

Public Hearing: Current Agricultural Use Value (CAUV) Tax Year 2022 - Proposed Values

**Division of Tax Equalization
June 24, 2022**

The logo for the state of Ohio, featuring a red outline of the state's shape to the left of the word "Ohio" in a bold, red, serif font.

**Department of
Taxation**

Meeting Purpose & Agenda

Purpose: This is a public hearing before the Ohio Department of Taxation to present data on the proposed tax year 2022 Current Agricultural Use Values (CAUV).

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 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

2022 Proposed Soil Values

- Average Cropland Values & Woodland Values
- Final HB 49 phase in for counties undergoing 2022 revaluations
- Comparative Charts

Crop Yields & Cropping Patterns

- Soil yields from 1984:
 - adjusted by 10-year average of actual yields per acre for 2012-21.
- Single crop pattern for most soils based on five-year average of acres harvested, 2017-2021:
 - 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, 2021 Summary, February 2022

Crop Year	Corn	Soybeans	Wheat
2021	\$5.45	\$13.10	\$6.35
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
2015	\$3.89	\$9.16	\$4.57

Adjusted Crop Prices in the Formula, 2019-2022

*USDA, National Agricultural Statistics Service
2021 Summary, February 2022*

				Variance	
	2019	2021	2022	2019- 2022	2021- 2022
Corn	\$3.68	\$3.59	\$3.77	\$0.09	\$0.18
				2.45%	5.01%
Soybeans	\$9.78	\$9.10	\$9.32	(\$0.46)	\$0.22
				-4.70%	2.42%
Wheat	\$5.15	\$4.76	\$4.75	(\$0.40)	(\$0.01)
				-7.77%	-0.21%

Non-Land Production Costs Base & Add'l Unit, 2019-2022

*OSU, Ohio Crop Production Budgets
Five Year Average, May 2022*

				Variance	
	2019	2021	2022	2019-22	2021-22
Corn	\$519.04	\$491.35	\$491.16	(\$27.88)	(\$0.19)
+bu	\$1.43	\$1.34	\$1.30	(\$0.13)	(\$0.05)
Beans	\$338.54	\$323.11	\$317.57	(\$20.97)	(\$5.54)
+bu	\$0.90	\$0.89	\$0.91	\$0.01	\$0.02
Wheat	\$319.08	\$284.98	\$269.72	(\$49.36)	(\$15.26)
+bu	\$1.41	\$1.29	\$1.27	(\$0.14)	(\$0.02)

Capitalization Rate TY 2019 & 2022

Farm Credit Services, Jan-June 2022

USDA Farm sector financial ratios, February 2022

	2019	2022	Variance
Mortgage/Equity Ratio	80/20	80/20	2019-2022
Interest Rate, 25-Year Fixed			
Multi-Flex Loan*	5.69%	5.55%	-0.14%
Equity Rate**	7.55%	7.20%	-0.35%
Tax Additur	1.6%	1.6%	0.00%
Capitilization Rate	8.00%	7.80%	-0.20%
*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			

HB 49 Phase-In Completion

The formula changes made in HB 49 (132nd G.A., 2017) have been phased in over two revaluation cycles.

New values were phased in with counties undergoing reappraisal or update in 2017-2019:

- For counties undergoing revaluation in 2022, values were the sum of the new “formula values” for 2019 and half the decrease between the “formula values” and the values for 2018.

Counties performing revaluations in 2022 will have values based on the full phase-in of HB 49.

