



**CFAES**

# Welcome!

This webinar will begin at 7:00 p.m.

Farm Office Live  
October 13, 2021



**THE OHIO STATE UNIVERSITY**

COLLEGE OF FOOD, AGRICULTURAL,  
AND ENVIRONMENTAL SCIENCES





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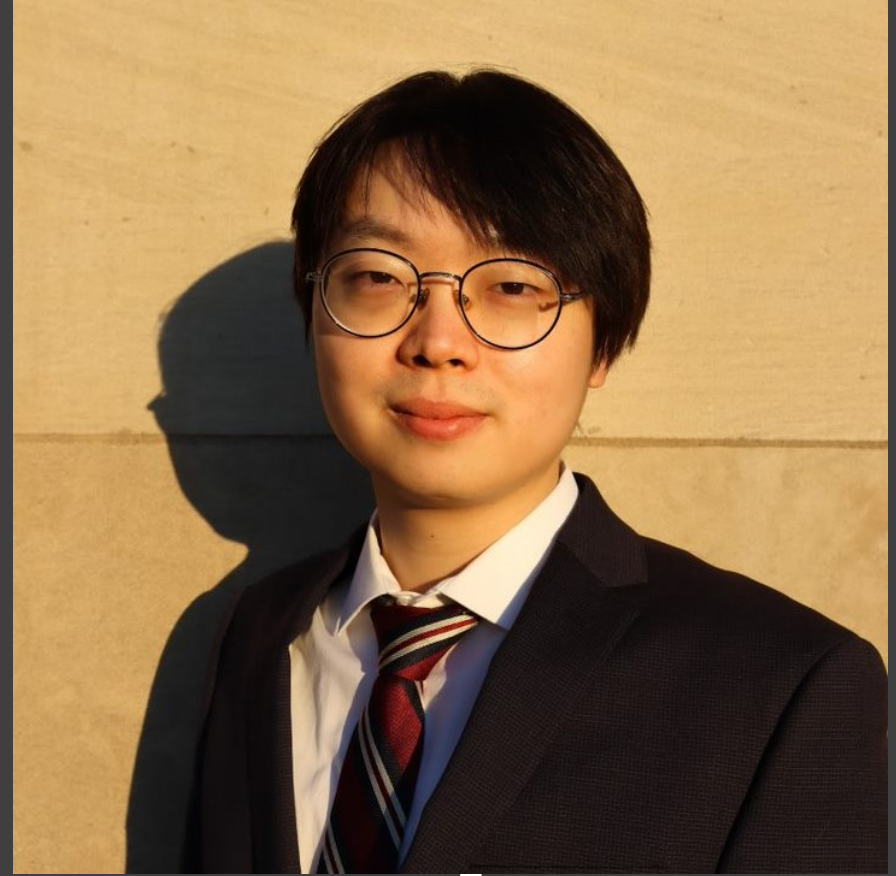
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## Join us for the next **FARM OFFICE LIVE**

### October Topics:

- Introducing....Seungki Lee, new Ag Economist
- Federal Legislation Update
- Farm Tax Implications from Federal Legislative Proposals
- State Legislation Update
- Ohio Farm Business Analysis 2020: Costs & returns for corn, soybeans and wheat
- Crop Costs and Margins for 2022
- Farm Office Program Updates
- Panel Discussion: Considerations for End of Year Tax Planning with returning Special Guest Robert Moore, Esq.

Register or watch replays at  
**[go.osu.edu/farmofficelive](https://go.osu.edu/farmofficelive)**

**Register once and receive links to join future programs**

*Each session includes timely updates and Q&A time on topics of interest.  
Email your questions or suggested topics to [strawser.35@osu.edu](mailto:strawser.35@osu.edu).*

## OSU Extension's Farm Office Team

Peggy Kirk Hall  
David Marrison  
Dianne Shoemaker  
Barry Ward

**October 13, 7-9 pm**  
**October 15, 10-Noon**

Save the date!  
We will be back Nov. 17, 7-9 pm  
Nov. 19, 10:00 - Noon

*Farm Office is your farm's  
ag law and farm management  
resource center.*





A wide-angle photograph of a rolling hill covered in a dense field of yellow wildflowers, likely Black-eyed Susans, under a clear blue sky. The flowers are in full bloom, and the green foliage is visible between them. The horizon line is visible in the distance.

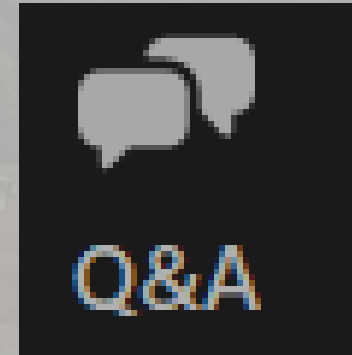
**Slides and a recording for today's presentation can  
be found at:**

[go.osu.edu/farmofficelive](https://go.osu.edu/farmofficelive)



# Questions??

- ❖ Feel free to submit questions at any time using the Q/A feature at the bottom of your screen.
- ❖ You can also email questions to David Marrison at [marrison.2@osu.edu](mailto:marrison.2@osu.edu)
- ❖ We will try to answer as many questions as we can at the end of the presentation.





