

As Introduced

**135th General Assembly
Regular Session
2023-2024**

S. B. No. 153

Senators Lang, Johnson

A BILL

To amend sections 5715.01 and 5715.012 of the 1
Revised Code to temporarily modify the method 2
for valuing farmland and other real property for 3
tax purposes. 4

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

Section 1. That sections 5715.01 and 5715.012 of the 5
Revised Code be amended to read as follows: 6

Sec. 5715.01. (A) The tax commissioner shall direct and 7
supervise the assessment for taxation of all real property. The 8
commissioner shall adopt, prescribe, and promulgate rules for 9
the determination of true value and taxable value of real 10
property by uniform rule for such values and for the 11
determination of the current agricultural use value of land 12
devoted exclusively to agricultural use. 13

(1) The uniform rules shall prescribe methods of 14
determining the true value and taxable value of real property. 15
The rules shall provide that in determining the true value of 16
lands or improvements thereon for tax purposes, all facts and 17
circumstances relating to the value of the property, its 18
availability for the purposes for which it is constructed or 19

being used, its obsolete character, if any, the income capacity 20
of the property, if any, and any other factor that tends to 21
prove its true value shall be used. In determining the true 22
value of minerals or rights to minerals for the purpose of real 23
property taxation, the tax commissioner shall not include in the 24
value of the minerals or rights to minerals the value of any 25
tangible personal property used in the recovery of those 26
minerals. 27

(2) The uniform rules shall prescribe the method for 28
determining the current agricultural use value of land devoted 29
exclusively to agricultural use, which method shall reflect 30
standard and modern appraisal techniques that take into 31
consideration the productivity of the soil under normal 32
management practices, typical cropping and land use patterns, 33
the average price patterns of the crops and products produced 34
and the typical production costs to determine the net income 35
potential to be capitalized, and other pertinent factors. 36

In determining the agricultural land capitalization rate 37
to be applied to the net income potential from agricultural use, 38
the commissioner shall use standard and modern appraisal 39
techniques. In calculating the capitalization rate for any year, 40
the commissioner shall comply with both of the following 41
requirements: 42

(a) The commissioner shall use an equity yield rate equal 43
to the greater of (i) the average of the total rates of return 44
on farm equity for the twenty-five most recent years for which 45
those rates have been calculated and published by the United 46
States department of agriculture economic research service or 47
another published source or (ii) the loan interest rate the 48
commissioner uses for that year to calculate the capitalization 49

rate; 50

(b) The commissioner shall assume that the holding period 51
for agricultural land is twenty-five years for the purpose of 52
computing buildup of equity or appreciation with respect to that 53
land. 54

The commissioner shall add to the overall capitalization 55
rate a tax additur. The sum of the overall capitalization rate 56
and the tax additur shall represent as nearly as possible the 57
rate of return a prudent investor would expect from an average 58
or typical farm in this state considering only agricultural 59
factors. 60

The commissioner shall annually determine and announce the 61
overall capitalization rate, tax additur, agricultural land 62
capitalization rate, and the individual components used in 63
computing such amounts in a determination, finding, computation, 64
or order of the commissioner published simultaneously with the 65
commissioner's annual publication of the per-acre agricultural 66
use values for each soil type. 67

(3) Notwithstanding any other provision of this chapter 68
and Chapter 5713. of the Revised Code, the current agricultural 69
use value of land devoted exclusively to agricultural use shall 70
equal the following amounts for the years specified: 71

(a) In counties that undergo a reappraisal or triennial 72
update in 2017~~2023~~, the current agricultural use value of the 73
land for each of the 2017, 2018, and 2019~~2023, 2024, and 2025~~ 74
tax years shall equal the sum-average of the following amounts 75
determined under this section and section 5713.31 of the Revised 76
Code, and rules adopted pursuant to those sections: 77

(i) The current agricultural use value of the land for 78

that tax year, ~~as determined under this section and section~~ 79
~~5713.31 of the Revised Code, and rules adopted pursuant those~~ 80
~~sections, without regard to the adjustment under division (A) (3)~~ 81
~~(a) (ii) of this section;~~ 82

