

June 24, 2013

To: Members of the Ohio General Assembly

The agricultural industry appreciates the work Governor Kasich and the General Assembly have put into the budget process this year. There are many positives in the budget for agriculture especially in the areas of agricultural education, workforce development and water quality improvement.

While we can appreciate the efforts of lawmakers and the governor to pass comprehensive tax reform in Ohio, we have concerns with the tax proposal that was unveiled late last week. With little time to analyze how the proposal's various provisions will interact to impact farms across the state, we feel more time is needed to fully vet the package.

First, an area of real concern is the repeal of the property tax rollback. The current tax structure allows for a 10 percent rollback for agricultural property and other non-business property as well as a 2.5 percent rollback for the value of a home occupied by the owner. Land ownership is a costly yet necessary component of a farmer's ability to produce the feed, food and fiber our nation relies upon. Removing the rollback would place a disproportionate burden on those farmers whose very livelihood depends on owning acreage.

The reduction of the Commercial Activity Tax (CAT) from the \$1,000,000 threshold to \$500,000 will ensnare farms falling within that window, causing them to pay an "additional new" tax. Without further time for discussion and review, it is unclear what effect the proposal's personal and business income tax reductions will have in offsetting this increase as well as the potential property tax increase. However, initial estimates suggest any savings may fall well short.

To put it in perspective, based on average yield and current market prices, production of 790 acres of soybeans and just 520 acres of corn will now be captured under the new CAT provisions. This new burden falls directly to the family farm that is contributing to our economy and Ohio's growth.

We encourage the legislature to continue its work to enhance Ohio's standing as a great place to do business by pursuing comprehensive tax reform. However, as Ohio's leading industry, we urge you to consider the impact of this package on Ohio's agricultural community.

Sincerely,

Ohio's agriculture community

