

**As Introduced**

**133rd General Assembly**

**Regular Session**

**2019-2020**

**H. B. No. 183**

**Representatives Manchester, Patterson**

**Cosponsor: Representative Cross**

---

**A BILL**

To amend sections 5747.02 and 5747.98 and to enact 1  
sections 901.61 and 5747.72 of the Revised Code 2  
to allow income tax credits for beginning 3  
farmers who participate in a financial 4  
management program and for businesses that sell 5  
or rent agricultural land, livestock, 6  
facilities, or equipment to beginning farmers. 7

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:**

**Section 1.** That sections 5747.02 and 5747.98 be amended 8  
and sections 901.61 and 5747.72 of the Revised Code be enacted 9  
to read as follows: 10

**Sec. 901.61.** (A) For the purposes of the tax credit 11  
authorized in division (B) of section 5747.72 of the Revised 12  
Code, the director of agriculture shall certify individuals as 13  
beginning farmers. An individual may apply to the director for 14  
certification, and the director shall provide the certification 15  
if the director determines that the individual meets all of the 16  
requirements of this division. To qualify, the individual must 17  
be a resident of this state and: 18

- (1) Be seeking entry, or have entered within the last ten 19  
years, into farming; 20
- (2) Farm, or intend to farm, land in this state; 21
- (3) Not be related by consanguinity or affinity to the 22  
owner of the agricultural assets from whom the individual is 23  
seeking to purchase or rent those assets, or to a partner, 24  
member, shareholder, or trustee of such an owner. 25
- (4) Have a total net worth, including the assets and 26  
liabilities of the individual's spouse and dependents, of less 27  
than eight hundred thousand dollars in 2019 and an amount in 28  
subsequent years which is adjusted for inflation by multiplying 29  
that amount by the cumulative inflation rate as determined by 30  
the consumer price index (all items) prepared by the United 31  
States bureau of labor statistics. 32
- (5) Provide the majority of the day-to-day physical labor 33  
for and management of the farm; 34
- (6) Have adequate farming experience or demonstrate 35  
knowledge in the type of farming for which the individual seeks 36  
assistance; 37
- (7) Submit projected earnings statements and demonstrate a 38  
profit potential; 39
- (8) Demonstrate that farming will be a significant source 40  
of income for the individual; 41
- (9) Participate in a financial management program approved 42  
by the director under division (B) of this section; 43
- (10) Meet any other requirements prescribed by the 44  
director. 45

(B) For the purposes of the tax credit authorized in 46  
division (C) of section 5747.72 of the Revised Code, the 47  
director of agriculture shall certify financial management 48  
programs that would qualify a beginning farmer for the credit 49  
authorized under that division. The director shall establish a 50  
procedure for certifying such programs and shall maintain a list 51  
of certified programs on the department of agriculture's web 52  
site. 53

(C) The director of agriculture may adopt any rules 54  
necessary to administer this section. 55

**Sec. 5747.02.** (A) For the purpose of providing revenue for 56  
the support of schools and local government functions, to 57  
provide relief to property taxpayers, to provide revenue for the 58  
general revenue fund, and to meet the expenses of administering 59  
the tax levied by this chapter, there is hereby levied on every 60  
individual, trust, and estate residing in or earning or 61  
receiving income in this state, on every individual, trust, and 62  
estate earning or receiving lottery winnings, prizes, or awards 63  
pursuant to Chapter 3770. of the Revised Code, on every 64  
individual, trust, and estate earning or receiving winnings on 65  
casino gaming, and on every individual, trust, and estate 66  
otherwise having nexus with or in this state under the 67  
Constitution of the United States, an annual tax measured as 68  
prescribed in divisions (A) (1) to (4) of this section. 69

(1) In the case of trusts, the tax imposed by this section 70  
shall be measured by modified Ohio taxable income under division 71  
(D) of this section and levied in the same amount as the tax is 72  
imposed on estates as prescribed in division (A) (2) of this 73  
section. 74

