

**Public Hearing:
Current Agricultural Use Values (CAUV)
Tax Year 2023 – Proposed Final Values**

**Division of Tax Equalization
June 22, 2023**


Ohio

**Department of
Taxation**

Meeting Purpose & Agenda

Purpose: This is a public hearing before the Ohio Department of Taxation to present data on the proposed final Current Agricultural Use Values (CAUV) for tax year 2023.

Agenda:

- Data Sources
 - CAUV Formula
 - Formula Inputs
 - Sample Calculations
 - Year-to-Year Comparisons
 - Questions & Comments
- 

CAUV Formula

$GOI = \text{Crop Yield} \times \text{Average Crop Price}$

$NOI = GOI - \text{Non-land Production Costs}$

$\text{Value} = NOI / \text{Capitalization Rate}$



Formula Inputs & Proposed Final Values

Factors used in the CAUV Calculation

- Income Factors - Crop yields, crop prices, & cropping patterns
- Expense Factors - Non-land production costs
- Capitalization rate for net income

2023 Proposed Soil Values

- Average Cropland Values & Woodland Values
 - Comparative Charts
- 

Crop Yields & Cropping Patterns

- Soil yields from 1984:
 - adjusted by 10-year average of actual yields per acre for 2013-22.
- Single crop pattern for most soils based on five-year average of acres harvested, 2018-2022:
 - Corn 37%
 - Soybeans 57%
 - Wheat 6%
- Maintain 50% corn & 50% soybeans for organic and frequently flooded soils.



Crop Prices Used in Five Year Average

*USDA, National Agricultural Statistics Service
Crop Values, 2022 Summary, February 2023*

Crop Year	Corn	Soybeans	Wheat
2022	\$6.45	\$14.40	\$7.95
2021	\$5.92	\$13.60	\$6.49
2020	\$4.69	\$11.30	\$5.27
2019	\$3.91	\$9.04	\$5.22
2018	\$3.74	\$8.69	\$5.08
2017	\$3.61	\$9.62	\$4.90
2016	\$3.61	\$9.66	\$4.25

Adjusted Crop Prices in the Formula, 2020-2023

USDA, National Agricultural Statistics Service
2022 Summary, February 2023

				Variance	
	2020	2022	2023	2020- 2023	2022- 2023
Corn	\$3.63	\$3.77	\$4.21	\$0.58	\$0.44
				15.98%	11.67%
Soybeans	\$9.12	\$9.32	\$10.22	\$1.10	\$0.90
				12.06%	9.66%
Wheat	\$4.84	\$4.75	\$5.20	\$0.36	\$0.45
				7.44%	9.47%

Non-Land Production Costs Base & Added Unit, 2020-2023

*OSU, Ohio Crop Production Budgets
Five Year Average, May 2023*

				Variance	
	2020	2022	2023	2020-23	2022-23
Corn	\$503.44	\$491.16	\$509.17	\$5.73	\$18.01
+bu	\$1.38	\$1.30	\$1.31	(\$0.07)	\$0.01
Beans	\$331.48	\$317.57	\$323.41	(\$8.07)	\$5.84
+bu	\$0.89	\$0.91	\$1.03	\$0.15	\$0.12
Wheat	\$303.88	\$269.72	\$264.36	(\$39.52)	(\$5.36)
+bu	\$1.33	\$1.27	\$1.37	\$0.04	\$0.10

Capitalization Rate TY 2020 & 2023

Farm Credit Services, Jan-May 2023
 USDA Farm sector financial ratios, February 2023

	2020	2023	Variance
Mortgage/Equity Ratio	80/20	80/20	2020-2023
Interest Rate, 25-Year Fixed			
Multi-Flex Loan*	5.69%	5.76%	0.07%
Equity Rate**	7.36%	7.45%	0.09%
Tax Additur	1.6%	1.5%	-0.07%
Capitilization Rate	7.90%	8.00%	0.10%

*Farm Credit Services 25-Year fixed multi-flex rate for loan amounts \$75,000 and over.

