Happy Thanksgiving Week! This morning we are teaching our Snowbird Pesticide Re-certification Session at the Geauga County Extension office. We are pleased that 34 farmers are in attendance. This pesticide session is being followed by our first Fertilizer Certification Session to meet the new certification requirements of Senate Bill 150. We are also following the legislation process of House Bill 490 which is on the fast track in the Ohio legislation. While this legislation is targeted to the Western Lake Erie Watershed, it could be a sign of things to come for farmers across Ohio. Given the wet year we have experienced in 2014, this bill makes me worried. Imagine how many days would have been legally available this year to spread manure or fertilizer? I hope you each of you have a great Thanksgiving!

T is for time to be together, turkey, talk, and tangy weather.
H is for harvest stored away, home and hearth, and holiday.
A is for autumn’s frosty art, and abundance in the heart.
N is for neighbors, November, nice things, and new things to remember.
K is for kitchen, kettles croon, kith and kin expected soon.
S is for sizzles, sights, and sounds, and something special that abounds.
That spells THANKS—for joy in living and a jolly good Thanksgiving season.

David Marrison, AG Educator

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How Much Will Your Thanksgiving Meal Cost?
American Farm Bureau's annual Thanksgiving Cost Survey shows the average cost for 10 for a classic Thanksgiving dinner nationwide increased by less than 1 percent this year, coming in at $49.41 compared to $49.04 last year. The survey looked at the price for traditional Thanksgiving menu items including turkey, bread stuffing, cranberries, pumpkin pie and all the trimmings. The AFBF survey shopping list includes turkey, bread stuffing, sweet potatoes, rolls with butter, peas, cranberries, a relish tray of carrots and celery, pumpkin pie with whipped cream, and beverages of coffee and milk, all in quantities sufficient to serve a family of 10. The average cost of the dinner has been stable since 2011, coming in at around $49. Sweet potatoes, dairy products and miscellaneous ingredients necessary to prepare the meal accounted for most of the increase in the cost of the dinner this year. Results were tabulated from 179 volunteer shoppers in 35 states. The complete article on the average cost of this year’s Thanksgiving meal can be found at: http://www.fb.org/
Year-End Tax Planning Considerations
By: Caty Daniels & Larry Gearhardt, OSU Extension

For the past several years, Ohio’s farmers have had the enviable task of planning for higher incomes because of historically high crop prices. Year-end tax planning became increasingly important with the passage of the 2012 Fiscal Cliff legislation (passed on January 1, 2013, but made retroactive to 2012). This legislation contained several provisions that penalized high income earners, such as a new 39.6% income tax rate, a 20% tax on capital gains for taxpayers in the 39.6% range, and a new 3.8% net investment income tax and a 0.9% Medicare tax.

Most farmers normally do not have income that exceeds the thresholds that trigger these higher taxes. However, the higher crop prices over the past several years have pushed more farmers into the category where year-end tax planning was critical. Perhaps 2014 will be different because of the plummeting crop prices, but on the flip side, farmers have lost two very important tax planning tools, at least for today. Furthermore, as is often the case, when one sector of agriculture loses, another sector gains. Livestock and poultry farmers are still receiving high prices for their products.

The most important step in year-end tax planning is to establish a date to determine income and expenses for the year. I suggest that around December 1 of this year, the farmer should determine, as close as possible, what his/her income and expenses are for the year. This leaves ample time for the farmer to take action to reduce income taxes, if possible. As soon as the ball drops on New Year’s Eve, the farmer has lost his opportunity to take action to reduce his taxes in 2014.

There were 55 tax benefits, credits, and exclusions that expired at the end of 2013 and have not been re-authorized. The two most critical tax benefits for farmers that either expired, or were reduced, were bonus depreciation and the Section 179 expense deduction. Until the end of 2013, section 179 of the Internal Revenue Code allowed a farmer to deduct up to $500,000 of the cost of capital improvements as an expense in the year of purchase. This amount has been reduced to $25,000 in 2014. In addition to the $500,000 expense deduction, a farmer has been able a 50% bonus depreciation in the year of purchase of a new capital asset. There is no bonus depreciation for 2014.

There is keen interest in whether or not the Section 179 expense deduction will be increased and the bonus depreciation returned. Whether or not any changes happen between the election and the end of the year is anyone’s guess. However, historically, Congress has made the Section 179 expense deduction and the bonus depreciation retroactive to the prior year if no action is taken. If a farmer bets on Section 179 being increased and bonus depreciation returning, he should take action prior to the end of the year. If he waits until 2015 to purchase that new tractor, it is too late to adjust 2014 taxes.