(2) In the case of estates, the tax imposed by this 75

section shall be measured by Ohio taxable income and levied at 76  
the rate of seven thousand four hundred twenty-five ten- 77  
thousandths per cent for the first ten thousand five hundred 78  
dollars of such income and, for income in excess of that amount, 79  
at the same rates prescribed in division (A) (3) of this section 80  
for individuals. 81

(3) In the case of individuals, for taxable years 82  
beginning in 2017 or thereafter, the tax imposed by this section 83  
on income other than taxable business income shall be measured 84  
by Ohio adjusted gross income, less taxable business income and 85  
less an exemption for the taxpayer, the taxpayer's spouse, and 86  
each dependent as provided in section 5747.025 of the Revised 87  
Code. If the balance thus obtained is equal to or less than ten 88  
thousand five hundred dollars, no tax shall be imposed on that 89  
balance. If the balance thus obtained is greater than ten 90  
thousand five hundred dollars, the tax is hereby levied as 91  
follows: 92

OHIO ADJUSTED GROSS 93  
INCOME LESS TAXABLE 94  
BUSINESS INCOME AND EXEMPTIONS 95  
(INDIVIDUALS) 96  
OR 97  
MODIFIED OHIO 98  
TAXABLE INCOME (TRUSTS) 99  
OR 100  
OHIO TAXABLE INCOME (ESTATES) TAX 101

More than \$10,500 but \$77.96 plus 1.980% of the amount 102  
not more than \$15,800 in excess of \$10,500 103

More than \$15,800 but \$182.90 plus 2.476% of the amount 104  
not more than \$21,100 in excess of \$15,800 105

More than \$21,100 but \$314.13 plus 2.969% of the amount	106
not more than \$42,100 in excess of \$21,100	107
More than \$42,100 but \$937.62 plus 3.465% of the amount	108
not more than \$84,200 in excess of \$42,100	109
More than \$84,200 but \$2,396.39 plus 3.960% of the amount	110
not more than \$105,300 in excess of \$84,200	111
More than \$105,300 but \$3,231.95 plus 4.597% of the amount	112
not more than \$210,600 in excess of \$105,300	113
More than \$210,600 \$8,072.59 plus 4.997% of the amount	114
in excess of \$210,600	115
(4) (a) In the case of individuals, for taxable years	116
beginning in 2016 or thereafter, the tax imposed by this section	117
on taxable business income shall equal three per cent of the	118
result obtained by subtracting any amount allowed under division	119
(A) (4) (b) of this section from the individual's taxable business	120
income.	121
(b) If the exemptions allowed to an individual under	122
division (A) (3) of this section exceed the taxpayer's Ohio	123
adjusted gross income less taxable business income, the excess	124
shall be deducted from taxable business income before computing	125
the tax under division (A) (4) (a) of this section.	126
(5) Except as otherwise provided in this division, in	127
August of each year, the tax commissioner shall make a new	128
adjustment to the income amounts prescribed in divisions (A) (2)	129
and (3) of this section by multiplying the percentage increase	130
in the gross domestic product deflator computed that year under	131
section 5747.025 of the Revised Code by each of the income	132
amounts resulting from the adjustment under this division in the	133
preceding year, adding the resulting product to the	134

corresponding income amount resulting from the adjustment in the 135  
preceding year, and rounding the resulting sum to the nearest 136  
multiple of fifty dollars. The tax commissioner also shall 137  
recompute each of the tax dollar amounts to the extent necessary 138  
to reflect the new adjustment of the income amounts. To 139  
recompute the tax dollar amount corresponding to the lowest tax 140  
rate in division (A) (3) of this section, the commissioner shall 141  
multiply the tax rate prescribed in division (A) (2) of this 142  
section by the income amount specified in that division and as 143  
adjusted according to this paragraph. The rates of taxation 144  
shall not be adjusted. 145

