A B I L L

To amend sections 5713.31, 5713.34, and 5715.01 of the Revised Code to require that the computation of the capitalization rate for the purposes of determining CAUV of agricultural land be computed using a method that excludes appreciation and equity buildup and to stipulate that CAUV land used for a conservation practice or enrolled in a federal land retirement or conservation program for at least three years must be valued at the lowest of the values assigned on the basis of soil type.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 5713.31, 5713.34, and 5715.01 of the Revised Code be amended to read as follows:

Sec. 5713.31. At any time after the first Monday in January and prior to the first Monday in March of any year, an owner of agricultural land may file an application with the
county auditor of the county in which such land is located, requesting the auditor to value the land for real property tax purposes at the current value such land has for agricultural use, in accordance with section 5715.01 of the Revised Code and the rules adopted by the commissioner for the valuation of such land. An owner's first application with respect to his the owner's land shall be in the form of an initial application. Each application filed in ensuing consecutive years after the initial application by that owner shall be in the form of a renewal application. The commissioner shall prescribe the form of the initial and the renewal application, but the renewal application shall require no more information than is necessary to establish the applicant's continued eligibility to have his the applicant's land valued for agricultural use, for all lots, parcels, or tracts of land, or portions thereof, within a county, that have been valued at the current value of such land for agricultural use in the preceding tax year. If, on the first day of January of the tax year, any portion of the applicant's agricultural land is used for a conservation practice or devoted to a land retirement or conservation program under an agreement with an agency of the federal government, the applicant shall so indicate on the initial or renewal application.

On or before the second Tuesday after the first Monday in March, the auditor shall determine whether the current owner of any lot, parcel, or tract of land or portion thereof contained in the preceding tax year's agricultural land tax list failed to file an initial or renewal application, as appropriate, for the current tax year with respect to such lot, parcel, or tract or portion thereof. He The auditor shall forthwith notify, by certified mail, each owner who failed to file an application that unless application is filed with the auditor prior to the
first Monday of April of the current year, the land will be valued for real property tax purposes in the current tax year at its true value in money and that the recoupment required by sections 5713.34 and 5713.35 of the Revised Code will be placed on the current year's tax list and duplicate for collection.

Each initial application shall be accompanied by a fee of twenty-five dollars. Application fees shall be paid into the county treasury to the credit of the real estate assessment fund created under section 325.31 of the Revised Code.

Upon receipt of an application and payment of the required fee the auditor shall determine whether the information contained therein is correct and the application complete.

If the auditor determines the information is incorrect or the application is incomplete, the auditor shall return the application to the applicant by certified mail with an enumeration of the items which are incorrect or incomplete. An applicant may file an amended application, without charge, within fifteen days of the receipt of the returned application.

If the auditor determines the application or amended application is complete and the information therein is correct, the auditor shall, prior to the first Monday in June, view or cause to be viewed the land described in the application and determine whether the land is land devoted exclusively to agricultural use.

If the auditor determines, which determination shall be made as of the first Monday of June, annually, that the land is land devoted exclusively to agricultural use, the auditor shall appraise it for real property tax purposes in accordance with section 5715.01 of the Revised Code and the rules adopted...
As Introduced

by the commissioner for the valuation of land devoted exclusively to agricultural use and such appraised value shall be the value used by the auditor in determining the taxable value of such land for the current tax year under section 5713.03 of the Revised Code and as shown on the general tax list compiled under section 319.28 of the Revised Code.

The auditor shall enter on the real property record required under section 5713.03 of the Revised Code for the tract, lot, or parcel of land so appraised, in addition to the other information required to be recorded thereon, its value as land devoted exclusively to agricultural use based on the values determined by the commissioner for each soil type present in the tract, lot, or parcel. Subject to division (A)(1) of section 5713.34 of the Revised Code, tracts, lots, or parcels of land or portions thereof used for a conservation practice or devoted to a land retirement or conservation program under an agreement with an agency of the federal government on the first day of January of the tax year shall be valued at the lowest valued of all soil types listed in the commissioner's annual publication of the per-acre agricultural use values for each soil type in the state.

