



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

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H.B. 62

132nd General Assembly
(As Introduced)

Reps. Patterson and Sheehy, Rogers, Bocchieri, Fedor, Antonio, Bishoff, O'Brien, Ashford, Leland, Ramos

BILL SUMMARY

- Establishes the Ohio Water Quality Improvement (WQI) Program, whereby a landowner receives tax benefits by removing land from agricultural production and introducing plant species to improve water quality.
 - Requires the Director of Agriculture to adopt rules governing the WQI Program that are consistent with the water quality components of the federal Conservation Reserve Program.
 - Exempts land enrolled in the WQI Program from property tax for the duration of its enrollment.
 - Imposes a charge equal to the preceding three years' tax savings if the land is removed from the WQI Program.
 - Reimburses, from the General Revenue Fund, local taxing units for revenue lost due to the land's exemption.
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CONTENT AND OPERATION

The Ohio Water Quality Improvement Program

The bill establishes the Ohio Water Quality Improvement (WQI) Program, whereby a landowner receives tax benefits by removing land from agricultural production and introducing plant species to improve water quality. The Director of Agriculture, through rules, must develop, implement, and operate the Program in a

manner consistent with the federal Conservation Reserve Program (CRP).¹ The CRP is a voluntary federal program² administered by the Farm Service Agency (FSA) within the U.S. Department of Agriculture. The CRP allows farmers to enter into 10-15 year contracts with the FSA to remove environmentally sensitive land from agricultural production and introduce plant species that will improve environmental health and quality. In return, the FSA provides participating farmers with rental payments and cost-share assistance.³

As indicated above, the primary benefit to a landowner who participates in the WQI Program is property tax related (see below). However, it is possible that the Director could establish additional benefits to landowners under the authority granted to the Director under the bill.

For purposes of implementing the WQI Program, the Director must adopt rules that do all of the following:

(1) Prescribe standards and criteria by which the Director must determine whether land is eligible to be enrolled in the WQI Program that are generally consistent with the standards and criteria established under the federal CRP;

(2) Require the applicable soil and water conservation district to assist a landowner who participates in the WQI Program when the landowner requests assistance; and

(3) Authorize a landowner to apply to the Director to enroll their land in the WQI Program.⁴

Property tax exemption

The bill exempts from property tax any land enrolled in the WQI Program on January 1 of the tax year. If the land ceases to be enrolled in the WQI Program for a tax year, a charge is levied on the land equal to the amount of tax for the current tax year and the two preceding tax years that would have been levied on the land had it not been exempted from taxation. The charge is collected and enforced in a similar manner to property taxes, i.e., placed on the tax list as a lien on the land. Any collected charges,

¹ R.C. 939.01(F) and 939.02(N).

² 16 U.S.C. 3831.

³ https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/FactSheets/archived-fact-sheets/safe2015_jul2015.pdf.

⁴ R.C. 939.02(N).



after deduction of fees allowed to local officials for the collection of property tax, are credited to the General Revenue Fund (GRF).⁵

The bill requires the Director of Agriculture to notify the Tax Commissioner if land ceases to be enrolled in the WQI Program.⁶

Taxing authority reimbursement

The bill requires the Tax Commissioner to provide payments from the GRF to local taxing authorities equal to property tax revenue forgone by such authorities as a result of WQI lands' property tax exemption. These reimbursement payments are made twice annually to county auditors and disbursed to taxing authorities in the amount of property tax forgone by each.⁷

HISTORY

ACTION	DATE
Introduced	02-14-17

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⁵ R.C. 5709.30.

⁶ R.C. 939.02(N).

⁷ R.C. 321.24.