Besides betting on the Section 179 expense deduction and bonus depreciation, another useful tax planning tool is income averaging. Farmers enjoy the ability to look back at the prior three years and average their income over that period of time in the event that the farmer experiences a high income year. This may have limited benefit in light of the high crop prices over the last several years.

The most basic year-end tax planning is timing income and expenses, if possible, so that the income and expenses occur in the year that is most beneficial to the farmer. If 2014 is a high income year, the farmer should delay the receipt of revenue until 2015 and pay for 2015 expenses this year. This becomes especially important under the current circumstances where it appears as if 2015 income will be lower than previous years.

Even though the crop prices are plummeting, those farmers in the livestock and poultry sectors are still enjoying high profit margins. Until we know the future of the Section 179 expense deduction and bonus depreciation, the options of livestock and poultry farmers are somewhat limited. The timing of income and expenses becomes more critical
with more emphasis placed on deferring income and accelerating expenses. Even though it is not as inviting as in prior years, making capital expenditures and depreciating the cost by MACRS depreciation is still a useful tool.

**House Bill 490 makes way to Ohio Senate**

On November 19, the Ohio House of Representatives passed House Bill 490. This resolution contains a ban on the spreading of manure or commercial fertilizer in the Western Lake Erie Basin when conditions are conducive to nutrient runoff. These conditions include frozen and snow-covered ground, when the top two inches of soil are saturated by precipitation or when there is at least a 50% chance of precipitation in the weather forecast. However, the law will allow application under the above conditions if the nutrients are injected into the ground, incorporated within 24 hours of surface application or are applied to a growing crop. More details about this legislation can be found at: [http://www.legislature.state.oh.us/BillText130/130_HB_490_PH_Y.pdf](http://www.legislature.state.oh.us/BillText130/130_HB_490_PH_Y.pdf)

**Ohio Department of Agriculture Announces 2015 funding for Local Agricultural Easement Purchase Programs**

The Ohio Department of Agriculture announced on November 19 that 12 land trusts, two counties, one township and six Soil and Water Conservation Districts will receive funding to help preserve farmland across the state. These organizations will receive allocations from the Clean Ohio Fund to manage the Local Agricultural Easement Purchase Program (LAEPP). The Western Reserve Land Conservancy was one of the land trusts in Ohio to receive funding and will have funds available for farmers in northeast, Ohio.

Local sponsors have been certified to accept applications from landowners in 51 counties. Interested landowners should contact the sponsor in their area for application details. A total of $7,084,991 will be made available in this funding round. It is estimated this can leverage up to $14 million from the Agricultural Conservation Easement/Agricultural Land Easement Program administered by the US Natural Resources Conservation Service for a total of $21 million.

The program, which is voluntary and competitive, allows landowners to sell easements on their farms to the State of Ohio. The easement requires the farm remain permanently in agricultural production, supporting the state’s largest industry. Selected farms must be 40 or more acres, actively engaged in farming, participate in the Current Agricultural Use Valuation program, demonstrate good stewardship of the land, have support from local government and not lay directly in the path of development. Landowners may use the proceeds of the easement in any way they wish, but most reinvest it in their farm operations.

Funding for the program is derived from the Clean Ohio Conservation Fund, approved by the voters in 2008. When combined with easements from all programs, 319 family farms in 55 counties have collectively preserved more than 55,000 acres. For more information go to: [http://www.agri.ohio.gov/divs/FarmLand/](http://www.agri.ohio.gov/divs/FarmLand/)

**Stored Forage Production School on Wednesday Afternoons in January, 2015**

Forages supply a significant part of the feed in most dairy and other ruminant animal operations in northeast Ohio. To help producers learn about new forage research and new technology, OSU Extension in Ashtabula County is pleased to announce they will be a host site for OSU Extension’s Stored Forage Production School on January 7, 14, 21, and 28, 2015. This workshop will be held from 12:30 p.m. to 3:30 p.m. each Wednesday.

During this four week school, OSU Researchers and OSU Extension Specialists and Educators will present cutting edge information on what is new in stored forage production. All sessions will be provided via a webinar format. The Extension offices in Adams, Brown, Highland, Ashtabula, Coshocton, Monroe, Morgan, Pickaway, Pike and Wayne Counties will all be hosting a site for this series.

Topic areas which will be covered during this workshop include: What’s new in forage genetics;
Small grains and double cropping; Fertility and manure utilization; What’s new in weed control; What’s new in agronomic products/additives; Precision agriculture technologies for forage production; What’s new in forage quality evaluation; Economics of Cutting management; Shrink in silage/hay making; Forage inventory management; and What’s new in corn silage.