# Evaluation

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

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

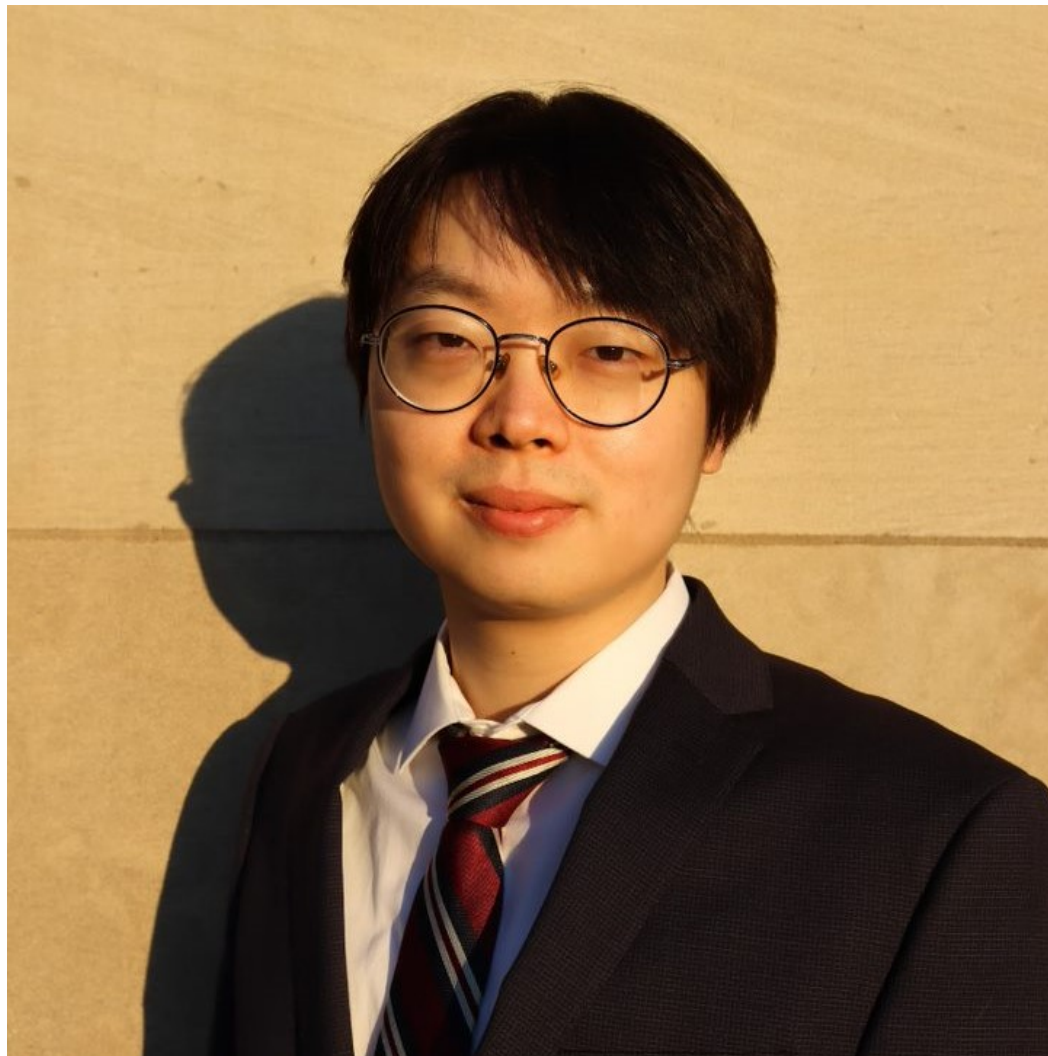




# Topics

- Introducing.....Seungki Lee, new Ag Economist
- Federal Legislative Update
- Farm Tax Implications from Federal Legislative Proposals
- State Legislative Update
- Ohio Farm Business Analysis 2020:
  - Costs & returns for corn, soybeans and wheat
- Crop Costs and Margins for 2022
- Farm Office Program Updates
- Panel Discussion:
  - Considerations for End of Year Tax Planning with returning Special Guest Robert Moore, Esq.
- Q&A

# Introducing.....Seungki Lee





The background image shows a large, empty legislative chamber, likely the U.S. House of Representatives. It features rows of wooden desks and blue carpeting, with a high ceiling and large windows in the background. The text "Federal Legislative Update" is overlaid in the bottom left corner.

# **Federal Legislative Update**



# Where exactly we are on federal legislation?

Topic	Latest developments	Action expected by...
Government funding	Sept. 30 short-term spending bill passed by both houses	Dec. 3, when funding runs out
Federal debt limit	\$480 billion increase until Dec. 3 approved by Senate Oct. 7; House passed Oct. 12	Dec. 3, or a Treasury default in first quarter of 2022?
Infrastructure bill	\$1.2 trillion bill by Senate passed Aug. 10; House holding off	October 31, when federal highway funding runs out
Build Back Better reconciliation bill	\$3.5 trillion? .... 1.5 trillion?	October 31, with infrastructure bill?



# Build Back Better cuts and ag: conservation spending expected to stay in

- \$90 billion for ag in \$3.5 trillion package.
- \$28 billion for conservation programs, including a plan for paying farmers \$25 an acre for planting cover crops.
  - Adding to \$59 billion USDA is already projected to spend under the 2018 farm bill, \$66 billion for agricultural research, renewable energy, rural development and forestry.
- From a \$235 billion package of green energy tax incentives:
  - \$33 billion extension through 2031 of the \$1-a-gallon tax credit for biodiesel and renewable diesel.



# Farm Tax Implications from Federal Legislative Proposals

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Barry Ward

Leader, Production Business Management

Director, OSU Income Tax Schools



# Build Back Better Reconciliation Bill

## ✓ May include....

- ✓ Expansions of paid family and medical leave
- ✓ A buildup of child-care programs
- ✓ Extensions of household tax credits, including the enhanced child tax credit implemented during the pandemic
- ✓ An expansion of Medicare benefits to include dental, vision and hearing, and a reduction in the Medicare eligibility age
- ✓ An extension of increased Affordable Care Act subsidies
- ✓ Universal pre-K
- ✓ Tuition-free community college
- ✓ Tax incentives and grants to encourage adoption of green energy, manufacturing and transportation
- ✓ Polluter fees on methane and carbon
- ✓ Consumer rebates to encourage clean energy and weatherization in homes
- ✓ Funding to increase the number of electric vehicles in the federal fleet

# Build Back Better Reconciliation Offsets

- ✓ Proposed Offsets That May Have Significant Effects on Farm Businesses:
  - ✓ Increases in capital gains tax rates
  - ✓ Change in stepped-up tax basis rules (tax on capital gains at death)
  - ✓ Decrease in Unified Tax Credit – \$11.7M/Person
    - ✓ Value of net estate (plus gifts and generation skipping transfers) that can be passed to heirs free of estate tax
    - ✓ Special Use Valuation Reduction Limit Raised to \$11.7M



# House Ways and Means – “Responsibly Funding Our Priorities”

- ✓ Top individual tax rate: 39.6%
- ✓ Top corporate tax rate: 26.5% (18% first \$400K and 21% up to \$5M)
- ✓ Top capital gains tax rate: 25%
- ✓ Application of Net Investment Income Tax to Trade or Business Income of Certain High Income Individuals
  - ✓ Expand the net investment income tax to cover net investment income derived in the ordinary course of a trade or business for taxpayers with greater than \$400,000 in taxable income (single filer) or \$500,000 (joint filer)
- ✓ Imposes a tax equal to 3% of a taxpayer's modified adjusted gross income in excess of \$5,000,000
- ✓ Terminates the temporary increase in the unified credit against estate and gift taxes, reverting to its 2010 level of \$5,000,000 per individual

# Build Back Better Reconciliation Offsets

- ✓ Revenue raising plans “will fall into four categories: multi-national corporations, the wealthiest individuals, enforcement against wealthy tax cheats and savings from other programs.”
- ✓ **Offsets may include:**
  - ✓ 39.6 % top individual tax rate that was in effect before the TCJA.
  - ✓ Likely lower income thresholds subject to highest rate.
  - ✓ Long-term capital gains taxed at ordinary rates where overall income (including gain) exceeds \$5 million.
  - ✓ Income over \$400,000 (presumably not otherwise subject to FICA or self-employment tax) would be subject to the 3.8 percent net investment income tax (Medicare) tax. In other words, the “net investment” income tax (NIIT) would apparently be extended to non-investment income above this threshold as well.
  - ✓ A possible increase in the corporate tax rate 25%? 28%?



