









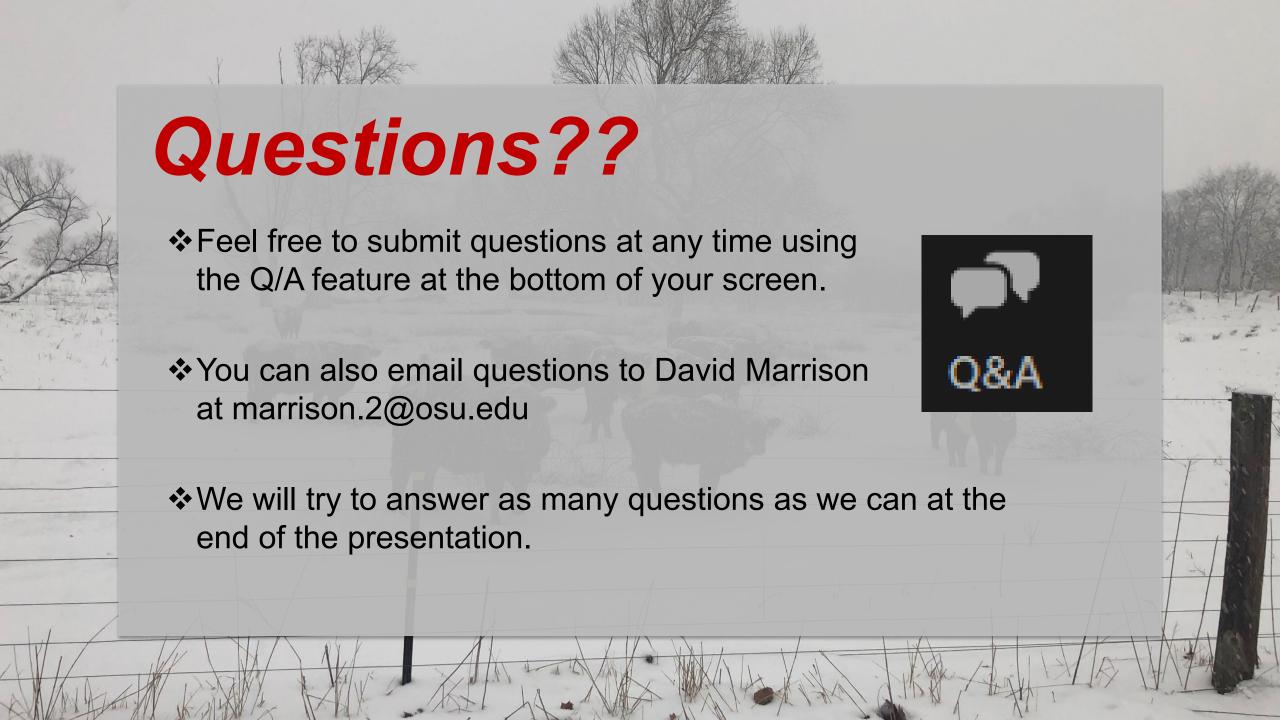
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Evaluation

Please help us continue to offer high quality programs by completing our evaluation upon competition of the webinar.

- The internet-based evaluation will start when you exit the zoom.
- Takes roughly 3 minutes
- *Responses will be completely private



Today's Topics

- > Federal Legislative Update including American Rescue Plan
- Coronavirus Food Assistance Program (CFAP) Update
- ➤ Paycheck Protection Update
- > Employee Retention Credits
- ➤ Ohio Legislative Update
- ➤ Ohio Farm Business Analysis- A look at crops
- ➤ Cash Rental Update
- ➤ Potential Tax Changes Roundtable
- **≻**Your Questions





Proposed Legislation - Federal

- Paycheck Protection Clarification for Producers Act H.R.1246 –2/23/21
 - Amends the Small Business Act to allow ranchers and farmers to use an alternative calculation for a maximum loan amount under the paycheck protection program.
- PPP Flexibility for Farmers and Ranchers Act H.R.1411 —2/26/21
 - To amend the Small Business Act to allow certain ranchers and farmers categorized as partnerships to use an alternative calculation for a maximum loan amount under the paycheck protection program.





Signed by the President on March 11. Total \$1.9 trillion.

- \$1,400 stimulus for under \$75K individual and \$150K couple; reduced benefit up to \$80K/\$160K.
- Child tax credit: couples at \$150K or less and singles at \$112,500 or less get \$3K tax credit for ages 6-17 and \$3,600 under age 6, paid monthly over a one year period by direct deposit.
- Extended unemployment benefits and \$10,200 of 2020 unemployment as non-taxable for household earning under \$150K.
- Extended moratorium on evictions and foreclosures.
- \$350 billion to states, cities, tribals to replace lost tax revenue.



Provisions for businesses:

- \$7.25 billion for Paycheck Protection Program, but March 31 end date remains.
- \$15 billion for Economic Injury Disaster Loan advance grants.
- Employee Retention Credit extended to end of year, \$7K per employee per quarter.

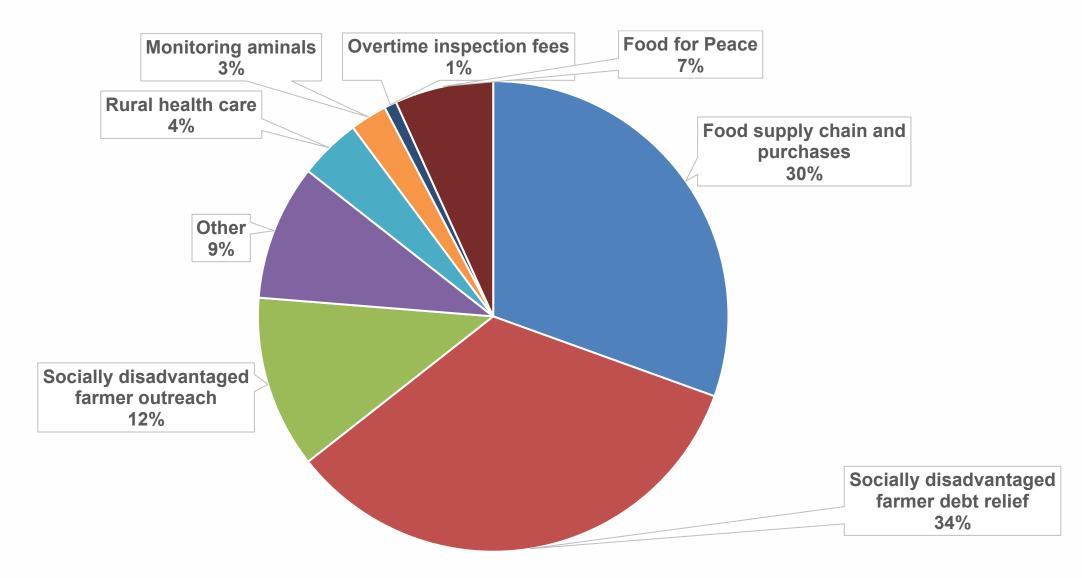


\$12.3 billion for nutrition

SNAP and child nutrition assistance programs.

