



Department of  
Agriculture

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## **FOR OHIO FARMERS, THE GOOD NEWS ABOUT TAXES JUST GOT BETTER**

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It's not too often you can read the words "good news" and "taxes" in the very same sentence, particularly when your business is farming. But Ohio farmers did indeed receive some good news about taxes over the past year. And now – brace yourself – because that news is getting even better.

First, let me recap some good tax news from the recent tax-filing season. When Ohio farmers settled up their 2013 taxes, they shared in the largest tax cut of any state in the nation, a welcome financial boost to our state's \$105 billion food and agriculture industry.

In 2013, personal income tax rates for all Ohioans were cut 8.5 percent. Even better, small businesses – including most farmers – were able to claim an additional 50 percent tax deduction on top of those lower rates. This exclusion was available on up to \$250,000, meaning the deduction is capped at \$125,000 for each farmer or business owner who reports business income on their personal income tax return. If there are multiple owners, each is eligible to claim the deduction.

Now here's where the latest good news comes into play. In legislation just passed by the Ohio General Assembly and signed by Gov. Kasich, these tax cuts get even better for 2014. First, the next step in a series of phased-in tax cuts is being fast-tracked in order to take effect now. This lets Ohio taxpayers enjoy the full 10 percent state income tax reduction this year instead of waiting until 2015, when the final phase had been planned to kick in.

Plus, for the 2014 tax year only, the small business tax cut I mentioned above is being expanded as an extra incentive for small business owners and farmers who qualify. For this year's state income taxes, the 50 percent gross-income exclusion expands to 75 percent. Good news, indeed!

And there's more. In addition to the tax cuts, Ohio gave a billion dollars in workers' compensation rebates back to private and public customers. The rebates were made possible thanks to strong investments and sound fiscal management. Agribusinesses are using this rebate to invest in new equipment and upgrade safety features and infrastructure.

You'll also recall the good news from last year when Ohio's estate tax – better known as the "death tax" – was eliminated. Farm owners, in particular, appreciated that reform knowing they could pass on their farm to their children without also handing them the burden of an onerous tax bill.

These tax cuts, reforms and incentives are part of the governor's commitment to being a leader in job creation and economic growth. The key is giving our farmers and other small business owners the ability to invest their capital in innovation and new positions – not in higher taxes. And, it's working. Ohio's

private sector has made a remarkable turnaround in the past few years – going from the loss of hundreds of thousands of jobs to adding more than 250,000 jobs since 2011.

Gov. Kasich understands that it is our job in state government to remove unnecessary barriers to industry and to personal success, particularly one so important to our well-being and quality of life. These tax cuts and rebates will put more money into the hands of Ohioans who can reinvest those dollars into our families, our farms and our businesses.

For Ohio farmers, this good news about taxes means you will have more to invest to make your business more efficient and productive. For the rest of us, we get to enjoy the benefits of an abundant, wholesome and, most importantly, affordable food supply.