Sec. 5713.34. (A)(1) Upon the conversion of all or any portion of a tract, lot, or parcel of land devoted exclusively to agricultural use a portion of the tax savings upon such converted land shall be recouped as provided for by Section 36, Article II, Ohio Constitution by levying a charge on such land in an amount equal to the amount of the tax savings on the converted land during the three tax years immediately preceding the year in which the conversion occurs. If the auditor discovers that agricultural land valued at the lowest valued soil type, pursuant to section 5713.31 of the Revised Code,
because of its use for a conservation practice or devotion to a land retirement or conservation program ceases to be used or devoted to such purposes sooner than thirty-six months after the initial certification, the auditor shall levy a charge on such agricultural land in an amount equal to the taxes saved based on its valuation at the lowest valued soil type, rather than valuation at its actual soil type, in all preceding years the land was so valued, not to exceed the most recent three years. The charge charges levied under this section shall constitute a lien of the state upon such converted land as of the first day of January of the tax year in which the charge is levied and shall continue until discharged as provided by law.

(2) Upon the conversion of an adequately described portion of a tract, lot, or parcel of land, the county auditor shall divide any numbered permanent parcel into economic units and value each unit individually for the purpose of levying the charge under division (A)(1) of this section against only the converted portion.

(3) A charge shall not be levied under this section for the conversion of a portion of a tract, lot, or parcel of land devoted exclusively to agricultural use if the conversion is incident to the construction or installation of an energy facility, as defined in section 5727.01 of the Revised Code, and if the remaining portion of the tract, lot, or parcel continues to be devoted exclusively to agricultural use.

(B) Except as otherwise provided in division (C) or (D) of this section, a public entity that acquires by any means and converts land devoted exclusively to agricultural use and a private entity granted the power of eminent domain that acquires by any means and converts land devoted exclusively to
agricultural use shall pay the charge levied by division (A) of this section and shall not, directly or indirectly, transfer the charge to the person from whom the land is acquired. A person injured by a violation of this division may recover, in a civil action, any damages resulting from the violation.

(C) The charge levied by division (A)(1) of this section does not apply to the conversion of land acquired by a public entity by means other than eminent domain and thereafter used exclusively for a public purpose that leaves the land principally undeveloped when either of the following conditions applies:

(1) In the case of land so acquired and converted by a park district created under Chapter 1545. of the Revised Code, the land is located within the boundaries of the park district.

(2) In the case of land so acquired and converted by a public entity other than a park district created under Chapter 1545. of the Revised Code, the land is located within the boundaries of any city, local, exempted village, or joint vocational school district that is wholly or partially located within the boundaries of the public entity that so acquired and converted the land.

If all or any portion of a tract, lot, or parcel of such land is later developed or otherwise converted to a purpose other than one of the purposes enumerated under division (E)(1) of this section, the charge levied by division (A)(1) of this section shall be levied against such developed or converted land as otherwise required by that division.

The county auditor of the county in which the land is located shall determine annually whether all or any portion of a
tract, lot, or parcel of land formerly converted to a purpose enumerated under division (E)(1) of this section has been developed in such a way or converted to such a purpose as to require the charge levied by division (A)(1) of this section to be levied against the land so developed or converted.

(D) Division (B) of this section does not apply to a public entity that acquires by means other than eminent domain and converts land devoted exclusively to agricultural use to use for public, active or passive, outdoor education, recreation, or similar open space uses when either of the following conditions applies:

(1) In the case of land so acquired and converted by a park district created under Chapter 1545. of the Revised Code, the land is located outside the boundaries of the park district.

(2) In the case of land so acquired and converted by a public entity other than a park district created under Chapter 1545. of the Revised Code, the land is located outside the boundaries of any city, local, exempted village, or joint vocational school district that is wholly or partially located within the boundaries of the public entity that so acquired and converted the land.

(E) As used in divisions (C) and (D) of this section:

(1) "Principally undeveloped" means a parcel of real property that is used for public, active or passive, outdoor education, recreation, or similar open space uses and contains only the structures, roadways, and other facilities that are necessary for such uses.

