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## Substitute Bill Comparative Synopsis

### Sub. H.B. 183

### 133<sup>rd</sup> General Assembly

House Agriculture and Rural Development

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H.B. 183 authorizes nonrefundable income tax credits for “beginning farmers” who attend a financial management program and for individuals or businesses that sell or rent farmland, livestock, buildings, or equipment – referred to by the bill as “agricultural assets” – to beginning farmers. A beginning farmer is an individual who intends to farm in Ohio or has been farming in the state for less than ten years, and who meets other eligibility criteria prescribed by the bill.<sup>1</sup> The credit for beginning farmers equals the cost of attending the financial management program. The credit for individuals and businesses that convey agricultural assets to beginning farmers equals 5% of the sale price, 10% of the gross rental income, or 15% of the gross rental income received through a share-rent agreement, whichever is applicable.

This table summarizes how the latest substitute version of the bill differs from the Introduced version. It addresses only the topics on which the two versions differ substantively. It does not list topics on which the two bills are substantively the same.

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<sup>1</sup> Please see the [ORD analysis of H.B. 183 \(As Introduced\)](#) for a comprehensive list of those criteria.

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Previous Version (As Introduced)	Latest Version (I_133_1059-2)
<b>Cap and sunset</b>	
No credit cap.	Limits the total amount of tax credits issued under the bill to \$10 million. This is an overall cap, not an annual cap. <i>(R.C. 901.61(F).)</i>
No sunset date.	No tax credit certificates are authorized after 2025. <i>(R.C. 901.61(F).)</i>
<b>Certification of beginning farmers</b>	
Only the Director of Agriculture may certify individuals as beginning farmers and designate which financial management programs qualify them for certification and, consequently, for a tax credit equal to the cost of the program. <i>(R.C. 901.61(A) and (B) and 5747.72(A)(4).)</i>	Also allows state universities designated as land grant colleges (i.e., Ohio State University and Central State University) to certify individuals as beginning farmers. Requires the Director to consult with these “participating land grant colleges” in making the list of eligible financial programs. <i>(R.C. 901.61(A)(4) and (7), (B), and (C).)</i>
No similar provision.	Allows “substantially equivalent” certifications issued by the United States Department of Agriculture to be used as a substitute for the beginning farmer certification. <i>(R.C. 901.61(A)(4).)</i>
<b>Family transfers of agricultural assets</b>	
Disqualifies a person for the tax credit for renting or selling an agricultural asset to a beginning farmer if they are in the same family. <i>(R.C. 901.61(A)(3).)</i>	No such disqualification. Both the prospective beginning farmer and asset-owning family member may apply for and claim the credits if other eligibility criteria are met. <i>(R.C. 901.61(B)(3).)</i>
<b>Prevailing community rates</b>	
Allows a tax credit for renting an agricultural asset to a beginning farmer only if the asset is rented at “prevailing community rates.” Specifies that prevailing community rates are determined by the Tax Commissioner. <i>(R.C. 5747.72(B).)</i>	Same, except that prevailing community rates are determined by rule of the Director of Agriculture in consultation with the Tax Commissioner. <i>(R.C. 901.61(D)(1) and (G).)</i>

Previous Version (As Introduced)	Latest Version (I_133_1059-2)
<b>Claiming the credit</b>	
<p>No similar provision. The credits may be claimed without first obtaining a tax credit certificate.</p>	<p>Requires persons that seek to claim one of the tax credits to apply to the Director of Agriculture for a tax credit certificate (which is necessitated by the imposition of the \$10 million overall cap on the credit).</p> <p>The process for applying for and receiving a tax credit certificate is separate from obtaining certification as a beginning farmer. (R.C. 901.61(D) and (E).)</p>
<b>Timing of implementation</b>	
<p>Tax credits may first be claimed for taxable years beginning in 2019. (Section 3 of the bill.)</p> <p>Specifies a maximum household net worth to qualify as a beginning farmer. The baseline is (less than) \$800,000 in 2019, and the amount is adjusted for inflation each year thereafter. (R.C. 901.61(A)(4).)</p>	<p>Delays availability of the credit by one year, for taxable years beginning in 2020. (Section 3 of the bill.)</p> <p>Same, but the \$800,000 baseline amount applies to 2020, and is adjusted for inflation each year thereafter. (R.C. 901.61(B)(4).)</p>