

Current Agricultural Use Valuation History, Delaware County Statistics & Summary

History

The groundwork for the CAUV program began in 1972 when Ohio voters approved a constitutional amendment to the Ohio Constitution that created an “agricultural use” value for taxing farmland. The amendment allowed the Ohio General Assembly to pass legislation in April of 1974, thus establishing the CAUV program.

Statistics

Delaware County has a total area of 283,527 acres, or approximately 443 square miles

Current number of parcels in Delaware County 80,554 (Residential/Commercial/Industrial/Agricultural/Exempt/Public Utility)

*Number of parcels on CAUV 5,420

*Number of acres on CAUV 164,814

*Total true market value of CAUV land \$1,160,358,900

*Current Agricultural Use Value of land \$235,117,500

*Statistics certified/approved by the Ohio Department of Taxation for tax year 2013

Frequently Asked Questions & Answers

Q. Are all farms in Ohio used exclusively for a commercial agricultural purpose eligible to be taxed on the current agricultural use value?

A. Yes, if containing 10 acres or more. Those under 10 acres can qualify if the average yearly gross farm income for the past three years is at least \$2,500 from the sale of agricultural products.

Q. Will all farms be automatically reappraised on a CAUV basis?

A. No. Applications must be made each year at the County Auditor's office.

Q. What does a new property owner have to do to be taxed at the Current Agricultural Use Value?

A. File an initial CAUV application with the County Auditor on or after the first Monday in January and on or before the first Monday in March and pay a one-time application fee of \$25. There is no renewal fee.

Q. What qualifies as land devoted exclusively to a commercial agricultural use?

A. 1) It qualifies if more than 10 acres were devoted exclusively to commercial production of field crops; tobacco, fruit, vegetables, animal husbandry, timber, nursery stock, ornamental trees, sod or flowers; or if it qualified for a land retirement or conservation program under an agreement with the federal government, as long as that program provides yearly compensation.

2) If less than 10 acres, it qualifies if it produced an average gross income of at least \$2,500 for the past three years from the sale of agricultural products.

Q. Do you have to own a farm for three years before you can apply?

A. No, the farm has to qualify not the owner. However, the land must be used for a commercial agricultural purpose for three years prior to qualifying for the program.

Q. How often is real estate appraised for tax assessment purposes?

A. The County Auditor is required by State Law to revalue each parcel of property every six years. This is called a revaluation or sexennial. During the third year of the six-year cycle, the law requires the Auditor to update real estate values to reflect the current market value of all real property. This is called the triennial sales update. Delaware County's next triennial update will be in 2014 and the next reappraisal will be 2017.

Q. Is tax value the same as appraised value?

A. No. In Ohio, tax value, or tax assessed value, is 35% of the appraised market value.

Q. How was farmland valued before the CAUV law was enacted?

A. It was valued according to its appraised market value.

Q. How does CAUV appraisals differ from fair market value?

A. The fair market value approach depends upon the comparison of sales of similarly situated farms and where the highest and best use sets value. The CAUV method depends upon capitalizing the expected net income from farming. Soil types determine the CAUV valuation of a farm. In Ohio, there are over 3,500 soil types. The Ohio Department of Taxation determines the values for each soil type based on a formula. Also, the soil valuation tables are readjusted during the sexennial appraisal and triennial update years to account for changing production costs and commodity prices.

Q. Some land used exclusively for timber production has been taxed at a lower rate for many years. How does this affect CAUV?

A. Woodland is not eligible for tax savings under both the CAUV and forestry program. An owner must choose one or the other program.

Q. What happens if the land is converted into a non-qualifying use?

A. The owner is required to pay back the tax savings for the three previous years. This is also known as recoupment. In addition to three previous years of tax savings being charged to the tax bill, the property returns to being taxed at its full market (auditor's appraised) value.

Q. What causes one to become subject to recoupment?

A. Failure to reapply for CAUV tax appraisal or if a change in use occurs so that the land is not devoted exclusively to a commercial agricultural purpose.

Q. Who is responsible for the recoupment?

A. According to law, CAUV follows the land and the new owner. It does not become a lien on the parcel until the property changes use.

Q. What if I have a home site or outbuildings on CAUV land?

A. The home, home site and outbuildings are still valued and taxed at fair market value, not CAUV value.

Q. How are CAUV values calculated?

A. The CAUV values are based upon a formula containing five factors applied to three crops: corn, soybeans, and wheat. Hay was dropped from the formula this year. The five factors are:

- 1.) Cropping pattern- based upon the acres of corn, beans and wheat compared to the total acres of those three crops
- 2.) Crop prices- based upon a survey of elevators in Ohio
- 3.) Crop yields- based upon FSA yields per acre for each soil type, adjusted for actual average yields in Ohio
- 4.) Non-land production costs- based upon farmer surveys by The Ohio State University.
- 5.) Capitalization rate- based upon the interest rate for a 15-year fixed rate mortgage at Farm Credit Services, with 40% attributed to equity and 60% to debt.

The crop prices, non-land production costs and capitalization rate are calculated by taking the previous seven years of numbers, eliminating the highest number and the lowest number, and then averaging the remaining five numbers. The prices, cropping pattern, costs and yields are then added and subtracted to determine the net profit per acre of soil type, and that number is then divided by the capitalization rate. This calculation is performed for each of the 3500 soil types in Ohio.

CAUV & Soil Survey References

For Information on CAUV:

Ohio Revised Code Section 5713.30

Ohio Department of Taxation http://tax.ohio.gov/divisions/real_property/cauv.stm

Ohio Farm Bureau <http://ofbf.org>

Delaware County Farm Bureau

For Information on Delaware County Soil Survey:

Ohio Department of Natural Resources

http://ohiodnr.com/H_Nav2/Soils/OhiosSoils/CountySurveysPDF/tabid/17839/Default.aspx

USDA Natural Resource Conservation Service District Office

% Bret Bacon

Delaware Service Center

557 Sunbury Road, Ste A

Delaware, OH 43015

740-362-4011 ext. 108

***Compliments of:
Delaware County Auditor
Division of Real Estate
740-833-2900
www.co.delaware.oh.us/auditor***

