agricultural Use Valuation. When the formula is applied every 6 years with data that may be at best 2 to 3 years old, the formula is certainly not going to produce a "current" valuation. There are also some assumptions about land values that are not necessarily correlated to the value of the land as for farming purposes. These need to be examined.

I pay my taxes and have an appreciation for most of the services that money provides to the community. I have a son trying to get into farming and I want him to have the best possible chance to make that work. Many talk of creating a better business climate in Ohio for expanding and retaining businesses. Just do not forget that agriculture is the largest industry in Ohio and we need to insure the farming businesses do not pay an unfair share of the public tax burden.

Kind regards,
Jim Hefner
7375 Harding Hwy.
Lima, Ohio 45801

House Bill 398 Proponent Testimony
Ohio House Government Accountability and Oversight Committee

Chairman Brown, Vice Chairman Blessing, Ranking Member Clyde and members of the committee, thank you for the opportunity to provide proponent testimony on House Bill 398.

Property taxes have become a much larger expense on our family dairy farm. From 2013 to 2015, our property taxes have increased from \$9,600 to \$17,100.

Currently many farmers have set aside many acres of crop land for conservation projects such as grass waterways and stream bank filter strips. These acres are not in crop production. We (farmers) are committed to improving water quality, but still get taxed like these areas are in crop production.

Our farm in East Central Ohio includes 430 acres. There is 330 acres of land in production of the 430 acres we own. The remaining 100 acres are in woodland, streams, or wet lands. Why should we be taxed on these 100 acres like they are in production agriculture?

The CAUV tax laws have served Ohio agriculture well for many years. We are not asking for major changes just simply some fairness.

Jim Rowe

Tuscarawas County, Ohio

Dear Members of the Ohio House Government Accountability and Oversight Committee,

My name is John Arnold Jr. and I am the current president of the Warren County Farm Bureau. I am a corn, soybean and hay farmer in Springboro, Ohio. I send you this letter in the hopes that you will listen to the concerned voices of your constituents. I hope that you will support HB398 and SB246.

At a time when agriculture, the largest industry in our state is working on break even margins we cannot endure the burden of these increased and frankly unfair taxes. I feel that the recommendations to adjust the CAUV taxes in these bills will help make the taxes more fair and predictable. I am a 31 year old farmer who throws several hundred thousand dollars into our economy every year to participate in a highly volatile industry filled with hard working and passionate Ohioans.

Please support this bill so I and other farmers can be assured that our land taxes will not be as unpredictable as the markets or the weather.

Sincerely,
John Arnold Jr.

House Bill 398 Proponent Testimony
Ohio House Government Accountability and Oversight Committee
May 3, 2016

Chairman Brown, Vice Chairman Blessing, and members of the Senate Ways and Means Committee,

My name is Jon Hensler and I write to you today in full support of HB 398. As President of the Jackson-Vinton Farm Bureau it is my obligation to advocate on behalf of the farmers from within my counties and across the state. These farmers including myself were rather disappointed that a solid and constructive dialogue did not occur last spring.

In light of that I would like to elaborate on what I believe should be supported in the days ahead. Support an objective CAUV formula that accurately values farmlands for its use. I further believe that the CAUV formula should be thoroughly reviewed to ensure that the data being used is up to date, relevant and a true reflection of Ohio's agricultural economy.

Please join me in using common sense when dealing with Ohio farmers and passing HB 398.

Thank you,

Jon Hensler President- Jackson/Vinton Farm Bureau

TO: Members of the Ohio House Government Accountability Committee

From: Joseph Trinter, Erie County Farm Bureau President.

Our county was evaluated last year, and although the increase was not as drastic as other counties in the state it was still a large jump. Thanks to some of the previous reforms to CAUV in past years our taxes only doubled.

A doubling of taxes in one year is a great shock to anyone, especially to farmer amidst declining farm income. While I agree that taxes should increase with increasing income anything close to a 100% percent increase is too much to bear at one time. In addition this presets hurdles when negotiating land rents with landlords have a large tax increase at the same time farmers are looking to reduce costs with falling grain prices.

In my opinion the CAUV formula should be quicker to react and tempered to prevent doubling or tripling taxes at one time. A quicker reaction time would allow the tax bills to come at close to the same time as the market conditions that caused the increase in property values. Tempering the formula to prevent spikes would allow everyone to better plan for tax increases.

House Bill 398 Proponent Testimony

Kyle Smith - Smith Farms, South Vienna, Ohio

Chairman Brown, Vice Chairman Blessing, Ranking Member Clyde and members of the committee, thank you for the opportunity to provide proponent testimony on House Bill 398.

Property taxes. They help fund local emergency services and school districts which are two important and necessary cogs in every community. The importance of these Services is not lost on farmers and business owners in my County. Unfortunately, the hardship for farmers caused by property tax increases of 60 - 70% three years ago has resulted in an incredibly tight and challenging business environment.

When commodity prices dropped from their record highs from a few years ago, property taxes still remain high due to the 3-year reassessment. CAUV, which had long been the Saving Grace for farmers when it came to property taxes, was stuck in a bad cycle. A perfect storm of falling commodity prices, high input prices, and rapidly rising property taxes left many local farmers (myself included), struggling to keep our budgets in the black.

I spoke recently with a large farm land investment firm out of Illinois that had stopped purchasing farm land in the state of Ohio due to high property taxes. The high taxes aren't just burdening local farmers, they are also preventing companies from purchasing investment properties in this state. It's literally bad for business.

I know as a farmer that CAUV has been and continues to be a more logical tax structure for farmers. I hope that the Ohio Department taxation continues to work with Ohio Farm Bureau to perfect the CAUV formula.

WITNESS INFORMATION FORM

PLEASE COMPLETE THE WITNESS INFORMATION FORM BEFORE TESTIFYING

DATE: _____

NAME: _____

ORGANIZATION: _____

(IF APPLICABLE)

POSITION/TITLE: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

TELEPHONE: _____

ARE YOU REPRESENTING: YOURSELF _____ ORGANIZATION _____

DO YOU WISH TO TESTIFY ON

LEGISLATION (BILL NUMBER): _____

SPECIFIC ISSUE: _____

SUBJECT MATTER: _____

DO YOU FAVOR _____ OR OPPOSE _____ THE ENACTMENT OF LEGISLATION REGARDING THIS ISSUE?

PLEASE GIVE A BRIEF STATEMENT OF THE GROUNDS ON WHICH YOU FAVOR OR OPPOSE SUCH ENACTMENT:

WILL YOU HAVE A WRITTEN STATEMENT, VISUAL AIDS, OR OTHER MATERIAL TO DISTRIBUTE?

YES _____ NO _____

(IF YES, PLEASE PROVIDE COPIES TO THE CHAIRMAN OR SECRETARY)

HOW MUCH TIME WILL YOUR TESTIMONY REQUIRE? _____