**25-year average rate of total return on farm equity

2023 Sample Calculations – Millgrove & Miami

2023 CAUV SAMPLE CALCULATION

SOIL: Millgrove, Silt Loam
 SLOPE: 0-2
 EROSION: Slight
 DRAINAGE: Very poorly
 PROD. INDEX: 100

	<u>CORN</u>	<u>BEANS</u>	<u>WHEAT</u>
PI DAT yield/acre (1984)	144	52	64
% increased yield	1.48	1.45	1.66
adjusted yield/acre	212	75	106
X Crop Price/Unit	\$4.21	\$10.22	\$5.20
= GROSS INCOME / ACRE	\$892.52	\$766.50	\$551.20
YIELD / ACRE	212	75	106
BASE YIELD	139	43	59
= YIELD ABOVE BASE	73	32	47
X ADDED UNIT COST	\$1.31	\$1.03	\$1.37
ADDED UNIT COST / ACRE	\$95.63	\$32.96	\$64.39
BASE YIELD COST	\$509.17	\$323.41	\$264.36
= TOTAL NON-LAND PROD. COSTS	\$604.80	\$356.37	\$328.75
NET RETURN / ACRE	\$287.72	\$410.13	\$222.45
X CROPPING PATTERN	37.10%	57.40%	5.50%
= ROTATIONAL NET RETURN / ACRE	\$106.74	\$235.41	\$12.23
TOTAL ROTATIONAL NET RETURN	\$354.39		
BASE CAP RATE	8.00%		
VALUE	\$4,429.92	<i>Rounded</i>	\$4,430

5/24/2023

2023 CAUV SAMPLE CALCULATION

SOIL: Miami Silt Loam
 SLOPE: 2-6
 EROSION: Slight
 DRAINAGE: Well
 PROD. INDEX: 76

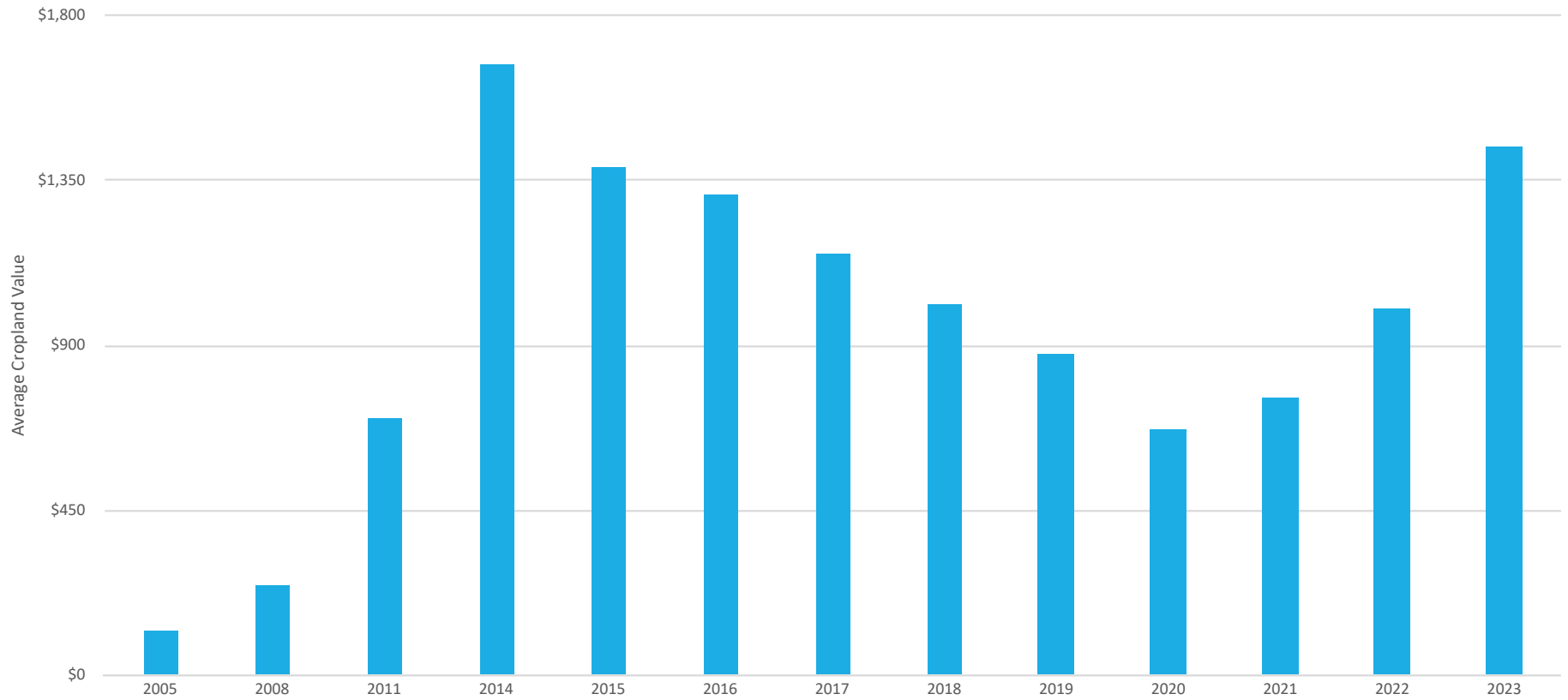
	<u>CORN</u>	<u>BEANS</u>	<u>WHEAT</u>
PI DAT yield/acre (1984)	108	38	50
% increased yield	1.48	1.45	1.66
adjusted yield/acre	159	55	83
X Crop Price/Unit	\$4.21	\$10.22	\$5.20
= GROSS INCOME / ACRE	\$669.39	\$562.10	\$431.60
YIELD / ACRE	159	55	83
BASE YIELD	139	43	59
= YIELD ABOVE BASE	20	12	24
X ADDED UNIT COST	\$1.31	\$1.03	\$1.37
ADDED UNIT COST / ACRE	\$26.20	\$12.36	\$32.88
BASE YIELD COST	\$509.17	\$323.41	\$264.36
= TOTAL NON-LAND PROD. COSTS	\$535.37	\$335.77	\$297.24
NET RETURN / ACRE	\$134.02	\$226.33	\$134.36
X CROPPING PATTERN	37.1%	57.4%	5.5%
= ROTATIONAL NET RETURN / ACRE	\$49.72	\$129.91	\$7.39
TOTAL ROTATIONAL NET RETURN	\$187.02		
BASE CAP RATE	8.00%		
VALUE	\$2,337.81	<i>Rounded</i>	\$2,340

