

Join us for the next
FARM OFFICE LIVE

October Topics:

- Farm Management News and Federal Farm Program Update
- Legislative and Case Law Update
- Keeping Farmland in the Family for Future Generations
- Inflation, Interest Rates, Inputs, and Crop Budget Outlook

Register or watch replays at
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.



THE OHIO STATE UNIVERSITY
EXTENSION

OSU Extension's Farm Office Team

Peggy Kirk Hall
David Marrison
Barry Ward
Robert Moore
Jeff Lewis

Oct. 21 10:00 – 11:30 AM

Save the date!
We will be back Nov. 18 at 10 AM

*Farm Office - Your farm's
ag law and farm management
resource partner.*

farmoffice.osu.edu



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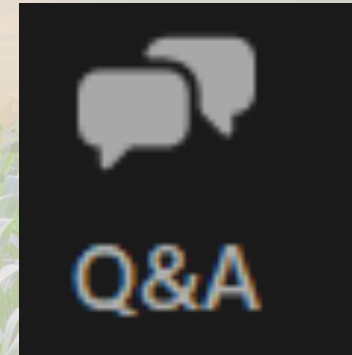
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Slides and a recording for today's
presentation can be found at:
go.osu.edu/farmofficelive

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
- ❖ We will try to answer as many questions as we can at the end of the presentation.





Farm Management News

OSU Extension has hired 3 **Field Specialist – Farm Management** who will begin their work on November 1, 2022.

- Bruce Clevenger- Defiance County
- David Marrison- Coshocton County
- Eric Richer- Fulton County

Field Specialist

OSU Extension field specialists are located throughout the state. Each field specialist has a particular subject matter focus. He or she provides overall leadership for developing and implementing a comprehensive and balanced teaching and applied research program to address statewide issues. These specialists work to bridge relationships between campus researchers and field staff located throughout the state. They expand existing partnerships, develop new connections, and foster collaboration. Unlike state specialists, field specialists do not have campus-based faculty responsibilities such as resident instruction and student advising; and they are 100 percent Extension-funded. Their specific programmatic efforts are typically supported in some way with external funding.



Farm Management News

- Jason Hartschuh hired as **Field Specialist – Dairy Management and Precision Livestock**
- Clint Schroeder hired as **Program Manager for the Ohio Farm Business Analysis Program**

Farm Management News

- **Farm Financial Management and Policy Institute:** The mission of the institute is to be a unified center for the integration, translation, and communication of CFAES's farm management and ag policy presence.
- House Bill 110 - 134th General Assembly (September 30, 2021).
- Interim Director and Affiliated Faculty & Staff will be announced shortly.

Inflation Reduction Act Assistance

- On August 16, 2022, President Biden signed the Inflation Reduction Act (IRA) into law. Section 22006 of the IRA provided \$3.1 billion for USDA to provide relief for distressed borrowers with certain Farm Service Agency (FSA) direct and guaranteed loans and to expedite assistance for those whose agricultural operations are at financial risk.
- USDA has allocated up to \$1.3 billion for initial steps to help distressed borrowers. This includes both automatic and case-by-case assistance. In total, between the Inflation Reduction Act and pandemic assistance, about 35,000 distressed borrowers will benefit from assistance.

Inflation Reduction Act Assistance

- On October 18, 2022, USDA provided nearly \$800 million in assistance to distressed borrowers to help cure delinquencies and resolve uncollectable farm loan debts.
 - Nearly \$600 million in payments to the accounts of approximately 11,000 borrowers who were 60 or more days delinquent on their FSA direct or guaranteed loan, as of September 30, 2022.
 - Just over \$200 million in payments to resolve the remaining debts for approximately 2,100 borrowers who had their loan collateral liquidated but had remaining debt that was or was due to be referred to the Department of Treasury for offset or collections.
- Recipients will receive an Internal Revenue Service Tax Form 1099-G from FSA if they receive payments of \$600 or more.



Guide for Underserved Farmers & Ranchers

<https://www.farmers.gov/sites/default/files/2022-07/farmersgov-historically-underserved-factsheet-07-20-2022.pdf>



Get Started!

A Guide to USDA Resources for Historically Underserved Farmers and Ranchers:

Legislative and case law update

Waiting on SCOTUS

Two important cases argued before the U.S. Supreme Court this month; decisions next Spring?

Sackett v. EPA

EPA prevented Sacketts from constructing house due to required filling and dredging on land.

Issue: Did U.S. EPA have Clean Water Act authority over wetlands it claimed to be “waters of the United States”?

Question: Did Ninth Circuit use proper test to determine authority?

U.S. Supreme Court begins new term with wetlands and animal welfare cases

By: Peggy Kirk Hall, Thursday, September 29th, 2022

The first two weeks of the U.S. Supreme Court's new term are important ones for agriculture. The Court will hear arguments in two critical cases: the “Sackett” wetlands case and a challenge to California's animal welfare law, Proposition 12. The new term for the Supreme Court (SCOTUS) begins October 3, with the *Sackett* case up as the Court's first hearing. The Court will hear the Proposition 12 case on October 11. We focus this article on the *Sackett* case and will preview the Proposition 12 case next week.

The Sackett wetlands case, round 1. The Sacketts may have become household names across the country in 2012, after the U.S. EPA prohibited Michael and Chantell Sackett from building a home on land they had purchased near Priest Lake, Idaho. The Sacketts had filled wetlands on the property in preparation for construction, but the EPA issued a compliance order prohibiting further filling or construction and requiring restoration of the site. The agency claimed authority to do so by declaring the wetlands to be “navigable waters of the United States” subject to the Clean Water Act (CWA). The Sacketts challenged the order and EPA's authority over their land. However, lower federal courts declined to hear the case, believing the compliance order was not yet a “final agency action” that could be reviewed since the EPA had not yet enforced the order. The case proceeded to its first appearance before SCOTUS, where the Court held that the compliance order was indeed a final agency action that could be reviewed in court.



Waiting on SCOTUS

Two important cases argued before the U.S. Supreme Court this month; decisions next Spring?

California farm animal welfare law heads to the Supreme Court

By: Peggy Kirk Hall, Tuesday, October 04th, 2022

The Supreme Court of the United States takes on a second important case for agriculture next week when it hears arguments in *National Pork Producers v. Ross*. The Court opened its new term yesterday with a well-known case about the Clean Water Act and EPA authority over wetlands, *Sackett v. EPA*. In *National Pork Producers*, the Court will hear challenges to California's Proposition 12, a livestock housing standards law.



Proposition 12. Voters in California approved the Proposition 12 ballot measure in 2018, but the law's impact spreads beyond California's borders. The law sets living space standards for sows, egg-layers, and veal calves—sows must have 24 square feet or more of space, egg-laying hens require at least 144 square inches, and veal calves must have at least 43 square feet. Commonly used gestation crates for sows and battery cages for hens would not meet California's space standards. And Proposition 12 also prohibits the sale of products from any animal whose housing does not comply with the living space requirements. That prohibition doesn't apply just to products of animals raised in California, but to products of animals raised *anywhere* and sold in California. Selling pork, eggs, or veal from animals not raised according to the standards is a crime that could result in fines, jail sentences, and civil actions.

Challenges to Proposition 12. The out-of-state application of Proposition 12 immediately raised concerns across the United States. Several lawsuits followed, with the primary argument being that Proposition 12 violates the Commerce Clause of the U.S. Constitution, which grants Congress the authority "to regulate commerce with foreign nations, and among the several states, and with the Indian tribes." The Supreme Court has long determined that implicit in the Commerce Clause is a restriction on the ability of states to pass legislation that discriminates against or excessively burdens interstate commerce, referred to as the "dormant Commerce Clause." Opponents of Proposition 12 argue that California has burdened interstate commerce by prohibiting sales of products within the state from out-of-state livestock producers who do not comply with the California state law for animal housing.

Nat'l Pork Producers v. Ross

California Proposition 12, criminalizes sales of pork in CA from animals not raised according to California animal welfare standards for living space.

