

CAUV values up? Here's why

BY LEAH CURTIS, OHIO FARM BUREAU DIRECTOR OF LEGAL EDUCATION

On Feb. 28, the Ohio Department of Taxation held its annual public hearing presenting the calculated 2014 Current Agricultural Use Valuation (CAUV) soil values. These values will be applied to CAUV property in counties where a reappraisal or update occurs in 2014 and will show up on those landowners' tax bills in January 2015. Once again, it appears soil values are likely to double in many cases resulting in an increase in property taxes. More than 40 counties will experience a reappraisal or update and increased soil values.



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CAUV is always top of mind for those in agriculture. In the recent past, OFBF was defending the program from outside interests, as a weaker farm economy had pushed CAUV values to an all-time low. As values have trended higher, it is within our organization that the discussions of the program's value have started.

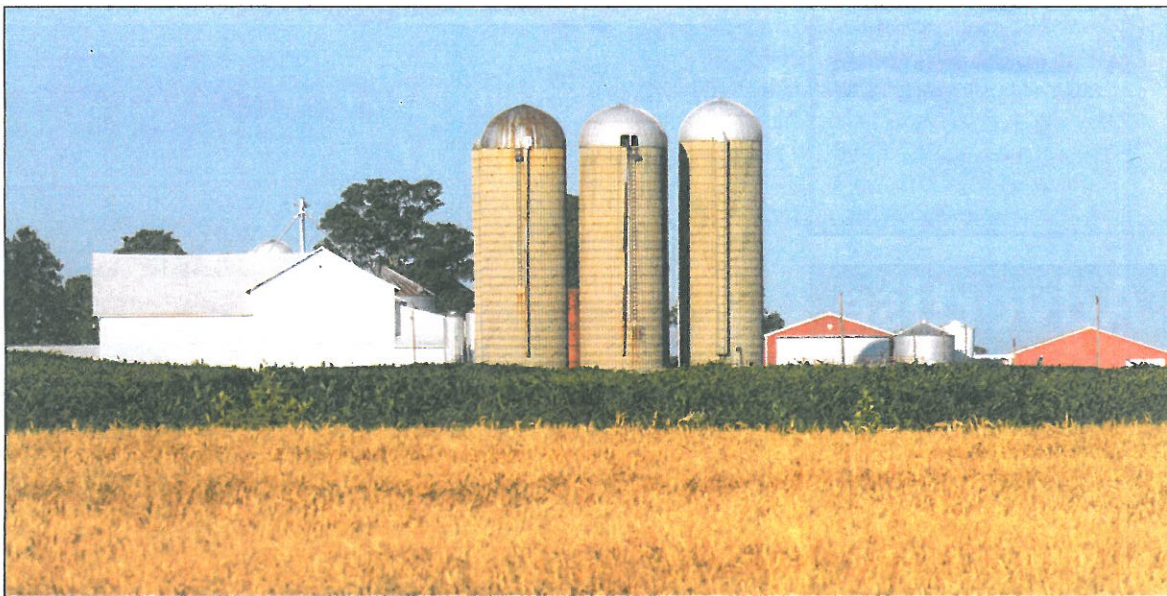
Unfortunately with the time needed to collect data, it does take some time for CAUV to catch up with the situation of the here and now. In 2006, we had the good side of that catch up — the farm economy was starting to prosper as the weaker times were

still affecting the formula. Today, we have the opposite. Even though markets have somewhat cooled today, the effects of years of a record farm economy are still affecting today's CAUV values. This makes it harder to remind ourselves that CAUV is cyclical.

But what is the rest of the story? Even though CAUV values have increased over the years, they are still a good deal. The CAUV program was created to ensure an income method of valuing farmland was used, considering only agricultural factors. The program has the result of lowering property taxes

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significantly on farmland. Even as values have trended much higher, CAUV property was on average only 38 percent of market value for property taxation in 2013, or a 62 percent reduction. Add to this the fact that without CAUV, farmland would be valued considering recent land sales. The high selling prices of farmland to build houses, industrial facilities or mineral development would be the standard by which farmland would be valued instead of how well the soil can grow a crop and how the market responds to that production. Instead of objective, hard data used to value farmland, the subjectivity of the real estate market would become the norm.

Most importantly, OFBF members are primed to work through these issues. Obviously, no one is a fan of higher taxes. But CAUV does not operate in a vacuum. Many different interests have their own feelings about CAUV that we must keep in mind. OFBF is known

The 41 counties on reappraisal and update in 2014 are:

Reappraisal:	Triennial Update:	
Ashland	Auglaize	Mahoning
Ashtabula	Clinton	Mercer
Athens	Darke	Morrow
Butler	Defiance	Perry
Clermont	Delaware	Pickaway
Fulton	Franklin	Pike
Greene	Gallia	Preble
Knox	Geauga	Putnam
Madison	Hamilton	Richland
Montgomery	Hardin	Seneca
Noble	Harrison	Shelby
Summit	Henry	Trumbull
Wayne	Jackson	Van Wert
	Licking	Wood

for being a place to not only solve farm problems, but community problems. Current OFBF policy supports the CAUV calculation as it presently operates. The recent increases in CAUV represent another great chance for OFBF members to talk through this issue in commu-

nity councils, board meetings and at policy development. We hope the CAUV resources we have made available will help inform your discussions as you take on yet another complex issue.