The adjusted amounts apply to taxable years beginning in 146  
the calendar year in which the adjustments are made and to 147  
taxable years beginning in each ensuing calendar year until a 148  
calendar year in which a new adjustment is made pursuant to this 149  
division. The tax commissioner shall not make a new adjustment 150  
in any year in which the amount resulting from the adjustment 151  
would be less than the amount resulting from the adjustment in 152  
the preceding year. 153

(B) If the director of budget and management makes a 154  
certification to the tax commissioner under division (B) of 155  
section 131.44 of the Revised Code, the amount of tax as 156  
determined under divisions (A) (1) to (3) of this section shall 157  
be reduced by the percentage prescribed in that certification 158  
for taxable years beginning in the calendar year in which that 159  
certification is made. 160

(C) The levy of this tax on income does not prevent a 161  
municipal corporation, a joint economic development zone created 162  
under section 715.691, or a joint economic development district 163  
created under section 715.70, 715.71, or 715.72 of the Revised 164

Code from levying a tax on income. 165

(D) This division applies only to taxable years of a trust 166  
beginning in 2002 or thereafter. 167

(1) The tax imposed by this section on a trust shall be 168  
computed by multiplying the Ohio modified taxable income of the 169  
trust by the rates prescribed by division (A) of this section. 170

(2) A resident trust may claim a credit against the tax 171  
computed under division (D) of this section equal to the lesser 172  
of (a) the tax paid to another state or the District of Columbia 173  
on the resident trust's modified nonbusiness income, other than 174  
the portion of the resident trust's nonbusiness income that is 175  
qualifying investment income as defined in section 5747.012 of 176  
the Revised Code, or (b) the effective tax rate, based on 177  
modified Ohio taxable income, multiplied by the resident trust's 178  
modified nonbusiness income other than the portion of the 179  
resident trust's nonbusiness income that is qualifying 180  
investment income. The credit applies before any other 181  
applicable credits. 182

(3) The credits enumerated in divisions (A)(1) to (9) and 183  
(A)~~(18)~~~~(20)~~ to ~~(20)~~~~(22)~~ of section 5747.98 of the Revised Code 184  
do not apply to a trust subject to division (D) of this section. 185  
Any credits enumerated in other divisions of section 5747.98 of 186  
the Revised Code apply to a trust subject to division (D) of 187  
this section. To the extent that the trust distributes income 188  
for the taxable year for which a credit is available to the 189  
trust, the credit shall be shared by the trust and its 190  
beneficiaries. The tax commissioner and the trust shall be 191  
guided by applicable regulations of the United States treasury 192  
regarding the sharing of credits. 193

(E) For the purposes of this section, "trust" means any trust described in Subchapter J of Chapter 1 of the Internal Revenue Code, excluding trusts that are not irrevocable as defined in division (I) (3) (b) of section 5747.01 of the Revised Code and that have no modified Ohio taxable income for the taxable year, charitable remainder trusts, qualified funeral trusts and preneed funeral contract trusts established pursuant to sections 4717.31 to 4717.38 of the Revised Code that are not qualified funeral trusts, endowment and perpetual care trusts, qualified settlement trusts and funds, designated settlement trusts and funds, and trusts exempted from taxation under section 501(a) of the Internal Revenue Code.

(F) Nothing in division (A) (3) of this section shall prohibit an individual with an Ohio adjusted gross income, less taxable business income and exemptions, of ten thousand five hundred dollars or less from filing a return under this chapter to receive a refund of taxes withheld or to claim any refundable credit allowed under this chapter.

**Sec. 5747.72.** (A) As used in this section:

(1) "Agricultural asset" means agricultural land, livestock, facilities, buildings, and machinery used for agricultural production in this state.

(2) "Agricultural land" means land that is composed of tracts, lots, or parcels totaling not less than ten acres devoted to agricultural production or totaling less than ten acres devoted to agricultural production if the land produces an average yearly gross income of at least twenty-five hundred dollars from agricultural production.

