



Making the Most of Farm Bureau's CAUV Reforms

Starting in 2014, Ohio Farm Bureau took aggressive action to address the Current Agricultural Use Valuation (CAUV) calculations that were drastically increasing some property tax bills for farmland owners. This discussion guide is written by OFBF Policy Counsel, Leah Curtis and details OFBF success in establishing new provisions for the program.

CAUV Reform Impacts

The 41 counties on the 2017 reappraisal/update have now received updated tax bills with their new CAUV values. Some things to remember about CAUV reform:

- The CAUV reform impacts the **CAUV VALUE**. The landowner should look for the value that is labeled "CAUV Value" to see the effects of OFBF's work and compare that to last year's "CAUV Value."
- Values dropped 30% on average from the 2014 values these taxpayers have had for the last three years.

The impact of taxes will vary significantly from taxing district to district.

- Many districts saw residential and building values increase. This will counteract the savings from CAUV but is not necessarily a result of CAUV reform. Landowners can compare the value of "improvements" on their tax bill to see how those have changed.
- For example, farmers have seen significant decreases in their taxes on farm ground that does not have any buildings. However, they see less of a decrease on land that is both farm ground and buildings. In addition, home values have typically gone up in value across the state as well and some districts may have voted in new levies.
- OFBF does not give a specific number of dollar decrease because every district is very unique in how the final decrease in taxes paid will result.

CAUV reform is implemented on the 3 year reappraisal/update schedule. This was necessary to ensure that the new provisions complied with requirements imposed by the Ohio Constitution on property tax laws.

General Property Tax Information

Please Note - It is helpful to have your property tax bill handy for this explanation. Your property tax information will typically show several different types of values:

- Market or Appraised Value: The full market value of the property. If you are on CAUV, this is NOT the value used for tax purposes, but is what would be used to figure any recoupment you might pay if you remove your land from CAUV.
- CAUV Value: The total CAUV soil value of the property that qualifies for CAUV treatment.
- Improvement Value: The value of buildings and other improvements subject to taxation.
- Taxable Value: This is the total of your values reduced to 35%. This is the value actually used to determine your taxes due.

The Tax Reduction Factor that you see on your tax bill is the amount that the taxes must be reduced to comply with HB 920.

- HB 920 is the property tax control that ensures levies only collect the same amount of money originally raised in their first year.
- Nearly all voted levies must comply with HB 920. The inside 10 mills are not reduced by the tax reduction factor.

Your tax bill will typically show two tax rates

- "Gross Millage" is the combination of the inside 10 mills and the amount of mills you and your fellow residents have voted for in total. This rate is **not applied** to determine your tax bill.
- "Effective Millage" is the inside 10 mills and the millage rate after the application of the tax reduction factors. This is the rate that is multiplied by your taxable value to determine the taxes due.

There are typically two additional credits on your tax bill

- The Non-business credit is the former "10% reduction." This credit is typically between 9-10%. The credit only applies to levies originally in place prior to 2013, including any renewals of levies in place prior to 2013. As new levies are added, the credit goes down because it does not apply to that new millage.
- The 2.5% Owner Occupied credit is given to those who own their home and live in that home as their residence. This also only applies to levies that were originally in place prior to 2013 as well, and so may be less depending on the mix of millage in your district.

New CAUV Forms

In response to the changes made in CAUV reform regarding conservation, the Department of Taxation created a new CAUV enrollment and renewal form.

The form asks for landowners to declare the amount of acres in different land uses. Example - How many acres in row crops? How many acres in Federal Conservation Programs?

While we understand this is more extensive than required in the past, this is within the information the auditor is allowed to ask to ensure you qualify for CAUV enrollment, and is in part fulfilling the duty the auditor has to inspect properties each year to ensure they qualify.

Conservation Information

Under CAUV reform, conservation lands are valued at the minimum CAUV value of \$230/acre. Landowners must also provide additional information to the auditor to receive this lowered conservation value.

For Federal Conservation Program Land: The landowner must provide a map showing where the conservation land is located and a copy of the contract. These are mostly lands in programs like CRP, WRP, and CREP.

- We understand some people may have concerns about providing a contract. We will be discussing with the auditors the privacy concerns some have raised. However, as the auditor only needs to know the contract is in force, a landowner may be able to redact information like the rate if they have concerns.

For Conservation Practice Land (up to 25% of total acreage): The landowner must provide a map showing where the conservation practice is located. They should also identify what the practice is, so the auditor can verify that it meets the requirements of the law.

- Since 2006, CAUV qualifications have allowed up to 25% of total acreage to be in conservation practices without enrolling in a federal program. These are the lands that we call "conservation practice land" and would be things like buffer strips or grass waterways that you may have constructed outside of a federal contract.
- Maps can typically be obtained from the Farm Service Agency and Natural Resource Conservation Office. Auditors may also be able to assist with providing GIS maps from their systems if the landowner is otherwise unable to retrieve it.
- If you receive the lowered conservation value, the land must remain in the practice for at least 36 months. If the practice is removed before 36 months, the landowner will be liable for recoupment equal to the difference between the conservation value and the actual CAUV soil value.
- Landowners in 2017 reappraisal/update counties need to amend their CAUV filings from last year by March to receive this lowered value for taxes they pay in 2018. This may require the landowner to pay the full first half, and then receive a credit for any overcharge that results from the conservation value change. Landowners should speak with their auditor as to how this will be handled in each county. Landowners in 2018/2019 reappraisal/update counties should begin certifying this acreage now, but the Tax Department has advised auditors that they cannot make the change to conservation value until the next reappraisal or update.

Discussion Questions

1. Prior to the reform provisions detailed in this Discussion Guide came into effect, which of the older rules and procedures had the biggest impact on your tax bill and farming operation? How have the rule revisions alleviated this situation?
2. Many community stakeholders (local government leaders, schools, local businesses and residents) have heard about CAUV reforms. What points do you highlight as important for farmers *and* the community when asked about how

and why agricultural land should be assessed and taxed under CAUV?

3. How do your group members want to work with county Farm Bureau leadership to get further involved in local policy development discussion concerning CAUV, taxes, and other related issues impacting the community?