

# ag week



February 15-19, 2021

OHIO FARM BUREAU FEDERATION

## INCENTIVES FOR BEGINNING FARMERS

### Overview

The average age of the U.S. farmer is currently 58. Recognizing the need to help the next generation of farmers get started in a very capital intensive industry, states like Iowa and Minnesota have looked to tax credits and other programs to offer incentives for beginning farmers. House Bill 95 creates the Ohio Beginning Farmer Tax Credit program and is a priority issue for Ohio Farm Bureau. It will help the next generation enter agriculture by removing some of the existing barriers to entry and exit.

Under HB 95, established landowners and ag producers can receive a state income tax credit when they sell or rent land or agricultural assets like machinery, building facilities or livestock to a beginning farmer. The credit is equivalent to 5% of the sale price, 10% of the cash rent or 15% for a cash share deal. Beginning farmers can also receive a tax credit up to \$1,500 for taking a qualified financial management course, but do not receive tax credits for buying land or other farm-related items.

A beginning farmer is defined as:

- Intends to farm in Ohio, or has been farming in Ohio for less than 10 years.
- Has a household net worth of less than \$800,000. This limit applies to 2021 and will be adjusted for inflation in future years.
- Provides the majority of the day-to-day labor and management of the farm.
- Has adequate farming experience or demonstrates adequate knowledge about farming.
- Submits projected earnings statements and demonstrates a profit potential.

- Demonstrates that farming will be a significant source of the individual's income.
- Participates in a financial management program approved by the Department of Agriculture.
- Meets additional requirements set by the Department of Agriculture.

### Message to Legislators

- Pass HB 95 now.
- Share a personal story on how a program like this would be a helpful program for your family and the challenges of getting into farming.
- If not a beginning farmer, are you looking to transition and would use this program to help rent, transfer your land or sell your equipment to a beginning farmer? If so, share your story.

### Relevant Ohio Farm Bureau Beginning Farmer Policy:

#### We support:

- Incentive programs for both beginning farmers and those farmers leaving the industry. These programs could include but are not limited to tax incentives for persons who sell or lease land, facilities, machinery, livestock or other assets to beginning farmers.
- Policies, programs and educational efforts that encourage succession planning by farm families and assist those farms with transitioning to the next generation.
- Mentoring programs that link beginning farmers to experienced or retiring farmers to support the transition of knowledge skills, land and assets from one group to the next.

