

New Legislation Related to CAUV

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- House Bill 187
- Senate Bill 153
- Both seek to make temporary adjustments to CAUV for farmland.
- Will impact farmland that undergo reappraisal or triennial updates in 2023, 2024, or 2025.

New Ohio Legislation Related to CAUV

- Does not alter CAUV formula
- Takes the average CAUV for the year the CAUV is updated and the CAUV the land would have had if it were in a county that had reappraisals or updates in the two previous years.
- **EXAMPLE:** *Consider a farm located in a county that undergoes a reappraisal in 2023. If the formula were applied for that year, the farm's CAUV would be \$200 per acre. However, if the farm had been reappraised in 2022, its value would have been \$190 per acre, and if it had been reappraised in 2021, its value would have been \$180 per acre. Under the bill, the farm's reappraisal value will be \$190 per acre (the average of \$180, \$190, and \$200).*

New Ohio Legislation Related to CAUV

- Hypothetical Values:
 - With averaging (2023, 2022, and 2021) = \$1,067
 - Without averaging = \$1,443
- Only temporary; sunsets in 2026.
 - There is some opposition by Ohio Auditors; this is the same language that was included in the biennial budget, before it was vetoed by Governor DeWine.

Commercial Activity Tax Update

Commercial Activity Tax Update

- New laws relating to Commercial Activity Tax (“CAT”) were passed in the biennial budget.
- For taxable gross receipts earned in 2023:
 - Everything remains the same as it has been

Commercial Activity Tax Update

- For taxable gross receipts earned in 2024:
 - Businesses may exclude the first \$3,000,000 of taxable gross receipts.
- For taxable gross receipts earned in 2025 and beyond:
 - Business may exclude the first \$6,000,000 of taxable gross receipts.
- Annual Minimum Tax Eliminated
- All taxpayers will be required to file quarterly; Calendar year filing eliminated.

Ohio Beginning Farmer Tax Credit

Ohio Beginning Farmer Tax Credit

- Tax credit to "Beginning Farmer"
 - Tax credit = cost of participating in an approved financial management program.
- Tax credit to asset owner who sells/leases to "Beginning Farmer."
 - Tax credit = 3.99% of agricultural asset value

Ohio Beginning Farmer Tax Credit

- Approved financial management courses
 - “Farm On” – The Ohio State University
 - <https://go.osu.edu/farmon>
 - Beginner and Small Farm Financial College – The Ohio State University
 - Some Ohio State University courses
 - AEDE 3104 – Farm Business Management – Barry Ward
 - ATI – Principles of Farm Business Management – Royce Thornton
 - *Others listed on ODA website*
 - <https://agri.ohio.gov/programs/farmland-preservation-office/Beginning-Farmer-Tax-Credit-Program/Beginning-Farmer-Tax-Credit>
- How to apply for the tax credit?
 - A Beginning Farmer or Asset Owner should submit a **complete application** (found on ODA website – see *above*) along with required attachments to ODA at BeginningFarmer@agri.ohio.gov.



Application Ohio Beginning Farmer Tax Credit Program

The data on the form will be used to certify your status as a beginning farmer. You are not legally required to provide all of the information on this form, but the Ohio Department of Agriculture will only certify beginning farmers who provide all of the requested information. The information will be shared with the Ohio Department of Taxation to validate your tax credit.

A Beginning Farmer Information

Name:

Address:

City:

State:

Zip:

Phone:

Email:

County:

Do you meet the following requirements? Please check (Yes) or (No) Boxes. Please provide documents that support qualifications including business plans, projected earnings statements, etc.)	Yes	No
I am an Ohio resident.	<input type="checkbox"/>	<input type="checkbox"/>
I have less than 10 years experience as a farm owner/operator.	<input type="checkbox"/>	<input type="checkbox"/>
I will farm land located within Ohio.	<input type="checkbox"/>	<input type="checkbox"/>
I will provide the majority of the daily physical labor and management.	<input type="checkbox"/>	<input type="checkbox"/>
My household net worth is less than \$800,000.* (Includes assets and liabilities of individual's spouse and dependents.)	<input type="checkbox"/>	<input type="checkbox"/>
I have farming experience.	<input type="checkbox"/>	<input type="checkbox"/>
I have completed a Farm Financial Management program.	<input type="checkbox"/>	<input type="checkbox"/>
I expect my farming enterprise to be profitable and to be a significant source of income.	<input type="checkbox"/>	<input type="checkbox"/>

*Net worth should be less than \$800,000 in 2021 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the consumer price index (all items) prepared by the United States bureau of labor statistics.