Issue: Does Prop 12 violate U.S. Constitution's Commerce Clause?

Questions: Do out-of-state economic effects violate dormant Commerce Clause? Do the law's burdens greatly exceed its benefits to local commerce?

Ohio case law

Miami Twp. Bd. of Trustees v Powlette
Second District, Montgomery County

New “horse barn” on 26 acres later used for weddings and events.

- Permanent injunction against wedding barn upheld.
- Wedding barn fit neither the agricultural or agritourism exemptions in Ohio law.



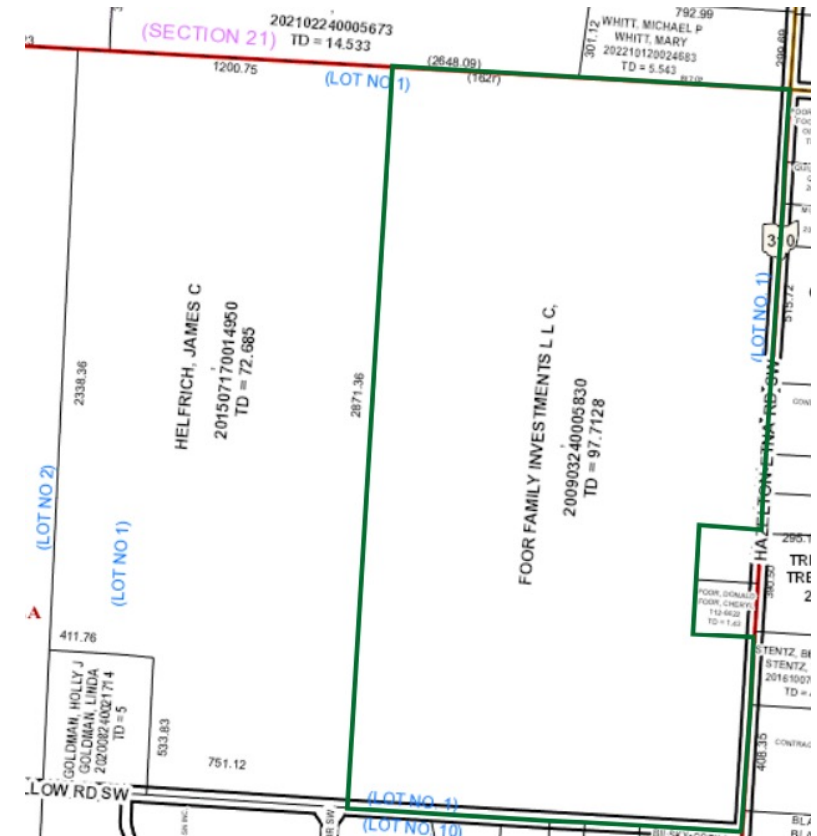
Ohio case law

Helfrich v. Foor Family Investments

Fifth District, Licking County

Replacement of drainage tile on one property and blockage of tile on neighboring land.

- Replacement of old existing tile is not an “alteration of natural flow” that triggers the “reasonable use doctrine” for drainage.
- “Easement by estoppel” exists where tile was apparent, access was relied upon, and previous landowners acquiesced to line connecting to the tile.



Ohio legislature: lame duck session

Second year of 134th session ends December 31

“There’s no better time for big-stakes, hot-issue politicking than a legislature’s ‘lame-duck’ session.”

Upcoming Legislative Sessions

Senate

November 16, Senate Chamber, 1:30 pm [+](#), [Webcast](#)
November 30, Senate Chamber, 1:30 pm [+](#), [Webcast](#)
December 7, Senate Chamber, 1:30 pm [+](#), [Webcast](#)
December 14, Senate Chamber, 1:30 pm [+](#), [Webcast](#)
December 21, Senate Chamber, 1:30 pm [+](#), [Webcast](#)

House

November 16, House Chamber, 1 pm [+](#), [Webcast](#)
November 30, House Chamber, 1 pm [+](#), [Webcast](#)
December 1, House Chamber, 1 pm [+](#), [Webcast](#)
December 14, House Chamber, 1 pm [+](#), [Webcast](#)
December 21, House Chamber, 1 pm [+](#), [Webcast](#)

H.B. 450

Community solar projects

- PUCO may authorize 2K MW of 10MW “community solar projects” that allow customers to offset electric with energy generated by project subscriptions, eligibility for net metering.
- Distressed site incentives.

Session laws now effective

House Bill 397

Statutory termination date for crop leases

- September 1 was the deadline for termination of a crop lease that doesn't contain provisions for termination.
 - i.e., verbal leases
- Late terminations are not effective, and lease should continue for another term.

Ohio's New Statutory Termination Date for Farm Crop Leases

Peggy Kirk Hall, Associate Professor
OSU Extension Agricultural & Resource Law Program

A new Ohio law effective on July 21, 2022, impacts some landlords who want to terminate their farm crop leases. If the farm lease does not establish a date or method for terminating the lease, the law requires a landlord who wants to terminate the lease to do so in writing by September 1. The law's goal is to prevent "late" terminations that can harm tenant operators who have made investments for the next crop season.

What farm leases are subject to the new law?

The law applies to both written and verbal "agricultural lease agreements" that address the planting, growing, and harvesting of agricultural crops. The law does not apply to leases for pasture, timber, farm buildings, horticultural buildings, or equipment.

What if a lease already addresses termination?

The new law only applies when a leasing arrangement has not provided for a termination date or a method for giving notice of termination. If the landlord and tenant operator have addressed these provisions in their leasing situation, the provisions are unchanged by the law and continue to be effective.

When is the termination effective?

If a landlord gives notice of termination in writing by September 1, the lease is terminated either upon the date harvest is complete or December 31, whichever is earlier. The law allows the parties to establish a different termination date if agreed to in writing.

How must a landlord give notice of termination?

The landlord must give the notice in writing and deliver it to the tenant operator by hand, mail,

facsimile, or email by September 1. The law does not require using specific language for the notice, but we recommend including the date of the notice, an identification of the lease property, and a statement that the lease will terminate at the end of harvest or December 31, 20____ unless the parties agree in writing to a different date.

What if a landlord terminates after September 1?

Unless the leasing arrangement provides otherwise, a termination delivered by the landlord after September is not effective and the lease would continue for another period. However, the tenant operator could agree to accept the late termination. If so, the parties should both sign a termination date agreement.

Can a tenant terminate a lease after September 1?

A tenant operator is not subject to the new law and can terminate a lease after September 1 unless the leasing arrangement provides otherwise.

The value of a written farm lease

The new law arose because many farm leases aren't in writing, creating uncertainty over termination rights. A written lease is invaluable for agreeing to important farm lease terms like termination. If you need legal assistance getting your lease in writing, check out our farm lease resources and contact us for a referral to an agricultural attorney. It's money well spent.

Where to find the law

The new farm crop lease statutory termination law is in [Ohio Revised Code Section 5301.71](#).

FOR MORE INFORMATION FROM OSU EXTENSION'S AGRICULTURAL & RESOURCE LAW PROGRAM:


- Visit our website at <http://farmoffice.osu.edu>.
- Sign up at <http://farmoffice.osu.edu/blog> to receive the Ohio Ag Law Blog by e-mail.
- Contact us at aglaw@osu.edu.


Session laws now effective

House Bill 95

Beginning Farmer income tax credits

- 3.99% income tax credits for sales or leases of agricultural assets to certified beginning farmers.
 - Sunsets on January 1, 2028 or at \$10 million in credits
- ODA is still developing the program
 - Credits will not be available until 2023
- Beginning farmers must become certified... before any transactions occur?
- Hold off on transactions until ODA finalizes program.





Law Bulletin

Law you need to know from OSU Extension's Farm Office

October 2022

Ohio's Beginning Farmer Income Tax Credits

*Peggy Kirk Hall, Associate Professor
OSU Extension Agricultural & Resource Law Program*

The idea to use income tax incentives to help Ohio's beginning farmers gain access to agricultural assets has floated around the Ohio General Assembly for several years. That idea became a reality when Ohio's Beginning Farmer Bill, House Bill 95, became effective on July 18, 2022. A bi-partisan effort by Rep. Susan Manchester (R-Waynesfield) and Rep. Mary Lightbody (D-Columbus), the law is now in the hands of the Ohio Department of Agriculture (ODA), who is charged with implementing its provisions. ODA expects the new program to be available in 2023.