2022 Sample Calculations – Miami & Millgrove

2022 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	1.42	1.42	1.64
adjusted yield/acre	153	54	82
X Crop Price/Unit	\$3.77	\$9.32	\$4.75
= GROSS INCOME / ACRE	\$576.95	\$503.28	\$389.50
YIELD / ACRE	153	54	82
BASE YIELD	137	42	59
= YIELD ABOVE BASE	16	12	23
X ADDED UNIT COST	\$1.30	\$0.91	\$1.27
ADDED UNIT COST / ACRE	\$21.27	\$11.15	\$26.75
BASE YIELD COST	\$491.16	\$317.57	\$269.72
= TOTAL NON-LAND PROD. COSTS	\$512.43	\$328.72	\$296.47
NET RETURN / ACRE	\$64.52	\$174.56	\$93.03
X CROPPING PATTERN	37.1%	57.4%	5.5%
= ROTATIONAL NET RETURN / ACRE	\$23.94	\$100.20	\$5.12
TOTAL ROTATIONAL NET RETURN	\$129.25		
BASE CAP RATE	7.80%		
VALUE AFTER FULL HB 49 PHASE-IN	\$1,657.07	<i>Rounded</i>	\$1,660

6/20/2022

2022 CAUV SAMPLE CALCULATION