\$10.4 billion for agriculture:

\$4 billion	Debt forgiveness for socially disadvantaged farmers			
\$3.6 billion	Food supply chain—purchases and distribution, expanded to restaurants and food businesses, grants and loans for PPE and retooling operations for resiliency			
\$800 million	Food for peace international food assistance program			
\$500 million	Rural health care—lost revenues, vaccines, supplies, nutrition			
\$300 million	Monitoring animals for COVID			
\$100 million	Overtime inspection fees at federally inspected processing facilities			



Farm Workforce Modernization Act - H.R.

- Reintroduced from prior session (passed House in 2019).
- Earned legal status for certified agricultural workers with 180 days of employment in last 2 years.
 - 5 year renewable agriculture visas or option for permanent resident status by paying \$1K fine and working additional 8 years in agriculture, or 4 years if already worked here for 10 years.
- Reforms H-2A agricultural guest worker program:
 - Single filing portal, single petition, electronic recruiting, differing wages and limits on fluctuations, reducing housing costs, mediation programs, 40K more green cards, 3-year visas for year-round workers.
- Mandatory nationwide E-Verify for all agricultural workers.





Cattle Market Transparency Act

- Companion bills Senate introduced 3/2/21
- Requires Secretary of Agriculture with Chief Economist to establish <u>regional</u>
 <u>mandatory minimums</u> of negotiated cash and negotiated grid trade, with public comment.
- Requires USDA to create and maintain a publicly available <u>library of marketing</u>
 <u>contracts</u> between packers and producers in a manner that ensures confidentiality.
- Prohibits USDA from using <u>confidentiality</u> as a justification for not reporting and makes clear that USDA must report all information in a manner that ensures confidentiality.
- Mandate that a packer report to USDA the number of cattle scheduled to be <u>delivered for slaughter</u> each day for next 14 days and require USDA to report the information daily.



Death Tax Repeal Act of 2021

- Companion bills S. 617/H.R. 1712 Introduced 3/9/21
- Would repeal both the federal estate tax and the generationskipping transfer tax upon passage of the act.
- Not bi-partisan sponsorship.
- Previously introduced in 2013, 2015, 2019.





Coronavirus Food Assistance Program (CFAP) Update



A Quick Review of CFAP

- Coronavirus Aid, Relief, and Economic Security Act (CARES) passed on March 27, 2020 led to:
- CFAP1 (April 2020)
 - \$9.5B of Act funding + \$6.5B Commodity Credit Corporation (CCC) funded CFAP1
 - \$10.55 billion paid to 652,281 applicants
- CFAP2 (July 2020)
 - CCC borrowing authority increased by \$14B
 - \$13.27 billion paid to 880,225 applicants
- CFAP-Additional Assistance or CFAP 2.1 (January 2021)
 - Support estimated at \$2.3 billion
 - Deadline of February 26 has been eliminated
 - Program details discussed in February Farm Office Live

https://www.farmers.gov/cfap



Coronavirus Food Assistance Program- Additional Assistance

Farm Loan Flexibilities

Farm Storage Facility
Loans Flexibilities

Coronavirus Food
Assistance Program
Additional Assistance





ning and we anticipate a decision in the weeks

The review of the Coronavirus Food Assistance Program (CFAP) is ongoing and we anticipate a decision in the weeks ahead. Payments under the CFAP 2 signup that ended December have not been impacted in any way. The deadline of February 26 has been eliminated and USDA's Farm Service Agency will continue to accept applications during the evaluation period. Interested applicants will have at least an additional 30 days to sign up after any decision is announced.

As a Producer-What do I do?

- Listen for updates here on Farm Office Live
- Maintain contact with local FSA office
- Additional Assistance <u>may or may not</u> be provided after review
- Check out FAQs at: https://www.farmers.gov/cfap/faq



Don't Confuse CFAP Additional Assistance with CFAP 3 in Consolidated Appropriations Act, 2021 and COVID Relief Funding for USDA

 $D_{ECEMBER}$ 21, 2020

RULES COMMITTEE PRINT 116-68

TEXT OF THE HOUSE AMENDMENT TO THE

SENATE AMENDMENT TO H.R. 133

[Showing the text of the Consolidated Appropriations Act,

In lieu of the matter proposed to be inserted by the Senate, insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Consolidated Appro-3 priations Act, 2021".

4 SEC. 2. TABLE OF CONTENTS.

Sec. 1. Short title.

Sec. 2. Table of contents. Sec. 3. References.

Sec. 4. Explanatory statement.

Sec. 5. Statement of appropriations. Sec. 6. Availability of funds.

Sec. 7. Adjustments to compensation.

Sec. 8. Definition.

Sec. 5. Denmuon.
Sec. 9. Office of Management and Budget Reporting Requirement. DIVISION A—AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND DRUATED AGENCIES ADDICIDIA

DIVISION A—AGKICULTUKE, KUKALI DEVELOPMENT, FUOD AND DIVISION ACUR ORDER APPROPRIA-Title I—Agricultural Programs Title II—Farm Production and Conservation Programs

Title III—Rural Development Programs Title IV—Domestic Food Programs

Title V—Foreign Assistance and Related Programs

Title VI—Related Agency and Food and Drug Administration

Emergency Coronavirus Relief Act of 2020

- Third version of CFAP
- \$5 billion for row crops (flat \$20/acre)
- \$3 billion for cattle, dairy and contract growers
- \$1.5 billion for purchase of ag products, grants and loans.
- Unclear of when these provisions will be rolled out.
- Provisions were discussed in January 2021 Farm Office Live.
 Check out the recording at: https://farmoffice.osu.edu/farmofficelive



FSA Reminders

- USDA extended application deadline for the Quality Loss Adjustment program from March 5 to April 9
- March 15 is deadline for producers to complete enrollment for 2021 Ag Risk Coverage and Price Loss Coverage Programs
- Deadline for Conservation Reserve Program sign-up extended indefinitely (deadline was to be 2.12.2021)
- USDA has temporarily suspended debt collections, foreclosures, and other activities on farm loans.



Paycheck Protection Program Employee Retention Credit

Paycheck Protection Program (PPP) Loans - Headlines

- ✓ PPP reopened through March 31, 2021
- ✓ Self-Employed Farmers can apply based on gross Schedule F Income rather than net Schedule F Income (Up to \$100K)
- ✓ Expenses paid for with proceeds from forgiven loans are tax deductible.

Paycheck Protection Program (PPP) Loans - Eligibility

- ✓ Farmers are eligible:
 - 1. To apply for a First Draw loan
 - 2. To request an increase (recalc or resize) to a First Draw loan (as long as forgiveness has not been received)
 - 3. To request a Second Draw loan, if eligible.
 - Covered periods cannot overlap
- ✓ Good Faith Certification:
 - ✓In operation on Feb. 15, 2020
 - ✓ Economic uncertainty makes the loan request necessary



Paycheck Protection Program Loans – PPP Second Draw Loans

- ✓ The new legislation establishes a PPP Second Draw Loan program that generally applies to businesses:
- ✓ With 300 or fewer employees and
- ✓ With Gross Receipts during any quarter in 2020 that were reduced by at least 25 percent from the gross receipts of the business during the same quarter in 2019. (Or had gross receipts for all four quarters in 2020 reduced by at least 25 percent compared to 2019.)

