



Current Agricultural Use Values

Frequently Asked Questions



In 1972, the voters of Ohio were asked to approve an amendment to the Ohio Constitution. That amendment created an "agricultural use" value for taxing farmland. The campaign was known as "SOS" or "Save Open Spaces". That amendment was passed by the Ohio voters with the largest margin of any issue placed before the voters up to that time.

In 1974, the Ohio legislature passed legislation to implement the CAUV program. It placed the responsibility for the administration of the program on Ohio's County Auditors and placed the responsibility for the calculation of the values on the Ohio Department of Taxation and the Tax Commissioner. The program provides a reduction in the real property tax burden for all qualifying agricultural land in the State of Ohio.

The program's original goal was to reduce the taxes paid to approximately 50% of those taxes that would have been paid under a market value system. In the years since 1974, that percentage has varied based on data and information contained in what is known as the CAUV formula.

The program in some ways parallels the requirements of the Ohio forest tax law which was designed to promote the effective management of woodland within the State of Ohio.

The following questions and answers are designed to provide a better understanding of how the program operates across the State of Ohio:

What is the CAUV program?

Current Agricultural Use Value (CAUV) is a real estate tax assessment program which affords owners of farmland the opportunity to have their parcels taxed according to their value in agriculture rather than at full market value. It is a result of a constitutional amendment passed by Ohio voters that created an "agricultural use" value for taxing farmland. The Ohio General Assembly subsequently passed Senate Bill 423 in April 1974 to establish the CAUV program.

Who qualifies for the CAUV program?

In order to qualify for CAUV, a property owner must devote the parcel exclusively to commercial agricultural use per section 5713.30 of the Ohio Revised Code. By definition, this includes all parcels that are greater than 10 acres and devoted exclusively to agricultural use. It may also include noncommercial timber (woods) grown on land contiguous to land that is already eligible for CAUV.

What does "agricultural use" mean?

Agricultural use includes commercial animal or poultry husbandry, aquaculture, apiculture, field crops, tobacco, fruits, vegetables, nursery stock, ornamental trees, sod or flowers. Other qualifying acreage includes land-receiving compensation for certain land retirement or conservation programs under an agreement with the federal government such as the Conservation Reserve Program (CRP), Wetlands Reserve Program (WRP) Grasslands Reserve Program (GRP) and Conservation Reserve Enhancement Program (CREP).

Can a parcel less than 10 acres qualify for the CAUV program?

If a parcel of real property has less than 10 acres, it qualifies if it produces an average gross income of at least \$2,500 for the three years prior to the date of application. There are a variety of specialty farming operations that have less than 10 acres and do qualify for the program.

Who determines the value of each CAUV eligible acre?

The Ohio Tax Commissioner, with the advice of the Agricultural Advisory Committee, determines the value for

approximately 3,500 soil types having a slope of less than 25% within the State of Ohio each year. The Tax Commissioner then issues an order to each of the 88 County Auditors directing them to use the value charts, created for the valuation of all CAUV lands within the State.

Why does the County Auditor calculate the market value of property qualified for CAUV?

The County Auditor is required to determine a value for each tract, lot or parcel within the State of Ohio, including those that are eligible for the CAUV program. If a parcel of property that is eligible and enrolled in the CAUV program is removed from the program then a recoupment takes place which is the difference between the market value and the CAUV value for the past three years.

Is it possible for the market value to be lower than the CAUV value?

Yes, in isolated incidents it is possible that the market value could be lower than the CAUV value. This is because CAUV values are calculated on a statewide basis using a series of "averages". In this situation the property is taxed at the lowest of the two values.

Where does the property owner file an application for CAUV?

Applications are filed with the County Auditor in the County in which the property is located between the first Monday of January, and on or before the first Monday of March of the application year. There is a one-time application fee of \$25.

How long is the CAUV application valid?

The CAUV application must be renewed before the first Monday in March each year. There is no renewal fee.

What happens if the property owner does not file the CAUV renewal?

If a property owner fails to re-file an application for CAUV each year with the County Auditor, the law requires the County Auditor to value the property at its true or current market value and to recoup the taxes for the past three years.

How is CAUV calculated?

The CAUV values are based upon a formula containing five factors applied to three crops. The 5 factors include:

- **Cropping Pattern** – The Tax Commissioner calculates the total number of acres of corn, beans and wheat that were planted in the State of Ohio and compares it to the total acres of the three crops to establish a percentage of the total acres devoted to that particular crop. A five year average is utilized.
- **Crop prices** – The crop prices are determined by surveying elevators across the State of Ohio.
- **Crop yields** – These are based upon FSA yields per acre for each soil type, adjusted for average yields across the state of Ohio.
- **Non-land production cost** – These numbers are based upon farmer surveys by The Ohio State University.
- **Capitalization rate** – This number is based upon the interest rate for a 15 year fixed rate mortgage at Farm Credit Service with 40% provided by the landowner and 60% by the credit agency.

The crop prices, non-land production costs and capitalization rate are calculated by taking the previous seven years of numbers and eliminating the highest number and the lowest number (sometimes called an Olympic average) and then averaging the remaining five numbers. The prices, cropping patterns, costs and yield are then added and subtracted to determine the net profit per acre for each soil type. That number is then divided by the capitalization rate. This calculation is performed for each of the more than 3,500 soil types across the State of Ohio which has a slope of less than 25%.

How does a parcel lose its eligibility for CAUV?

Generally, there are two ways a parcel loses eligibility. First, a property owner fails to reapply for the CAUV program. Secondly, if a change in the parcel's use occurs and the land is no longer used exclusively for agricultural use.

How is the CAUV program administered?

The program is administered at the state level by the Ohio Division of Tax Equalization within the Department of Taxation. The 88 County Auditors administer the program in each of their counties. The County Auditor supplies the initial CAUV enrollment forms and verifies that the parcel meets the requirements as set forth by law. In addition, the County Auditor records any changes made from one year to the next in parcels enrolled in the program. Land that no longer qualifies for the CAUV is assessed a recoupment charge upon removal from the program. Recoupment is equal to the previous three years tax savings. A tax savings is the difference between the market value of the land and the CAUV value of the land for each parcel in a tax year.

The County Auditor reports to the Department of Tax Equalization the total number of parcels and acreage enrolled in the CAUV program each year, the market value, and the current agricultural use value of all such acreage. The County Auditors are also required to report to the Department of Taxation all recoupments collected in each taxing district.

Do other states have a program similar to CAUV?

All states have some type of agricultural tax relief programs, though their names and specific provisions differ from those in Ohio. There are six states that utilize more than one program.

Can property owner appeal a CAUV value?

The County Auditor has no authority to adjust CAUV soil values because they are sent to the County Auditor as an order from the Tax Commissioner. There are no provisions within the laws of Ohio for County Auditors to make adjustments to the values contained in that order. Any appeal to the CAUV value is taken directly to the Ohio Board of Tax Appeals and not to the local Board of Revision.

What is the Ohio Forest Tax Law?

The Ohio Forest Tax Law is administered by the Department of Natural Resources, Division of Forestry, in accordance with the Ohio Revised Code and the Administrative Code. In exchange for the tax reduction conferred by the forest property tax laws, landowners agree to manage their forest land for commercial production of timber and other forest products and to abide by a set of rules and regulations.

Forest land is defined as land for which the primary purpose is the growing, managing and harvesting of merchantable forest products of commercial species. The forest land consist of a stand or stands of commercial species of forest trees which contain at least 50 square feet of basal area and at least 300 stems per acre in which shall be evenly distributed throughout the stand of forest.