5/24/2023

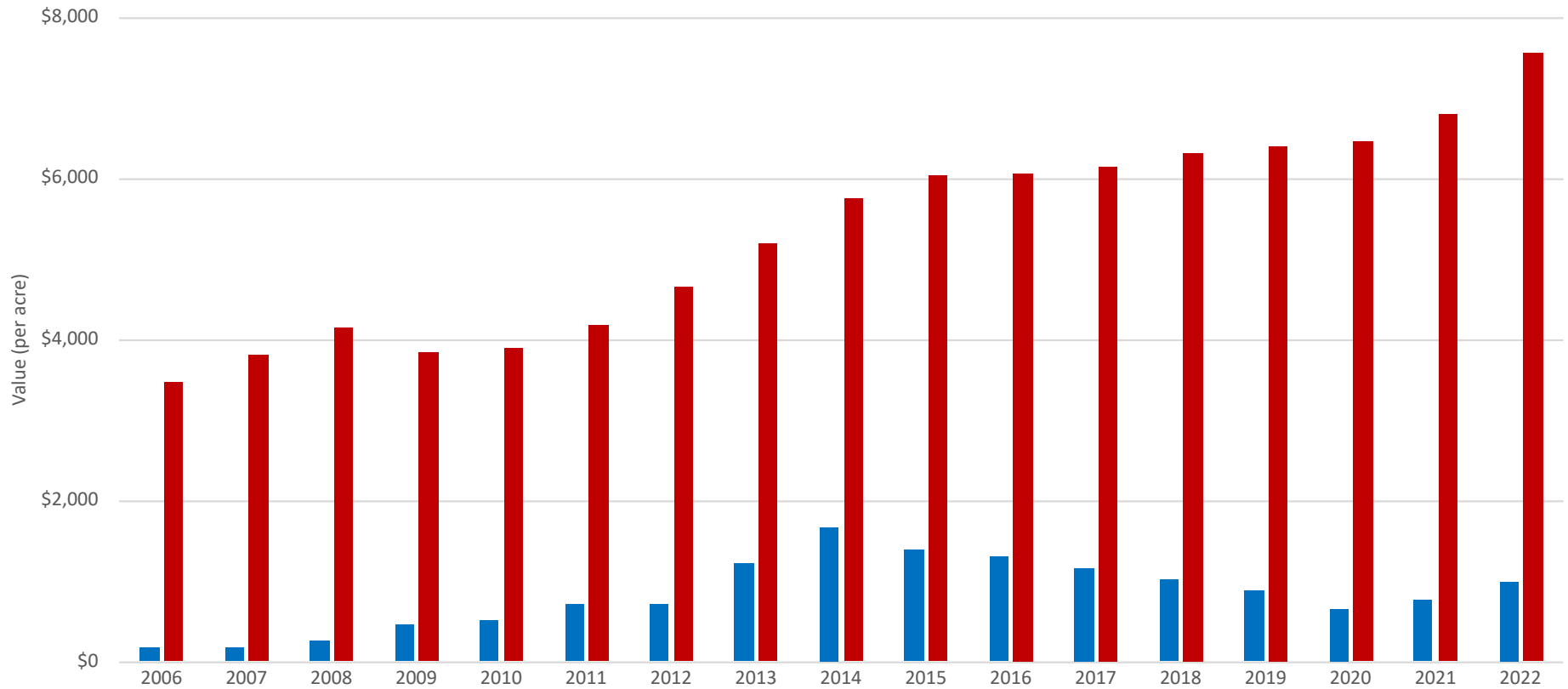
Cropland, Simple Average CAUV Value by Productivity Index 2015-2022