(3) "Agricultural production" has the same meaning as in

section 929.01 of the Revised Code. 223

(4) "Beginning farmer" means an individual certified by 224  
the director of agriculture as a beginning farmer under section 225  
901.61 of the Revised Code. 226

(5) "Owner of agricultural assets" means a person that is 227  
the owner in fee of agricultural land or that has legal title to 228  
any other agricultural asset. An "owner of agricultural assets" 229  
does not include an equipment dealer or comparable entity 230  
engaged in the business of selling agricultural assets for 231  
profit. 232

(6) "Share rent agreement" means a rental agreement in 233  
which the principal consideration given to the owner of 234  
agricultural assets is a predetermined portion of the production 235  
of the agricultural products produced from the rented 236  
agricultural assets and which provides for sharing production 237  
costs or risk of loss. 238

(B) A credit shall be allowed against a taxpayer's 239  
aggregate liability under section 5747.02 of the Revised Code 240  
for an owner of agricultural assets who sells or rents 241  
agricultural assets to a beginning farmer. The rental of an 242  
agricultural asset qualifies for the credit only if the asset is 243  
rented at prevailing community rates, as determined by the tax 244  
commissioner. 245

The amount of the credit equals one of the following 246  
amounts: 247

(1) Five per cent of the sale price of the agricultural 248  
asset; 249

(2) Ten per cent of the gross rental income received 250  
during each of the first three years of a rental agreement; 251

(3) Fifteen per cent of the cash equivalent of the gross 252  
rental income received during each of the first three years of a 253  
a share rent agreement. 254

In the case of the sale of an agricultural asset, the 255  
credit shall be claimed for the taxable year in which the sale 256  
is consummated. In the case of the rental of an agricultural 257  
asset, the credit shall be claimed for the three taxable years 258  
ending during the first three years of the rental agreement or 259  
share rent agreement. 260

The credit shall be claimed in the order required under 261  
section 5747.98 of the Revised Code. If a credit exceeds the 262  
aggregate amount of tax otherwise due for a taxable year, the 263  
excess may be carried forward and applied against the tax due 264  
for not more than fifteen succeeding taxable years, provided 265  
that the amount applied to the tax due for any taxable year 266  
shall be subtracted from the amount available to carry forward 267  
to succeeding years. 268

(C) A credit shall be allowed against a taxpayer's 269  
aggregate liability under section 5747.02 of the Revised Code 270  
for a beginning farmer who participates in a financial 271  
management program approved by the director of agriculture under 272  
section 901.61 of the Revised Code. The amount of the credit 273  
shall equal the cost of participating in the program during the 274  
taxable year. A taxpayer may claim a credit under this division 275  
for not more than three taxable years. 276

The credit shall be claimed in the order required under 277  
section 5747.98 of the Revised Code. If a credit exceeds the 278  
aggregate amount of tax otherwise due for the taxable year, the 279  
excess may be carried forward and applied against the tax due 280  
for not more than three succeeding taxable years, provided that 281

the amount applied to the tax due for any taxable year shall be 282  
subtracted from the amount available to carry forward to 283  
succeeding years. 284

**Sec. 5747.98.** (A) To provide a uniform procedure for 285  
calculating a taxpayer's aggregate tax liability under section 286  
5747.02 of the Revised Code, a taxpayer shall claim any credits 287  
to which the taxpayer is entitled in the following order: 288

(1) Either the retirement income credit under division (B) 289  
of section 5747.055 of the Revised Code or the lump sum 290  
retirement income credits under divisions (C), (D), and (E) of 291  
that section; 292

(2) Either the senior citizen credit under division (F) of 293  
section 5747.055 of the Revised Code or the lump sum 294  
distribution credit under division (G) of that section; 295

(3) The dependent care credit under section 5747.054 of 296  
the Revised Code; 297

(4) The credit for displaced workers who pay for job 298  
training under section 5747.27 of the Revised Code; 299

(5) The campaign contribution credit under section 5747.29 300  
of the Revised Code; 301

(6) The twenty-dollar personal exemption credit under 302  
section 5747.022 of the Revised Code; 303

