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# OHIO LEGISLATIVE SERVICE COMMISSION

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and Drafting

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Office

H.B. 397  
134<sup>th</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsors:** Reps. Stewart and Kick

Andrew Little, Attorney

### SUMMARY

- Requires an agricultural lease agreement to be terminated by written notice from the lessor to the lessee unless the lease agreement contains a termination date or method for providing notice of termination.
- Requires notice to terminate an agricultural lease agreement to be given by September 1, in the year it is to be effective, and sets the termination date after notice as the date harvesting is complete or December 31 of the year notice is given, whichever comes first.

### DETAILED ANALYSIS

#### Termination of agricultural leases

The bill amends the law for termination of agricultural lease agreements by requiring the landlord to give the tenant written notice of termination, unless the agreement provides a termination date or method for providing notice of termination. Written notice provided under the bill's provisions must be delivered by September 1, in the year the termination is to be effective, by personal delivery, fax, or email. This notice of termination is effective either on the date harvesting is complete, or December 31 of the year the notice is given, whichever comes first.<sup>1</sup>

#### The Statute of Frauds and Statute of Conveyances

The bill's termination provisions relate to existing law that is not contained in the bill. Chapter 1335 of the Revised Code, more commonly known as "the Statute of Frauds" has two applicable provisions:

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<sup>1</sup> R.C. 5301.71(B).

- A provision requiring all interests in land, including leases, to be granted in writing;
- A provision prohibiting lawsuits involving interests in land, including leases, unless the interest is granted in writing.

A related statute, commonly known as “the Statute of Conveyances” requires leases to be signed by the lessor (generally the owner who leases the land to another) and requires the lessor’s signature to be acknowledged before a notary public or other suitable official.<sup>2</sup>

Despite these statutory rules, under longstanding precedent, an oral agreement, including an oral agreement to lease agricultural land, can fall outside of the Statute of Frauds or Statute of Conveyances. Specifically, the parties’ conduct can demonstrate the existence of an enforceable agreement, even if no written contract exists.<sup>3</sup> The bill states that its provisions are applicable notwithstanding the requirements in the Statute of Frauds, but that it does not affect the requirements of the Statute of Conveyances.<sup>4</sup>

## Definitions

As used in the bill:

- **Agricultural lease agreement** means an agreement or lease, whether written or oral, that establishes or modifies the terms, conditions, rules, or other provisions between a landlord and tenant concerning the use and occupancy of real property by one of the parties for agricultural purposes.
- **Agricultural purposes** means the use and occupancy of real property for the planting, growing, and harvesting of crops and all practices necessary for that planting, growing, and harvesting. Agricultural purposes *does not* mean the use and occupancy of real property for pasture, timber, farm buildings, horticultural buildings, or leases solely for equipment.
- **Landlord** means the owner or lessor of real property used for agricultural purposes that is authorized to receive remuneration from a tenant under an agricultural lease agreement, and that has entered into, or has actual or constructive knowledge of, an agricultural lease agreement.
- **Tenant** means the person entitled under an agricultural lease agreement to use real property for agricultural purposes to the exclusion of all others.<sup>5</sup>

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<sup>2</sup> R.C. 1335.04, 1335.05, and 5301.01, not in the bill.

<sup>3</sup> See, e.g., *Checkers Pub, Inc. v. Sofios*, 2016-Ohio-6963 (6<sup>th</sup> Dist. Ct. App.) and *Martin v. Jones*, 2015-Ohio-3168 (4<sup>th</sup> Dist. Ct. App.).

<sup>4</sup> R.C. 5301.71(B)(1) and (C).

<sup>5</sup> R.C. 5301.71(A).

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## HISTORY

Action	Date
Introduced	08-24-21

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