



# Current Agricultural Use Valuation Program (CAUV)

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# What is CAUV?

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- An amendment to the Ohio Constitution in 1973 created the Current Agricultural Use Value or CAUV program. This amendment allows farmland to be taxed based on its expected net income from farming instead of the fair market value. As a result, CAUV qualified acreage typically sees a reduction in land valuations and decreased real estate taxes when compared to fair market valuation.
- Current agricultural use value can be determined by the capitalization of the typical net income from agricultural crops on a given parcel of land assuming typical management, cropping patterns, and yields for the types of soil present on the tract.
- The agricultural value is determined by the following equation:

$$\frac{\text{(Income from Agricultural Production - Non-land Production Costs)}}{\text{Capitalization Rate}}$$

# Program Qualification—Acreage

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## Ten (10) or more acres:

- There must be Ten (10) or more acres of land devoted exclusively to commercial agricultural use for the last three years to be eligible.

## Less than ten (10) acres:

- The farmer must have produced an average gross income of \$2,500 or more from sales of agricultural products during the previous three years, or have an expected gross income meeting or exceeding \$2,500.

# Program Qualifications - Woodland

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## Commercial Timber

- Commercial timber tract must comply with the ten acres requirements.
- Requires a forest stewardship plan and plan must be updated every 10 years.
- Must follow the timeline outlined in the stewardship plan.

## Non-Commercial Woodland

- Wooded property must be contiguous to a parcel of land with the same ownership and the contiguous parcel must have 10 acres or more devoted exclusively to agricultural use.

# New Applications

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- Applications must be submitted to the County Auditor's office prior to the first Monday in March.
- A one-time, non-refundable filing fee of \$25.00 is due when the application is submitted.



# Continuing Applications

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- Renewal applications are mailed to property owners currently enrolled in the program – Form DTE 109A.
- No additional filing fee is required.
- Renewal form must be returned to the county auditor prior to the first Monday in March.



# CAUV Program Requirements

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- Each year property owners that have qualifying acres enrolled in the CAUV program must file a renewal application with the county auditor.
  - If the renewal application is not received by the County Auditor, the property may be removed from the CAUV program.
- The Warren County Auditor's office inspects properties enrolled in the CAUV program each year.

# Understanding the Formula

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- Land that qualifies under the CAUV program is not valued at the fair market or appraised value.
- The assessed value for tax purposes is based on its agricultural value and calculated by soil type.
- These values are calculated by the Ohio Department of Taxation and are not able to be appealed through the BOR process.

# 1. Start with Gross Farm Income:

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- The projected farm income for all land enrolled in CAUV is based on the soil type and data from three crops: Corn, Soybeans and Wheat.
- Yield Information for each of these crops starts with the Farm Service Agency production data and is adjusted by the 10-year average of actual statewide yields.
- Prices for each crop are based on a survey of Ohio grain elevators.

## 2. Subtract Non-land Production Costs:

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- These costs are based on Ohio State University data and include typical Farm input costs for corn, soybeans and wheat.



### 3. Divide by the Capitalization Rate:

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- This rate is based on the mortgage interest rate for a 25-year fixed rate from Farm Credit Services with 20% equity and 80% debt and is adjusted for taxes.
- When determining crop prices, production costs, and the capitalization rate; the last seven years of values are used, with the highest and lowest values removed and the remaining five years averaged.
- Simply put: The net income divided by a higher capitalization rate equals a decrease in CAUV values.

# Why did CAUV values decrease so much?

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- Of the 146 soil types in Warren County per use:
  - Crops: 24.72% decrease
  - Woods: 37.82% decrease
  - Pasture: 26.08% decrease
  - Overall: 29.54% decrease

## **\*\*Capitalization Rate**

2015: prime lending rate plus 2% plus 1.6% tax additur → 6.6%

2018: 25-year avg. rate of return on farm equity/USDA plus 1.6% tax additur → 8.0%

# How often do CAUV values adjust?

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- By law, County Auditors are required to reappraise every parcel of land every six years.
- The law also requires County Auditors to adjust property values every third year after a reappraisal which is referred to as the triennial update.
- CAUV values are adjusted every three years with the reappraisal and triennial update.

# Who Calculates CAUV values

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- The Ohio Department of Taxation calculates the CAUV values annually and sends the values out to the County Auditors.
- The Auditors then use the CAUV tables calculated by ODT for those years when the County conducts a reappraisal or update.
- The Auditor does not have any control of the values calculated for CAUV properties and does not set the rates.

# What is the impact for Warren County?

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- Most soil types decreased; the residual soil types remain the same at the minimum value.
- Property values for property enrolled in the CAUV program varies significantly.
- Property removed from the program will be taxed at fair market value and three years of tax savings will be recouped.
- CAUV values cannot be appealed to the Board of Revision.

# Ohio Farm Bureau & CAUV

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- As a result of The Ohio Farm Bureau's push to help farmers, the Ohio Department of Taxation has decreased CAUV soil type values by 29.5% in Warren County.
- Changes were adopted for 2021 values and will affect taxes paid in 2022 and beyond.

