



Ohio Revised Code

Section 901.61 Beginning farmer tax credit certifications.

Effective: July 18, 2022

Legislation: House Bill 95 - 134th General Assembly

(A) As used in this section:

(1) "Agricultural asset" means agricultural land, livestock, facilities, buildings, and machinery used for agricultural production in this state.

(2) "Agricultural land" means land that is composed of tracts, lots, or parcels totaling not less than ten acres devoted to agricultural production or totaling less than ten acres devoted to agricultural production if the land produces an average yearly gross income of at least two thousand five hundred dollars from agricultural production.

(3) "Agricultural production" has the same meaning as in section 929.01 of the Revised Code.

(4) "Beginning farmer" means an individual who has been certified as a beginning farmer by the director of agriculture or a participating land grant college under division (B) of this section or who has received a substantially equivalent certification from the United States department of agriculture. "Beginning farmer" does not include an individual who has previously been certified as a beginning farmer but no longer meets the criteria for certification.

(5) "Owner of agricultural assets" means a person that is the owner in fee of agricultural land or that has legal title to any other agricultural asset. An "owner of agricultural assets" does not include an equipment dealer or comparable entity engaged in the business of selling agricultural assets for profit.

(6) "Share rent agreement" means a rental agreement in which the principal consideration given to the owner of agricultural assets is a predetermined portion of the production of the agricultural products produced from the rented agricultural assets and which provides for sharing production costs or risk of loss.

(7) "Participating land grant college" or "college" means a state university, as defined in section 3345.011 of the Revised Code, that is designated a land grant college under the federal "Morrill Act of 1862," 7 U.S.C. 301 et seq., or the "Agricultural College Act of 1890," 7 U.S.C. 321 et seq., and that elects to participate in certifying individuals as beginning farmers under this section.



(B) For the purposes of the tax credit authorized in division (A) of section 5747.77 of the Revised Code, the director of agriculture and participating land grant colleges shall certify individuals as beginning farmers. An individual may apply to the director or college for certification, and the director or college shall provide the certification if the director or college determines that the individual meets all of the requirements of this division. The certification is valid until the individual no longer meets all of the requirements of this division. To qualify, the individual must be a resident of this state and:

- (1) Be seeking entry, or have entered within the last ten years, into farming;
- (2) Farm, or intend to farm, land in this state;
- (3) Not be a partner, member, shareholder, or trustee of the owner of the agricultural assets the individual is seeking to purchase or rent.
- (4) Have a total net worth, including the assets and liabilities of the individual's spouse and dependents, of less than eight hundred thousand dollars 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.
- (5) Provide the majority of the day-to-day physical labor for and management of the farm;
- (6) Have adequate farming experience or demonstrate knowledge in the type of farming for which the individual seeks assistance;
- (7) Submit projected earnings statements and demonstrate a profit potential;
- (8) Demonstrate that farming will be a significant source of income for the individual;
- (9) Participate in a financial management program approved under division (C) of this section;
- (10) Meet any other requirements prescribed by the director.

(C) For the purposes of the tax credit authorized in division (B) of section 5747.77 of the Revised Code, the director of agriculture, in consultation with the participating land grant colleges, shall certify financial management programs that would qualify a beginning farmer for the credit authorized under that division. The director and colleges shall establish a procedure for certifying such programs and shall maintain a list of certified programs on the web site of the department of agriculture.

(D)(1) The owner of agricultural assets who sells agricultural assets to a beginning farmer during the calendar year or who rents agricultural assets to a beginning farmer during the calendar year or in either of the two preceding calendar years may apply to the director of



agriculture, on forms prescribed by the director, for a tax credit under division (A) of section 5747.77 of the Revised Code, provided, in the case of a rental, the asset is rented at prevailing community rates, as determined under the rules adopted under division (G) of this section. The application shall identify or include all of the following:

- (a) The name of the beginning farmer;
- (b) The date the sale was made or the date the lease was entered into;
- (c) If applying for the credit on the basis of the sale of an agricultural asset, the sale price of the asset;
- (d) If applying for the credit on the basis of renting an agricultural asset:
 - (i) The duration of the lease;
 - (ii) Proof that the asset is rented at prevailing community rates;
 - (iii) The amount, in cash equivalent, of the gross rental income received during the taxable year for which the credit is sought;
 - (iv) Whether the asset is rented pursuant to a share rent agreement.

(2) The director shall approve an application received under this section if the director determines that the applicant is eligible for the credit and if awarding the credit would not cause the limit described in division (F) of this section to be exceeded. The director shall issue a tax credit certificate to an approved applicant listing the amount of the credit the applicant is authorized to claim under division (A) of section 5747.77 of the Revised Code, which shall equal three and ninety-nine one-hundredths per cent of one of the following:

- (a) The sale price of the agricultural asset;
- (b) The gross rental income received during the calendar year pursuant to a rental agreement, provided the agreement was entered into on or after the first day of the second preceding calendar year;
- (c) The gross rental income received during the taxable year pursuant to a share rent agreement, provided the agreement was entered into on or after the first day of the second preceding calendar year.

(E) A beginning farmer may apply to the director of agriculture, on forms prescribed by the director, for a tax credit under division (B) of section 5747.77 of the Revised Code equal to the cost the individual incurred during the calendar year for participating in a financial management program approved under division (C) of this section or a substantially equivalent financial management program approved by the United States department of agriculture. The application shall include all of the following:



- (1) The name and address of the financial management program;
- (2) The costs the individual incurs for participating in that program;
- (3) The date or dates the individual participated in that program.

The director shall approve an application received under this section if the director determines that the applicant is eligible for the credit and if awarding the credit would not cause the limit described in division (F) of this section to be exceeded. The director shall issue a tax credit certificate to an approved applicant listing the amount of the credit the applicant is authorized to claim under division (B) of section 5747.77 of the Revised Code.

(F) The director may not issue more than ten million dollars in tax credit certificates under divisions (D) and (E) of this section. The director may not issue tax credit certificates under this section on or after the first day of January of the sixth calendar year beginning after the effective date of this section.

(G) The director of agriculture, in consultation with the tax commissioner, may adopt any rules necessary to administer this section, including a rule prescribing the method for determining prevailing community rental rates.
