

CAUV

Current Agricultural Use Value



Ohio's Current Agricultural Use Value (CAUV) program was developed to save the state's open spaces and permit the valuing of farmland on its ability to produce income rather than on its market value. The CAUV law provides tax savings to agricultural producers who meet the CAUV qualifications. The following attempts to answer key questions regarding this program. If you need any additional information or an application, please contact the Shelby County Auditor's Office.

WHAT IS THE CURRENT AGRICULTURAL USE VALUE (CAUV) LAW?

The CAUV Law is an outgrowth of a 1973 Constitutional Amendment, passed by the voters of the State of Ohio, to save our open spaces and to protect the farmer from paying higher taxes due to urban sprawl.

WHAT ARE THE ELIGIBILITY REQUIREMENTS?

To qualify for CAUV, land at least ten acres in size must have been devoted exclusively to commercial agricultural use during the three years prior to the year in which the CAUV application is filed. With certain exceptions, land less than ten acres must meet the same requirements and have earned a minimum average yearly gross income of \$2,500 from the sale of the products raised on the land during the three years prior to the filing of the application. If actual income figures are unavailable for the three-year waiting period, evidence of anticipated qualifying income may be submitted.

WHAT IS CURRENT AGRICULTURAL USE?

The agricultural use of land includes commercial production of: animal or poultry husbandry, aquaculture, field crops, tobacco, fruits, vegetables, nursery stock, ornamental trees, sod, flowers, or timber. In the case of non-commercial timber, the land must: (a) be adjacent to a parcel of land devoted exclusively to agricultural use with the same ownership, OR (b) must meet the commercial timber production requirement, which includes a Forest Stewardship Management Plan to be filed with our office.

WHERE SHOULD I FILE MY APPLICATION?

Applications are to be filed with the Shelby County Auditor's Office. We have trained office personnel ready to assist individuals in completing their CAUV applications.

IS THERE A COST TO FILE?

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

WHEN MUST I FILE FOR THE CAUV?

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

HOW LONG IS THE APPLICATION VALID?

The CAUV application must be renewed each year. The yearly renewal merely requires completing and returning the CAUV renewal application to the Shelby County Auditor. No fee is charged for renewal.

WHAT HAPPENS IF I DON'T RENEW MY CAUV ANNUALLY?

If you do not renew your application for Current Agricultural Use Valuation, then the Shelby County Auditor is required to value the property at its market value and to recoup the tax savings for the past three years.

WHEN DOES PROPERTY BECOME SUBJECT TO RECOUPMENT?

There are two general causes for a recoupment: first, the failure to return the renewal for Current Agricultural Use Value; and second, if a change in the parcel's use occurs so that the land is no longer used exclusively for commercial agricultural purposes. At that point, the Shelby County Auditor will notify the owner and recalculate the taxes.

HOW MUCH OF A REDUCTION IN VALUE MIGHT I EXPECT?

The actual reductions depend on the Current Agricultural Use Value (CAUV) that is placed on the land by the State based on the soil type. Some major factors affecting the value are soil type, slope, drainage, crop pattern, crop price, non-land production cost, and the capitalization rate.

The State Tax Commissioner uses a multiple-year market cycle for calculating and adjusting the CAUV values. This cycle adjusts values to changing agricultural production costs and commodity prices.

The resulting CAUV land value replaces the appraised value. The land's tax value is set at 35% of the CAUV value.

HOW DOES CAUV DIFFER FROM 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. Under the CAUV program, each soil type is given a value based on its ability to produce income. The taxes are therefore based on the agricultural use of the land instead of its development potential.

WHAT ARE SOME OF THE ADVANTAGES OF THE CAUV PROGRAM?

- It provides tax relief on agricultural land.
- If the tract of land contains woodland as well as cropland, the CAUV law will often provide a greater tax relief than the Ohio Forest Tax Law because that law applies only to forest land acreage.
- Land currently under CAUV can lay idle for one year proper to being subject to recoupment.

HERE ARE SOME OTHER POINTS TO CONSIDER.

- The owner **MUST** file annually to renew the deduction.
- If the use of the land is reclassified to non-agricultural use, or there is a failure to reapply for the CAUV program, there is a recoupment penalty equal to the past three years' tax savings.
- Tract of under 10 qualifying acres can join the CAUV program if the gross annual income from the sale of agricultural product is at least \$2,500.