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Representative Hill

Cosponsors: Representatives Rezabek, Sheehy, Burkley, Cupp, Slesnick, Phillips, Hood, Cera, O'Brien, S., Boose, Retherford, Hall, O'Brien, M., Henne, Vitale, McColley, Hambley, Maag, Green, Ruhl, Patterson, Reineke, LaTourette, Buchy, Grossman

A BILL

To amend sections 5713.31, 5713.34, and 5715.01 of 1
the Revised Code to require that the computation 2
of the capitalization rate for the purposes of 3
determining CAUV of agricultural land be 4
computed using a method that excludes 5
appreciation and equity buildup and to stipulate 6
that CAUV land used for a conservation practice 7
or enrolled in a federal land retirement or 8
conservation program for at least three years 9
must be valued at the lowest of the values 10
assigned on the basis of soil type. 11

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 5713.31, 5713.34, and 5715.01 of 12
the Revised Code be amended to read as follows: 13

Sec. 5713.31. At any time after the first Monday in 14
January and prior to the first Monday in March of any year, an 15
owner of agricultural land may file an application with the 16

county auditor of the county in which such land is located, 17
requesting the auditor to value the land for real property tax 18
purposes at the current value such land has for agricultural 19
use, in accordance with section 5715.01 of the Revised Code and 20
the rules adopted by the commissioner for the valuation of such 21
land. An owner's first application with respect to ~~his~~ the 22
owner's land shall be in the form of an initial application. 23
Each application filed in ensuing consecutive years after the 24
initial application by that owner shall be in the form of a 25
renewal application. The commissioner shall prescribe the form 26
of the initial and the renewal application, but the renewal 27
application shall require no more information than is necessary 28
to establish the applicant's continued eligibility to have ~~his~~ 29
the applicant's land valued for agricultural use, for all lots, 30
parcels, or tracts of land, or portions thereof, within a 31
county, that have been valued at the current value of such land 32
for agricultural use in the preceding tax year. If, on the first 33
day of January of the tax year, any portion of the applicant's 34
agricultural land is used for a conservation practice or devoted 35
to a land retirement or conservation program under an agreement 36
with an agency of the federal government, the applicant shall so 37
indicate on the initial or renewal application. 38

On or before the second Tuesday after the first Monday in 39
March, the auditor shall determine whether the current owner of 40
any lot, parcel, or tract of land or portion thereof contained 41
in the preceding tax year's agricultural land tax list failed to 42
file an initial or renewal application, as appropriate, for the 43
current tax year with respect to such lot, parcel, or tract or 44
portion thereof. ~~He~~ The auditor shall forthwith notify, by 45
certified mail, each owner who failed to file an application 46
that unless application is filed with the auditor prior to the 47

first Monday of April of the current year, the land will be 48
valued for real property tax purposes in the current tax year at 49
its true value in money and that the recoupment required by 50
sections 5713.34 and 5713.35 of the Revised Code will be placed 51
on the current year's tax list and duplicate for collection. 52

Each initial application shall be accompanied by a fee of 53
twenty-five dollars. Application fees shall be paid into the 54
county treasury to the credit of the real estate assessment fund 55
created under section 325.31 of the Revised Code. 56

Upon receipt of an application and payment of the required 57
fee the auditor shall determine whether the information 58
contained therein is correct and the application complete. 59

If the auditor determines the information is incorrect or 60
the application is incomplete, ~~he~~ the auditor shall return the 61
application to the applicant by certified mail with an 62
enumeration of the items which are incorrect or incomplete. An 63
applicant may file an amended application, without charge, 64
within fifteen days of the receipt of the returned application. 65

If the auditor determines the application or amended 66
application is complete and the information therein is 67
correct, ~~he~~ the auditor shall, prior to the first Monday in June, 68
view or cause to be viewed the land described in the application 69
and determine whether the land is land devoted exclusively to 70
agricultural use. 71

If the auditor determines, which determination shall be 72
made as of the first Monday of June, annually, that the land is 73
land devoted exclusively to agricultural use ~~he~~ the auditor 74
shall appraise it for real property tax purposes in accordance 75
with section 5715.01 of the Revised Code and the rules adopted 76

by the commissioner for the valuation of land devoted 77
exclusively to agricultural use and such appraised value shall 78
be the value used by the auditor in determining the taxable 79
value of such land for the current tax year under section 80
5713.03 of the Revised Code and as shown on the general tax list 81
compiled under section 319.28 of the Revised Code. 82

The auditor shall enter on the real property record 83
required under section 5713.03 of the Revised Code for the 84
tract, lot, or parcel of land so appraised, in addition to the 85
other information required to be recorded thereon, its value as 86
land devoted exclusively to agricultural use based on the values 87
determined by the commissioner for each soil type present in the 88
tract, lot, or parcel. Subject to division (A)(1) of section 89
5713.34 of the Revised Code, tracts, lots, or parcels of land or 90
portions thereof used for a conservation practice or devoted to 91
a land retirement or conservation program under an agreement 92
with an agency of the federal government on the first day of 93
January of the tax year shall be valued at the lowest valued of 94
all soil types listed in the commissioner's annual publication 95
of the per-acre agricultural use values for each soil type in 96
the state. 97