B Past Experience (Required by all applicants. Continue on separate page if necessary.)

Experience: List all farm/livestock experience, related hobbies, affiliation with clubs/organizations, growing up on a farm, etc.

Experience	Job Duties	Length of Time	Date



Application Ohio Beginning Farmer Asset Transfer Tax Credit Form

New Application

Recertification of a Previous Year's Multi-Year Lease Application

A Beginning Farmer Information (Note: Applicant name must match purchaser/renter on the lease)

Name:

Address:

City:

State:

Zip:

Phone:

Email:

County:

Please provide a copy of your Certified Beginning Farmer designation.

B Transferring Farmer Information (Note: Applicant name must match purchaser/renter on the lease)

Name:

Address:

City:

State:

Zip:

Phone:

Email:

County:

C Agricultural Assets Information

Name of all owner(s)/landlords of the agricultural assets:

Please provide proof of sale of assets, executed copy of a rental agreement or a rent share agreement.

Tax Law Interpretation in Ohio

Stingray Pressure Pumping L.L.C. v. Harris

- **Issue:** When should Ohio's Sales Tax Exemption for equipment used in oil and gas production apply?
- **Facts:**
 - *Stingray* was charged Ohio Sales Tax on:
 - A data van
 - Blenders
 - Sand kinds
 - T-belts
 - Hydration units
 - Chemical-additive units

Stingray Pressure Pumping L.L.C. v. Harris

- **Facts:**

- Tax Commissioner concluded the fracking equipment was not used directly in the extraction of oil and gas, only indirectly, and therefore did not qualify for the sales tax exemption.
- *Stringray* appealed Tax Commissioner's opinion.

- **Conclusion:**

- All the equipment, except the data van, is used in unison to expose the oil and gas, and therefore used directly in the production of oil and gas.

Stingray Pressure Pumping L.L.C. v. Harris

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Stingray Pressure Pumping L.L.C. v. Harris

- The Court broke from *Stare Decisis*
- The Court issued an opinion on how Ohio courts should interpret tax law moving forward
 - Court recognized that in the past Ohio courts interpreted tax exemptions against the taxpayer, favoring tax collection.

Stingray Pressure Pumping L.L.C. v. Harris

- **Now . . .**
 - Ohio courts “**will** apply the same rules of construction to tax statutes that [applies] to all other statutes” without a slant toward one side or the other.
 - The Court concluded that its task “is not to make tax policy but to provide a fair reading of what the legislature has enacted: one that is based on the plain language of the [law].”

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Stingray Pressure Pumping L.L.C. v. Harris

- Read the Ohio's Supreme Court Opinion:
<https://www.supremecourt.ohio.gov/rod/docs/pdf/0/2023/2023-Ohio-2598.pdf>

New Mediation Clinic and Upcoming Programs

Ohio Farm Resolution Services (“OFRS”)

- Goal: “Cultivate solutions to the conflicts that impact Ohio’s farms and farm families.”
- Three-pronged approach:
 - (1) Education Resources
 - (2) Consultation and informal resolution services
 - (3) Formal Mediation
 - Primary consultants/mediators: Peggy Hall, David Marrison, Jeff Lewis, and Robert Moore.

Ohio Farm Resolution Services (“OFRS”)

- Issues OFRS can help with:
 - Family communication
 - Farm transition planning
 - Business entities
 - Business practices
 - Land Use
 - Property issues/neighbor issues
 - Zoning
 - Farm leases
 - Energy leases
 - Farm labor issues
 - Farmland drainage
 - Crops/agronomy/soils disputes
 - USDA administrative appeals
 - ODA administrative appeals
 - Farm lender/creditor negotiations

Formal mediation to begin in 2024!

<https://farmoffice.osu.edu/ofrs>

Cultivating Connections

- New nationwide network of farm transition planners.
- Partnership with Iowa State University (LGUTEF Partner)
- Next conference:
 - **When: August 5-6, 2024**
 - **Where: Cincinnati, Ohio (Online Option Available)**

Farm Office Live!

Upcoming Schedule:

- September 21
- October 20
- November 17
- December 15
- January 19
- February 16
- March 15
- April 19

**10:00 –
11:30 AM**



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