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Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. D. Thomas and Peterson

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SUMMARY

- Removes the annual renewal application requirement for farm owners whose land is valued at its current agricultural use value, or CAUV.
- Requires auditors to provide at least one option for farm owners to file a CAUV application electronically.
- Allows land to qualify for CAUV if it is incidental to an agricultural use, so long as the land is contiguous to agricultural land and is not used for an unrelated commercial purpose.
- Allows land to meet the CAUV ten-acre requirement if it is not contiguous but is used as part of a single operation in one or more counties.
- Specifies that, for the purposes of CAUV eligibility, land is considered to be under "common ownership" if the same individuals own the land directly or indirectly through one or more entities.
- Allows land that is not farmed in a year due to a declared disaster or state of emergency to continue to receive CAUV.
- Expressly allows auditors to value residential property or wasteland at an amount less than what the property would have been valued at under the CAUV program.
- Requires land in the CAUV program due to its involvement with an H2Ohio water project to be valued at its actual soil type.
- Requires that tax bills separately list the tax savings from the CAUV program, under the label "CAUV Savings."
- Requires that, in each reappraisal or triennial update year, county auditors provide a notice to CAUV owners with soil type information and publish this information on the auditor's website.

DETAILED ANALYSIS

CAUV program changes

The bill makes various changes to the property taxation of Ohio farmland. As detailed below, the bill modifies the requirements for certain farmland to be valued at its current agricultural use value, or CAUV. It also removes the requirement that farm owners file renewal applications each year for the CAUV program. Finally, it requires certain information to be communicated to farm owners about the program. The bill's changes apply to tax years beginning on or after the bill's 90-day effective date.[1]

Background

Under continuing law, farmland may be valued at its CAUV – its value considering only its use for agriculture – rather than its fair market value. This usually results in a lower tax bill for farm owners because the land is often valued below its actual market value, particularly in areas where farmland is in demand for development purposes. A farm's CAUV is calculated using a complex formula that takes into account the farm's soil type, crop patterns and prices, management costs, and estimated income potential.

CAUV applications

Renewal applications

Under current law, an owner of agricultural land must annually file a renewal application in order to maintain CAUV eligibility. The bill removes this requirement. As under existing law, the county auditor will determine if land still qualifies for CAUV, but, under the bill, will do so independent of an application. The bill requires a property owner to inform the county auditor if the land no longer qualifies for CAUV or if its status as eligible conservation land changes at any point after an initial application is filed.[2]

Electronic filing

The bill mandates that each county provide taxpayers with at least one means of submitting a CAUV application electronically.[3]

Qualifying CAUV land

Incidental uses

The bill allows land to qualify for CAUV valuation if it is not used in agriculture, but is contiguous to agricultural land, used for a purpose incidental to that land's primary agricultural

[1] Section 4.

[2] R.C. 5713.30, 5713.31, and 5713.351.

[3] R.C. 5713.31(A).

use, and is not used for commercial reasons unrelated to that agricultural use. This includes driveways, access roads, barns, staging areas, or a farm market.[4]

Noncontiguous land

Additionally, under continuing law, farmland must generally be at least ten acres or produce at least $2,500 of gross income to qualify for CAUV valuation. The bill specifies that land meets the ten-acre requirement if the land is not contiguous but is used as part of a single operation in one or more counties. Under existing Department of Taxation guidance, noncontiguous land that is part of a single operation in one county can be aggregated to meet the ten-acre requirement.[5] The bill codifies this practice and expands it to include noncontiguous land in multiple counties.

If a CAUV application relates to noncontiguous land, the property owner must submit the application to the county auditor of the county where the most acres are located. The auditor must then, after determining the land's CAUV eligibility, notify the other counties where the land is located of that determination. The auditor must also notify other counties where the land is located after determining that the land no longer qualifies for the CAUV program.[6]

Land under common ownership

Continuing law also allows for some land to qualify for CAUV valuation if the land is part of a parcel of land under common ownership that is otherwise devoted exclusively to agriculture. The bill specifies that land is under "common ownership" if the same individual or individuals own or lease the land directly or indirectly through one or more entities.[7]

Land impacted by disaster declaration

The bill allows agricultural land eligible for CAUV in the preceding calendar year to maintain CAUV eligibility if it has not been farmed due to a declared disaster or state of emergency.[8]

CAUV valuation

H2Ohio soil type valuation

Under continuing law, the CAUV formula applies to certain conservation land, including land enrolled in the H2Ohio program. Conservation land that is eligible for CAUV is valued as though the land's soil type is the lowest valued of all soil types according to the Tax

[4] R.C. 5713.30(A).

[5] See Department of Taxation, CAUV Annual Renewal Application.

[6] R.C. 5713.30(A) and 5713.31(J).

[7] R.C. 5713.30(A).

[8] R.C. 5713.30(A)(5).

Commissioner's annual determination, even if the soil map indicates otherwise. The bill requires that land enrolled in the H2Ohio program must instead be valued at its actual soil type.[9]

Valuation of property at less than CAUV

The bill explicitly allows a county auditor to value residential property or wasteland at a value less than it would have potentially been valued under the CAUV program.[10]

CAUV savings tax bill listing

The bill requires that tax bills for property valued under the CAUV program separately list the tax savings for the property for that tax year under the label "CAUV savings." The tax savings are the difference between the dollar amount of real property taxes levied in accordance with the property's CAUV and the dollar amount of real property taxes that would have been levied at its market value.[11]

CAUV reappraisal notice

The bill mandates that the county auditor, in any reappraisal or triennial update year, must provide a notice by certified mail or email to all CAUV owners that includes the following:

- All the soil types present in the county;
- An explanation of how a property owner can determine the soil type of the owner's property; and
- The CAUV for each soil type for that year and the most recent reappraisal or update year.

The auditor must also publish this information on the auditor's website.[12]

HISTORY

Action	Date
Introduced	11-05-25

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[9] R.C. 5713.31(I).

[10] R.C. 5713.03.

[11] R.C. 323.131(C) and 5713.30(C).

[12] R.C. 5713.36.