Paycheck Protection Program Loans – PPP Second Draw Loans – Gross Receipts

- ✓ What are "Gross Receipts"?
 - ✓ Form 1040, Schedule F would report line 9 (gross income) plus line 1(b) (cost of sales) but nothing from Form 4797;
 - ✓ Partnerships would use Form 1065 line 2 (cost of sales) plus line 8 total income minus line 6 (Form 4797 gains);
 - ✓ S corporations would use Form 1120-S line 6 (total income) plus line 2 (cost of sales) minus line 4 (Form 4797);
 - ✓ C corporations would use Form 1120 line 11 (total income) plus line 2 (cost of sales) minus the sum of lines 8 (net capital gain) and 9 (Form 4797 gains).



Paycheck Protection Program Loans – Additional Issues

- ✓ Self-employed Schedule C Filers can now use gross income instead of net to calculate maximum loan amount
- ✓ PPP Loans For Partnerships (LLCs)
 - ✓ Rules unclear partnerships weren't clearly addressed in CAA
 - ✓ Some banks allowing partnership applications based on gross income
 - ✓ Application for forgiveness will likely be limited to net income?





Paycheck Protection Program Loans Forgiveness Application

A BORROWE	Paycheck I PPP Loan Forgiveness Applicat R MAY USE THIS FORM ONLY IF TH		Revised January 19, 202			
Business Legal Name ("Borrower")			DBA or Tradename, if applicable			
Business Address NAICS Co			Business TIN (EIN, SSN) Business Phone			
	Dusiness Address	THE COLL	Primary Contact	() - E-mail Address		
			Frimary Contact	E-mail Address		
☐ First Draw I	PPP Loan Second Draw PPP Loan (che	eck one)				
SBA PPP Loan Number: Lender PPP Loan Number:						
PPP Loan Amount:		PPP Loan Disbursement Date:				
Employees at T	ime of Loan Application:	Employees	at Time of Forgiveness Ap	pplication:		
Covered Period	l:to					
	ogether with Affiliates, if Applicable) Rec	eived First Drav	v PPP Loans of \$2 Million	or More or Second Dra		
PPP Loans of \$2 Million or More, Check Here:						
Amount of Loa	n Spent on Payroll Costs:	Requested l	Loan Forgiveness Amoun	t:		
	ow, You Make the Following Representati Representative of the Borrower certifies to a					
(7)(a	Borrower has complied with all requirements (37), and 7A of the Small Business Act, the	PPP interim fina				
of this application), including the rules related to: eligible uses of PPP loan proceeds;						
	the amount of PPP loan proceeds that m	ust be used for pa	yroll costs;			
	the calculation and documentation of the			e); and		
	 the calculation of the Borrower's Reque mation regarding these requirements may be ram Rules. 			he Paycheck Protection		
a fals and impr	nformation provided in this application is true the statement to obtain forgiveness of an SBA 3571 by imprisonment of not more than is soonment of not more than two years and/or ution, under 18 U.S.C. 1014 by imprisonmer	-guaranteed loan ive years and/or a fine of not more	is punishable under the lave a fine of up to \$250,000 te than \$5,000; and, if subr	w, including 18 U.S.C. 100; under 15 U.S.C. 645 on itted to a Federally insur		
Paycheck Protect additional inform Borrower's failu	ission of this forgiveness application, the tion Program Rules for four years for emplo- nation for the purposes of evaluating the B- ire to provide information requested by SB4- denial of the Borrower's loan forgiveness a	yment records and orrower's eligibil A may result in a	d for three years for all othe lity for the PPP loan and f	r records. SBA may reque for loan forgiveness, and the		
	eligibility for loan forgiveness will be evaluder to disapprove the Borrower's loan forgiv					
Signature of Au	thorized Representative of Borrower		Date			
	•					
Print Name			Title			

- ✓ Simplified forgiveness procedure for PPP loans up to \$150,000.
 - ✓ Retain records to prove compliance if audited by the SBA (4 years employment records; 3 years- other records)

Employee Retention Credit (ERC)

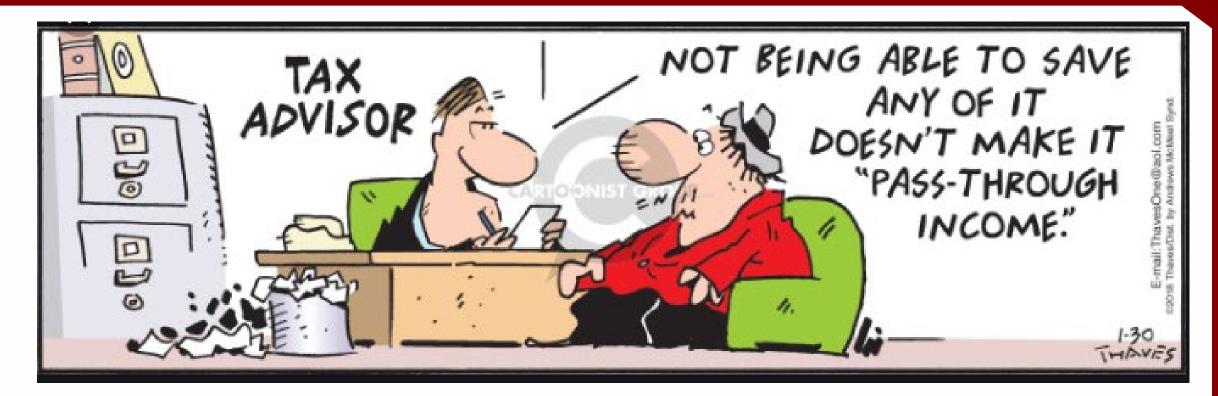
- ✓ The legislation extends and expands the employee retention credit, allowing employers to remain eligible up until July 1, 2021. A.R.P. extends this credit through the end of 2021.
- ✓ Previously, employers who received a PPP loan were ineligible to claim the ERC. The C.A.A. retroactively allows employers who receive PPP loans to claim the ERC and to treat payroll costs paid during the loan-covered period as qualified wages to the extent the wages are not paid for with forgiven PPP loan proceeds.

Employee Retention Credit (ERC)

- ✓ For the period January 1, 2021 & prior to December 31, 2021 the ERC percentage increases from 50 percent of qualified wages to 70 percent.
- ✓ Employers can count qualified wages up to \$10,000 per employee per quarter (instead of for all quarters) in calculating the credit.
- ✓ Employers qualify for the credit if their gross receipts for a calendar quarter are less than 80 percent of the gross receipts (previous rules <50%) of the corresponding calendar quarter in calendar year 2019.