# Build Back Better Reconciliation Offsets

- ✓ Would treat the transfer of appreciated property at death as a sale, meaning that unrealized capital gain in the hands of the decedent would be taxed at the time of death. (\$5M/person exemption and/or \$25M farm exemption.)
  - ✓ Change in the current tax-free “step-up in basis” rules
- ✓ Treat Property Transfers at Death as a Sale
- ✓ Each deceased person would be allowed to exclude up to \$5 million in gain from taxation.
- ✓ Married couple would each get their own exemption, which is presumably portable, meaning that a couple could exempt \$10 million in gain from tax.
- ✓ Under current law, there is no tax on unrealized gain at death.

# Build Back Better Reconciliation Offsets

- ✓ Senate Finance Bill (Wyden) Changes to Partnership Tax Law
  - ✓ Proposal drafted stating that current partnership tax rules are too complicated for the IRS to enforce, turning partnerships into a preferred tax avoidance strategy
  - ✓ This bill proposes to remove the complexity in current partnership rules by closing loopholes that essentially allow partners to pick and choose how, and whether, to pay tax. The drafters indicate that closing these loopholes would raise at least \$172 billion, without raising tax rates.





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A photograph of the interior of the Ohio House of Representatives chamber. The room features ornate wood paneling, arched doorways, and a central dais with a speaker's podium. American flags are visible on either side of the dais. The foreground shows rows of desks and chairs for legislators.

# Ohio Legislative Update



# State legislation

## S.B. 52 – Wind and solar facilities

*Became effective October 11, 2021*

The Three Parts of Senate Bill 52 Effective October 11, 2021		
1 Restricted area designations & referenda	2 County involvement in project reviews	3 Decommis- sioning plans & bonding requirements

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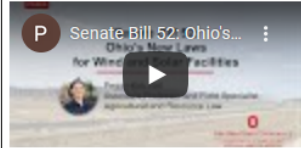
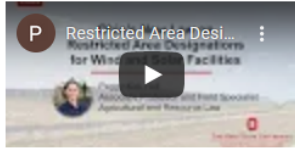


### New! Senate Bill 52: Ohio's New Laws for Utility-Scale Wind and Solar Facilities

#### LAW BULLETINS ON S.B. 52

Utility-Scale Wind and Solar Facility Siting: Ohio's New Law

Decommissioning Large Wind and Solar Utilities: Ohio's New Law

#### VIDEO SERIES ON S.B. 52

 <p>Video 1: Overview of Senate Bill 52</p>	 <p>Video 2: Restricted Area Designations and Referendum</p>
 <p>Video 3: Local Involvement in Project Review</p>	 <p>Video 4: Project Decommissioning</p>

# Ohio legislation introduced

## H.B. 440/S.B. 241– Agricultural Linked Deposit Program

*Introduced Sept. 30, 2021*

- Expands availability of Agricultural Linked Deposit Program loans to agricultural cooperatives and replaces \$150,000 loan limit to amounts determined by the Treasurer.

### REDUCED RATES ON OPERATING LOANS



# Ohio legislation on the move

## H.B. 175 – Water pollution

- Excludes “ephemeral features” from water pollution control programs.
  - “Ephemeral feature” is a surface water flowing or pooling only in direct response to precipitation but does not include a wetland.
- Aligns state law with 2020 Waters of the U.S. (WOTUS) rule that is now undergoing legal challenges; potentially conflicts with Clean Water Act.
- Passed House September 29, 2021, sixth hearing before Senate Agriculture & Natural Resources committee on September 28, 2021.



# Ohio legislation on the move

## H.B. 397– Agricultural leases

*Introduced Sept. 15, 2021*

- For crop leases that don't address termination, requires a landlord who wants to terminate the lease to provide written notice of termination by September 1.
- Second committee hearing before House Agriculture and Conservation committee on October 12.

# Ohio legislation on the move

## S.B. 47– Overtime Pay

- Exempts from overtime pay requirements:
  - Traveling to and from a worksite from overtime pay requirements.
  - Preliminary and postliminary tasks performed outside of work hours and not at the direction of the employer.
- Passed Senate September 22, 2021; referred to House Commerce and Labor committee.

# Ohio legislation not moving

## **H.B. 95: Beginning Farmers**

- Allows individuals to be certified as beginning farmers.
- Creates two income tax credits:
  - For owners who sell land and agricultural assets to certified beginning farmers.
  - For beginning farmers who attend approved financial management programs.
- Passed House June 28, 2021, removed from Senate Ways & Means committee agenda for September 28, 2021.

## **H.B. 30: Slow-moving Vehicles**

- Increases visibility of animal-drawn vehicles by changing marking and lighting requirements.
- Passed House June 23, 2021; second hearing before Senate Transportation committee September 22, 2021.



# Ohio legislation not moving

## **H.B. 187 – Earning Statements**

- Requires all employers to provide employees with written or electronic statement of earnings and deductions for each pay period.
- Passed House June 16, 2021; referred to Senate Small Business & Economic Opportunity Committee June 23, 2021.

## **H.B. 385 – Water Pollution**

- Prohibits municipalities in the Western Basin from discharging waste into Ohio waters; revokes NPDES permits; establishes fines.
- First hearing September 28, 2021.

# Ohio legislation not moving

## H.B. 349: Moratorium on animal feeding facilities

Prohibits ODA from approving a permit for a new construction or expansion of a “regulated animal feeding facility” if:

- It is in the Maumee watershed, and
- ODA has determined that the spring load of total phosphorus for the Maumee River exceeded 860 metric tons and total dissolved reactive phosphorus exceeded 186 metric tons in the previous calendar year.
- No action by House Agriculture & Conservation committee since referral on June 16, 2021.

