

# Ohio Senate approves bill to cut farm taxes

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By Mark Kovac GateHouse Media Ohio

COLUMBUS — Ohio lawmakers took steps Wednesday to lower property taxes for farmers.

The Ohio Senate approved legislation to address the issue about a week after the Ohio House added language to the biennial state budget bill.

The measures are similar, and the Ohio Farm Bureau Federation and other agricultural groups are supportive of both. Senate Bill 36 passed the Ohio Senate on a unanimous vote and heads to the Ohio House for further consideration.

Whether that bill or the House-passed budget amendment is the ultimate vehicle remains to be seen. Senate President Larry Obhof, R-Medina, said he expects the changes to pass one way or the other.

“Both chambers agree that something needs to happen to provide relief to our farmers across the state,” he said. “I think we all recognize that doubling the cost of your taxes every three years ... is not an acceptable outcome.”

Though the Senate vote was unanimous, Sen. Joe Schiavoni, D-Boardman, voiced concern about the impact of the legislation on school budgets. An analysis by the state’s Legislative Service Commission noted possible losses of up to \$20 million annually

after fiscal 2019 for districts and other local governments because of lower tax values on farmland.

“There’s no doubt that (an adjustment) is necessary,” Schiavoni said. “But to put some of the burden on the school districts, I think it may be the straw that broke the camel’s back in some school districts.”

SB 36 focuses on the way the state taxes farmland, through a calculation of “current agricultural use value” (often called CAUV) that takes into account farm income, soil types, seed and fertilizer and other production costs, mortgage rates and other factors.

The system was set up in the early 1970s as a way to keep property taxes on agricultural acreage lower than on developable parcels — that is, taxed for their agricultural value rather than the fair market value. The result, backers say, is that farmers are more likely to continue to farm their land rather than develop it for residential, commercial or other uses.

But over the past six to 10 years, farmers’ tax bills have doubled or tripled, thanks to a combination of lower interest rates and other factors that have skewed the CAUV formula, said Sen. Bob Peterson, R-Sabina, who is a farmer.

“Farms across the state, every three years their taxes have doubled,” he said. “If you were paying \$10,000 nine years ago, six years ago you paid \$20,000 ... three years ago, you paid \$40,000 ... These numbers get real big, real fast.”

Sen. Cliff Hite, R-Findlay, primary sponsor of the Senate legislation, said the resulting tax bills have been unmanageable.

“What we’re trying to do is help farmers manage that tax situation,” he said. “It’s about relief ... and it’s important that we give people that are involved in our No. 1 industry in the state of

Ohio that type of relief. ... Supporting this legislation ensures that the formula sticks to valuing farmland based on ag production.”

SB 36 would address the issue by tweaking the CAUV formula to make it more accurate. Additionally, the bill would ensure that farmland set aside for conservation is taxed at a lower rate than fields being used for row crops.

“I think it’s very fair,” Peterson said. “I think the agricultural community, they believe that the CAUV land rates have been skewed higher because of the equity rate that was ... used. This fixes that. This makes it an accurate formula and a fair tax policy.”

Peterson said the legislation moved by the Senate on Wednesday is similar to the House amendment OK’d earlier this month, though SB 36 phases the changes in over three years, versus six years in the budget, among other differences.

As for what happens next, Obhof said, the changes would fit “in the budget pretty well because there are so many other tax- and spending-related provisions in there. As a standalone bill, it’s fine, but it fits much more naturally in the budget than a lot of other things do.”