



Ohio Senate
District 17

Bob Peterson
President Pro Tempore

1 Capitol Square
Columbus, Ohio 43215
(614) 466-8156

Committees:

Rules and Reference, Vice Chair
Agriculture
Energy and Public Utilities
Finance
Government Oversight and Reform
Higher Education
Insurance and Financial Institutions

Senate Bill 159 Sponsor Testimony
Senate Ways and Means Committee
March 3, 2020

Chair Roegner, Vice Chair Blessing, Ranking Member Williams, and members of the Senate Ways and Means Committee, thank you for the opportunity to give sponsor testimony on Senate Bill 159. This legislation would create two nonrefundable income tax credits to assist beginning farmers in Ohio.

Senate Bill 159 would help the next generation of farmers get started in the agriculture industry while also providing an easier transition for established farmers looking to retire. Before an individual can use either tax credit, they must first become certified as a beginning farmer by the Department of Agriculture. An individual can be certified as a beginning farmer by meeting the following requirements:

1. Intends to farm in Ohio, or has been farming in Ohio for less than ten years
2. Has a household net worth of less than \$800,000. This limit applies to 2019 and will be adjusted for inflation in future years
3. Provides the majority of the day-to-day labor for and management of the farm
4. Has adequate farming experience or demonstrates adequate knowledge about farming
5. Submits projected earnings statements and demonstrates a profit potential
6. Demonstrates that farming will be a significant source of the individual's income
7. Participates in a financial management program approved by the Department of Agriculture
8. Meets any other requirements set by the Department of Agriculture

The first income tax credit this legislation creates is for beginning farmers who participate in a financial management program approved by the Department of Agriculture. The amount of the credit equals the cost of attending the program. However, if the credit exceeds the amount of tax otherwise due by the beginning farmer for the year in which it is claimed, the beginning farmer can carry forward any excess credit for up to three succeeding years. The Department of Agriculture would be responsible for overseeing eligible financial management programs and maintaining a list of approved programs on their website. This tax credit would assist new farmers as they establish their business and would help to prepare them for future financial success.

Senate Bill 159 also establishes an income tax credit for individuals or businesses that sell or rent agricultural assets to beginning farmers. Agricultural assets include land, livestock, facilities, buildings, and machinery

used for farming in Ohio. The owner of the agricultural assets however cannot be an equipment dealer or a similar business that sells agricultural assets for a profit. The tax credit can equal:

- Five percent of the sale price
- Ten percent of the gross rental income that the individual or business received during the first three years of a rental agreement
- Fifteen percent of the cash equivalent of the gross rental income received during the first three years of a share-rent agreement

In the case of a sale, the credit must be claimed in the year of the sale. In the case of a rental, the credit is claimed over the first three years of the rental or share-rent agreement. According to the 2017 Census of Agriculture, the average age of an Ohio farmer is 55.8 years old. As the farming population ages, this tax credit would bring together retiring farmers and new farmers.

Chair Roegner and members of the committee, thank you for the opportunity to present sponsor testimony on Senate Bill 159. I am happy to answer any questions that the committee may have at this time.