# Ohio Farm Business Analysis 2020: Costs and returns for corn, soybeans and wheat

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# Ohio Farm Business Analysis – A look at crops

2020 Farms:

51 Enrolled

39 Farms with crops

37 Complete crop  
enterprise analysis



2020 Ohio Farm Business Analysis Reports


## 2020 – Corn on Cash Rented Land – Returns per Acre

	Avg of all farms	High 20% farms
Enterprises	26	6
Yield	169	195
\$ per bushel	\$4.04	\$4.35
Hedging gain/loss/ac	\$5	\$0
Crop Insurance/ac	\$4	\$0
Other Crop Income/ac	\$29	\$36
Gross Returns/ac	\$723	\$885



## 2020 – Corn on Cash Rented Land – Expenses, \$ per acre

	Avg of all farms	High 20% farms
Enterprises	26	6
Seed	93	91
Fertilizer	134	145
Chemicals	47	51
Land Rent	137	146
Total Direct Costs	561	556
Total Direct and Overhead Costs	703	651





## 2020 – Corn on Cash Rented Land – Returns and COP

	Avg of all farms	High 20% farms
Gross Returns/ac	723	885
Total Expense/ac	703	651
Net Return/acre	20	234

### Cost of Production:

Direct COP/bu	\$3.31	\$2.85
Dir + OH COP/bu	\$4.15	\$3.34

# Corn 2020; Cash Rent

RankEm


Benchmark Report, 26 Enterprises

Farm ID:


	My Farm	Group Median	Count	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Yield per acre (bu.)	174.15	172.99	26	92.67	131.47	146.90	161.48	171.66	174.15	176.72	181.59	202.12	212.38
Value per unit	3.50	4.00	26	3.52	3.59	3.75	4.00	4.00	4.00	4.20	4.25	4.46	4.82
Total product value	609.51	672.07	26	359.17	507.72	586.76	609.51	644.71	700.00	728.33	797.91	854.49	929.71
Other crop income	23.38	38.55	21	15.25	24.48	26.27	30.27	35.49	40.74	43.54	44.64	56.81	62.53
Gross return	632.89	697.47	26	359.17	543.74	626.84	648.71	685.54	714.03	782.91	841.39	907.60	1,069.49
Seed and plants	83.96	95.15	26	129.82	121.91	107.62	103.41	101.32	91.16	83.96	73.84	67.67	51.46
Fertilizer	161.64	120.62	26	265.61	172.65	161.64	135.70	122.28	117.55	108.75	99.12	87.61	62.92
Crop chemicals	52.10	44.83	26	85.01	75.59	55.79	51.12	46.00	43.33	35.27	33.95	29.78	12.23
Crop insurance	0.00	11.96	20	33.07	21.75	19.39	15.73	13.17	11.49	9.62	9.08	8.16	3.87
Drying expense	54.93	21.89	19	54.93	41.43	35.64	32.30	24.99	20.44	16.67	14.64	12.89	0.95
Fuel & oil	8.99	19.81	26	38.83	35.96	24.64	22.31	21.92	18.64	16.56	14.83	10.25	7.05
Repairs	20.54	49.36	26	110.99	98.38	78.68	63.81	53.19	48.51	42.73	39.92	26.11	13.39
Custom hire	27.32	13.08	21	56.87	42.50	31.31	24.43	14.50	12.71	6.59	4.69	1.84	1.48
Land rent	45.07	124.84	26	216.53	188.09	174.53	149.09	139.92	108.68	91.48	84.24	65.00	27.35
Operating interest	0.02	3.00	19	18.48	15.18	12.45	8.46	3.70	2.99	1.66	0.87	0.08	0.01
Total direct expenses	462.63	548.21	26	807.25	678.34	597.16	588.80	558.60	530.56	502.55	478.97	451.03	369.72
Return over direct expenses	170.25	159.03	26	-21.57	18.33	32.22	108.86	136.39	170.25	202.79	238.24	333.29	447.29
Hired labor	11.98	14.12	16	149.79	76.38	47.47	25.28	19.93	5.99	0.00	0.00	0.00	0.00
Farm insurance	2.89	12.24	26	40.72	27.61	19.38	17.13	13.83	11.20	10.42	7.69	3.95	3.26
Utilities	0.58	0.58	19	22.01	9.97	7.99	4.44	2.03	0.29	0.00	0.00	0.00	0.00
Dues & professional fees	0.00	4.00	23	20.76	12.36	9.07	7.27	5.53	3.72	3.15	1.97	1.46	0.35
Interest on interm. debt	2.32	4.14	20	21.28	15.39	11.21	6.35	4.51	3.76	3.38	1.87	1.16	0.29
Machinery depreciation	8.17	47.99	26	111.73	79.15	61.15	55.24	49.65	46.02	40.31	30.81	26.08	13.00
Building depreciation	1.35	8.11	26	38.38	36.99	12.78	11.09	9.30	7.86	3.92	3.18	1.92	0.75
Miscellaneous	0.52	6.11	24	67.61	14.40	10.53	7.95	6.46	5.06	4.37	3.34	2.80	0.60
Total overhead expenses	30.27	108.53	26	236.58	214.06	179.62	123.19	112.38	87.94	84.71	71.08	58.36	39.83
Total dir & ovhd expenses	492.90	681.01	26	980.15	791.15	760.11	712.40	699.00	672.33	613.64	562.91	497.63	436.01
Net return	139.99	13.66	26	-134.04	-98.01	-85.56	-56.23	-11.41	43.39	105.14	151.12	235.06	380.28
Government payments	0.02	29.78	26	0.01	11.06	17.07	22.12	25.16	31.80	38.04	52.08	56.61	64.60
Net return with govt pymts	140.01	42.98	26	-113.07	-76.43	-59.40	-38.70	31.62	65.85	118.92	197.61	267.42	432.73
Labor & management charge	18.93	83.19	26	357.65	149.82	122.94	98.93	84.65	81.96	73.64	64.29	39.28	25.23
Net return over lbr & mgt	121.08	-28.80	26	-370.24	-185.05	-162.53	-140.59	-55.69	-6.31	34.11	121.44	138.68	344.42
Direct cost of prod per unit	2.66	3.35	26	4.40	4.28	4.01	3.53	3.40	3.34	3.20	2.95	2.75	2.37
Dir & ovhd cost of prod/unit	2.83	4.12	26	5.65	4.97	4.74	4.48	4.26	4.04	3.92	3.46	3.01	2.71
COP less govt & other income	2.70	3.78	26	4.88	4.65	4.37	4.18	3.86	3.69	3.48	3.04	2.77	2.17
Cost of prod with lbr & mgt	2.80	4.23	26	6.76	5.68	5.30	4.63	4.45	4.05	3.93	3.65	3.05	2.62
Machinery cost per acre	72.36	152.89	26	233.10	208.99	203.46	194.52	157.61	146.99	132.63	119.64	98.77	62.08
Est. labor hours per acre	3.59	4.56	26	12.14	9.01	7.49	6.39	5.11	3.79	3.59	3.02	2.54	2.13