The Beginning Farmer law has four parts: a process for certifying "beginning farmers," establishment of financial management programs for beginning farmers, income tax credits for certified beginning farmers, and income tax credits and those who sell or lease assets to certified beginning farmers. Note that the law has a "sunset date" of January 1, 2028, and limits total income tax credits granted to \$10 million. Here's a summary of each part of the new law.

1. Certification of beginning farmers. The law charges ODA with the task of certifying individuals as "beginning farmers." Initial eligibility criteria for beginning farmers are listed in the law, but the law also grants ODA authority to create additional

requirements and to seek participation from Ohio State and Central State in the certification process. The law states that to become certified as a beginning farmer, an individual must meet these minimum requirements:

- Resident of Ohio.
- Seeking entry to or has entered farming within the last 10 years.
- Farming or intending to farm on land in Ohio.
- Is not a partner, member, shareholder, or trustee of the assets the individual is seeking to purchase or rent.
- Has a total net worth of less than \$800,000 in 2021, including spouse and dependent assets, as adjusted for inflation each year.
- Provides majority of daily physical labor and management of the farm.
- Has adequate farming experience or knowledge in the type of farming for which seeking assistance.
- Submits projected earnings statements and demonstrates profit potential.
- Demonstrates farming will be a significant source of income for the individual.
- Participates in a financial management program approved by ODA.

Information about how an individual can apply for the beginning farmer certification is expected from ODA as the agency finalizes its plans for implementing the certification process.

OSU EXTENSION AGRICULTURAL & RESOURCE LAW PROGRAM

<http://farmoffice.osu.edu>

Keeping Farmland in the Family for Future Generations



This work is supported by the
National Agricultural Library,
Agricultural Research Service,
U.S. Department of Agriculture
through our partnership with the
National Agricultural Law Center



Keeping Farmland in the Family

- For most farm families, keeping farmland in the family is one of the primary goals of succession planning
- Farmland is the heritage of the farm and is typically the hardest asset to replace
- There are several risks that can cause farmland to leave the family
- There are strategies to help keep the land in the family

What are some of the Risks to Family Farmland?

1. Partition
2. Divorce
3. Debt
4. Long-Term Care Costs
5. Medical Costs
6. Poor Estate Planning

Partition

- Ohio law allows for Partition by any co-tenant (co-owner) of real estate
- Partition is essentially a dispute resolution tool provided by Ohio law
- Ohio law does not provide much guidance on how co-tenants manage and operate real estate
- It is difficult, if not impossible, for co-tenants to own and manage real estate unless all co-tenants agree
- Partition is a necessary legal tool

Partition

- Any co-tenant has Partition rights, regardless of their ownership share
- Partition is essentially a lawsuit by a co-tenant that requires the other co-tenants to buy them out or the land is required to be sold
- Unless co-tenants agree otherwise, the court will have the property appraised and sold at Sheriff's sale or auction
- Partition most often occurs after land is inherited by multiple siblings

Partition Example

- Andy, Bob, Cathy and David inherit farmland from their parents
- They are each a $\frac{1}{4}$ co-tenant of the land
- David wants to “cash out” his $\frac{1}{4}$ interest
- Andy, Bob and Cathy are unable or unwilling to buy out David
- David files a partition action with the common pleas court
- The court forces the sale of the land
- David receives his $\frac{1}{4}$ of the net sale proceeds

Divorce

- Divorce can cause farmland to leave the family
- Not all assets are marital assets
- Generally, these assets are not marital assets
 - An inheritance received by a spouse during marriage
 - A gift received by a spouse during marriage
 - Property acquired by one spouse prior to the date of marriage
 - Passive income and appreciation from separate property by one spouse during marriage

Divorce

- Non-marital assets can become marital assets:
 - If the other spouse is included as an owner
 - The asset is improved during the marriage
 - “... all income and appreciation on separate property, due to the labor, monetary, or in-kind contribution of either or both of the spouses that occurred during the marriage.”

Divorce

- Assets that are earned or purchased during the marriage will likely be marital assets
- Use caution when adding in-laws to ownership of real estate
- Trusts can be used to take care of in-laws without risk of ownership/partition

Debt

- Failure to pay debt can force land out of the family by foreclosure
- Even land that is not mortgaged is at risk of being sold to pay debt
 - A creditor can file a lawsuit for unpaid debts
 - After receiving a judgment from the court, a judgment lien can be put on land
 - The creditor can for foreclose on the land using the judgment lien

Long-Term Care (LTC) Costs

- LTC costs may be the biggest threat to keeping farmland in the family
- Average nursing home costs about \$90,000/year in Ohio
- Many farm families do not have the resources to pay for an extended stay in a nursing home
- About 2/3 of 65-year-olds will need some kind of LTC
- About 20% of 65-year-olds will need at least 5 years of LTC

Medical Costs

- Medical Costs can be a significant threat to keeping farmland in the family
- Usually more of a problem for people not on Medicare
- How well does a landowner's health insurance policy cover major medical issue?
- Hospitals and health care providers can become creditors
- As creditors, they have the right to file suit to be paid and receive a judgment lien

Poor Estate Planning

- Poor estate planning is a risk to keeping farmland in the family
- Example:
 - Mom and Dad leave all of their land to their children, in equal shares, to their three children
 - One child is desperate for money and will only sell at FMV
 - Partition is filed
- Estate Plans can be set up to make it difficult, or nearly impossible, for the land to leave the family

Keeping Farmland in the Family

On the next Farm Office Live, we will explore some strategies to help prevent farmland from leaving the family

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Inflation, Interest Rates Inputs and Crop Budget Outlook