PPP and ERC Interplay

- ✓ Employee wages used to calculate PPP loan amounts cannot be used for the ERC.
- ✓ If other qualifying costs are reported plus wages for PPP forgiveness (60/40 Rule), then part of the employee wages will be allowed for ERC.



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Legislative Update - Ohio

Recently enacted

- Tax Conformity Bill S.B. 18 effective now
 - Conforms state tax code with recent changes to Internal Revenue Code in the Consolidated Appropriations Act.
 - Exempts forgiven Paycheck Protection Program second draw loan proceeds from Commercial Activity Tax.
 - Exempts Bureau of Workers Compensation dividend rebates from Commercial Activity Tax.
- Contract limitations S.B. 13 awaiting signature
 - Reduces period for filing a legal action on a written contract from 8 to 6 years and on verbal contracts from 6 to 4 years.



Proposed Legislation - Ohio

Moving

- Minimum wage S.B. $51 1^{st}$ committee hearing
 - \$12/hr in 2022 and \$1/hr increases up to \$15 in 2025.
- Beginning farmers H.B. 95 2nd committee hearing
 - Income tax credits for business that sell or rent land, animals, facilities or equipment to beginning farmers and to beginning farmers for cost of participating in certified financial management program.
- Employment applications S.B. 68 1st hearing
 - Prohibits private employers asking about felony convictions or guilty pleas on applications



Proposed Legislation - Ohio

Moving

- Wind and solar facilities S.B. 52/H.B. 118—2nd hearings
 - Township referendum process for large wind and solar facility certificates.
- Broadband services H.B. 2/S.B. 8 passed Senate, to House Finance
 - Grant program for broadband providers, use of electric cooperative easements and poles.
- Eminent domain H.B. 63 2nd hearing
 - Allows municipality or township to veto the use of eminent domain for recreational trails upon landowner request.



Ohio Farm Business Analysis – A look at crops

2019

Farms:

53 Enrolled

48 In Ohio Summaries

30 Crop production and sales focus



2019 Ohio Farm Business Analysis Farms:

30 farms with crop production and sales emphasis



Average farm size: 1,057 crop acres

2019 Average yields:

- 158 bu corn
- 48 bu soybeans
- 69 bu wheat

2019 - Corn on Cash Rented Land - Returns per Acre

	Avg of all farms	High 20% farms
Enterprises	21	5
Yield	159	179
\$ per bushel	\$3.96	\$4.01
Crop Insurance	\$14.22	\$0
Other Crop Income	\$62.06	\$67.30
Gross Returns	\$705	\$784

2019 - Corn on Cash Rented Land - Expenses, \$ per acre

	Avg of all farms	High 20% farms
Enterprises	21	5
Seed	93	77
Fertilizer	128	113
Chemicals	45	39
Repairs	40	36
Total Direct Costs	\$545	\$480
Total Direct and Overhead Costs	\$678	\$554

2019 – Corn on Cash Rented Land – Overhead Expenses, \$ per acre

	Avg of all farms	High 20% farms
Hired Labor	35.04	2.72
Building Leases	1.86	3.48
Farm Insurance	13.57	7.33
Utilities	4.61	2.46
Dues & Professional Fees	5.31	3.13
Interest	4.61	6.80
Mach & Bldg Depreciation	60.15	38.87
Miscellaneous	7.87	9.57
Total Overhead Costs	¢422.02	¢74 26
Overhead Costs	\$133.02	\$74.36

2019 - Corn on Cash Rented Land - Returns and COP

	Avg of all farms	High 20% farms
Gross Returns/ac	705	784
Total Expense/ac	678	554
Net Return/acre	\$27	\$230

A 1	L _ C	D	4
COST		Prod	luction:

Direct COP/bu \$3.43 \$2.68

Dir + OH COP/bu \$4.27 \$3.10

\$4.01

Farm ID:

	My Farm	Group Median	Count	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Yield per acre (bu.)	140.70	166.02	17	39.85	93.74	124.62	147.89	163.34	169.66	176.53	182.53	187.29	194.16
Value per unit	4.00	4.00	17	3.52	3.64	3.83	3.96	3.98	4.00	4.00	4.04	4.09	4.16
Total product value	562.81	641.23	17	159.40	371.21	503.89	597.27	618.75	644.36	698.22	720.20	744.52	778.03
Crop insurance	0.00	0.00	3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other crop income	36.13	61.82	16	30.43	31.48	35.20	40.59	52.89	69.47	77.02	94.11	119.54	158.27
Gross return	598.95	774.66	17	372.89	414.03	581.73	638.62	695.99	777.71	786.52	793.71	805.24	813.56
Seed and plants	99.78	91.65	17	136.04	116.36	110.59	103.28	98.11	91.40	80.92	69.60	63.99	59.58
Fertilizer	121.78	112.83	17	193.73	189.66	155.66	140.80	121.76	112.28	111.30	103.59	81.33	31.53
Crop chemicals	36.96	40.98	17	130.64	67.16	64.30	53.03	42.74	40.85	38.52	30.24	14.70	5.14
Crop insurance	10.97	13.15	16	27.82	27.46	24.48	18.21	13.88	12.26	11.27	10.31	5.94	5.17
Drying expense	0.00	18.71	10	78.81	28.10	26.58	25.91	20.11	17.31	14.25	12.12	11.66	3.71
Fuel & oil	37.29	24.71	17	42.30	42.12	38.14	28.40	25.95	23.89	22.86	20.27	17.36	9.00
Repairs	15.84	36.03	17	73.73	72.39	58.94	42.13	37.96	35.69	34.39	17.81	15.82	12.88
Custom hire	37.09	32.58	10	91.59	86.40	38.33	37.09	36.50	28.66	19.15	18.48	14.10	2.26
Land rent	81.60	126.45	17	209.31	190.26	168.78	153.43	132.77	118.97	98.53	83.75	76.49	64.23
Operating interest	2.58	5.85	11	33.90	18.05	10.18	10.09	8.74	5.59	2.58	2.41	1.62	1.24
Total direct expenses	481.79	528.12	17	792.52	686.94	656.17	631.39	581.69	526.82	495.10	455.49	393.04	235.79
Return over direct expenses	117.16	148.37	17	-81.24	-32.78	2.30	67.75	112.62	163.31	217.01	289.00	314.85	345.23
Hired labor	15.26	13.52	13	152.91	78.42	50.51	44.73	22.80	7.70	0.00	0.00	0.00	0.00
Farm insurance	3.30	12.18	17	33.68	28.31	21.17	17.81	15.16	11.58	7.63	5.47	3.30	2.66
Utilities	0.64	1.09	16	23.51	11.33	8.57	4.90	1.74	0.65	0.00	0.00	0.00	0.00
Dues & professional fees	3.23	3.23	15	24.11	8.02	6.51	5.94	4.22	3.19	2.48	1.67	1.28	1.19
Interest on interm. debt	0.09	3.61	14	18.47	14.89	10.48	5.79	4.28	3.01	2.45	1.59	0.94	0.09
Machinery depreciation	46.19	46.19	17	94.61	76.97	65.65	61.51	57.59	46.11	42.26	36.41	26.50	21.03
Building depreciation	1.50	4.77	16	24.55	22.67	13.97	8.52	6.55	3.42	2.77	2.52	1.96	1.50
Miscellaneous	7.32	7.47	16	28.13	12.44	11.13	9.91	7.90	6.52	5.22	4.43	2.07	0.37
Total overhead expenses	77.53	93.17	17	270.04	228.91	163.46	138.03	106.78	91.69	86.91	74.67	63.62	41.59
Total dir & ovhd expenses	559.31	654.15	17	921.20	906.84	795.27	748.15	697.71	635.33	580.58	548.77	512.30	321.22
Net return	39.64	39.64	17	-245.21	-165.33	-122.34	-88.45	13.92	61.58	91.24	176.21	223.41	273.42
Government payments	0.00	0.00	17	0.00	0.00	0.00	0.00	0.00	0.00	0.01	2.16	8.76	59.43
Net return with govt pymts	39.64	39.64	17	-239.77	-165.33	-122.34	-88.45	15.71	65.03	117.90	176.21	223.41	285.49
Labor & management charge	28.41	75.68	17	214.24	191.84	124.55	103.27	84.62	75.47	71.57	63.63	32.75	28.41
Net return over lbr & mgt	11.23	-27.15	17	-327.04	-231.46	-223.81	-160.01	-60.69	-11.72	8.22	63.65	116.42	203.52
Direct cost of prod per unit	3.42	3.28	17	9.42	5.95	4.85	3.88	3.43	3.24	3.02	2.69	2.49	2.42