# Removal from CAUV

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- Removal from the program can result from:
  1. Not returning a continuing application (renewal form)
  2. A report from an annual inspection that the property no longer meets the requirements of the program
  3. Transfer of ownership
- The county auditor changes the market value to the fair market (appraised) value, and three years of tax savings are recouped and added to the real estate tax bill.

# Transferring Property in CAUV

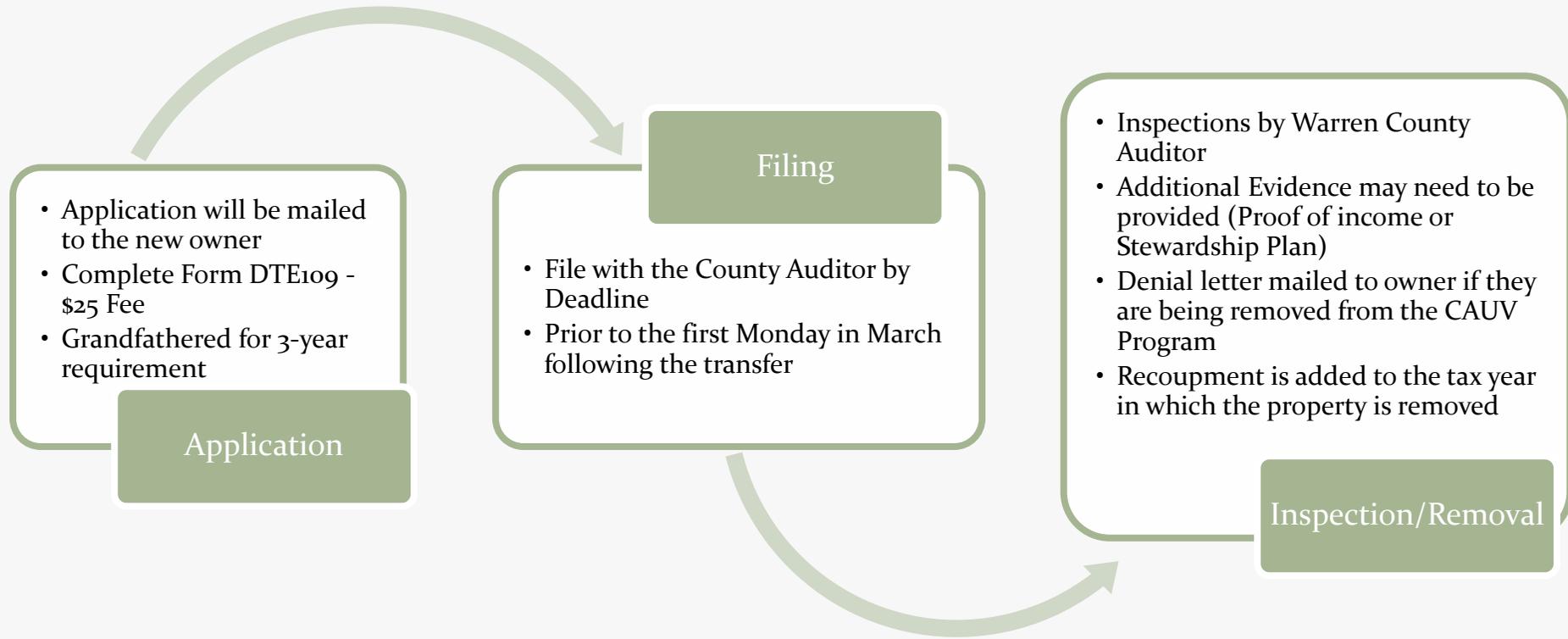
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- Conveyance Form must be completed properly and should state that the property is currently on the CAUV program.
  - DTE Form 100 – Line 9 (Yes)
  - DTE Form 100 EX – Line 7 (Yes)
- The Form DTE 102 should be filed with the conveyance form.
- **If the conveyance is not completed properly, the new owner is likely to be removed from the program without an opportunity to reapply by the required deadlines resulting in a mandatory recoupment.**

## Transferring Property on CAUV

**Not filing an application will result in automatic removal from the program.**

**\*\*Recoupment estimates can be provided by the Auditor's office upon request.\*\***



# Recoupment of CAUV

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- When a property that has previously been enrolled in CAUV is removed from the program, the tax savings from the previous three years is added to the real estate tax bill for the year that the property was removed.
- **If there has been a transfer, the new owner will be billed for the savings realized by the previous owner.**

No application is filed on or before the first Monday in March

OR

Property no longer qualifies for the CAUV program

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Recoupment

## Appealing Removal from the CAUV Program

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Property owners that believe they should not have been removed from the CAUV program have a right to appeal the decision of the County Auditor with the Board of Revision.

### Board of Revision

County Auditor  
County Commissioner  
County Treasurer

File Form DTE 1: **Complaint  
Against the Valuation of Real  
Property** prior to March 31st with  
the County Auditor

- Application & Filing Fee must have been filed with the Auditor
- Evidence of commercial farming must be provided

- Inspection of the property
- Board of Revision Hearing
- Determination by Certified Mail

Questions?

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# Thank You!

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