# 2020 – Soybeans on Cash Rented Land – Returns per Acre




	Avg of all farms	High 20% farms
Enterprises	23	5
Yield	56	59
\$ per bushel	\$10.23	\$11.59
Crop Insurance	\$0.15	\$0
Other Crop Income	\$25	\$40
Gross Returns	\$596	\$725



## 2020 – Soybeans on Cash Rented Land – Expenses, \$ per acre



	Avg of all farms	High 20% farms
Enterprises	23	5
Seed	58	43
Fertilizer	41	28
Chemicals	44	38
Land Rent	143	138
Total Direct Costs	380	340
Total Direct and Overhead Costs	458	396





## 2020 – Soybeans on Cash Rented Land – Returns and COP

	Avg of all farms	High 20% farms
Gross Returns/ac	596	725
Total Expense/ac	458	396
Net Return/acre	137	329
Cost of Production:		
Direct COP/bu	\$6.81	\$5.75
Dir + OH COP/bu	\$8.22	\$6.71

## 2020 – Wheat on Cash Rented and Owned Land – Returns per Acre

	Owned acres	Rented acres
Enterprises	13	12
Yield	82	85
\$ per bushel	\$5.30	\$5.38
Crop Insurance	\$2	\$0
Other Crop Income	\$35	\$59
Gross Returns	\$474	\$516



## 2020 – Wheat on Rented and Owned Land – Expenses, \$ per acre

	Owned acres	Rented acres
Enterprises	13	12
Seed	56	47
Fertilizer	77	81
Chemicals	8	17
Land Rent	0	107
Total Direct Costs	240	358
Total Direct and Overhead Costs	431	439

## 2020 – Wheat on Cash Rented and Owned Land – Returns and COP

	Owned acres	Rented acres
Gross Returns/ac	474	516
Total Expense/ac	431	439
Net Return/acre	43	77
Cost of Production:		
Direct COP/bu	\$2.91	\$4.21
Dir + OH COP/bu	\$5.24	\$5.16



# For More Information about Farm Business Analysis:

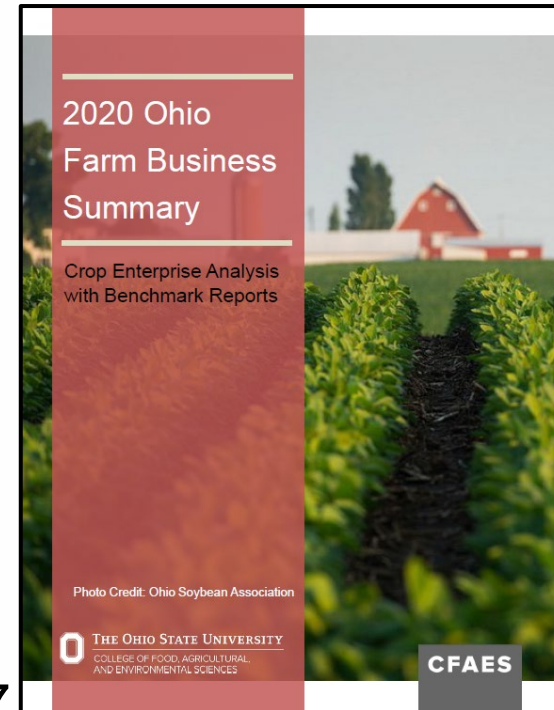
Visit:

<http://farmprofitability.osu.edu/>

<https://farmoffice.osu.edu>

Contact:

A Farm Business Analysis Technician near you or [shoemaker.3@osu.edu](mailto:shoemaker.3@osu.edu); 330.257.3377



This work is supported by the USDA National Institute of Food and Agriculture "Northern Plains Regional Farm Business Management and Benchmarking" project 2020/21.



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**CFAES**

THE OHIO STATE UNIVERSITY COLLEGE of FOOD, AGRICULTURAL, and ENVIRONMENTAL SCIENCES

# Crop Costs and Margins for 2022

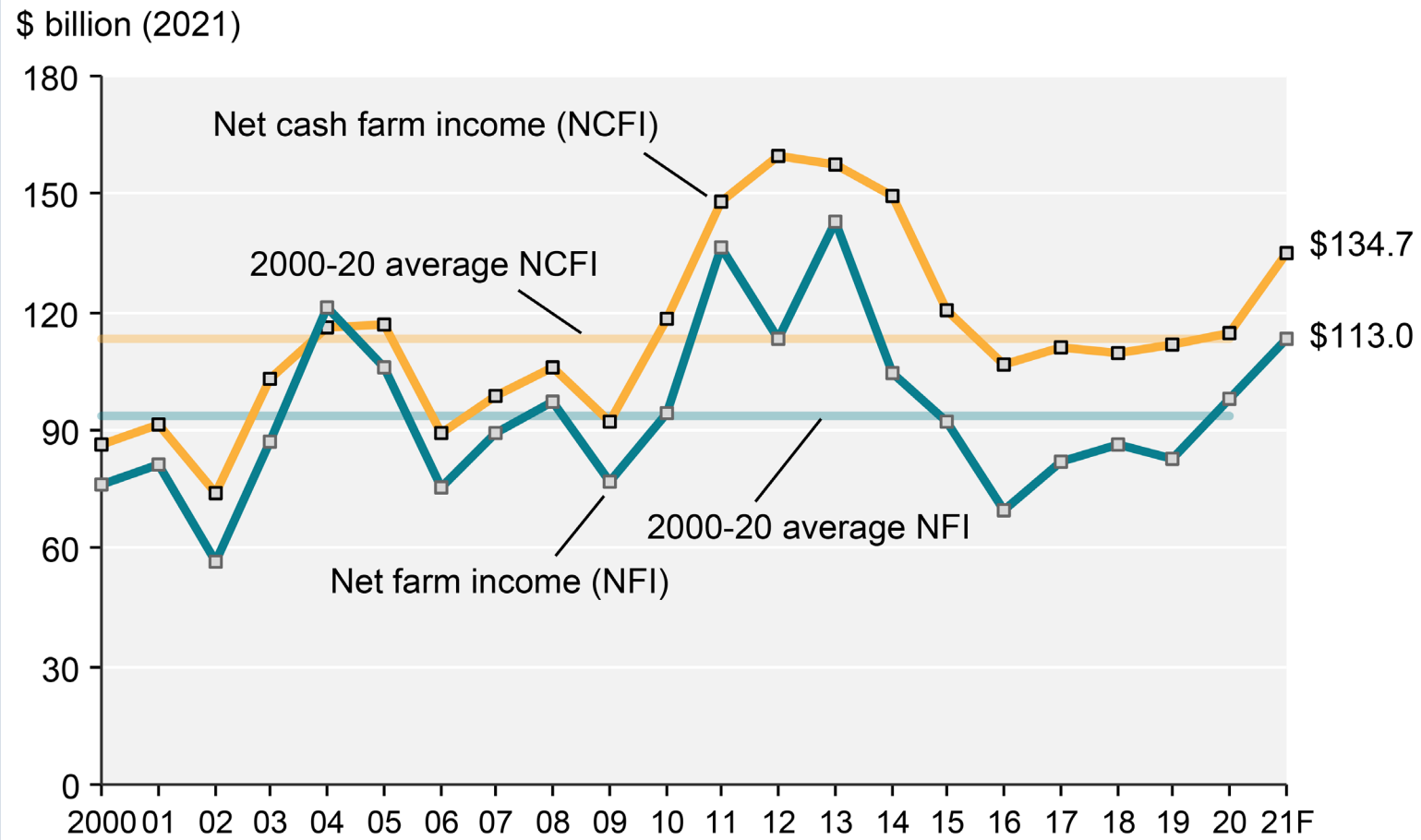
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Barry Ward