2019 – Soybeans on Cash Rented Land – Returns per Acre

	Avg of all farms	High 20% farms
Enterprises	22	5
Yield	48	50
\$ per bushel	\$8.92	\$9.01
Crop Insurance	\$19.45	\$0.31
Other Crop Income	\$65.99	\$80.48
Gross Returns	\$511	\$530

2019 – Soybeans on Cash Rented Land – Expenses, \$ per acre

	Avg of all farms	High 20% farms
Enterprises	21	5
Seed	66	51
Fertilizer	36	26
Chemicals	48	32
Repairs	28	18
Total Direct Costs	\$378	\$307
Total Direct and Overhead Costs	\$456	\$354

2019 – Soybeans on Cash Rented Land – Returns and COP

	Avg of all farms	High 20% farms
Gross Returns/ac	511	530
Total Expense/ac	456	354
Net Return/acre	\$55	\$176

Cost	of	Prod	luct	tion:

\$8.92

Direct COP/bu	\$7.92	\$6.14
Dir + OH COP/bu	\$9.55	\$7.09

\$9.01

2019 Ohio Crop Farms – 30 Farms emphasis on crop sales

Financial Measure	Average of all Farms	Benchmark
Current Ratio	1.91	> 2.0
Working Capital	\$289,677	Positive and enough
Working Capital to Gross Income	35%	>30%
Debt to Asset (market value)	26%	<30%

2019 Ohio Crop* Farms, Liquidity & Solvency by Size

	Avg of All Farms	101 – 500 Acres	500 – 1,000 Acres	1,001 – 1,500 Acres	> 1,500 Acres
Farms	30	6	11	5	7
Current Ratio	1.91	2.71	2.97	1.26	2.68
Working Capital	\$289,677	\$92,410	\$237,891	\$195,707	\$644,366
WC to Gross Rev.	35%	67%	49.3%	17.9%	46.2%
Debt to Asset	26%	19.3%	11%	34%	27.7%

^{*} Farms with emphasis on crop production for direct sale



For More Information about Farm Business Analysis:

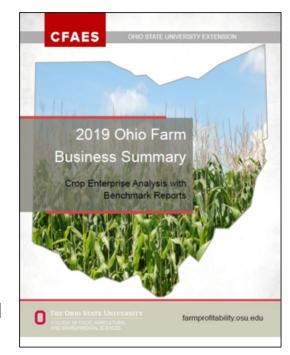
Visit:

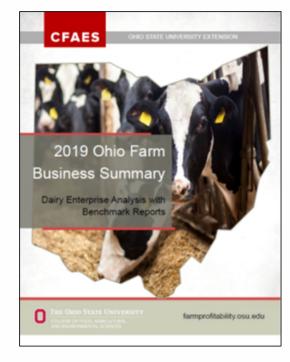
http://farmprofitability.osu.edu/

https://farmoffice.osu.edu

Contact:

A Farm Business Analysis Technician near you or shoemaker.3@osu.edu; 330.257.3377





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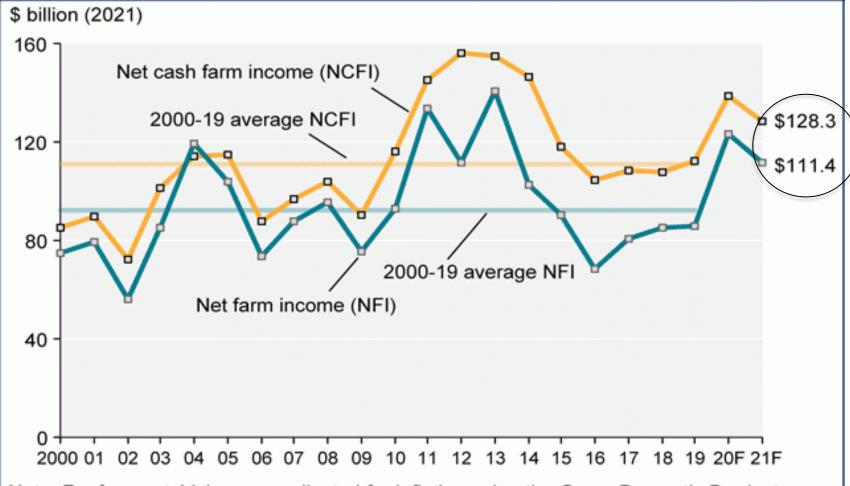


United States Department of Agriculture National Institute of Food and Agriculture