Average CAUV Values by Year, 2015-2023									
Productivity Index									Proposed Final 2023
	2015	2016	2017	2018	2019	2020	2021	2022	
0-49	350	350	350	350	350	350	350	350	350
50-59	518	466	430	400	378	351	358	409	607
60-69	1371	1235	1061	896	731	488	598	915	1502
70-79	2347	2255	1969	1723	1469	1073	1253	1672	2364
80-89	3354	3302	2909	2586	2270	1783	1969	2439	3244
90-99	4104	4074	3602	3226	2863	2303	2512	3007	3871
100+	4770	4750	4205	3810	3420	2820	2990	3550	4430
Average	1388	1310	1153	1015	876	668	759	999	1443
Total No. of Soils	3514	3514	3514	3514	3514	3517	3517	3517	3517

Cropland, Average CAUV Value (Formula)



Average CAUV (Formula) & Ohio Cropland Value – USDA Dollars per Acre, 2006-2022



Average Woodland Value – CAUV Formula

	2019	2020	2021	2022	2023
Slope of 25% or Less					
Maximum	\$1,840	\$1,300	\$1,540	\$2,000	\$2,890
Median	\$230	\$230	\$230	\$230	\$230
Average	\$325	\$250	\$268	\$341	\$600
Minimum Value: All Slopes					
	\$230	\$230	\$230	\$230	\$230
Number of Soils at Minimum Value: Slope 25% or Less					
	2,130	3,263	3,125	2,662	1,849

HB 49 – Land Conservation

Land used for conservation practices (25%) under a qualifying retirement or conservation contract with the federal government.

- Receives lowest value in the Table (\$230).
- If use changes sooner than 36 months after initial certification, auditor recoups extra tax savings.

CAUV Program Savings

				Table PD-32 C
				August 9, 2022
TAXABLE CURRENT AGRICULTURAL USE VALUE OF REAL PROPERTY, TAXABLE VALUE OF REAL PROPERTY WITHOUT CAUV, AND NUMBER OF CAUV ACRES, BY COUNTY, TAX YEAR 2021				
			Taxable Value of Qualifying Agricultural Real	
County	Number of Acres		Under Current Agricultural Use Method	Under Highest and Best Use Method
	16,018,789	\$	6,486,333,495	\$ 28,294,647,260

Source: Ohio Department of Taxation; Taxable Current Agricultural Use Value of Real Property, Taxable Value of Real Property without CAUV, and Number of CAUV Acres, By County, Tax Year 2021; Updated 8/9/2022.
<https://tax.ohio.gov/researcher/tax-analysis/tax-data-series/tangible-personal-property/pd32/pd32ty21>

Questions, Comments, and How to Obtain Additional CAUV Information

CAUV Information (2009-2022) Online

- <https://tax.ohio.gov/government/real-state/cauv>

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Current Agricultural Use Value (CAUV)

General Information

For property tax purposes, farmland devoted exclusively to commercial agriculture may be valued according to its current use rather than at its "highest and best" potential use. This provision of Ohio law is known as the Current Agricultural Use Value (CAUV) program. By permitting values to be set well below true market values, the CAUV normally results in a substantially lower tax bill for working farmers.

To qualify for the CAUV, land must meet one of the following requirements during the three years preceding an application for the CAUV:

Helpful Links

- [FAQ's](#)
- [Ohio Revised Code](#)
- [Due Dates](#)
- [Interest Dates](#)

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Contact the Department

- DTE@tax.state.oh.us; 614-466-5744
- Stephanie.Stultz-wynkoop@tax.state.oh.us; 614-752-8613



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