Leader, Production Business Management

Director, OSU Income Tax Schools

## 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 September 2, 2021.

# Ohio Crop Enterprise Budgets 2022

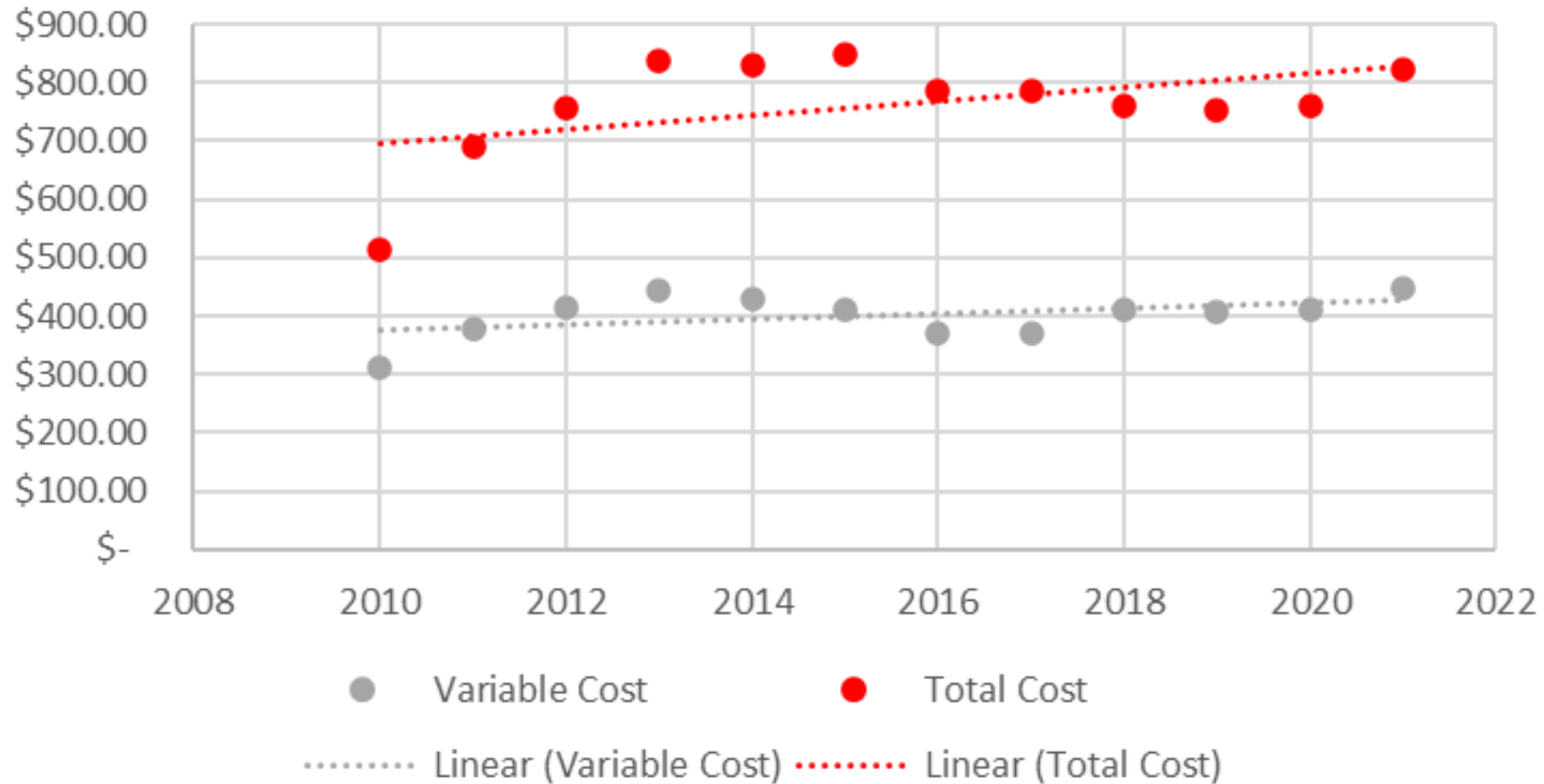
- ✓ Budget Changes:
  - ✓ Seed Cost – 10% Higher
  - ✓ Crop Chemical Cost (Herbicide) – 25% Higher
  - ✓ Drying Cost – 50% Higher
  
- ✓ Diesel Price – 8% Higher
- ✓ Fertilizer Prices:
  - ✓ UAN 28% - 83% Higher
  - ✓ NH<sub>3</sub> – 84% Higher
  - ✓ MAP – 74% Higher
  - ✓ Potash – 91% Higher



# Ohio Crop Enterprise Budgets 2022

- ✓ Increases in Variable Costs 2022 (compared to 2021)
- ✓ Corn – 19%
- ✓ Soybeans – 18%
- ✓ Wheat – 25%