Ohio Cash Rental Rates Update and Outlook

Farm Office Live

U.S. net farm income and net cash farm income, 2000-21F

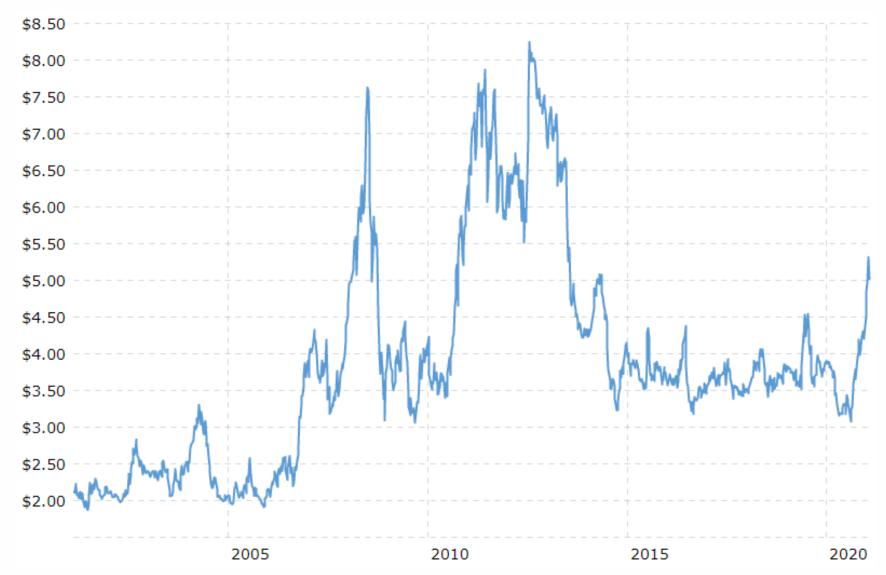


Note: F = forecast. Values are adjusted for inflation using the Gross Domestic Product chain-type price index, 2021=100.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

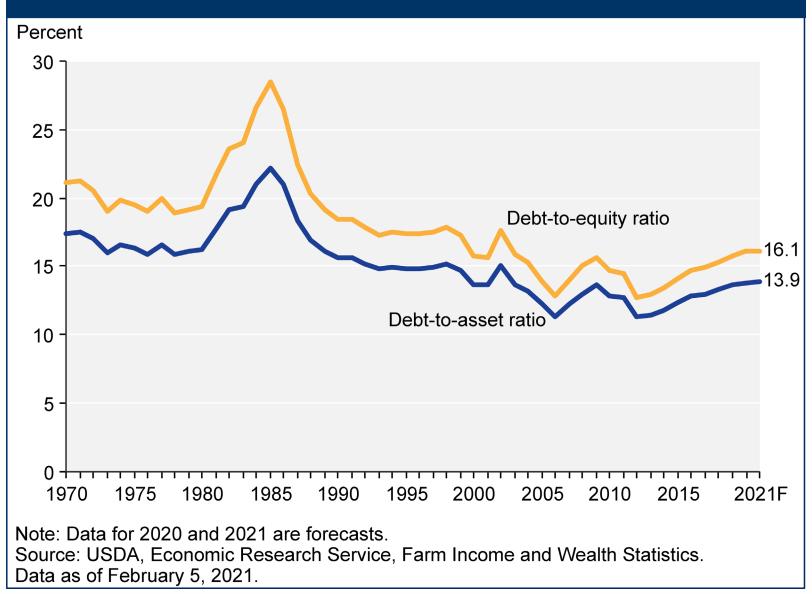
Data as of February 5, 2021.

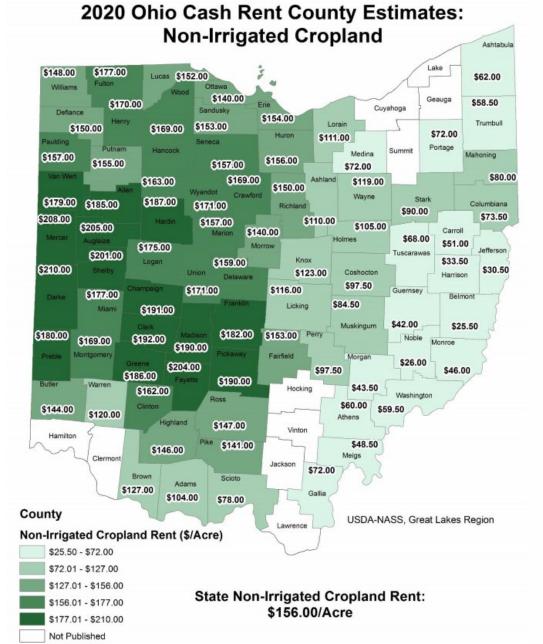
Corn Price



	Crop Enterprise Budgets 2021				
		Corn	Soybeans	Wheat	
Receipts	bu/A Price	175 4.40	54 12.00	72 6.25	
Crop Revenue	е	\$770.44	\$650.40	\$449.38	
ARC/PLC + A	d Hoc	\$0.00	\$0.00	\$0.00	
Variable Cos	ts	\$433.55	\$231.80	\$183.87	
Returns					
Return to V	ariable Costs	\$336.89	\$418.60	\$265.51	
Return to L	and	\$164.40	\$294.79	\$175.60	

Farm sector solvency ratios, 1970–2021F





Ohio State University Extension Agriculture & Natural Resources http://farmoffice.osu.edu

Western Ohio Cropland Values and Cash Rents 2019-20

Barry Ward, Leader, Production Business Management Director, OSU Income Tax Schools OSU Extension, Agriculture & Natural Resources

According to the Western Ohio Cropland Values and Cash Rents Survey, cropland values in western Ohio are expected to decline slightly in 2020 by 1.5 to 2.6 percent depending on the region and land class. Cash rents are expected to be flat to slightly lower decreasing from 0.7 to 2.0 percent depending on the region and land class.



Table 2: Ohio Cropland Values and Cash Rents Northwest Ohio Results

Land Class		Average	Std	Rang	ge*
Average	Avg Corn Yield (b/a)	176.9	11.5	188.4	165.4
	Avg Soybean Yield (b/a)	53.6	5.3	58.9	48.3
Market Value per Acre	2019	\$6,791	\$800	\$7,590	\$5,991
	2020	\$6,615	\$840	\$7,455	\$5,775
Rent per Acre	2019	\$184	\$12	\$196	\$172
	2020	\$182	\$16	\$198	\$166
Тор	Avg Corn Yield (b/a)	215.5	20.7	236.3	194.8
	Avg Soybean Yield (b/a)	65.9	5.1	71.0	60.8
Market Value per Acre	2019	\$8,453	\$1,200	\$9,653	\$7,253
	2020	\$8,262	\$1,223	\$9,485	\$7,038
Rent per Acre	2019	\$235	\$30	\$265	\$206
	2020	\$232	\$30	\$263	\$202
Poor	Avg Corn Yield (b/a)	142.0	16.9	158.9	125.1
	Avg Soybean Yield (b/a)	41.2	5.2	46.3	36.0
Market Value per Acre	2019	\$5,328	\$944	\$6,272	\$4,385
	2020	\$5,196	\$1,094	\$6,290	\$4,102
Rent per Acre	2019	\$141	\$19	\$159	\$122
	2020	\$140	\$21	\$161	\$118



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Table 3: Ohio Cropland Values and Cash Rents

Southwest Ohio Results

Barry Ward, Leader, Production Business Management **Director, OSU Income Tax Schools OSU Extension, Agriculture & Natural Resources**

Western Ohio Cropland Values and Cash Rents 2019-20

According to the Western Ohio Cropland Values and Cash Rents Survey, cropland values in western Ohio are expected to decline slightly in 2020 by 1.5 to 2.6 percent depending on the region and land class. Cash rents are expected to be flat to slightly lower decreasing from 0.7 to 2.0 percent depending on the region and land class.