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

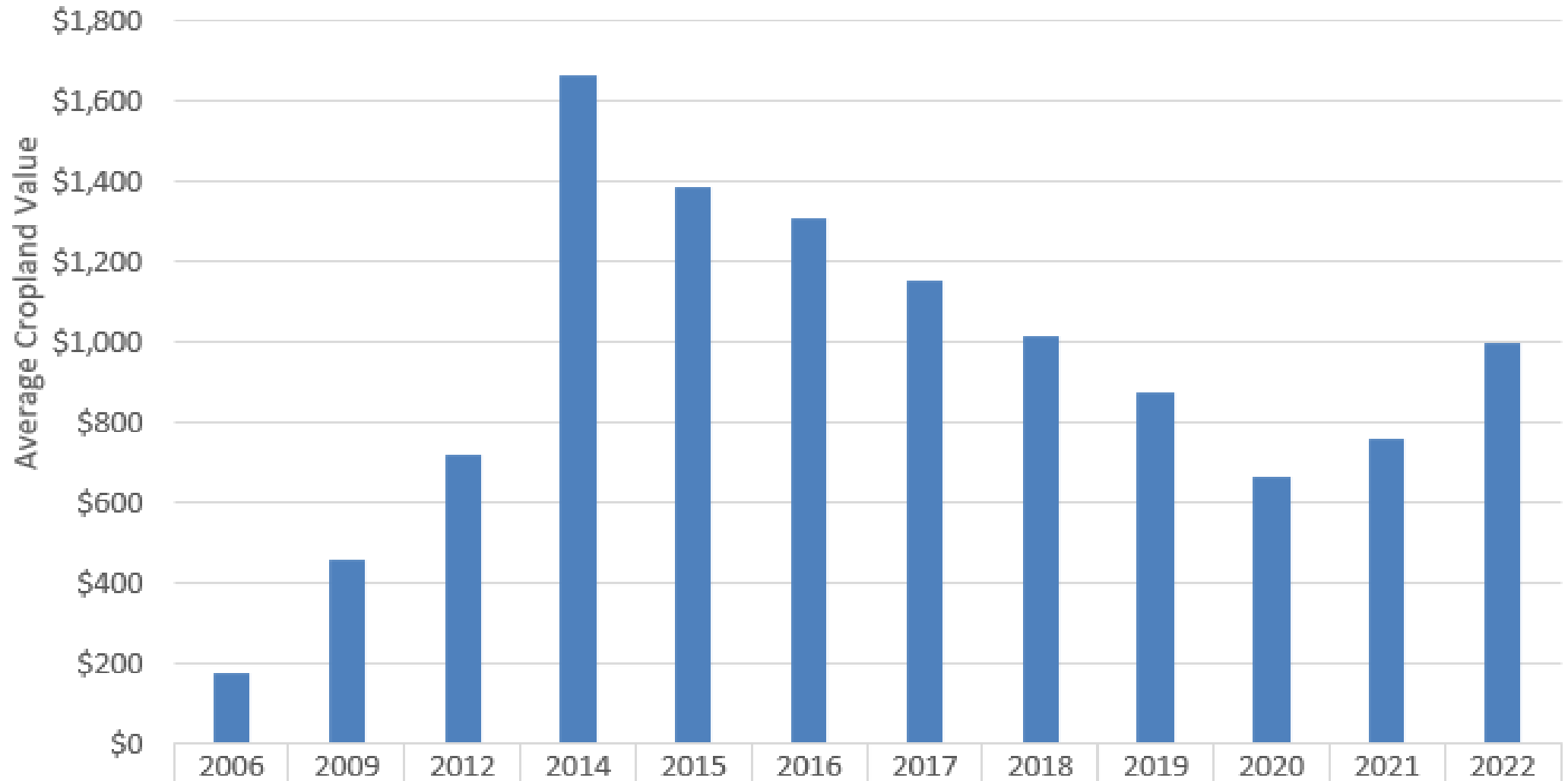
	<u>CORN</u>	<u>BEANS</u>	<u>WHEAT</u>
PI DAT yield/acre (1984)	144	52	64
% increased yield	1.42	1.42	1.64
adjusted yield/acre	204	74	105
X Crop Price/Unit	\$3.77	\$9.32	\$4.75
= GROSS INCOME / ACRE	\$769.08	\$689.68	\$498.75
YIELD / ACRE	204	74	105
BASE YIELD	137	42	59
= YIELD ABOVE BASE	67	32	46
X ADDED UNIT COST	\$1.30	\$0.91	\$1.27
ADDED UNIT COST / ACRE	\$87.10	\$29.12	\$58.42
BASE YIELD COST	\$491.16	\$317.57	\$269.72
= TOTAL NON-LAND PROD. COSTS	\$578.26	\$346.69	\$328.14
NET RETURN / ACRE	\$190.82	\$342.99	\$170.61
X CROPPING PATTERN	37.10%	57.40%	5.50%
= ROTATIONAL NET RETURN / ACRE	\$70.79	\$196.88	\$9.38
TOTAL ROTATIONAL NET RETURN	\$277.05		
BASE CAP RATE	7.80%		
VALUE AFTER FULL HB 49 PHASE-IN	\$3,551.97	<i>Rounded</i>	\$3,550