Barry Ward

Leader, Production Business Management

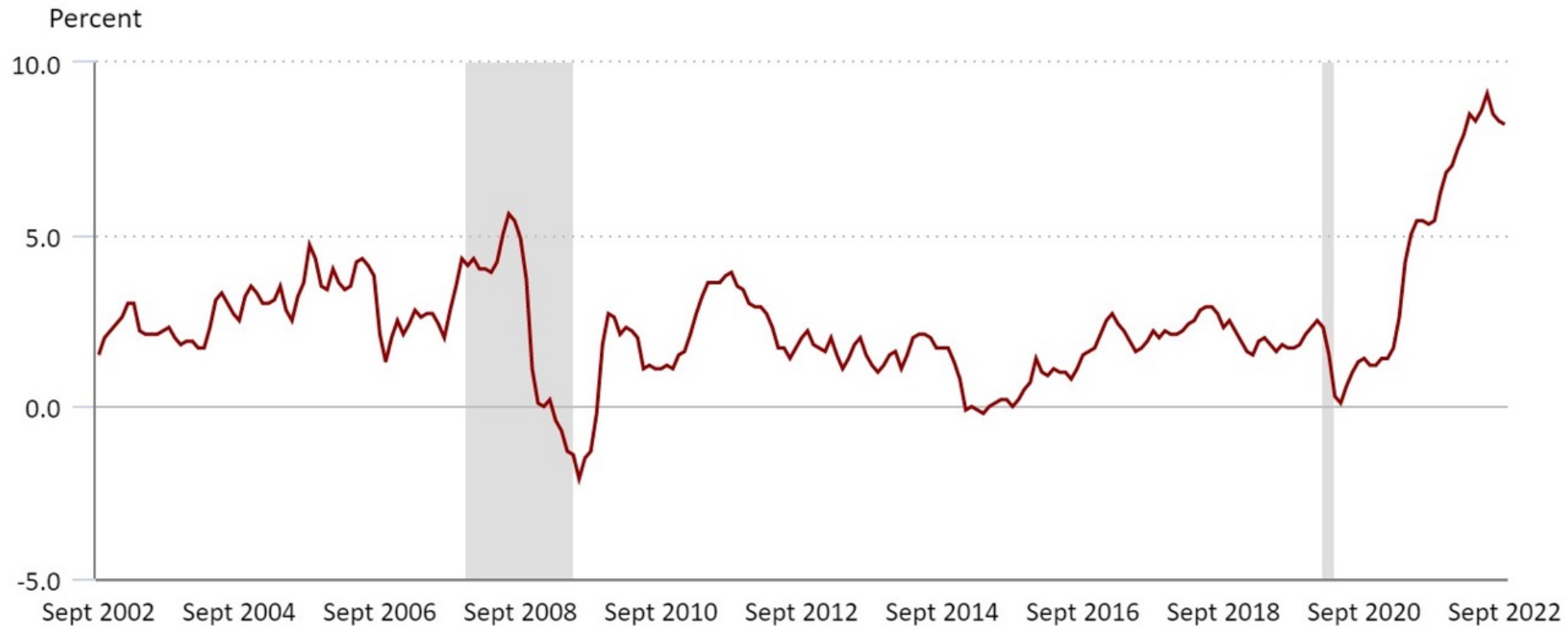
Director, OSU Income Tax Schools

Discussion Points

- ✓ Inflation
- ✓ Interest Rates
- ✓ Unemployment
- ✓ Select input costs
- ✓ Crop Budgets Outlook '23
- ✓ Rental Market Outlook

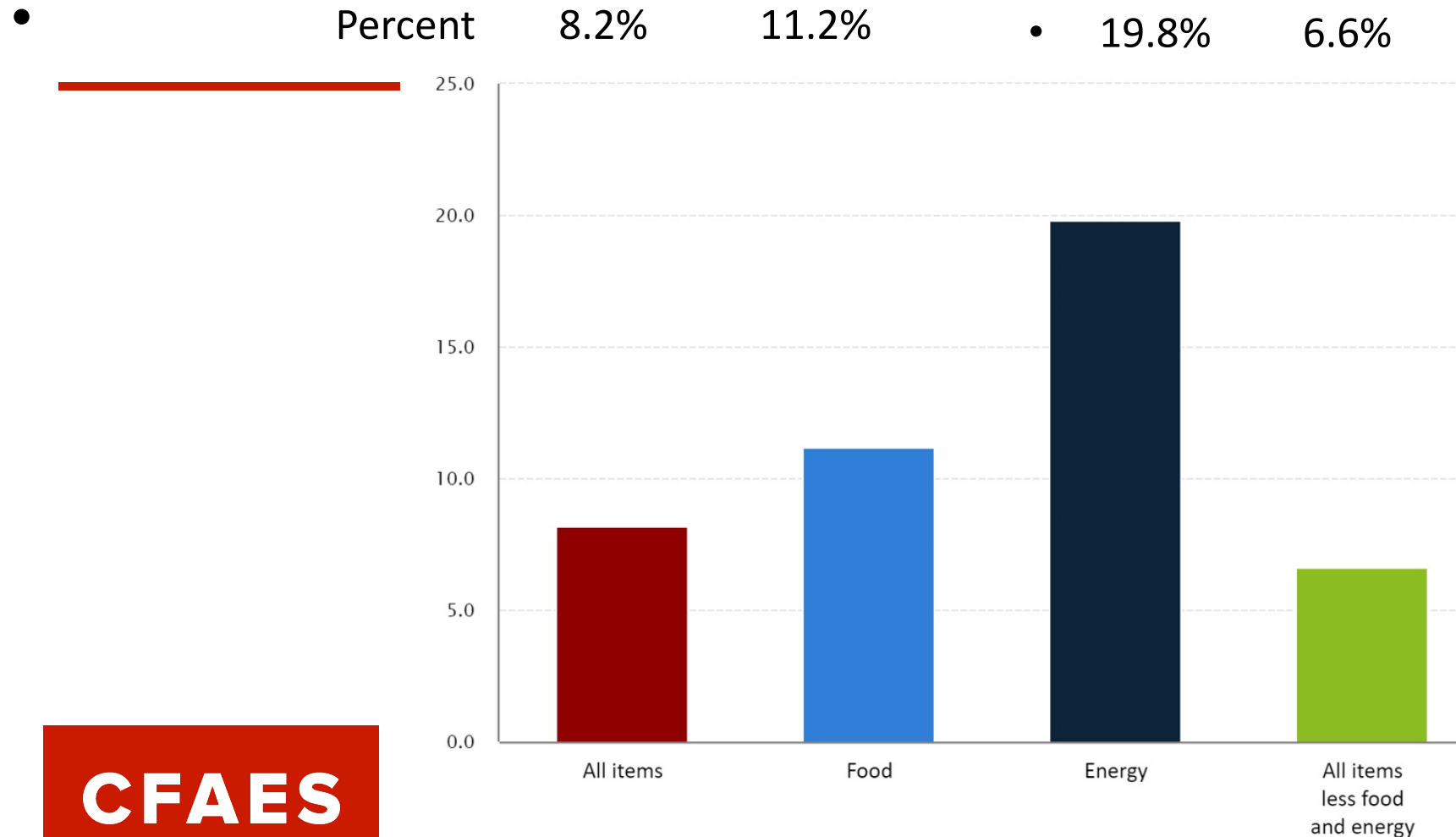


Inflation – Consumer Price Index (CPI)



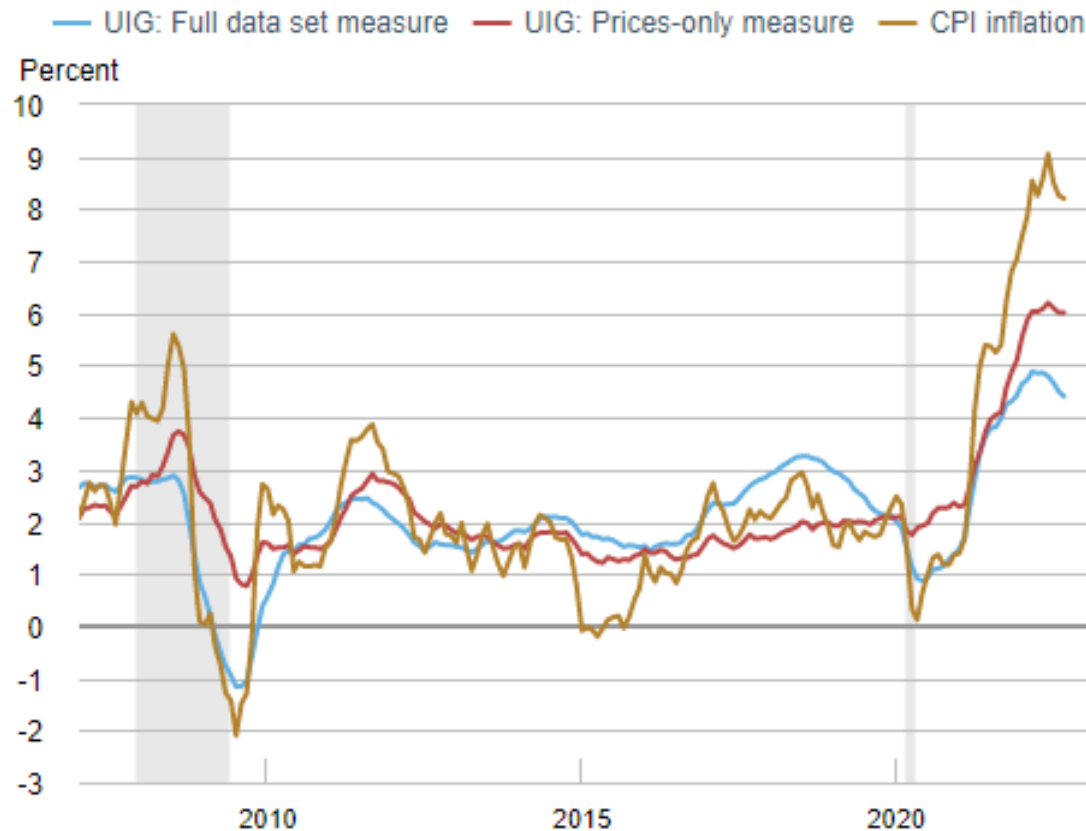
Inflation – Consumer Price Index (CPI)

December Source: U.S. Bureau of Labor Statistics



Inflation – Underlying Inflation Gauge (UIG)

Source: Federal Reserve Bank of New York



- “The Underlying Inflation Gauge (UIG)” is based on the premise that movements in trend inflation are accompanied by related changes in the trend behavior of other economic and financial series. Consequently, we examine a large data set to identify the common component of other economic and financial series and then focus on the persistent part of the common component.”