Land Clas	s		Average	Std	Rang	ge*
Average		Avg Corn Yield (bu/a)	181.7	18.1	199.8	163.7
		Avg Soybean Yield (bu/a)	54.9	6.4	61.4	48.5
	Market Value per Acre	2019	\$7,701	\$1,662	\$9,363	\$6,039
		2020	\$7,589	\$1,613	\$9,202	\$5,976
	Rent per Acre	2019	\$205	\$32	\$237	\$173
		2020	\$203	\$30	\$233	\$173
Тор		Avg Corn Yield (bu/a)	216.1	21.8	237.9	194.3
		Avg Soybean Yield (bu/a)	67.1	7.4	74.5	59.7
	Market Value per Acre	2019	\$9,510	\$2,313	\$11,823	\$7,198
		2020	\$9,363	\$2,224	\$11,587	\$7,140
	Rent per Acre	2019	\$253	\$42	\$295	\$212
		2020	\$249	\$40	\$288	\$209
Poor		Avg Corn Yield (bu/a)	153.0	19.5	172.5	133.5
		Avg Soybean Yield (bu/a)	43.4	6.9	50.3	36.5
	Market Value per Acre	2019	\$6,203	\$1,469	\$7,672	\$4,734
		2020	\$6,104	\$1,463	\$7,567	\$4,641
	Rent per Acre	2019	\$166	\$31	\$197	\$135
		2020	\$164	\$29	\$193	\$136



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Rental Rates: Outlook

- Supportive Fundamentals:
- Farm Income Up 43% in 2020
- Farmer equity positions remain relatively healthy (US D/A Ratio ~13.9)
- Prices/margin outlook for 2021 improved
- CFAP 1.0 & 2.0 in '20, CFAP 2.1 in '21
- CAUV/Property Taxes still on landowner minds

- Non-Supportive Fundamentals:
- Farm Income Likely Lower in 2021
- Lower/No ARC/PLC payments likely
- Ad-hoc payments?
- Farmer equity positions are healthy but weakening
- Livestock/Dairy income mixed
- CAUV/Property Taxes lower in many counties

Mixed Fundamentals:

- Mixed yields/margins in '20
- ARC/PLC Payments in '20



Lease Arrangement Options:

- Flexible Cash Leases
 - Cash Lease + Bonus
 - % of Gross Income

Indexed Cash Leases

- Simple Bonus
- Cash Lease with Sunset Arrangement





Ohio Cropland Values and Cash Rents Survey

- We are once again surveying ag professionals across Ohio to generate information for those interested in farmland. The **Ohio Cropland Values and Cash Rents 2020-21 Survey** is being conducted by The Ohio State University College of Food, Agricultural and Environmental Sciences.
- We are asking you to please complete the online or attached survey by March 31st, 2021.
- The online survey is available at:
- OhioCroplandValuesCashRents202021
- or
- https://osu.az1.qualtrics.com/jfe/form/SV eXIA7B6jbgSoRGC



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Region 4: Ohio Cropland Values and Cash Rents North Central Ohio Results

Land Clas	SS		Average	Std	Ran	ge*
Average		Avg Corn Yield (bu/a)	174.1	7.4	181.4	166.7
		Avg Soybean Yield (bu/a)	52.1	3.0	55.1	49.1
	Market Value per Acre	2019	\$6,317	\$2,231	\$8,547	\$4,086
		2020	\$6,362	\$2,199	\$8,561	\$4,163
	Rent per Acre	2019	\$134	\$37	\$171	\$97
		2020	\$136	\$41	\$177	\$95
Тор		Avg Corn Yield (bu/a)	210.6	14.7	225.2	195.9
		Avg Soybean Yield (bu/a)	65.8	5.6	71.4	60.1
	Market Value per Acre	2019	\$8,510	\$2,563	\$11,073	\$5,947
		2020	\$8,577	\$2,471	\$11,048	\$6,106
	Rent per Acre	2019	\$196	\$36	\$233	\$160
		2020	\$198	\$36	\$234	\$162
Poor		Avg Corn Yield (bu/a)	135.0	20.0	155.0	115.0
		Avg Soybean Yield (bu/a)	39.6	5.4	45.1	34.2
	Market Value per Acre	2019	\$4,490	\$1,993	\$6,483	\$2,497
		2020	\$4,477	\$1,992	\$6,468	\$2,485
	Rent per Acre	2019	\$92	\$38	\$130	\$54
		2020	\$92	\$38	\$130	\$54



Region 3: Ohio Cropland Values and Cash Rents Southern Ohio Results

Land Clas	SS		Average	Std	Ran	ge*
Average		Avg Corn Yield (bu/a)	177.5	12.9	190.4	164.6
		Avg Soybean Yield (bu/a)	50.1	3.9	54.0	46.2
	Market Value per Acre	2019	\$6,371	\$4,266	\$10,636	\$2,105
		2020	\$6,396	\$4,253	\$10,648	\$2,143
	Rent per Acre	2019	\$147	\$51	\$198	\$96
		2020	\$141	\$40	\$181	\$100
Тор		Avg Corn Yield (bu/a)	210.3	16.6	226.9	193.7
		Avg Soybean Yield (bu/a)	60.8	6.5	67.3	54.3
	Market Value per Acre	2019	\$7,591	\$4,283	\$11,874	\$3,308
		2020	\$7,591	\$4,283	\$11,874	\$3,308
	Rent per Acre	2019	\$188	\$59	\$247	\$129
		2020	\$187	\$58	\$245	\$128
Poor		Avg Corn Yield (bu/a)	140.7	27.6	168.3	113.1
		Avg Soybean Yield (bu/a)	35.8	6.3	42.1	29.5
	Market Value per Acre	2019	\$3,867	\$1,293	\$5,160	\$2,573
		2020	\$3,889	\$1,294	\$5,183	\$2,595
	Rent per Acre	2019	\$99	\$25	\$123	\$74
		2020	\$98	\$23	\$121	\$75



Region 5: Ohio Cropland Values and Cash Rents Far Northeast Ohio Results

Land Clas	SS		Average	Std	Ran	ge*
Average		Avg Corn Yield (bu/a)	147.8	16.7	164.5	131.0
		Avg Soybean Yield (bu/a)	47.1	4.8	51.9	42.3
	Market Value per Acre	2019	\$3,093	\$677	\$3,770	\$2,416
		2020	\$3,121	\$692	\$3,813	\$2,430
	Rent per Acre	2019	\$65	\$28	\$94	\$37
		2020	\$68	\$31	\$98	\$37
Тор		Avg Corn Yield (bu/a)	185.0	16.8	201.8	168.2
		Avg Soybean Yield (bu/a)	59.8	1.6	61.3	58.2
	Market Value per Acre	2019	\$3,925	\$915	\$4,840	\$3,010
		2020	\$4,075	\$985	\$5,060	\$3,090
	Rent per Acre	2019	\$82	\$28	\$110	\$54
		2020	\$84	\$35	\$119	\$49
Poor		Avg Corn Yield (bu/a)	116.4	23.6	140.0	92.8
		Avg Soybean Yield (bu/a)	33.6	6.9	40.5	26.7
	Market Value per Acre	2019	\$2,083	\$1,021	\$3,104	\$1,063
		2020	\$2,117	\$1,059	\$3,176	\$1,058
	Rent per Acre	2019	\$37	\$29	\$66	\$8
		2020	\$38	\$31	\$68	\$7



