

CAUV: Frequently Asked Questions

The following questions and answers are designed to provide a better understanding of how the CAUV 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 County Auditor in an update year, directing them to use the value tables, created for the valuation of all CAUV lands within the County.

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 tax savings 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 Ohio State.
- *Capitalization rate* – This number is based upon the interest rate for a 25 year fixed rate mortgage at Farm Credit Service with 20% provided by the landowner and 80% 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 Division of Tax Equalization within the Ohio 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 for parcels enrolled in the program. Land that no longer qualifies for 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

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.