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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**S.B. 285**  
**136<sup>th</sup> General Assembly**

## **Fiscal Note & Local Impact Statement**

[Click here for S.B. 285's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Sen. Schaffer

**Local Impact Statement Procedure Required:** No

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### **Highlights**

- The bill exempts agricultural land converted to qualifying conservation uses from current agricultural use value (CAUV) recoupment charges.
- The estimated statewide revenue loss is between \$75,000 and \$375,000 in tax year 2026.

### **Detailed Analysis**

The bill exempts agricultural land converted to conservation uses from current agricultural use value (CAUV) tax recoupment charges, until the land is no longer used for conservation. Eligible conservation land includes property used for an agricultural or natural water conservation project funded by the H2Ohio program, as well as land previously used for such a project that is now subject to a conservation easement held by the state or another entity in connection with the H2Ohio program.

#### **Current agricultural use valuation**

The CAUV program permits qualifying farmland to be assessed for property tax purposes according to its value in agricultural production rather than its potential market value for development. Under this provision of Ohio law, fluctuations in surrounding real estate markets, such as increases driven by residential construction, solar installations, or large-scale commercial projects do not affect CAUV values. As a result, land enrolled in CAUV typically receives a lower tax assessment than comparable property valued at its "highest and best" use.

To qualify for CAUV, farmland must have been devoted exclusively to commercial agricultural use during the three years preceding application. Specifically, eligibility requires that (1) at least ten acres be used exclusively for commercial agriculture, or (2) if fewer than ten acres are in production, the agricultural operation must generate an average annual gross income of

at least \$2,500. Land meeting these criteria may be valued according to its current agricultural use, thereby reducing the property tax liability for working farmers.<sup>1</sup>

## **Recoupment charges**

Under current law, farmland removed from the CAUV program and converted to nonagricultural use is generally subject to a recoupment charge equal to the prior three years of tax savings. Limited exceptions exist, including when land is acquired by a local government for conservation or outdoor recreation.

The bill adds a new exception for farmland acquired by a conservation organization and used for a fully tax-exempt environmental response project related to water quality or wetlands, or for an H2Ohio nature water project. Conversions to these uses occurring after the bill's 90-day effective date would no longer trigger the recoupment charge. However, if the land is later converted to a nonconservation use, the recoupment charge would apply at that time.

## **Fiscal effect**

The fiscal effect of the bill is estimated using the Department of Taxation's Real and Public Utility Property for the tax year (TY) 2024<sup>2</sup> database, which reports, for each taxing district, tax rates and factors, assessed values, and taxes, charges, and credits. This dataset provides information on the agricultural recoupment taxes charged by each taxing district, for all types of properties. This analysis considers only the recoupment taxes charged for agricultural properties under the Class 1 classification.

Statistics for TY 2024 show that statewide CAUV recoupment charges totaled \$14.5 million, but only \$7.5 million was recouped from parcels that remained classified as agricultural property. Because only a very small share of CAUV removals involve the types of conservation projects covered by the bill, its impact would apply to only a small fraction of statewide recoupment charges paid by agricultural property owners.

Eligibility is limited to land converted from agricultural use to qualifying conservation projects, which represent only a small portion of total agricultural acreage. For example, in Fairfield County, only about 1% of agricultural land is used for conservation purposes. In Delaware County, which accounts for 13% of statewide CAUV recoupment charges, the largest share in the state, approximately 0.5% of the county's CAUV acreage is estimated to be under H2Ohio projects. Delaware County has several H2Ohio projects underway, including the O'Donnell Wetland Restoration and Treatment Train project and the Perfect Creek Treatment Wetlands project. Additional information on these and other H2Ohio projects statewide is available on the DataOhio website.<sup>3</sup>

LBO staff estimates that statewide, only 1% to 5% of agricultural land receiving CAUV benefits is likely to qualify for the exemption for conservation organizations. This range reflects counties such as Ottawa, Seneca, or Medina, where conservation and H2Ohio activity could be

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<sup>1</sup> More information on the CAUV program can be found on the Department of Taxation's website: [tax.ohio.gov](https://tax.ohio.gov).

<sup>2</sup> This information can be found on the Department of Taxation's website at: [tax.ohio.gov](https://tax.ohio.gov).

<sup>3</sup> Information on these projects can be found on the DataOhio website at: [data.ohio.gov](https://data.ohio.gov).

more concentrated than in the statewide average. Overall, the resulting fiscal effect is an estimated revenue loss between \$75,000 and \$375,000 in TY 2026.