Region 6: Ohio Cropland Values and Cash Rents
East North Ohio Results

Land Cla	SS			Average	Std	Ran	ge*
Average		Avg Corn Yield (bu/a)		160.0	23.7	183.7	136.3
		Avg Soybean Yield (bu	ı/a)	52.8	5.9	58.8	46.9
	Market Value per Acre	20	019	\$4,143	\$1,492	\$5,635	\$2,651
		20	020	\$3,629	\$2,061	\$5,690	\$1,567
	Rent per Acre	20	019	\$79	\$23	\$102	\$56
		20	020	\$79	\$23	\$102	\$56
Тор		Avg Corn Yield (bu/a)		201.3	22.5	223.8	178.8
		Avg Soybean Yield (bu	ı/a)	63.8	4.8	68.5	59.0
	Market Value per Acre	20	019	\$5,417	\$2,333	\$7,749	\$3,084
		20	020	\$5,417	\$2,333	\$7,749	\$3,084
	Rent per Acre	20	019	\$116	\$31	\$147	\$84
		20	020	\$116	\$31	\$147	\$85
Poor		Avg Corn Yield (bu/a)		114.0	30.3	144.3	83.7
		Avg Soybean Yield (bu	ı/a)	35.6	7.4	43.0	28.2
	Market Value per Acre	20	019	\$3,517	\$1,177	\$4,694	\$2,340
		20	020	\$3,517	\$1,177	\$4,694	\$2,340
	Rent per Acre	20	019	\$44	\$30	\$74	\$14
		20	020	\$45	\$30	\$75	\$15



Region 7: Ohio Cropland Values and Cash Rents Southeast Ohio Results

Land Clas	SS		Average	Std	Rang	ge*
Average		Avg Corn Yield (bu/a)	155.5	12.3	167.8	143.1
		Avg Soybean Yield (bu/a)	51.0	6.1	57.1	44.9
	Market Value per Acre	2019	\$5,400	\$1,782	\$7,182	\$3,618
		2020	\$5,440	\$1,773	\$7,213	\$3,667
	Rent per Acre	2019	\$60	\$24	\$84	\$35
		2020	\$61	\$24	\$84	\$37
Тор		Avg Corn Yield (bu/a)	185.3	19.2	204.4	166.1
		Avg Soybean Yield (bu/a)	61.6	6.8	68.5	54.8
	Market Value per Acre	2019	\$7,300	\$1,440	\$8,740	\$5,860
		2020	\$7,340	\$1,397	\$8,737	\$5,943
	Rent per Acre	2019	\$99	\$30	\$129	\$69
		2020	\$95	\$25	\$120	\$71
Poor		Avg Corn Yield (bu/a)	117.7	23.7	141.4	94.0
		Avg Soybean Yield (bu/a)	39.0	7.0	46.0	32.0
	Market Value per Acre	2019	\$4,180	\$2,277	\$6,457	\$1,903
		2020	\$4,220	\$2,275	\$6,495	\$1,945
	Rent per Acre	2019	\$36	\$12	\$48	\$23
		2020	\$36	\$12	\$48	\$25

Tax Issues

Farm Office Live

Tax Issues - Watch List

- √ Taxable Income >\$400,000
- √ 1031 Like-Kind Exchange
- √ Corporate Tax Rate
- ✓ Ohio Business Income Deduction (BID)
- √ Ohio H.B. 95 Tax Credits Assist Beginning Farmers
- ✓ Estate Tax Exemption (Unified Credit) \$11.7M
- √ Stepped-Up Basis Elimination
- ✓ Decedent Capital Gains Tax





The role of the federal estate tax exemption

- Net worth is used to assess estate tax liability.
- Portability rule allows to use up couple's combined exemption.
- But exemption is subject to changes by Congress.
- Plan as if it's at the lowest possible exemption level.
 - Strategies to reduce the net worth of the estate...

Year	Exemption				
2017	\$5,490,000				
2018	\$11,180,000				
2019	\$11,400,000				
2020	\$11,580,000				
2021	\$11,700,000				
2022					
2023	continued increases, with adjustments				
2024	for inflation				
2025					
2026	Back to \$5,000,000 adjusted for inflation				

Back to

here now?

Tax Cuts

and Jobs Act

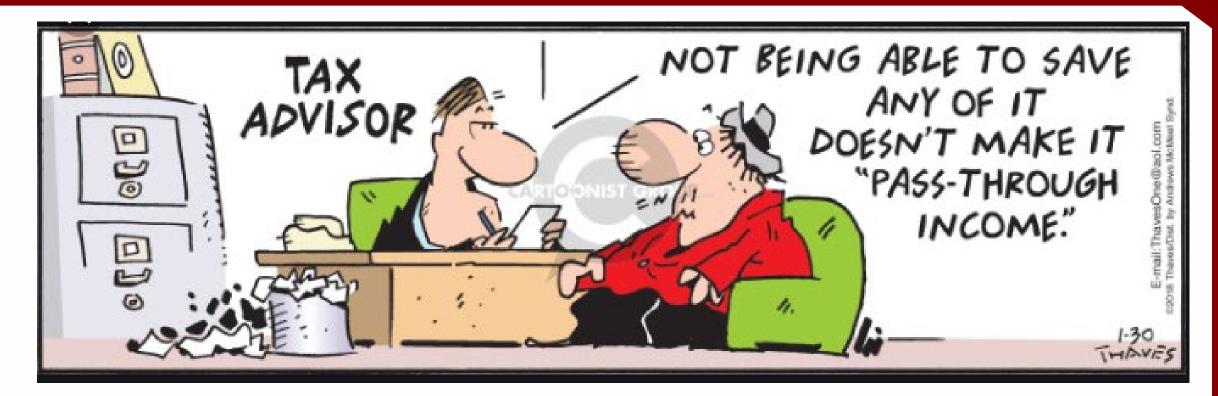
of 2017

Resources

- √ Farmer's Tax Guide
- √ https://www.irs.gov/pub/irs-pdf/p225.pdf
- ✓ Rural Tax Education
- √ https://ruraltax.org/
- √ Farm Office
- √ https://farmoffice.osu.edu/
- ✓ AgLease101
- ✓ https://aglease101.org/
- ✓ Ohio Ag Manager
- √ https://ohioagmanager.edu







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April 6, 2021 from 7:00 to 8:30 p.m.

or

April 8, 2021 from 10:00 to 11:30 a.m.

Register at: https://go.osu.edu/farmofficelive

CFAES