(ii) ~~One half of the amount, if any, by which the value of~~ 83
~~the land for the 2016 tax year, as determined under this~~ 84
~~section, section 5713.31 of the Revised Code, and the rules~~ 85
~~adopted pursuant those sections and issued by the tax~~ 86
~~commissioner for counties undergoing a reappraisal or triennial~~ 87
~~update in the 2016 tax year, exceeds the value determined under~~ 88
~~division (A) (3) (a) (i) of this section~~The current agricultural 89
use value of the land for the 2022 tax year, as determined for 90
counties undergoing a reappraisal or triennial update in the 91
2022 tax year; 92

(iii) The current agricultural use value of the land for 93
the 2021 tax year, as determined for counties undergoing a 94
reappraisal or triennial update in the 2021 tax year. 95

(b) In counties that undergo a reappraisal or triennial 96
update in ~~2018~~2024, the current agricultural use value of the 97
land for each of the ~~2018, 2019, and 2020~~2024, 2025, and 2026 98
tax years shall equal the ~~sum~~average of the following amounts 99
determined under this section and section 5713.31 of the Revised 100
Code, and rules adopted pursuant to those sections: 101

(i) The current agricultural use value of the land for 102
that tax year, ~~as determined under this section and section~~ 103
~~5713.31 of the Revised Code, and rules adopted pursuant those~~ 104
~~sections, without regard to the adjustment under division (A) (3)~~ 105
~~(b) (ii) of this section;~~ 106

(ii) ~~One half of the amount, if any, by which the value of~~ 107

~~the land for the 2017 tax year, as determined under this~~ 108
~~section, section 5713.31 of the Revised Code, and the rules~~ 109
~~adopted pursuant those sections and issued by the tax~~ 110
~~commissioner for counties undergoing a reappraisal or triennial~~ 111
~~update in the 2017 tax year, exceeds the value determined under~~ 112
~~division (A) (3) (b) (i) of this section~~ 113
The current agricultural 114
use value of the land for the 2023 tax year, as determined for 115
counties undergoing a reappraisal or triennial update in the 116
2023 tax year;

(iii) The current agricultural use value of the land for 117
the 2022 tax year, as determined for counties undergoing a 118
reappraisal or triennial update in the 2022 tax year. 119

(c) In counties that undergo a reappraisal or triennial 120
update in ~~2019~~2025, the current agricultural use value of the 121
land for each of the ~~2019, 2020, and 2021~~2025, 2026, and 2027 122
tax years shall equal the ~~sum~~average of the following amounts 123
determined under this section and section 5713.31 of the Revised 124
Code, and rules adopted pursuant to those sections: 125

(i) The current agricultural use value of the land for 126
that tax year, ~~as determined under this section and section~~ 127
~~5713.31 of the Revised Code, and rules adopted pursuant those~~ 128
~~sections, without regard to the adjustment under division (A) (3)~~ 129
~~(c) (ii) of this section;~~ 130

(ii) ~~One half of the amount, if any, by which the value of~~ 131
~~the land for the 2018 tax year, as determined under this~~ 132
~~section, section 5713.31 of the Revised Code, and the rules~~ 133
~~adopted pursuant those sections and issued by the tax~~ 134
~~commissioner for counties undergoing a reappraisal or triennial~~ 135
~~update in the 2018 tax year, exceeds the value determined under~~ 136
~~division (A) (3) (c) (i) of this section~~ 137
The current agricultural

use value of the land for the 2024 tax year, as determined for 138
counties undergoing a reappraisal or triennial update in the 139
2024 tax year; 140

(iii) The current agricultural use value of the land for 141
the 2023 tax year, as determined for counties undergoing a 142
reappraisal or triennial update in the 2023 tax year. 143

(4) The uniform rules shall prescribe the method for 144
determining the value of federally subsidized residential rental 145
property through the use of a formula that accounts for the 146
following factors: 147