## Corn Production Costs



## CORN BUDGET - 2022

		Yield in bushels/acre	
Receipts		183	220
Corn Price	<b>\$4.90</b> /bushel	\$897.19	\$1,076.63
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$114.40	\$121.55
Fertilizer+Soil Amendment		\$182.32	\$204.52
Chemicals (Crop Protection)		\$57.78	\$57.78
Fuel		\$14.85	\$14.85
Repairs		\$28.12	\$28.12
Crop Insurance		\$21.00	\$26.00
All Other		\$119.56	\$136.76
<b>Total Variable Costs / Acre</b>		<b>\$538.03</b>	<b>\$589.34</b>
Fixed Costs			
Labor and Management		\$83.11	\$92.08
Machinery Cost		\$77.67	\$77.67
Land Rent		\$207.00	\$252.00
<b>Total Costs / Acre</b>		<b>\$926.31</b>	<b>\$1,031.60</b>
Returns			
Return Above Total Costs		-\$29.12	\$45.03
Return Above Variable Costs		\$359.16	\$487.28
Return to Land		\$177.88	\$297.03

# SOYBEAN BUDGET - 2022

Yield in bushels/acre

## Receipts

57

68

Soybean Price **\$11.80** /bushel

**\$670.24**

**\$804.29**

ARC/PLC + Ad Hoc

**\$0.00**

**\$0.00**

## Variable Costs

Seed Cost

**\$69.12**

**\$69.12**

Fertilizer+Soil Amendment

**\$79.04**

**\$93.60**

Chemicals (Crop Protection)

**\$59.70**

**\$59.70**

Fuel

**\$12.50**

**\$12.50**

Repairs

**\$23.98**

**\$23.98**

Crop Insurance

**\$17.00**

**\$20.00**

All Other

**\$24.66**

**\$27.04**

**Total Variable Costs / Acre**

**\$286.00**

**\$305.61**

## Fixed Costs

Labor and Management

**\$52.21**

**\$58.91**

Machinery Cost

**\$62.16**

**\$62.16**

Land Rent

**\$207.00**

**\$252.00**

**Total Costs / Acre**

**\$621.07**

**\$696.16**

## Returns

Return to Total Costs

**\$49.17**

**\$111.90**

Return to Variable Costs

**\$384.24**

**\$498.68**

Return to Land

**\$256.17**

**\$363.90**



# WHEAT BUDGET - 2022

		Yield in bushels/acre	
Receipts		73	88
Wheat Price	<b>\$7.00</b> /bushel	\$512.40	\$614.88
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$47.74	\$47.74
Fertilizer+Soil Amendment		\$105.83	\$127.61
Chemicals (Crop Protection)		\$18.31	\$18.31
Fuel		\$9.00	\$9.00
Repairs		\$15.47	\$15.47
Crop Insurance		\$10.00	\$11.00
All Other		\$35.88	\$38.80
Total Variable Costs / Acre		\$242.23	\$267.92
Fixed Costs			
Labor and Management		\$48.57	\$53.69
Machinery Cost		\$35.97	\$35.97
Land Rent		\$207.00	\$252.00
Total Costs / Acre		\$546.46	\$622.28
Returns			
Return Above Total Costs		-\$34.06	-\$7.40
Return Above Variable Costs		\$270.17	\$346.96
Return to Land		\$172.94	\$244.60

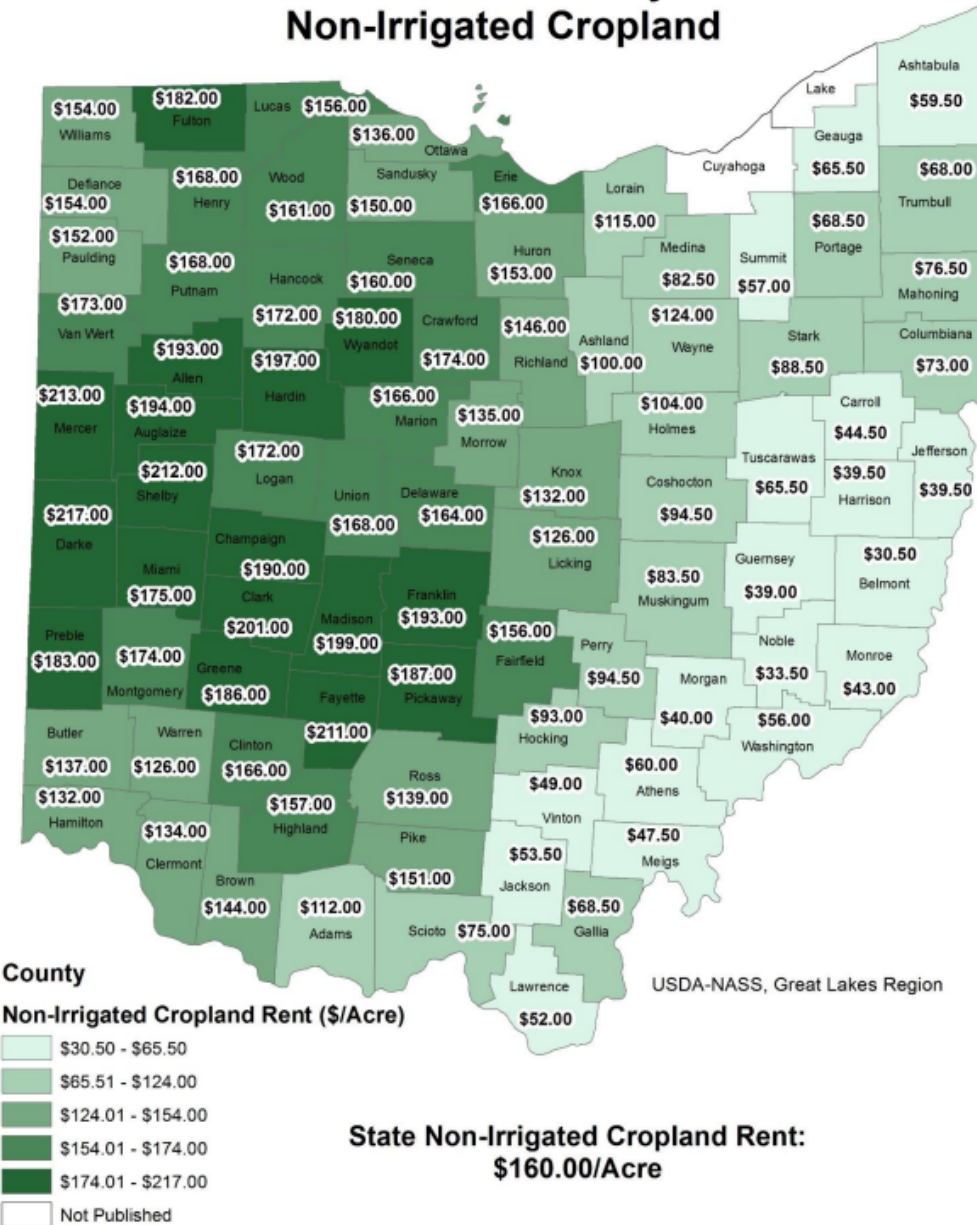
# Crop Enterprise Budgets 2022

		Corn	Soybeans	Wheat
<b>Receipts</b>	<b>bu/A Price</b>	<b>183 4.90</b>	<b>57 11.80</b>	<b>73 7.00</b>
Crop Revenue		\$897.19	\$670.24	\$512.40
ARC/PLC + Ad Hoc		\$0.00	\$0.00	\$0.00
<b>Variable Costs</b>		<b>\$538.03</b>	<b>\$286.00</b>	<b>\$242.23</b>
<b>Returns</b>				
Return to Variable Costs		\$359.16	\$384.24	\$270.17
Return to Land		\$177.88	\$256.17	\$172.94

# Western Ohio Cropland Values and Cash Rents 2020-21 Survey Report

- ✓ Cash rents increased from 3.6 to 3.9 percent depending on the region and land class.

