

SHELBY COUNTY & OHIO'S C.A.U.V. PROGRAM

The Current Agricultural Use Value (C.A.U.V.) program was implemented by the State of Ohio to permit the valuing of farmland on its ability to produce income rather than on its market value.

This program can provide a significant tax savings to agricultural producers who meet the qualifications.

WHAT IS THE CURRENT AGRICULTURAL USE VALUE (C.A.U.V.) LAW?

This law is an outgrowth of the Constitutional Amendment, passed by the voters of the State of Ohio, designed to save our open spaces and to protect producers from paying exceptionally high property taxes for agricultural land.

WHAT ARE THE ELIGIBILITY REQUIREMENTS?

Any tract of agricultural land of 10 acres or more, which has been devoted exclusively to commercial agricultural use for the last three years, is eligible. A smaller tract may be included in the program if the tract either (a) produced an average gross income of \$2,500 or more from sales of agricultural products during the previous three years, or (b) if the expected gross income meets or exceeds \$2,500.

WHAT IS AGRICULTURAL USE?

Agricultural use includes commercial production in: animal or poultry husbandry, aquaculture, apiculture, field crops, tobacco, fruits, vegetables, nursery stock, ornamental trees, sod, or flowers.

In the case of timber, the land it is on must be contiguous to a parcel of land with the same ownership and the contiguous parcel must be devoted exclusively to agricultural use.

WHERE SHOULD I FILE MY APPLICATION?

Applications are to be filed with the Shelby County Auditor's Office. We have trained personnel ready to assist you in completing your C.A.U.V. application.

IS THERE A FILING FEE?

Yes. The State Legislature has set a \$25.00 initial filing fee per application. This fee stays in the Shelby County Real Estate Assessment Fund for use in financing the program. The annual renewal is free.

WHAT IS THE FILING PERIOD?

You may file any time after the first Monday in January and prior to the first Monday in March of any year.

FOR WHAT LENGTH OF TIME IS THE APPLICATION EFFECTIVE?

The C.A.U.V. application must be renewed each year. Renewing your application only requires completing and returning a C.A.U.V. renewal application to the Shelby County Auditor's Office each year.

WHAT HAPPENS IF I DON'T REFILE MY C.A.U.V. APPLICATION?

If you do not refile your application for a Current Agricultural Use Valuation, then the Law requires the Auditor to value the property at its market price and to recoup the savings for the past three years. However, in some special circumstances, the land may lay idle for one year before being subject to recoupment.

WHAT HAPPENS WHEN THE LAND IS NO LONGER USED FOR AGRICULTURE?

As noted in Section 5713.34 of the Ohio Revised Code, "Upon the conversion of all or any portion of a tract, lot, or parcel of land devoted exclusively to agricultural use, a portion of the tax savings upon such converted land shall be recouped as provided for by Section 36, Article II, Ohio Constitution by levying a charge on such land in an amount equal to the amount of tax savings on the converted land during the

three years immediately preceding the year in which the conversion occurs. The charge shall constitute a lien of the state upon such converted land as of the first day of January of the tax year in which the charge is levied and shall continue until discharged as provided by law.”

WHEN DOES THE PROPERTY BECOME SUBJECT TO RECOUPMENT?

There are two general causes for recoupment: first, the failure to *reapply* for the Current Agricultural Use Valuation program and, second, if a change in the parcel’s use occurs so that the land is no longer used exclusively for agricultural purposes. At that point, the Auditor will notify the owner and recalculate the property’s value.

HOW MUCH, IN TERMS OF TAX REDUCTION, MIGHT I EXPECT?

The actual reduction depends on the Current Agricultural Use Value (C.A.U.V.) that is placed on the land. Some major factors affecting the value are slope, drainage, and related characteristics. The State Tax Commissioner uses a five-year market cycle for calculating and adjusting the C.A.U.V. values. This cycle adjusts values due to changing agricultural production costs and commodity prices. The resulting C.A.U.V. land value *replaces* the *appraised* value. The land’s tax value is set at 35% of the C.A.U.V. value.

HOW DOES THE C.A.U.V. APPRAISAL DIFFER FROM THE FAIR MARKET VALUE?

The fair market value normally depends upon establishing the value for the property based on comparing it to recent sales of similar properties. The C.A.U.V. system capitalizes the expected net income received from agricultural production to value the property.

WHAT ARE SOME OF THE MAJOR ADVANTAGES OF THE C.A.U.V. PROGRAM?

- (1) It provides tax relief on agricultural land.
- (2) If the tract of land contains woodland as well as cropland, the C.A.U.V. Law will often provide a greater tax relief than the

Ohio Forest Tax Law because that law applies only to forestland acreage.

- (3) In some special circumstances, land currently under the C.A.U.V. program can lay idle for up to one year prior to being subject to recoupment.**

WHAT ARE SOME OF THE DISADVANTAGES?

- (1) The owner *must* file annually to keep the exemption.**
- (2) If the land use changes to non-agricultural, or if the owner fails to reapply for the C.A.U.V. program, there is a recoupment penalty equal to the past three years' tax savings.**
- (3) Tracts under 10 acres can qualify only if the gross annual income from sales of agricultural products is at least \$2,500.**

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