



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

**Senate Ways and Means Committee
SB 153 Proponent Testimony
Evan Callicoat, Director of State Policy
September 27, 2023**

Chairman Blessing, Vice Chair Roegner, Ranking Member Smith, and other members of the Senate Ways and Means Committee, thank you for the opportunity to provide proponent testimony regarding SB 153. My name is Evan Callicoat and I serve as the Director of State Policy for the Ohio Farm Bureau Federation (OFBF). This legislation will help provide much-needed, short term property tax relief while the legislature and interested parties like OFBF look for other ways to help lessen the property tax burden on all Ohioans.

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. The recent changes in the 2024-2025 Operating Budget (HB 33), particularly the income tax cut along with changes to the Commercial Activity Tax (CAT), will help provide not just timely, but 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.

That said, property taxes are the least favorable 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. And whether or not that farmland produces in any given year and provides income, or if that same farmland is hit by any number of issues and produces no income, that property tax bill still comes due.

As I said earlier, SB 153 will help provide short term property tax relief while the legislature pursues long term tax reform. We applaud the recently created Joint Property Tax Review Committee which provides the opportunity to take a deep dive into our increasingly complicated property tax system, however, with values in some counties reaching nearly 100% increases, short term reforms are necessary.

To give a *brief* background of CAUV for those that are not familiar with the program CAUV, or Current Agricultural Use Value, is a program that is designed to more



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accurately calculate and fairly value farmland based on its agricultural use and not the worth of its development potential. The formula is highly complex and incorporates factors such as soil type, cropping history, crop prices, yields, non-land production costs and interest rates. Generally, the formula estimates the net income that can be derived from typical farmland, divided by a capitalization rate that simulates the effects of financing the land and the purchaser's expected return.

The CAUV program has been an extremely effective and critical program that helps conserve farmland for over 40 years now. CAUV is, in fact, Ohio's most effective tool for preserving farmland. Many landowners could simply not afford to keep farming their land without CAUV. As you know, voters felt so strongly about the importance of this program that they amended Ohio's constitution in 1973 to ensure it would continue to provide a fair way of taxing the land that produces the food we all eat.

Focusing specifically on SB 153, what this bill will do for landowners that have CAUV property is simple. It will average the previous three years of CAUV *values*, not the actual tax charged, in order to treat land in CAUV the same as residential as the bill currently outlines, since residential and agricultural property are within the same property class under the Ohio Constitution. To be clear, we are not changing the CAUV formula with the inclusion of this amendment. This will only average the final CAUV values of the last three years. We have sustained higher crop prices in recent years, however our inputs costs and other factors have increased just as much, if not more, and are not as quick to come down to a point that would match where the market is currently. According to USDA, net farm income is projected to be down 23% this year, representing the sharp rise in costs to our members, regardless of their type of farm. With CAUV values in some counties reaching a near 100% increase or more, it is critical for this legislation to be passed and implemented quickly.

Keep in mind that even if this bill is signed into law, we anticipate most areas will still have a significant increase in their property values. But there is no doubt that this bill will be an important tool in helping smooth out the projected spike in values that are currently being calculated across 41 of Ohio's counties. Providing property tax relief now while looking at ways we can fix the overall system is what will provide the most impact to not only owners of agricultural property, but all property owners alike. I would like to thank you again for the opportunity to provide testimony today, and would be happy to answer any questions the committee may have.