(a) Up to three years of operating income of the property, 148
which includes gross potential rent, and any income derived from 149
other sources as reported by the property owner to the county 150
auditor under section 5713.031 of the Revised Code. Operating 151
income shall include an allowance for vacancy losses, which 152
shall be presumed to be four per cent of gross potential rent, 153
and unpaid rent losses, which shall be presumed to be three per 154
cent of gross potential rent. These presumptive amounts may be 155
exceeded with evidence demonstrating the actual income of the 156
property. 157

(b) Operating expenses of the property, which shall be 158
presumed to be forty-eight per cent of operating income plus 159
utility expenses as reported by the property owner to the county 160
auditor under section 5713.031 of the Revised Code. Operating 161
expenses shall also include replacement reserve fund or account 162
contributions which shall be presumed to be five per cent of 163
gross potential rent. These presumptive amounts may be exceeded 164
with evidence demonstrating the actual expenses of the property. 165
Real property taxes, depreciation, and amortization expenses and 166
replacement of short-term capitalized assets shall be excluded 167

from operating expenses. 168

(c) A market-appropriate, uniform capitalization rate plus 169
a tax additur accounting for the real property tax rate of the 170
property's location. For federally subsidized residential rental 171
property described in division (A) (1) of section 5713.031 of the 172
Revised Code, one percentage point shall be subtracted from the 173
uniform capitalization rate. 174

The uniform rules shall also prescribe a minimum total 175
value for federally subsidized residential rental property of 176
five thousand dollars multiplied by the number of dwelling units 177
comprising the property or one hundred fifty per cent of the 178
property's unimproved land value, whichever is greater. The 179
formula and other rules adopted by the commissioner pursuant to 180
this division shall comply with Ohio Constitution, Article XII, 181
Section 2. 182

As used in division (A) (4) of this section, "federally 183
subsidized residential rental property" has the same meaning as 184
in section 5713.031 of the Revised Code and "dwelling unit" has 185
the same meaning as in section 5321.01 of the Revised Code. 186

(B) The taxable value shall be that per cent of true value 187
in money, or current agricultural use value in the case of land 188
valued in accordance with section 5713.31 of the Revised Code, 189
the commissioner by rule establishes, but it shall not exceed 190
thirty-five per cent. The uniform rules shall also prescribe 191
methods of making the appraisals set forth in section 5713.03 of 192
the Revised Code. The taxable value of each tract, lot, or 193
parcel of real property and improvements thereon, determined in 194
accordance with the uniform rules and methods prescribed 195
thereby, shall be the taxable value of the tract, lot, or parcel 196
for all purposes of sections 5713.01 to 5713.26, 5715.01 to 197

5715.51, and 5717.01 to 5717.06 of the Revised Code. County 198
auditors shall, under the direction and supervision of the 199
commissioner, be the chief assessing officers of their 200
respective counties, and shall list and value the real property 201
within their respective counties for taxation in accordance with 202
this section and sections 5713.03 and 5713.31 of the Revised 203
Code and with such rules of the commissioner. There shall also 204
be a board in each county, known as the county board of 205
revision, which shall hear complaints and revise assessments of 206
real property for taxation. 207

(C) The commissioner shall neither adopt nor enforce any 208
rule that requires true value for any tax year to be any value 209
other than the true value in money on the tax lien date of such 210
tax year or that requires taxable value to be obtained in any 211
way other than by reducing the true value, or in the case of 212
land valued in accordance with section 5713.31 of the Revised 213
Code, its current agricultural use value, by a specified, 214
uniform percentage. 215

Sec. 5715.012. The tax commissioner shall make sales- 216
assessment ratio studies of sales and assessments of real 217
property for the purpose of determining the common level of 218
assessment of real property within the counties pursuant to 219
section 5715.19 of the Revised Code and for the purpose of 220
equalization. ~~Such-~~ 221

