

_____ moved to amend as follows:

In line 1 of the title, delete "section" and insert "sections 5715.01 and" 1
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In line 4 of the title, after "studies" insert "and to temporarily modify the formula for computing current agricultural use value" 3
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In line 5, delete "section" and insert "sections 5715.01 and" 5

After line 6, insert: 6

"**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. 7
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(1) The uniform rules shall prescribe methods of determining the true value and taxable value of real property. The rules shall provide that in determining the true value of lands or improvements thereon for tax purposes, all facts and 14
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circumstances relating to the value of the property, its 18
availability for the purposes for which it is constructed or 19
being used, its obsolete character, if any, the income capacity 20
of the property, if any, and any other factor that tends to 21
prove its true value shall be used. In determining the true 22
value of minerals or rights to minerals for the purpose of real 23
property taxation, the tax commissioner shall not include in the 24
value of the minerals or rights to minerals the value of any 25
tangible personal property used in the recovery of those 26
minerals. 27

(2) The uniform rules shall prescribe the method for 28
determining the current agricultural use value of land devoted 29
exclusively to agricultural use, which method shall reflect 30
standard and modern appraisal techniques that take into 31
consideration the productivity of the soil under normal 32
management practices, typical cropping and land use patterns, 33
the average price patterns of the crops and products produced 34
and the typical production costs to determine the net income 35
potential to be capitalized, and other pertinent factors. 36

In determining the agricultural land capitalization rate 37
to be applied to the net income potential from agricultural use, 38
the commissioner shall use standard and modern appraisal 39
techniques. In calculating the capitalization rate for any year, 40
the commissioner shall comply with both of the following 41
requirements: 42

(a) The commissioner shall use an equity yield rate equal 43
to the greater of (i) the average of the total rates of return 44
on farm equity for the twenty-five most recent years for which 45
those rates have been calculated and published by the United 46
States department of agriculture economic research service or 47

another published source or (ii) the loan interest rate the 48
commissioner uses for that year to calculate the capitalization 49
rate; 50

(b) The commissioner shall assume that the holding period 51
for agricultural land is twenty-five years for the purpose of 52
computing buildup of equity or appreciation with respect to that 53
land. 54

The commissioner shall add to the overall capitalization 55
rate a tax additur. The sum of the overall capitalization rate 56
and the tax additur shall represent as nearly as possible the 57
rate of return a prudent investor would expect from an average 58
or typical farm in this state considering only agricultural 59
factors. 60

The commissioner shall annually determine and announce the 61
overall capitalization rate, tax additur, agricultural land 62
capitalization rate, and the individual components used in 63
computing such amounts in a determination, finding, computation, 64
or order of the commissioner published simultaneously with the 65
commissioner's annual publication of the per-acre agricultural 66
use values for each soil type. 67

(3) Notwithstanding any other provision of this chapter 68
and Chapter 5713. of the Revised Code, the current agricultural 69
use value of land devoted exclusively to agricultural use shall 70
equal the following amounts for the years specified: 71

(a) In counties that undergo a reappraisal or triennial 72
update in ~~2017~~2023, the current agricultural use value of the 73
land for each of the ~~2017, 2018, and 2019~~2023, 2024, and 2025 74
tax years shall equal the ~~sum~~average of the following amounts_ 75
determined under this section and section 5713.31 of the Revised 76

Code, and rules adopted pursuant to those sections: 77

(i) The current agricultural use value of the land for 78
that tax year, ~~as determined under this section and section~~ 79
~~5713.31 of the Revised Code, and rules adopted pursuant those~~ 80
~~sections, without regard to the adjustment under division (A) (3)~~ 81
~~(a) (ii) of this section;~~ 82

(ii) ~~One half of the amount, if any, by which the value of~~ 83
~~the land for the 2016 tax year, as determined under this~~ 84
~~section, section 5713.31 of the Revised Code, and the rules~~ 85
~~adopted pursuant those sections and issued by the tax~~ 86
~~commissioner for counties undergoing a reappraisal or triennial~~ 87
~~update in the 2016 tax year, exceeds the value determined under~~ 88
~~division (A) (3) (a) (i) of this section~~The current agricultural 89
use value of the land for the 2022 tax year, as determined for 90
counties undergoing a reappraisal or triennial update in the 91
2022 tax year; 92

(iii) The current agricultural use value of the land for 93
the 2021 tax year, as determined for counties undergoing a 94
reappraisal or triennial update in the 2021 tax year. 95

(b) In counties that undergo a reappraisal or triennial 96
update in ~~2018~~2024, the current agricultural use value of the 97
land for each of the ~~2018, 2019, and 2020~~2024, 2025, and 2026 98
tax years shall equal the ~~sum~~average of the following amounts, 99
determined under this section and section 5713.31 of the Revised 100
Code, and rules adopted pursuant to those sections: 101

(i) The current agricultural use value of the land for 102
that tax year, ~~as determined under this section and section~~ 103
~~5713.31 of the Revised Code, and rules adopted pursuant those~~ 104
~~sections, without regard to the adjustment under division (A) (3)~~ 105

