OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

H.B. 733
136th General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 733's Bill Analysis

Version: As Passed by the House

Primary Sponsors: Reps. Fowler Arthur and D. Thomas

Local Impact Statement Procedure Required: No

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Highlights

- The bill explicitly allows land used to produce maple syrup and maple products to qualify for the current agricultural use value (CAUV) property tax program. The CAUV savings could plausibly reduce annual property tax liability for applicable owners between $165,000 and $610,000, but actual savings depend on current appraisal practices.

Detailed Analysis

The bill explicitly allows land used to produce maple syrup and maple products to qualify for the current agricultural use value (CAUV) property tax program.

Background information

For property tax purposes, farmland devoted exclusively to commercial agriculture may be valued according to its current use rather than at its "highest and best" potential use. This provision of Ohio law is known as the CAUV program. By permitting values to be set well below true market values, the CAUV normally results in a substantially lower tax bill for working farmers. Nearly 16 million acres across Ohio currently qualify for the CAUV program. Property owners must file applications with their county auditor to obtain the CAUV status.

To qualify for the CAUV, land must meet one of the following requirements during the three years preceding an application for the CAUV:

- Ten or more acres must be devoted exclusively to commercial agricultural use; or
- If under ten acres are devoted exclusively to commercial agricultural use, the farm must produce an average yearly gross income of at least $2,500.

Fiscal effect

Property tax

The U.S. Department of Agriculture estimated that Ohio had 912 maple syrup farms with 468,579 taps in 2022. LBO staff assumes a density ranging from 50 trees to 100 trees per acre, which suggests the maple syrup farms occupy between 4,700 acres and 9,400 acres across Ohio. The property owners' tax savings per acre could plausibly range between $35 per acre and $65 per acre, depending on the location of the farm and its associated tax rate. Therefore, the CAUV designation could potentially save property owners between $165,000 and $610,000 annually. The actual savings would depend on how the land is currently being appraised by the county auditor, namely, whether it already benefits from the CAUV designation or it is instead valued according to its highest and best potential use. Any resulting reduction in taxable value may have a minimal impact on state foundation aid payments, but given the small acreage involved, any such effect is expected to be minimal. Otherwise, the bill does not have a fiscal effect on state and local government expenditures.

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