6/30/2022

Cropland, Simple Average CAUV Value by Productivity Index 2014-2021

Average CAUV Values by Year, 2014-2022									
Productivity Index									Prop. 2022
	2014	2015	2016	2017	2018	2019	2020	2021	
0-49	350	350	350	350	350	350	350	350	350
50-59	700	518	466	430	400	378	351	358	409
60-69	1778	1371	1235	1061	896	731	488	598	915
70-79	2728	2347	2255	1969	1723	1469	1073	1253	1672
80-89	3718	3354	3302	2909	2586	2270	1783	1969	2439
90-99	4428	4104	4074	3602	3226	2863	2303	2512	3007
100+	5030	4770	4750	4205	3810	3420	2820	2990	3550
Average	1668	1388	1310	1153	1015	876	668	759	999
Total No. of Soils	3514	3514	3514	3514	3514	3514	3517	3517	3517

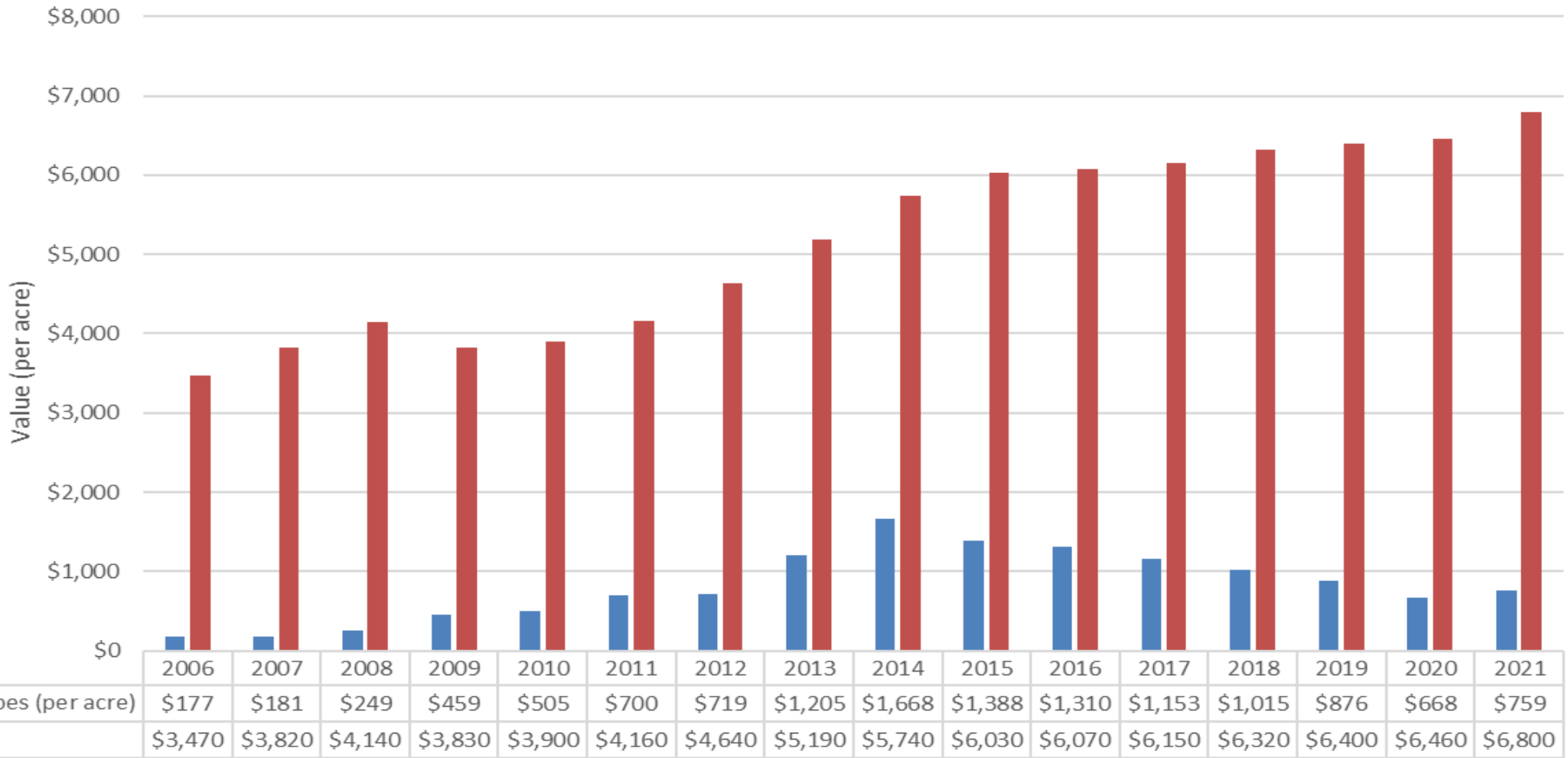
Cropland, Average CAUV Value (Formula)



■ Average Cropland Value

2006	2009	2012	2014	2015	2016	2017	2018	2019	2020	2021	2022
\$177	\$459	\$719	\$1,668	\$1,388	\$1,310	\$1,153	\$1,015	\$876	\$668	\$759	\$999

Average CAUV (Formula) & Ohio Cropland Value – USDA Dollars per Acre, 2006-2021



Average Woodland Value – CAUV Formula

	2018	2019	2020	2021	2022
Slope of 25% or Less					
Maximum	\$2,190	\$1,840	\$1,300	\$1,540	\$2,000
Median	\$230	\$230	\$230	\$230	\$230
Average	\$383	\$325	\$250	\$268	\$341
Minimum Value: All Slopes					
	\$230	\$230	\$230	\$230	\$230
Number of Soils at Minimum Value: Slope 25% or Less					
	2,128	2,130	3,263	3,125	2,662

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.

Questions,
Comments,
and How to
Obtain
Additional
CAUV
Information

CAUV Information (2009-2021) 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:

GOVERNMENT

REVENUE

ACCOUNTING

DISTRIBUTIONS

PUBLIC UTILITY

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- [FAQ's](#)
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- [Due Dates](#)
- [Interest Rates](#)

Contact the Department

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