

SENATE WAYS & MEANS COMMITTEE
HB 59- TAX REFORM PROPOSAL
OHIO FARM BUREAU
TONY SEEGER, DIRECTOR OF STATE POLICY
June 24, 2013

Thank you Chairman Schaffer, Vice Chair Peterson, ranking member Tavares, and members of the Senate Ways & Means Committee for this opportunity to share Ohio Farm Bureau Federation's (OFBF or Farm Bureau) written testimony regarding the proposed tax reform package.

OFBF appreciates the work of the Governor, the House and the Senate on the budget and their efforts in crafting a comprehensive tax reform proposal. Making Ohio a more competitive and better place to live and work are goals we all share. The tax plan before you today has several positives. For instance, Ohio farmers will benefit from the personal income tax reduction. In addition, some farmers may see significant benefit from the business deduction if they are organized as a pass-through entity, such as a partnership, S corporation or limited liability company.

While OFBF fully supports the efforts for a comprehensive review of tax policy in Ohio, we do hold reservations about the process in which this proposal was developed. Such a change, that will have a very real impact on property owners across the state, is too important to rush through during the waning days of budget consideration. Instead, Farm Bureau would welcome more time to vet such important policy changes and to fully weigh their impact on our members.

Since such needed time may not be a possibility, OFBF appreciates the opportunity to share two very serious concerns about the proposed tax package with you. Under the proposal, many farming families in Ohio could face two new significant tax increases and in part will shoulder the burden to the benefit of others.

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.

Second, OFBF is concerned that 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.

Mr. Chairman, members of the committee, thank you again for Farm Bureau's opportunity to submit input on the tax plan that is before you.