Sec. 5713.34. (A) (1) Upon the conversion of all or any 98
portion of a tract, lot, or parcel of land devoted exclusively 99
to agricultural use a portion of the tax savings upon such 100
converted land shall be recouped as provided for by Section 36, 101
Article II, Ohio Constitution by levying a charge on such land 102
in an amount equal to the amount of the tax savings on the 103
converted land during the three tax years immediately preceding 104
the year in which the conversion occurs. If the auditor 105
discovers that agricultural land valued at the lowest valued 106
soil type, pursuant to section 5713.31 of the Revised Code, 107

because of its use for a conservation practice or devotion to a 108
land retirement or conservation program ceases to be used or 109
devoted to such purposes sooner than thirty-six months after the 110
initial certification, the auditor shall levy a charge on such 111
agricultural land in an amount equal to the taxes saved based on 112
its valuation at the lowest valued soil type, rather than 113
valuation at its actual soil type, in all preceding years the 114
land was so valued, not to exceed the most recent three years. 115
The ~~charge~~ charges levied under this section shall constitute a 116
lien of the state upon such converted land as of the first day 117
of January of the tax year in which the charge is levied and 118
shall continue until discharged as provided by law. 119

(2) Upon the conversion of an adequately described portion 120
of a tract, lot, or parcel of land, the county auditor shall 121
divide any numbered permanent parcel into economic units and 122
value each unit individually for the purpose of levying the 123
charge under division (A) (1) of this section against only the 124
converted portion. 125

(3) A charge shall not be levied under this section for 126
the conversion of a portion of a tract, lot, or parcel of land 127
devoted exclusively to agricultural use if the conversion is 128
incident to the construction or installation of an energy 129
facility, as defined in section 5727.01 of the Revised Code, and 130
if the remaining portion of the tract, lot, or parcel continues 131
to be devoted exclusively to agricultural use. 132

(B) Except as otherwise provided in division (C) or (D) of 133
this section, a public entity that acquires by any means and 134
converts land devoted exclusively to agricultural use and a 135
private entity granted the power of eminent domain that acquires 136
by any means and converts land devoted exclusively to 137

agricultural use shall pay the charge levied by division (A) of 138
this section and shall not, directly or indirectly, transfer the 139
charge to the person from whom the land is acquired. A person 140
injured by a violation of this division may recover, in a civil 141
action, any damages resulting from the violation. 142

(C) The charge levied by division (A) (1) of this section 143
does not apply to the conversion of land acquired by a public 144
entity by means other than eminent domain and thereafter used 145
exclusively for a public purpose that leaves the land 146
principally undeveloped when either of the following conditions 147
applies: 148

(1) In the case of land so acquired and converted by a 149
park district created under Chapter 1545. of the Revised Code, 150
the land is located within the boundaries of the park district. 151

(2) In the case of land so acquired and converted by a 152
public entity other than a park district created under Chapter 153
1545. of the Revised Code, the land is located within the 154
boundaries of any city, local, exempted village, or joint 155
vocational school district that is wholly or partially located 156
within the boundaries of the public entity that so acquired and 157
converted the land. 158

If all or any portion of a tract, lot, or parcel of such 159
land is later developed or otherwise converted to a purpose 160
other than one of the purposes enumerated under division (E) (1) 161
of this section, the charge levied by division (A) (1) of this 162
section shall be levied against such developed or converted land 163
as otherwise required by that division. 164

The county auditor of the county in which the land is 165
located shall determine annually whether all or any portion of a 166

tract, lot, or parcel of land formerly converted to a purpose 167
enumerated under division (E) (1) of this section has been 168
developed in such a way or converted to such a purpose as to 169
require the charge levied by division (A) (1) of this section to 170
be levied against the land so developed or converted. 171

(D) Division (B) of this section does not apply to a 172
public entity that acquires by means other than eminent domain 173
and converts land devoted exclusively to agricultural use to use 174
for public, active or passive, outdoor education, recreation, or 175
similar open space uses when either of the following conditions 176
applies: 177

(1) In the case of land so acquired and converted by a 178
park district created under Chapter 1545. of the Revised Code, 179
the land is located outside the boundaries of the park district. 180

(2) In the case of land so acquired and converted by a 181
public entity other than a park district created under Chapter 182
1545. of the Revised Code, the land is located outside the 183
boundaries of any city, local, exempted village, or joint 184
vocational school district that is wholly or partially located 185
within the boundaries of the public entity that so acquired and 186
converted the land. 187

