

Why Did My 2013 CAUV Values Increase?

Many Holmes County rural landowners have been surprised by their 2013 tax bills (received in 2014) with Current Agricultural Use Value (CAUV) applied. Depending on soil types, some values have increased substantially over 2010 values. Unlike fair market appraisals, CAUV values are calculated for each soil type in Ohio. Ohio has approximately 3,500 soil types; Holmes County contains approximately 126 soil types. The State of Ohio Department of Taxation prepares the calculations for each soil type. The result of these calculations is designed to reflect the true nature of agriculture in the State of Ohio.

What Is Current Agricultural Use Value (CAUV)?

In 1972, Ohio voters approved a constitutional amendment that allowed qualified agricultural land to be valued for real property tax purposes at its current agricultural use rather than fair market value. The objective of the CAUV program was to discourage the sale of farmland for development purposes by providing the farmer with a tax break. When CAUV was adopted it was designed to reduce values approximately 50%. In 2005, CAUV provided an average reduction of 90% state-wide. In 2010, the reduction was 75%. Any dwelling, home site or outbuildings are still valued at fair market value.

Who Develops The CAUV Values?

The Ohio Department of Taxation is responsible for the calculation of CAUV rates and provides the values to county auditors. The CAUV values are based on a formula containing five factors and are applied to three crops: corn, soybeans and wheat.

The five factors are:

1. Cropping pattern – based on the slope of the soil; level ground is weighted towards corn and beans; steep slopes towards hay and wheat.
2. Crop prices derived from a survey of grain elevators across Ohio.
3. Crop yields based on United States Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) crop yield estimates per acre for each soil type.
4. Non-land production costs gathered from surveys by The Ohio State University.
5. Capitalization rate – potentially the strongest influence on values – based on the interest rate for a 15 year fixed rate mortgage at Farm Credit Service.

Why Did My CAUV Value Increase?

Previous CAUV values were some of the lowest in the history of CAUV. Beginning in 2000, CAUV values decreased at an unprecedented rate. 2005 represented the bottom when average soil types in Ohio were \$123 per acre. Currently, CAUV values are trending upward. Because of the low 2005 values, it doesn't take much to cause increases of 300% over previous year's values.

Crop yields per soil type were increased. It was discovered in 2005 that the Farm Service Agency had not adjusted crop yields since 1984 but crop yields have increased over the past several years. The formula was adjusted to reflect a more accurate rate.

The capitalization rate decreased, lower capitalization rates mean high land value. The capitalization rate is used to convert income streams into an indication of overall value.

Can CAUV Value Be Appealed?

A county auditor has no authority to adjust CAUV values. The Tax Commissioner of Ohio directs each county auditor to use current CAUV rates; there are no provisions within the laws of Ohio for any county auditor to make any adjustment to these values.

It was not the state legislature's intent to guarantee the lowest value for CAUV landowners, but rather to accurately reflect what is happening in the farming community. Even with the significantly increased CAUV values, farmers are paying taxes at a reduced rate. In Holmes County the average price per acre, as indicated by recent sales of farm ground is \$8,640. The highest rate per acre for CAUV soil types is \$2,820; the lowest is \$230 per acre with the average rate for CAUV soil being \$906 per acre. Even with the increased values, CAUV landowners are paying taxes on a small percentage of fair market value. CAUV continues to be a beneficial program for farmers that have historically helped the agricultural community survive.

Visit our website at www.holmescountyauditor.org to view the 2013 Current Agricultural Use Value of Land tables produced by the Ohio Department of Taxation, the history of CAUV Land Tables and the soil type listings for individual parcels.