During the workshop, participants will be able to interact with research experts and fellow producers from across the state of Ohio. Discover new, innovative ways of looking at forage production and what might work for your farm. Learn how to maximize profit per acre in Ohio’s variable weather. Explore forage cutting management strategies, double cropping options, and silage production within the context of income, harvest costs and potential impact on milk production.

There will be time for discussion and questions on each topic after it is presented. The registration fee for this program is $30 and includes a notebook of materials and school presentations. **Registration is required by December 12, 2014.** For more information about this program, contact the Ashtabula County Extension office at 440-576-9008. A registration flyer can be obtained at: [http://go.osu.edu/ne-events](http://go.osu.edu/ne-events)

**Ag Issues Tax Webinar to be held on December 15**
Local tax practitioners with an interest in farm income taxes will have an opportunity to attend a one day farm tax webinar workshop on Monday, December 15 from 8:30 a.m. to 3:00 p.m. at the Ashtabula County Extension office in Jefferson. This workshop will be taught via webinar by Dr. Phil Harris, Professor of Agricultural Economics from the University of Wisconsin.

This program has been designed for tax practitioners who have a significant number of farm clients and therefore need a substantial amount of information on agricultural tax issues. Participants will view a live webinar given by Phil Harris. Participants will also be able to have their individual questions answered during the webinar. Registrants will also receive a valuable agricultural taxation update book.

This program has been accepted for continuing education credits by the Accountancy Board of Ohio, Supreme Court, and the IRS Office of Professional Responsibility. The registration fee is $125 per person and includes continuing education credits, lunch, refreshments and the agricultural tax manual. Complete workshop information and on-line registration are available at the OSU Income Tax Schools’ website located at: [http://aglaw.osu.edu/osu-income-tax-schools](http://aglaw.osu.edu/osu-income-tax-schools) or can be obtained by contacting the OSU Income Tax School program at (614)292-2433.

**Six IRS Tips for Year-End Gifts to Charity**
Source: irs.gov

Many people give to charity each year during the holiday season. Remember, if you want to claim a tax deduction for your gifts, you must itemize your deductions. There are several tax rules that you should know about before you give. Here are six tips from the IRS that you should keep in mind:

1. **Qualified charities.** You can only deduct gifts you give to qualified charities. Use the IRS Select Check Tool ([http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check](http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check)) to see if the group you give to is qualified. Remember that you can deduct donations you give to churches, synagogues, temples, mosques and government agencies. This is true even if Select Check does not list them in its database.

2. **Monetary donations.** Gifts of money include those made in cash or by check, electronic funds transfer, credit card and payroll deduction. You must have a bank record or written statement from the charity to deduct any gift of money on your tax return. This is true regardless of the amount of the gift. The statement must show the name of the charity and the date and amount of the contribution. Bank records include canceled checks, or bank, credit union and credit card statements. If you give by payroll deductions, you should retain a pay stub, a Form W-2 wage tax statement. You can also give a check or money order directly to a charity, but you should keep a record of the transaction, such as the check stub or the bank statement.
statement or other document from your employer. It must show the total amount withheld for charity, along with the pledge card showing the name of the charity.

3. **Household goods.** Household items include furniture, furnishings, electronics, appliances and linens. If you donate clothing and household items to charity they generally must be in at least good used condition to claim a tax deduction. If you claim a deduction of over $500 for an item it doesn’t have to meet this standard if you include a qualified appraisal of the item with your tax return.

4. **Records required.** You must get an acknowledgment from a charity for each deductible donation (either money or property) of $250 or more. Additional rules apply to the statement for gifts of that amount. This statement is in addition to the records required for deducting cash gifts. However, one statement with all of the required information may meet both requirements.

5. **Year-end gifts.** You can deduct contributions in the year you make them. If you charge your gift to a credit card before the end of the year it will count for 2014. This is true even if you don’t pay the credit card bill until 2015. Also, a check will count for 2014 as long as you mail it in 2014.

6. **Special rules** - Special rules apply if you give a car, boat or airplane to charity. For more information visit IRS.gov.

**PLEASE SHARE...this newsletter with farmers or others who are interested in agricultural topics in Ashtabula & Trumbull Counties. Past issues can be located at:** [https://go.osu.edu/ag-news](https://go.osu.edu/ag-news). Please tell your friends and neighbors to sign up for the list. CONTACT: marrison.2@osu.edu

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