Federal Reserve Bank

- ✓ Raising Interest Rates 3.0 – 3.25%
- ✓ Unwinding/Shrinking Balance Sheet

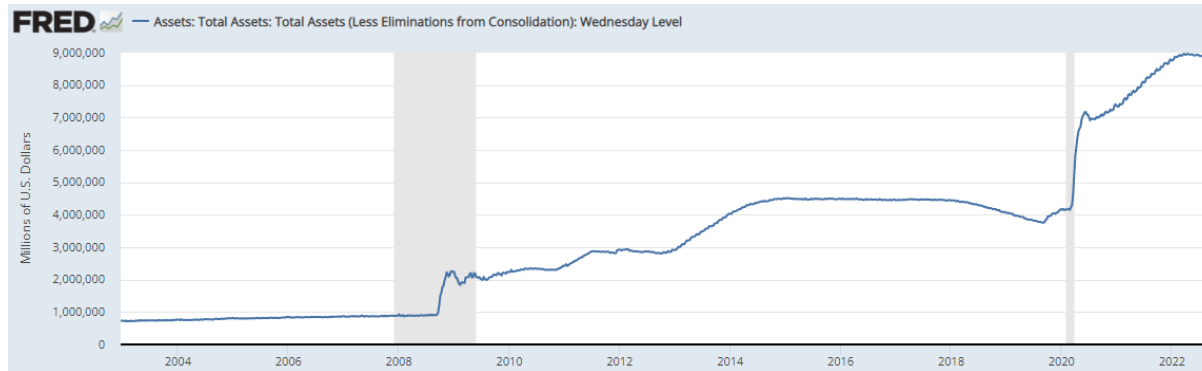
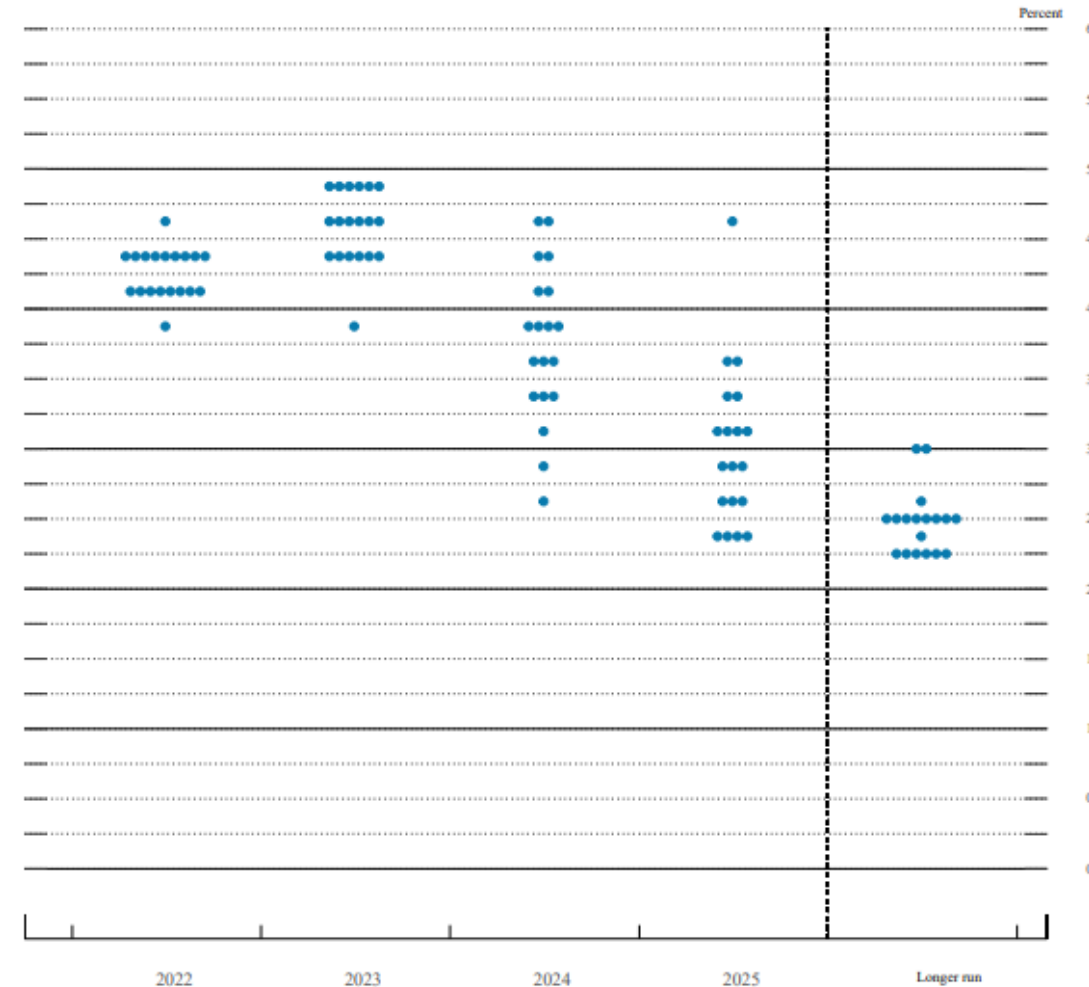
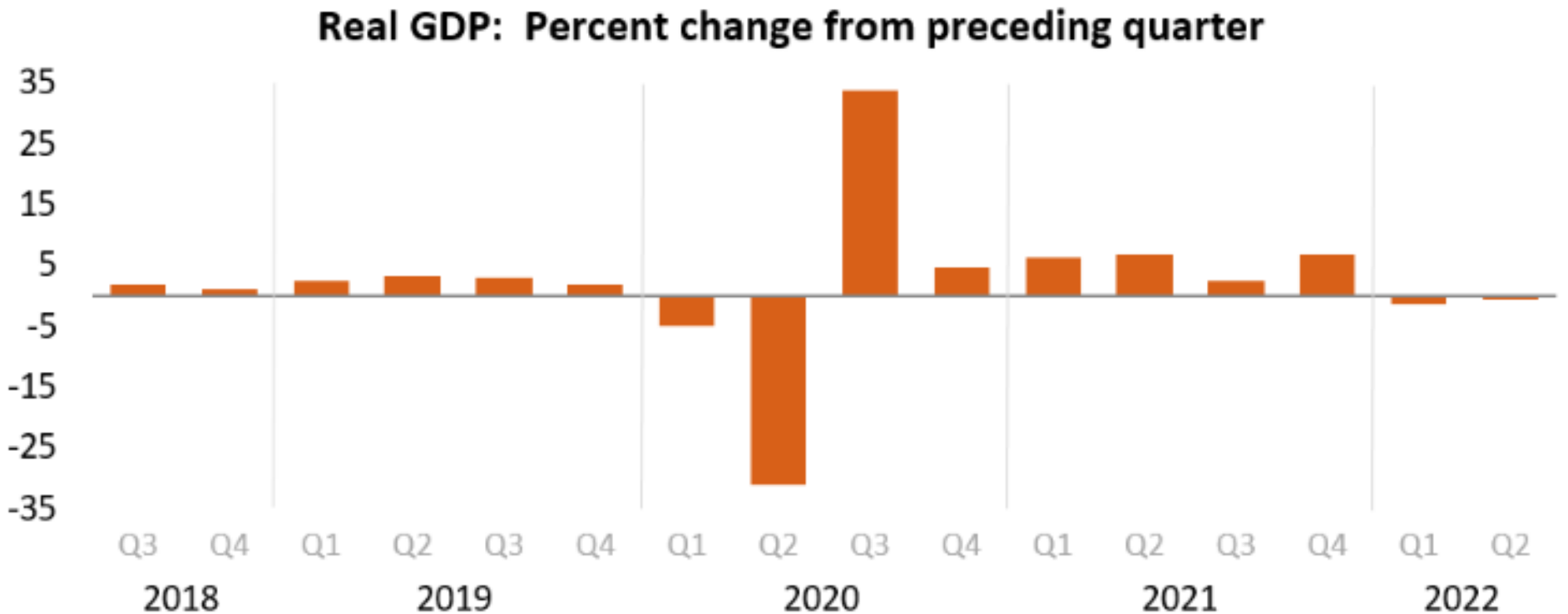


Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



Gross Domestic Product (GDP)

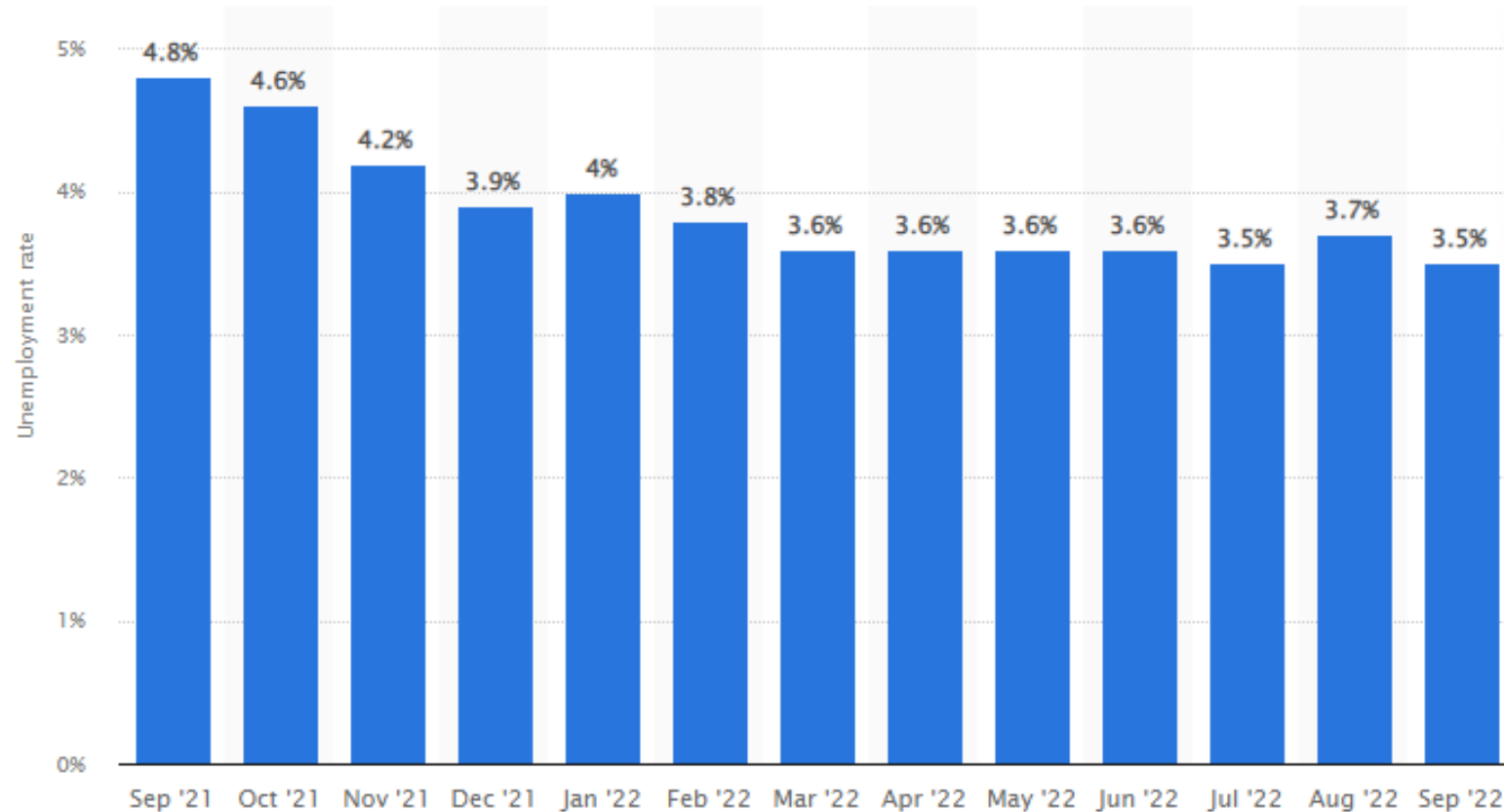


U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

Unemployment

U.S. Bureau of Labor Statistics



CFAES

Interest Rates – Employment

Source: U.S. Bureau of Labor Stats

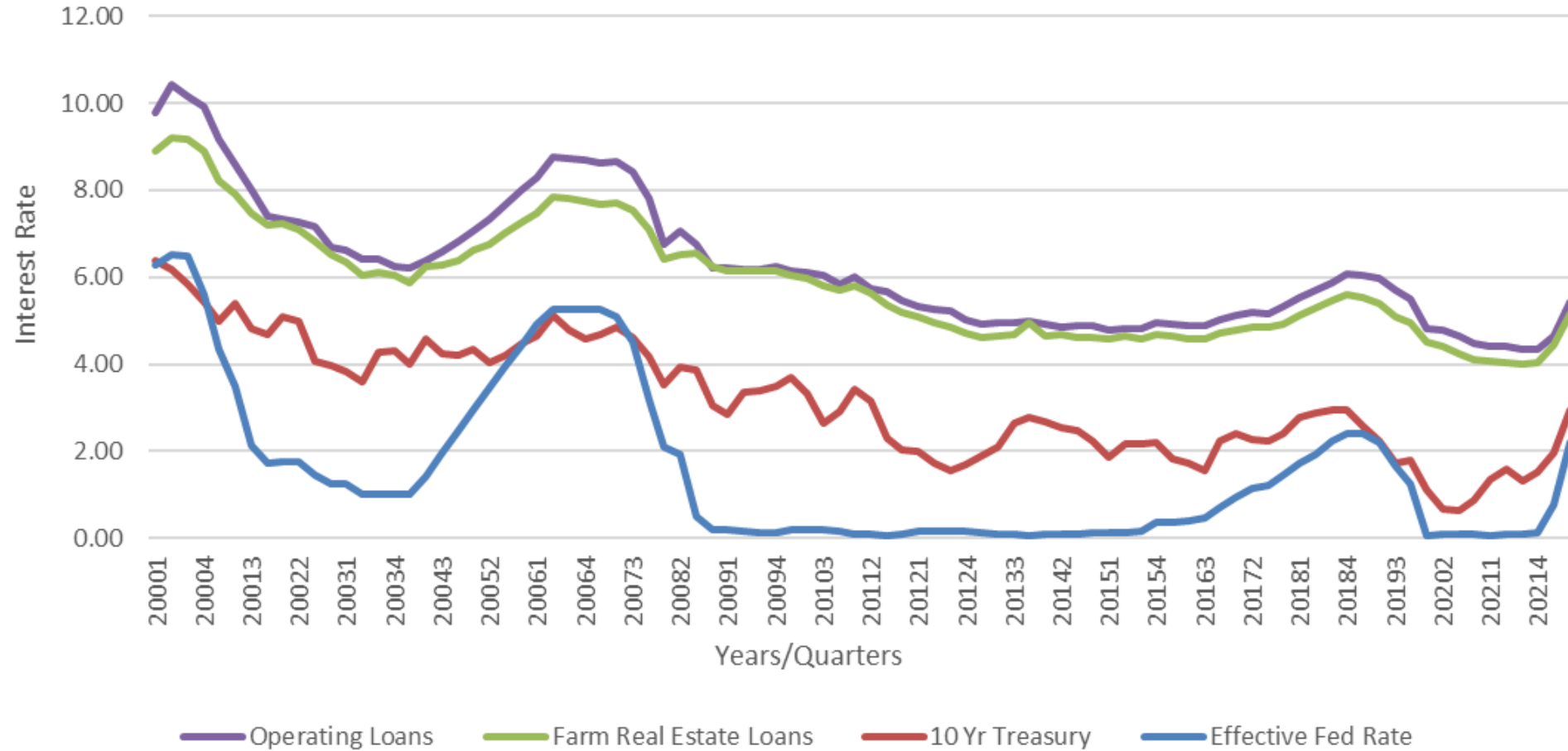
➤ Labor Force Participation Rate 62.3%





Interest Rate Trends

Federal Reserve Bank of Chicago - Seventh District Credit Conditions
Federal Reserve Economic Data - Federal Reserve Bank of St. Louis Yahoo
Finance



