OHIO LEGISLATIVE SERVICE COMMISSION

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H.B. 575
(l_136_1465-5)
136th General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 575's Bill Analysis

Version: In House Ways and Means

Primary Sponsors: Reps. D. Thomas and Peterson

Local Impact Statement Procedure Required: No

Kyuhan Choi, Economist

Highlights

- The bill makes various changes to Ohio's Current Agricultural Use Value (CAUV) Program by increasing transparency regarding CAUV-related tax savings, modifying valuation rules for certain conservation land, authorizing electronic filings and communications with county auditors, and requiring additional reporting and disclosure of CAUV-related tax savings. The bill is expected to increase administrative costs for the Department of Taxation and county auditors.
- The bill may affect local property tax revenues through changes to the valuation of certain conservation land enrolled in CAUV, but overall revenue effects are expected to be modest.

Detailed Analysis

The bill makes various changes to the property taxation of Ohio farmland. Under current law, farmland devoted exclusively to commercial agriculture may be valued according to its current use rather than at its fair market value. It is known as the Current Agricultural Use Value (CAUV) Program, generally resulting in a lower tax bill for farm owners. The bill increases transparency of the Program by requiring county auditors to disclose CAUV-related tax savings on property tax bills and by requiring county auditors and the Tax Commissioner to compile and report additional information on CAUV valuations and tax savings. It also modifies the valuation of certain conservation land, authorizes additional electronic filing and communication options, and establishes new administrative requirements for county auditors and the state.

The bill is expected to increase administrative costs for the Department of Taxation (TAX) and county auditors. TAX will be required to publish annual reports containing information on CAUV valuations, taxes, and tax benefits. County auditors may incur costs to update tax bill

formats, revise application materials, establish electronic filing for CAUV renewal applications, and compile data needed to satisfy the bill's reporting requirements.

The bill may also affect local property tax revenues by modifying the valuation of certain conservation land enrolled in CAUV. Under current law, qualifying conservation land generally receives the lowest CAUV soil value assigned by the Tax Commissioner. The bill instead requires certain conservation land participating in the H2Ohio Program to be valued according to its actual soil type. This change could increase taxable values and property tax liabilities for affected parcels. However, because the number of affected acres is likely small, any aggregate change in local property tax revenues is expected to be modest. The bill's remaining valuation provisions are expected to have a minimal fiscal effect.

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