



*Forging a partnership between farmers and consumers.
•Working together for Ohio's farmers•*

**House Bill 398 Proponent Testimony
Ohio House Government Accountability and Oversight
Wade Smith, OFBF Northwest Trustee
May 3, 2016**

My name is Wade Smith and I am the Northwest Ohio Trustee for the Ohio Farm Bureau Federation.

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. 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.

At county farm bureau policy development committee meetings, breakfast on the farm events, and even debate on the delegate floor at OFBF's annual meeting, CAUV has been the issue our members have come to me about the most with significant concerns. It's not hard to understand why considering the dramatic increases we've seen the last several years now.

As a farmer, I too have experienced significant increases in CAUV. I appreciate the opportunity to share with you how that has impacted our operation. Whitehouse Specialty Crops is a niche farm located on 15 acres in Monclova Twp. Ohio. We are entering into our fourth year of operation in the tomato business and seventh year in perennials.

We are growers of tomatoes year round and look to expand our current greenhouse operation as well as potentially enter into the organic field production business. We started in the greenhouse originally to target non-traditional season markets and also to allow for the production fields to lay fallow for a minimum of five years to meet on of the USDA requirements for organic field production.

Per the last valuation, our CAUV values more than doubled. With the land laying fallow, we are

now carrying a heavier tax burden for land that we could not use until the requirements for organic standards had been met.

As we are all aware, farming can be a risky business for even those that have the luxury of having generationally transferred farms, but for those of us that are just getting started the risks are even greater. The need to purchase new equipment, seed, nutrients etc. keep the margins extremely tight leaving us very little room for error. The continued burden of an ever-changing tax environment can and will change the way we expand our business. Siphoning monies that were originally allocated for business reinvestment to cover additional tax burden will have devastating effects on future investments over time.

Farm Bureau is not asking for arbitrary decreases in farmer's taxes. The recent situation has led us to study CAUV more closely than we ever have before and uncover elements of the formula that could provide a more accurate valuation in the modern day farm economy. As an Ohio Farm Bureau board of trustee member I believe the targeted changes in HB 398 will help us achieve these 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, Mr. Chairman. I am happy to answer questions the committee may have.