~~(b) (ii) of this section;~~ 106

~~(ii) One half of the amount, if any, by which the value of
the land for the 2017 tax year, as determined under this
section, section 5713.31 of the Revised Code, and the rules
adopted pursuant those sections and issued by the tax
commissioner for counties undergoing a reappraisal or triennial
update in the 2017 tax year, exceeds the value determined under
division (A) (3) (b) (i) of this section~~
The current agricultural
use value of the land for the 2023 tax year, as determined for
counties undergoing a reappraisal or triennial update in the
2023 tax year; 107
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(iii) The current agricultural use value of the land for
the 2022 tax year, as determined for counties undergoing a
reappraisal or triennial update in the 2022 tax year. 117
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(c) In counties that undergo a reappraisal or triennial
update in ~~2019~~2025, the current agricultural use value of the
land for each of the ~~2019, 2020, and 2021~~2025, 2026, and 2027
tax years shall equal the ~~sum~~average of the following amounts_
determined under this section and section 5713.31 of the Revised
Code, and rules adopted pursuant to those sections: 120
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(i) The current agricultural use value of the land for
that tax year, ~~as determined under this section and section
5713.31 of the Revised Code, and rules adopted pursuant those
sections, without regard to the adjustment under division (A) (3)
(c) (ii) of this section;~~ 126
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~~(ii) One half of the amount, if any, by which the value of
the land for the 2018 tax year, as determined under this
section, section 5713.31 of the Revised Code, and the rules
adopted pursuant those sections and issued by the tax~~ 131
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~~commissioner for counties undergoing a reappraisal or triennial update in the 2018 tax year, exceeds the value determined under division (A) (3) (c) (i) of this section.~~
The current agricultural use value of the land for the 2024 tax year, as determined for counties undergoing a reappraisal or triennial update in the 2024 tax year;

(iii) The current agricultural use value of the land for the 2023 tax year, as determined for counties undergoing a reappraisal or triennial update in the 2023 tax year.

(4) The uniform rules shall prescribe the method for determining the value of federally subsidized residential rental property through the use of a formula that accounts for the following factors:

(a) Up to three years of operating income of the property, which includes gross potential rent, and any income derived from other sources as reported by the property owner to the county auditor under section 5713.031 of the Revised Code. Operating income shall include an allowance for vacancy losses, which shall be presumed to be four per cent of gross potential rent, and unpaid rent losses, which shall be presumed to be three per cent of gross potential rent. These presumptive amounts may be exceeded with evidence demonstrating the actual income of the property.

(b) Operating expenses of the property, which shall be presumed to be forty-eight per cent of operating income plus utility expenses as reported by the property owner to the county auditor under section 5713.031 of the Revised Code. Operating expenses shall also include replacement reserve fund or account contributions which shall be presumed to be five per cent of gross potential rent. These presumptive amounts may be exceeded

with evidence demonstrating the actual expenses of the property. 165
Real property taxes, depreciation, and amortization expenses and 166
replacement of short-term capitalized assets shall be excluded 167
from operating expenses. 168

(c) A market-appropriate, uniform capitalization rate plus 169
a tax additur accounting for the real property tax rate of the 170
property's location. For federally subsidized residential rental 171
property described in division (A) (1) of section 5713.031 of the 172
Revised Code, one percentage point shall be subtracted from the 173
uniform capitalization rate. 174

The uniform rules shall also prescribe a minimum total 175
value for federally subsidized residential rental property of 176
five thousand dollars multiplied by the number of dwelling units 177
comprising the property or one hundred fifty per cent of the 178
property's unimproved land value, whichever is greater. The 179
formula and other rules adopted by the commissioner pursuant to 180
this division shall comply with Ohio Constitution, Article XII, 181
Section 2. 182

As used in division (A) (4) of this section, "federally 183
subsidized residential rental property" has the same meaning as 184
in section 5713.031 of the Revised Code and "dwelling unit" has 185
the same meaning as in section 5321.01 of the Revised Code. 186

(B) The taxable value shall be that per cent of true value 187
in money, or current agricultural use value in the case of land 188
valued in accordance with section 5713.31 of the Revised Code, 189
the commissioner by rule establishes, but it shall not exceed 190
thirty-five per cent. The uniform rules shall also prescribe 191
methods of making the appraisals set forth in section 5713.03 of 192
the Revised Code. The taxable value of each tract, lot, or 193
parcel of real property and improvements thereon, determined in 194

accordance with the uniform rules and methods prescribed 195
thereby, shall be the taxable value of the tract, lot, or parcel 196
for all purposes of sections 5713.01 to 5713.26, 5715.01 to 197
5715.51, and 5717.01 to 5717.06 of the Revised Code. County 198
auditors shall, under the direction and supervision of the 199
commissioner, be the chief assessing officers of their 200
respective counties, and shall list and value the real property 201
within their respective counties for taxation in accordance with 202
this section and sections 5713.03 and 5713.31 of the Revised 203
Code and with such rules of the commissioner. There shall also 204
be a board in each county, known as the county board of 205
revision, which shall hear complaints and revise assessments of 206
real property for taxation. 207

(C) The commissioner shall neither adopt nor enforce any 208
rule that requires true value for any tax year to be any value 209
other than the true value in money on the tax lien date of such 210
tax year or that requires taxable value to be obtained in any 211
way other than by reducing the true value, or in the case of 212
land valued in accordance with section 5713.31 of the Revised 213
Code, its current agricultural use value, by a specified, 214
uniform percentage. " 215

In line 49, delete "section" and insert "sections 5715.01 and" 216

In line 50, delete "is" and insert "are" 217

After line 73, insert: 218

"Section 4. Notwithstanding any provision of the Revised 219
Code to the contrary, if necessary, the Tax Commissioner shall 220
issue updated 2023 current agricultural use value tables to 221
reflect the amendment by this act of section 5715.01 of the 222
Revised Code. The updated values shall be issued within fifteen 223

days after the effective date of this section." 224

The motion was _____ agreed to.

SYNOPSIS 225

CAUV formula changes 226

R.C. 5715.01; Section 4 227

Requires that, for farmland in counties that undergo a 228
property tax reappraisal or triennial update in 2023, 2024, or 229
2025, the land's "current agricultural use value" (CAUV) must 230
equal the average of the value calculated for that tax year and 231
the values that would have been assigned if the land were in a 232
county that underwent a reappraisal or update in each of the 233
preceding two years. 234