## 2021 Ohio Cash Rent County Estimates: Non-Irrigated Cropland





# Other Survey Results from the Eastern Corn Belt

- Others survey results in the eastern Corn Belt may be useful in gauging the magnitude of Ohio farmland value change thus far in 2021.
- The Federal Reserve Bank of Chicago (7<sup>th</sup> Fed District) surveys ag lenders in their districts each quarter. (The 7<sup>th</sup> Fed District includes parts of Michigan, Indiana, Illinois, Wisconsin and all of Iowa.) Their survey in July showed the value of good farmland in their district had increased by 14 percent from July 1, 2020 to July 1, 2021.
- The mid-year survey conducted by the Illinois Society of Professional Farm Managers and Rural Appraisers of their members revealed an increase of 20% in farmland values from the beginning of 2021.
- While Ohio is not Illinois nor does Ohio sit in the 7<sup>th</sup> Fed District, these surveys may give some guidance on the level of change in farmland values in Ohio in 2021.
- Value change doesn't correlate precisely with rental rate change however these rapid increases in farmland values will give us some idea of the direction of change in farmland rental rates in the short term.

# Rental Rates: Outlook

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## Supportive Fundamentals:

- Prices/margins strong for 2021
- Price/margin outlook positive for 2022
- Farm Income Up 43% in 2020
- Farmer equity positions remain relatively healthy (US D/A Ratio ~13.9)
- CFAP 1.0 & 2.0 in '20, CFAP 3.0 in '21
- PPP Forgivable Loans
- *CAUV/Property Taxes still on landowner minds*

## Non-Supportive Fundamentals:

- Higher input costs will impact 2022 margins
- Lower/No ARC/PLC payments likely
- No add'l ad-hoc payments?
- Livestock/Dairy income mixed
- *CAUV/Property Taxes lower in many counties*

# Cash Rent Strategies in a Short-term High Margin Period

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- Short-term high margin periods in crop production create difficulties
- Landowners seek higher rents that may be unsustainable in the long run
- Cash rent bonuses may be a good alternative
- Sunset provisions on rent increases, flex leases based on margin, non-disclosure agreements

# Ohio Income Tax Schools

- November 1-2 in Dayton
- November 3-4 in Fremont
- November 8, 12, 15, 19 virtual
- November 17-18 in Ashland
- November 22-23 in Chillicothe
- November 29-30 in Zanesville
- December 2-3 in Columbus
- December 6-7 in Hartville

[go.osu.edu/taxschools](https://go.osu.edu/taxschools)



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## **Ag & Natural Resources Income Tax Webinar**

Monday, December 13

8:45 a.m. to 3:40 p.m.

Instructor: Greg Bouchard

## **Farmer & Farmland Owner Income Tax Webinar**

December 9, 2021

6:30 to 8:30 p.m.

Instructors: Barry Ward, Michael  
Langemeier & David Marrison



# Ohio Ag Lender Seminars

- Tuesday, October 19th in Ottawa
- Thursday, October 21 in Urbana
- Thursday, October 21 in Washington Court House
- Monday, October 25th in Wooster
- <https://u.osu.edu/aglenderseminars/>
- Bruce Clevenger, [Clevenger.10@osu.edu](mailto:Clevenger.10@osu.edu) or 419-782-4771

# Virtual Ladies on the Land Seminar

November 8 & 9, 2021  
6:30 to 9:00 p.m.

[go.osu.edu/ladiesontheland](https://go.osu.edu/ladiesontheland)



Do you own, lease, or manage land? Would an increase in confidence, improved communication skills, and helpful resources allow you to better navigate farmland leasing issues? If so, join this interactive farmland leasing workshop developed for women involved in all stages and aspects of agriculture!

Workshop topics cover:

- ✓ Assessing the risk-reward continuum for tenants and landowners
- ✓ Farmland leasing best practices
- ✓ Enhancing communication skills
- ✓ Developing equitable rental rates
- ✓ Answers to your questions and concerns

**Program Cost:**  
**\$25 per person**

- Includes all materials and a box lunch at in-person workshops.
- RSVP is necessary by calling the host office below or visiting

[go.osu.edu/ladiesontheland](https://go.osu.edu/ladiesontheland).

# Planning for the Future of Your Farm

## In-Person Workshops

- Greene County- February 10, 2022
- Wayne County- February 25, 2022
- Wood County- March 4, 2022

## Webinar Version

- January 31, February 7, 21, 28

[go.osu.edu/farmsuccession](https://go.osu.edu/farmsuccession)



Need help planning for the future of your farm? Join OSU Extension at one of it's "Planning for the Future of Your Farm" workshops during the winter of 2022. This workshop is designed help farm families as they develop a plan for the transfer of the farm's ownership, management, and assets to the next generation.

### Greene County

February 10, 2022 (9:00 a.m. to 4:00 p.m.)

### Wayne County

February 25, 2022 (9:00 a.m. to 4:00 p.m.)

### Wood County

March 4, 2022 (9:00 a.m. to 4:00 p.m.)

### Webinar Version

January 31, February 7, 21 & 28 (6:30 to 8:30 p.m.)

Workshop topics include: Developing Goals for Estate and Succession; Planning for the Transition of Control; Planning for the Unexpected; Communication and Conflict Management during Farm Transfer; Legal Tools and Strategies; Developing Your Team; Getting Your Affairs in Order; and Selecting an Attorney.


More information can be obtained at [go.osu.edu/farmsuccession](https://go.osu.edu/farmsuccession)







# Considerations for End of Year Tax Planning



Thank you for  
attending!

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A short survey will pop up  
when you exit this meeting.  
*Your feedback will help guide  
our programs to meet your  
needs.*