(A) Division (A) of this section shall apply to all tax 222
years other than tax years 2023, 2024, and 2025. Sales- 223
assessment ratio studies shall be based on a representative 224
sampling during the three years prior to the tax year to which 225
the sample is applied of open market arms' length sales by a 226
willing seller to a willing buyer for a current like use within 227

the class or classes of real property sampled by the board. 228
Where there are not sufficient arms' length sales to constitute 229
a representative sampling for such studies within a class, the 230
commissioner may also conduct appraisals of real property in 231
that class, which shall be a part of such studies. Such studies 232
and other information of the commissioner may be used by the 233
commissioner as guidelines, where applicable, in the 234
equalization of a class or classes of real property. Such 235
studies or other information of the commissioner shall not be 236
applied by the commissioner on a taxing district, countywide, or 237
statewide basis for the purpose of equalization unless the 238
commissioner first finds there are sufficient arms' length sales 239
for a like use included in the sample in a class, or arms' 240
length sales and appraisals conducted by the commissioner for a 241
like use included in the sample in a class, to provide an 242
indication that said sales or sales and appraisals in the class 243
are representative of all parcels in the class. 244

In addition, the commissioner shall make other studies of 245
the value of real property within the counties which may be used 246
as guidelines, where applicable, in the equalization of a class 247
or classes of real property. 248

(B) Division (B) of this section shall apply to tax years 249
2023, 2024, and 2025. Sales-assessment ratio studies shall be 250
based on all open market arms' length sales during the three 251
calendar years prior to the tax year to which the study is 252
applied between a willing seller and a willing buyer for a 253
current like use within the class or classes of real property 254
studied. In conducting such studies, the commissioner shall not 255
give more weight to sales occurring in any particular year 256
during that three-year period. The commissioner shall confirm 257
the sales data with data collected by county auditors. If the 258

number of arms' length sales for a like use within a class of 259
property in a county during that three-year period does not 260
equal at least five per cent of the total number of properties 261
in the county within that class, the commissioner may also 262
require that the county auditor conduct appraisals of real 263
property in that class, which shall be a part of such studies. 264
The commissioner shall use such studies and other information, 265
including current economic conditions, in the equalization of a 266
class or classes of real property. Such studies or other 267
information of the commissioner or a county auditor shall not be 268
applied by the commissioner on a taxing district, countywide, or 269
statewide basis for the purpose of equalization unless the 270
commissioner first finds there are sufficient arms' length sales 271
for a like use included in the sample in a class, or arms' 272
length sales and appraisals conducted by an auditor for a like 273
use included in the sample in a class, to provide an indication 274
that said sales or sales and appraisals in the class are 275
representative of all parcels in the class. 276

In addition, the commissioner shall collaborate with 277
county auditors to collect data and make other studies of the 278
value of real property within the counties, which may be used as 279
guidelines, where applicable, in the equalization of a class or 280
classes of real property. 281

Section 2. That existing sections 5715.01 and 5715.012 of 282
the Revised Code are hereby repealed. 283

Section 3. Notwithstanding any provision of the Revised 284
Code to the contrary, if necessary, the Tax Commissioner shall 285
issue updated 2023 current agricultural use value tables to 286
reflect the amendment by this act of section 5715.01 of the 287
Revised Code. The updated values shall be issued within fifteen 288

days after the effective date of this section. 289

Section 4. Notwithstanding any provision of the Revised 290
Code to the contrary, the Tax Commissioner shall modify the 291
determinations made under section 5715.24 of the Revised Code in 292
tax year 2023 to comply with the amendment by this act of 293
section 5715.012 of the Revised Code and, within fifteen days 294
after the effective date of this section, shall transmit to each 295
applicable county auditor a statement reflecting that updated 296
determination in the same manner as required in section 5715.25 297
of the Revised Code. A county auditor may appeal the updated 298
determination by filing an appeal within thirty days after the 299
receipt of such statement in the same manner as authorized in 300
section 5715.251 of the Revised Code. In any county that 301
receives an updated determination under this section, the time 302
for delivery of the tax duplicate of the county treasurer by the 303
county auditor as provided in section 319.28 of the Revised Code 304
shall be extended to the first Monday in December and may be 305
extended further in accordance with section 323.17 of the 306
Revised Code. The times for payment of taxes for both the first- 307
half and second-half collection periods shall similarly be 308
extended in the same manner as other delays in the delivery of 309
the tax list under that section. 310