Credit Conditions Fed Seventh District Ag Banks

Credit Conditions Fed 7th District Ag Banks

		Operating Loans percent	Feeder Cattle percent	Real Estate percent
2021	Jan–Mar	4.42	4.58	4.08
	Apr–June	4.40	4.55	4.02
	July–Sept	4.34	4.51	4.01
	Oct–Dec	4.34	4.53	4.03
2021	Jan–Mar	4.64	4.74	4.44
	Apr–June	5.42	5.53	5.17

Credit Conditions Fed Seventh District Agricultural Banks

		Loan Demand Index	Funds Availability Index	Repayment Rates Index	Loan - Dep. Ratio percent
2021	Jan–Mar	79	162	146	69.7
	Apr–June	63	160	146	67.5
	July–Sept	78	161	143	68.8
	Oct–Dec	76	152	153	67.2
2022	Jan–Mar	83	148	159	65.0
	Apr–June	82	129	133	67.0

Input Costs and Budgets

Energy Information Administration

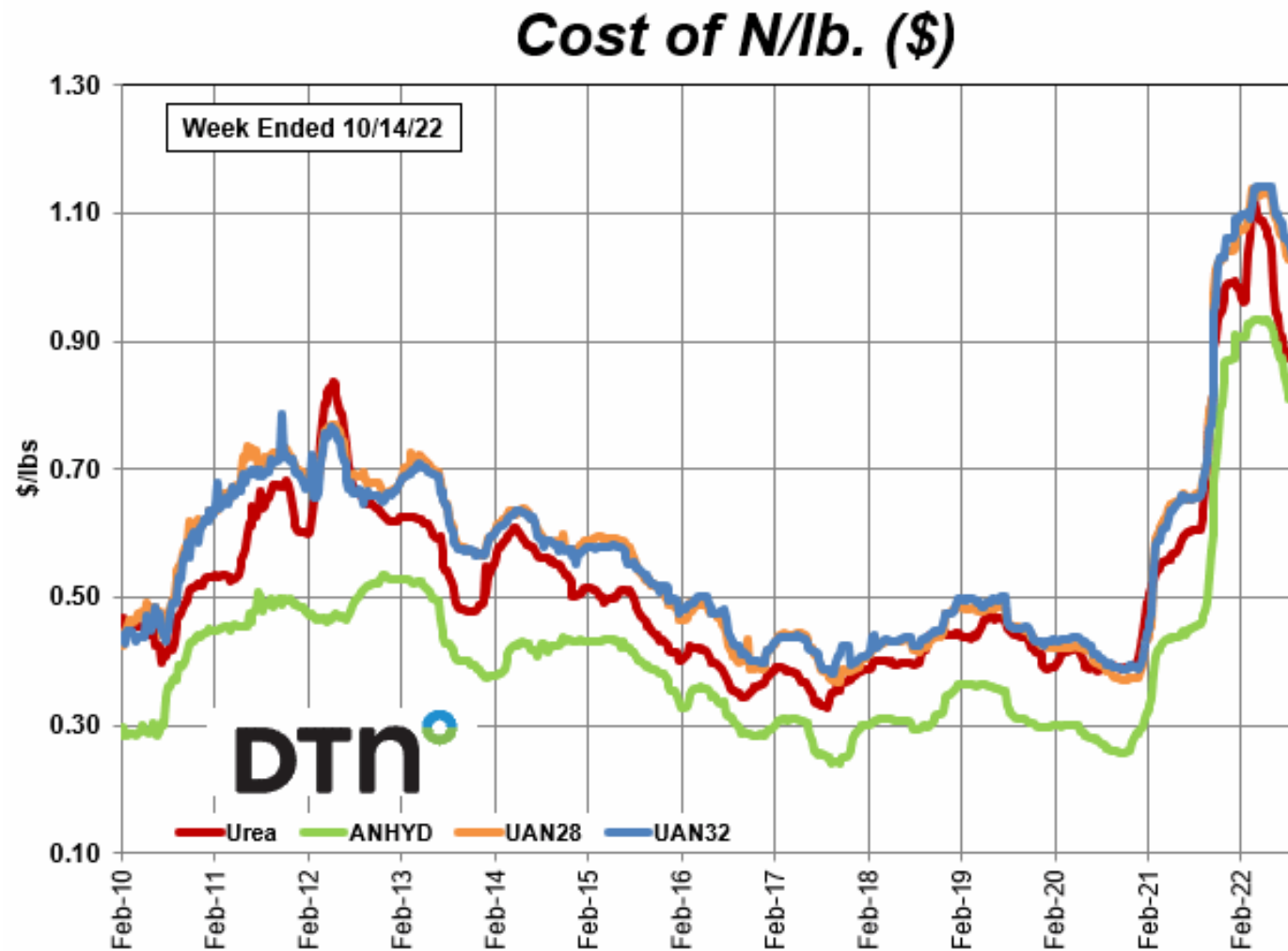
Short-Term Energy Outlook – Oct 22

EIA Oct 2022	2021	2022	2023	'21-'22	'21-'23
WTI Crude (\$/brl)	68.21	95.74	88.58	-10.5%	29.9%
Brent Crude (\$/brl)	70.89	102.09	94.58	-10.6%	33.4%
Gasoline (\$/gal)	3.02	4.03	3.57	-15.2%	18.2%
Diesel (\$/gal)	3.29	4.97	4.29	-20.7%	30.4%
Nat. Gas (\$/mcf)	12.21	15.14	15.60	3.8%	27.8%

Source: macrotrends

Cost of Nitrogen Per Pound

Source: DTN



Fertilizer - Supply/Demand Fundamentals

- ✓ Demand
 - ✓ High crop prices – strong domestic and global fertilizer demand
- ✓ Supply
 - ✓ Delayed and lengthier fertilizer plant “turnarounds” – labor shortages due to COVID pandemic
 - ✓ Shipping issues
 - ✓ Hurricane Ida, February '21 freeze in lower plains/Texas
 - ✓ High natural gas prices / availability issues in Europe

Natural Gas Price – U.S. and Europe



Data: Rystad Energy; Chart: Jacques Schrag/Axios



European Urea Production Shutdowns

Source: ADM

Recent shutdowns in urea production:

Country	Plant Name	Annual Urea Production Capacity ('000 mts)	Shutdown info
France	Borealis – Grandpuits	231	Shutdown announced August 24th. Shutdown initially announced for two months, until mid-late October.
Hungary	Nitrogenmuvek- Petfurdo	171	Indicated on August 24 th that plant is now offline.
Lithuania	Achema - Jonava	385	Indicated August 24 th that plant will be shutting down.
Poland	Grupa Azoty- Kedzierzyn	165	Reduced production operations to 43% of capacity.
Poland	Grupa Azoty – Pulawy	992	Production halted August 23 rd , citing high natural gas prices.

In addition to the above plants, several ammonium nitrate and feedstock ammonia production facilities have announced production cuts/shutdowns aswell. Among these are Achema's Jonava (Lithuania) facility and CF's Billingham (United Kingdom) facility.