(E) As used in divisions (C) and (D) of this section: 188

(1) "Principally undeveloped" means a parcel of real 189
property that is used for public, active or passive, outdoor 190
education, recreation, or similar open space uses and contains 191
only the structures, roadways, and other facilities that are 192
necessary for such uses. 193

(2) "Public entity" means any political subdivision of 194
this state or any agency or instrumentality of a political 195

subdivision. 196

Sec. 5715.01. (A) The tax commissioner shall direct and 197
supervise the assessment for taxation of all real property. The 198
commissioner shall adopt, prescribe, and promulgate rules for 199
the determination of true value and taxable value of real 200
property by uniform rule for such values and for the 201
determination of the current agricultural use value of land 202
devoted exclusively to agricultural use. ~~The~~ 203

(1) ~~The~~ uniform rules shall prescribe methods of 204
determining the true value and taxable value of real property 205
~~and shall also prescribe the method for determining the current~~ 206
~~agricultural use value of land devoted exclusively to~~ 207
~~agricultural use, which method shall reflect standard and modern~~ 208
~~appraisal techniques that take into consideration: the~~ 209
~~productivity of the soil under normal management practices; the~~ 210
~~average price patterns of the crops and products produced to~~ 211
~~determine the income potential to be capitalized; the market~~ 212
~~value of the land for agricultural use; and other pertinent~~ 213
~~factors.~~ The rules shall provide that in determining the true 214
value of lands or improvements thereon for tax purposes, all 215
facts and circumstances relating to the value of the property, 216
its availability for the purposes for which it is constructed or 217
being used, its obsolete character, if any, the income capacity 218
of the property, if any, and any other factor that tends to 219
prove its true value shall be used. In determining the true 220
value of minerals or rights to minerals for the purpose of real 221
property taxation, the tax commissioner shall not include in the 222
value of the minerals or rights to minerals the value of any 223
tangible personal property used in the recovery of those 224
minerals. 225

(2) The uniform rules shall prescribe the method for 226
determining the current agricultural use value of land devoted 227
exclusively to agricultural use, which method shall reflect 228
standard and modern appraisal techniques that take into 229
consideration the productivity of the soil under normal 230
management practices, typical cropping and land use patterns, 231
the average price patterns of the crops and products produced 232
and the typical production costs to determine the net income 233
potential to be capitalized, and other pertinent factors. 234

In determining the agricultural land capitalization rate 235
to be applied to the net income potential from agricultural use, 236
the commissioner shall use standard and modern appraisal 237
techniques but shall not use a method that includes in the 238
computation buildup of equity or appreciation with respect to 239
the agricultural land. 240

The commissioner shall add to the overall capitalization 241
rate a tax additur. The sum of the overall capitalization rate 242
and the tax additur shall represent as nearly as possible the 243
rate of return a prudent investor would expect from an average 244
or typical farm in this state considering only agricultural 245
factors. 246

The commissioner shall annually determine and announce the 247
overall capitalization rate, tax additur, agricultural land 248
capitalization rate, and the individual components used in 249
computing such amounts in a determination, finding, computation, 250
or order of the commissioner published simultaneously with the 251
commissioner's annual publication of the per-acre agricultural 252
use values for each soil type. 253

(B) The taxable value shall be that per cent of true value 254
in money, or current agricultural use value in the case of land 255

valued in accordance with section 5713.31 of the Revised Code, 256
the commissioner by rule establishes, but it shall not exceed 257
thirty-five per cent. The uniform rules shall also prescribe 258
methods of making the appraisals set forth in section 5713.03 of 259
the Revised Code. The taxable value of each tract, lot, or 260
parcel of real property and improvements thereon, determined in 261
accordance with the uniform rules and methods prescribed 262
thereby, shall be the taxable value of the tract, lot, or parcel 263
for all purposes of sections 5713.01 to 5713.26, 5715.01 to 264
5715.51, and 5717.01 to 5717.06 of the Revised Code. County 265
auditors shall, under the direction and supervision of the 266
commissioner, be the chief assessing officers of their 267
respective counties, and shall list and value the real property 268
within their respective counties for taxation in accordance with 269
this section and sections 5713.03 and 5713.31 of the Revised 270
Code and with such rules of the commissioner. There shall also 271
be a board in each county, known as the county board of 272
revision, which shall hear complaints and revise assessments of 273
real property for taxation. 274

(C) The commissioner shall neither adopt nor enforce any 275
rule that requires true value for any tax year to be any value 276
other than the true value in money on the tax lien date of such 277
tax year or that requires taxable value to be obtained in any 278
way other than by reducing the true value, or in the case of 279
land valued in accordance with section 5713.31 of the Revised 280
Code, its current agricultural use value, by a specified, 281
uniform percentage. 282

Section 2. That existing sections 5713.31, 5713.34, and 283
5715.01 of the Revised Code are hereby repealed. 284

Section 3. The amendment by this act of sections 5713.31, 285

5713.34, and 5715.01 of the Revised Code applies to tax year 286
2015 and thereafter in all counties. 287