

Current
Agricultural
Use
Value

Ohio's Current Agricultural Use Valuation (CAUV) law has been protecting farmers from unrealistic real estate taxes since 1975. By keeping taxes in line with the value of land for farming, the law protects farm owners from being forced out of business because of high taxes. This in turn helps stem the spread of urban development into productive farmland.

The amendment providing for CAUV was added to the Ohio Constitution in 1973 and landowners first benefited from the changes in 1975. At that time, the value of land at its "highest and best" use was quickly becoming the value used to figure real estate taxes. For instance if an appraiser determined that the "highest and best" use was a housing development or shopping mall, the taxes would be based on that land value. Since the land value for a mall or housing development is significantly higher than the value for agricultural production, the real estate taxes would be higher too. Appraised value is also determined by arms-length sales of similar property in similar locations. In some cases, high taxes threatened to force farm owner out of business, opening productive farm ground for urban development.

With CAUV, the land value depends upon capitalizing the expected net income from farming. This makes the taxation of farm real estate more fair and feasible.

All farms larger than 10 acres qualify for CAUV if they are devoted exclusively to **COMMERCIAL AGRICULTURAL USE** for the last three years or longer. Farms smaller than 10 acres are eligible if the average yearly gross farm income for the past three years is at least \$2500 from agricultural products. This 10 acres cannot include a one acre home site.

To take advantage of CAUV, land owners must apply with the county auditor between the first Monday in January and the first Monday in March each year. There is a \$25 fee for new applications and no charge for renewals. Please note these renewals are **required** to be returned each year in order to stay in the program.

On the applications, a landowner must identify the farm; furnish information on soil types, acreages of crops, pasture, woods, building sites, roads, and waste. If you are planning on listing the woods as agricultural use, you **must submit** a management plan along with your application.

To find the CAUV of a plot of land, the soil type is determined from a soil map. The soil productive index is used as a reference and as one factor in determining the value of that particular soil. The soil type takes into consideration problems or hazards due to slope, erosion, drainage or flooding on that particular farm. Crop yields can be estimated based on the soil characteristics.

Five-year average prices are applied to these yields to get the average gross income for the farm. After all costs except land rent, taxes and interest are deducted from the gross receipts, the net return is divided by a capitalization rate. This gives the land's CAUV. The market value of buildings and building sites is added to get the total appraised value.

Reappraisal of real property for tax purposes is done every six years. An appraisal is updated three years following reappraisal or at any time that the auditor finds that property has changed in value.

If land is converted to non-agricultural use, the owner is required to pay back the tax savings for up to three previous years. Owners must also pay back savings if they fail to reapply for CAUV tax appraisal.

If the land is sold, the new owner **must** to apply for CAUV or pay the recoupment. Anyone who converts the land from agriculture use has the responsibility for paying the recoupment.