(2) "Public entity" means any political subdivision of this state or any agency or instrumentality of a political
Sec. 5715.01. (A) The tax commissioner shall direct and supervise the assessment for taxation of all real property. The commissioner shall adopt, prescribe, and promulgate rules for the determination of true value and taxable value of real property by uniform rule for such values and for the determination of the current agricultural use value of land devoted exclusively to agricultural use.

(1) The uniform rules shall prescribe methods of determining the true value and taxable value of real property and shall also prescribe the method for determining the current agricultural use value of land devoted exclusively to agricultural use, which method shall reflect standard and modern appraisal techniques that take into consideration: the productivity of the soil under normal management practices; the average price patterns of the crops and products produced to determine the income potential to be capitalized; the market value of the land for agricultural use; and other pertinent factors. The rules shall provide that in determining the true value of lands or improvements thereon for tax purposes, all facts and circumstances relating to the value of the property, its availability for the purposes for which it is constructed or being used, its obsolete character, if any, the income capacity of the property, if any, and any other factor that tends to prove its true value shall be used. In determining the true value of minerals or rights to minerals for the purpose of real property taxation, the tax commissioner shall not include in the value of the minerals or rights to minerals the value of any tangible personal property used in the recovery of those minerals.
(2) The uniform rules shall prescribe the method for determining the current agricultural use value of land devoted exclusively to agricultural use, which method shall reflect standard and modern appraisal techniques that take into consideration the productivity of the soil under normal management practices, typical cropping and land use patterns, the average price patterns of the crops and products produced and the typical production costs to determine the net income potential to be capitalized, and other pertinent factors.

In determining the agricultural land capitalization rate to be applied to the net income potential from agricultural use, the commissioner shall use standard and modern appraisal techniques but shall not use a method that includes in the computation buildup of equity or appreciation with respect to the agricultural land.

The commissioner shall add to the overall capitalization rate a tax additur. The sum of the overall capitalization rate and the tax additur shall represent as nearly as possible the rate of return a prudent investor would expect from an average or typical farm in this state considering only agricultural factors.

The commissioner shall annually determine and announce the overall capitalization rate, tax additur, agricultural land capitalization rate, and the individual components used in computing such amounts in a determination, finding, computation, or order of the commissioner published simultaneously with the commissioner's annual publication of the per-acre agricultural use values for each soil type.

(B) The taxable value shall be that per cent of true value in money, or current agricultural use value in the case of land
valued in accordance with section 5713.31 of the Revised Code, the commissioner by rule establishes, but it shall not exceed thirty-five per cent. The uniform rules shall also prescribe methods of making the appraisals set forth in section 5713.03 of the Revised Code. The taxable value of each tract, lot, or parcel of real property and improvements thereon, determined in accordance with the uniform rules and methods prescribed thereby, shall be the taxable value of the tract, lot, or parcel for all purposes of sections 5713.01 to 5713.26, 5715.01 to 5715.51, and 5717.01 to 5717.06 of the Revised Code. County auditors shall, under the direction and supervision of the commissioner, be the chief assessing officers of their respective counties, and shall list and value the real property within their respective counties for taxation in accordance with this section and sections 5713.03 and 5713.31 of the Revised Code and with such rules of the commissioner. There shall also be a board in each county, known as the county board of revision, which shall hear complaints and revise assessments of real property for taxation.

(C) The commissioner shall neither adopt nor enforce any rule that requires true value for any tax year to be any value other than the true value in money on the tax lien date of such tax year or that requires taxable value to be obtained in any way other than by reducing the true value, or in the case of land valued in accordance with section 5713.31 of the Revised Code, its current agricultural use value, by a specified, uniform percentage.

Section 2. That existing sections 5713.31, 5713.34, and 5715.01 of the Revised Code are hereby repealed.

Section 3. The amendment by this act of sections 5713.31,
5713.34, and 5715.01 of the Revised Code applies to tax year 2015 and thereafter in all counties.