(7) The joint filing credit under division (G) of section 304  
5747.05 of the Revised Code; 305

(8) The earned income credit under section 5747.71 of the 306  
Revised Code; 307

(9) The credit for adoption of a minor child under section 308

5747.37 of the Revised Code;	309
(10) The nonrefundable job retention credit under division	310
(B) of section 5747.058 of the Revised Code;	311
(11) The enterprise zone credit under section 5709.66 of	312
the Revised Code;	313
(12) The ethanol plant investment credit under section	314
5747.75 of the Revised Code;	315
(13) <u>The credit for beginning farmers who participate in a</u>	316
<u>financial management program under division (C) of section</u>	317
<u>5747.72 of the Revised Code;</u>	318
<u>(14)</u> The credit for purchases of qualifying grape	319
production property under section 5747.28 of the Revised Code;	320
<del>(14)</del> <u>(15)</u> The small business investment credit under	321
section 5747.81 of the Revised Code;	322
<del>(15)</del> <u>(16)</u> <u>The credit for selling or renting agricultural</u>	323
<u>assets to beginning farmers under division (B) of section</u>	324
<u>5747.72 of the Revised Code;</u>	325
<u>(17)</u> The enterprise zone credits under section 5709.65 of	326
the Revised Code;	327
<del>(16)</del> <u>(18)</u> The research and development credit under	328
section 5747.331 of the Revised Code;	329
<del>(17)</del> <u>(19)</u> The credit for rehabilitating a historic	330
building under section 5747.76 of the Revised Code;	331
<del>(18)</del> <u>(20)</u> The nonresident credit under division (A) of	332
section 5747.05 of the Revised Code;	333
<del>(19)</del> <u>(21)</u> The credit for a resident's out-of-state income	334
under division (B) of section 5747.05 of the Revised Code;	335

<del>(20)</del> <u>(22)</u> The refundable motion picture production credit	336
under section 5747.66 of the Revised Code;	337
<del>(21)</del> <u>(23)</u> The refundable jobs creation credit or job	338
retention credit under division (A) of section 5747.058 of the	339
Revised Code;	340
<del>(22)</del> <u>(24)</u> The refundable credit for taxes paid by a	341
qualifying entity granted under section 5747.059 of the Revised	342
Code;	343
<del>(23)</del> <u>(25)</u> The refundable credits for taxes paid by a	344
qualifying pass-through entity granted under division (I) of	345
section 5747.08 of the Revised Code;	346
<del>(24)</del> <u>(26)</u> The refundable credit under section 5747.80 of	347
the Revised Code for losses on loans made to the Ohio venture	348
capital program under sections 150.01 to 150.10 of the Revised	349
Code;	350
<del>(25)</del> <u>(27)</u> The refundable credit for rehabilitating a	351
historic building under section 5747.76 of the Revised Code;	352
<del>(26)</del> <u>(28)</u> The refundable credit for financial institution	353
taxes paid by a pass-through entity granted under section	354
5747.65 of the Revised Code.	355
(B) For any credit, except the refundable credits	356
enumerated in this section and the credit granted under division	357
(H) of section 5747.08 of the Revised Code, the amount of the	358
credit for a taxable year shall not exceed the taxpayer's	359
aggregate amount of tax due under section 5747.02 of the Revised	360
Code, after allowing for any other credit that precedes it in	361
the order required under this section. Any excess amount of a	362
particular credit may be carried forward if authorized under the	363
section creating that credit. Nothing in this chapter shall be	364

construed to allow a taxpayer to claim, directly or indirectly, 365  
a credit more than once for a taxable year. 366

**Section 2.** That existing sections 5747.02 and 5747.98 of 367  
the Revised Code are hereby repealed. 368

**Section 3.** The amendment or enactment by this act of 369  
sections 5747.02, 5747.72, and 5747.98 of the Revised Code 370  
applies to taxable years beginning on or after January 1, 2019. 371