Fertilizer Supply/Demand Fundamentals

- ✓ Trade
 - ✓ China slows phosphate and UAN fertilizer exports
 - ✓ Sanctions on Belarus - E.U. & U.S.
 - ✓ JSC Belaruskali declared “force majeure” indicating that it won’t be able to meet contracts
 - ✓ Russian invasion and ongoing war against Ukraine
 - ✓ Russian quotas on fertilizer restricts some exports
 - ✓ U.N. brokered deal allow Ukrainian & Russian grain and fertilizer to be shipped through Black Sea region
 - ✓ Countervailing duties – phosphate fertilizers
 - ✓ U.S. Dollar Strength

U.S. Dollar Index

Source: Trading Economics



Fertilizer Supply/Demand Fundamentals

✓ Trade

- ✓ *Countervailing Duty Case (Mosaic) - Countervailing duties on phosphate fertilizers from Russia and Morocco (U.S. International Trade Commission and Department of Commerce)*

Country	Exporter/Producer	Subsidy Rate
Morocco	OCP S.A.	19.97%
	All Other Producers/Exporters	19.97%

Country	Exporter/Producer	Subsidy Rates
Russia	Industrial Group Phosphorite LLC	47.05%
	Joint Stock Company Apatit	9.19%
	All Other Producers/Exporters	17.20%

Fertilizer Cost Management Strategies

- ✓ Develop enterprise budgets for all potential crops with current/potential fertilizer prices
- ✓ Soil test
 - ✓ Zone/grid sampling
 - ✓ Determine if P and K applications are needed
 - ✓ Are soil test levels in the “maintenance range”?
- ✓ Nitrogen rate adjustment – Corn Nitrogen Rate Calculator
 - ✓ <http://cnrc.agron.iastate.edu/>
- ✓ Evaluate all possible fertility sources and prices of options
 - ✓ Manures, sludges, non-traditionals, etc.
- ✓ Consider purchasing/building additional fertilizer storage
- ✓ Combine grain sales with fertilizer purchases

Ohio Crop Enterprise Budgets 2023

✓ Input Costs:

✓ Seed Cost: +5%

✓ Diesel Price \$4.50 / gallon

✓ Fertilizer Prices:

✓ NH₃ \$1,400/T

✓ 28% \$570/T

✓ MAP \$1,000/T

✓ Potash \$875/T

✓ Machinery & Equipment / Repairs: +20%

CORN BUDGET - 2023			
		Yield in bushels/acre	
Receipts		184	220
Corn Price	\$6.00 /bushel	\$1,102.20	\$1,322.64
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$115.60	\$122.83
Fertilizer+Soil Amendment		\$269.71	\$300.72
Chemicals (Crop Protection)		\$51.03	\$51.03
Fuel		\$29.70	\$29.70
Repairs		\$33.75	\$33.75
Crop Insurance		\$30.00	\$40.00
All Other		\$179.75	\$207.40
Total Variable Costs / Acre		\$709.53	\$785.97
Fixed Costs			
Labor and Management		\$95.61	\$106.63
Machinery Cost		\$93.20	\$93.20
Land Rent		\$228.00	\$283.00
Total Costs / Acre		\$1,147.52	\$1,289.98
Returns			
Return Above Total Costs		-\$45.32	\$32.66
Return Above Variable Costs		\$392.67	\$536.67
Return to Land		\$182.68	\$315.66

SOYBEAN BUDGET - 2023			
		Yield in bushels/acre	
Receipts		57	68
Soybean Price	\$13.10 /bushel	\$740.15	\$888.18
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$69.60	\$69.60
Fertilizer+Soil Amendment		\$97.09	\$115.26
Chemicals (Crop Protection)		\$78.07	\$78.07
Fuel		\$25.01	\$25.01
Repairs		\$28.78	\$28.78
Crop Insurance		\$24.00	\$29.00
All Other		\$47.73	\$55.00
Total Variable Costs / Acre		\$370.28	\$399.53
Fixed Costs			
Labor and Management		\$56.81	\$64.21
Machinery Cost		\$74.59	\$74.59
Land Rent		\$228.00	\$283.00
Total Costs / Acre		\$743.74	\$841.55
Returns			
Return to Total Costs		-\$3.59	\$52.79
Return to Variable Costs		\$369.87	\$488.65
Return to Land		\$224.41	\$335.79

WHEAT BUDGET - 2023			
		Yield in bushels/acre	
Receipts		74	89
Wheat Price	\$8.40 /bushel	\$621.60	\$745.92
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$47.88	\$47.88
Fertilizer+Soil Amendment		\$142.26	\$172.11
Chemicals (Crop Protection)		\$13.18	\$13.18
Fuel		\$18.00	\$18.00
Repairs		\$18.56	\$18.56
Crop Insurance		\$15.00	\$18.00
All Other		\$67.70	\$76.30
Total Variable Costs / Acre		\$322.58	\$364.03
Fixed Costs			
Labor and Management		\$55.38	\$61.60
Machinery Cost		\$43.16	\$43.16
Land Rent		\$228.00	\$283.00
Total Costs / Acre		\$662.11	\$764.77
Returns			
Return Above Total Costs		-\$40.51	-\$18.85
Return Above Variable Costs		\$299.02	\$381.89
Return to Land		\$187.49	\$264.15

Crop Enterprise Budgets 2023

	Corn	Soybeans	Wheat
Receipts	bu/A Price 184@\$6.00	57@\$13.10	74@\$8.40
Crop Revenue	\$1,102.20	\$740.15	\$621.60
ARC/PLC + Ad Hoc	\$0.00	\$0.00	\$0.00
Variable Costs	\$709.53	\$370.28	\$322.58
Returns			
Return to Variable Costs	\$382.67	\$369.87	\$299.02
Return to Land	\$182.68	\$224.41	\$187.49

New Ohio Legislation

- ✓ Ohio Senate Bill 246
 - ✓ State and Local Taxes (SALT) Deduction Cap Workaround for Pass-Through Entities (PTEs)
 - ✓ State (income) tax is paid by the PTE business and therefore the income that passes through to the individual owners from the business is lowered, reducing each owner's federal adjusted gross income ("FAGI") reported on their federal income tax return. This lowers the owner's federal tax liability without the owner having to deduct state and local taxes as an itemized deduction on their personal return.



CFAES



OSU Extension Income Tax Schools Farmer and Farmland Owner Income Tax Webinar

Are you a farmer or farmland owner wanting to learn more about the recent income tax law changes and proposals? If so, join OSU Extension Educators Barry Ward and David Marrison, along with Purdue faculty member, Dr. Michael Langemeier, as they discuss issues related to farmer and farmland owner tax returns, COVID-19 and Inflation Reduction Act related legislation, and other federal and state legislative proposals and tax changes that may affect the farm sector.

This two-hour program will be presented in a live webinar format via Zoom. Individuals who operate farms, own property, or are involved with renting farmland are encouraged to participate.

Registration cost: \$40

Topics Include:

- Farm Economy and Income in '22 and Outlook for '23
- Deferring Taxes (deferring income, prepaying expenses), Retirement Plan Contributions, Accelerating Depreciation, Bunching Itemized Deductions, Self-employment Tax Planning, and Maximizing Permanent Tax Benefits
- Depreciation, Bonus Depreciation, Section 179, What is "Placed in Service"?
- Income Averaging
- Employee Retention Credit
- Inflation Reduction Act (IRA) Tax Credits
- State Tax Updates – Ohio and Indiana



THE OHIO STATE
UNIVERSITY
EXTENSION

DATE:
November 17, 2022

TIME:
6:30 p.m.–8:30 p.m.

go.osu.edu/taxschools

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College of Food, Agricultural,
and Environmental Sciences

The background is a dark, rustic wooden surface. It is decorated with various autumn-themed items: several pumpkins (one large orange one at the top, one large green and orange striped one at the bottom left, and a smaller orange one at the bottom right), scattered yellow and orange leaves, red berries, and pinecones. The text is centered in a clean, white, sans-serif font.

Thanks for joining us
for this webinar

Next Webinar
November 18, 2022
10:00 to 11:30 a.m.