



Public Hearing:
Current Agricultural Use
Values (CAUV)

Tax Year 2024 – Proposed Final Values

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 2024.

Agenda:

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

CAUV FORMULA

DATA SOURCES & FORMULA INPUTS



CAUV Formula

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

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

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

Factors used in the CAUV Calculation

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

Cropping Yields & Cropping Patterns

- Soil yields from 1984:
 - Adjusted by 10-year average of actual yields per acre for 2014-2023.
- Single crop pattern for most soils based on five-year average of acres harvested, 2019-2023:
 - Corn 37%
 - Soybeans 57%
 - Wheat 6%
- Maintain 50% corn and 50% soybeans for organic and frequently flooded soils.



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Crop Prices Used in Five Year Average

USDA, National Agricultural Statistics Service
Crop Values, 2023 Summary, February 2024

Crop Year	Corn	Soybeans	Wheat
2023	\$4.60	\$12.60	\$6.30
2022	\$6.28	\$14.40	\$7.85
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

Adjusted Crop Prices in the Formula, 2021-2024

USDA, National Agricultural Statistics Service
 2023 Summary, February 2024

				Variance	
	2021	2023	2024	2021 - 2024	2023 - 2024
Corn	\$3.59	\$4.21	\$4.40	\$0.81	\$0.19
				22.56%	4.51%
Soybeans	\$9.10	\$10.22	\$10.81	\$1.71	\$0.59
				18.79%	5.77%
Wheat	\$4.76	\$5.20	\$5.52	\$0.76	\$0.32
				15.97%	6.15%



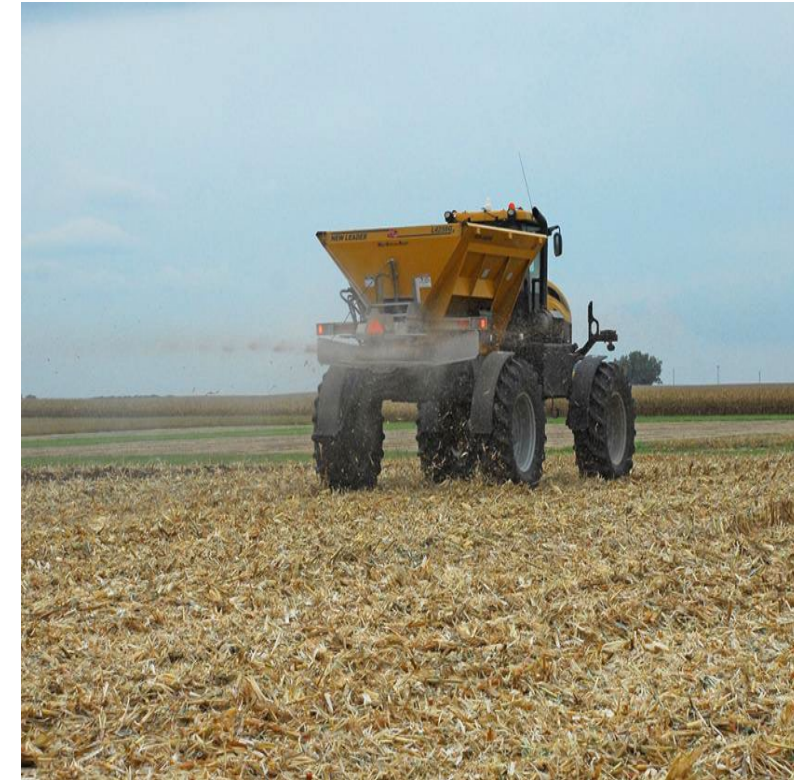
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Non-land Production Cost Base & Added Unit

2021 – 2024

USDA, National Agricultural Statistics Service
Crop Values, 2023 Summary, February 2024

				Variance	
	2021	2023	2024	2021-2024	2023-2024
Corn	\$491.35	\$509.17	\$530.29	\$38.94	\$21.12
+bu	\$1.34	\$1.31	\$1.28	(\$0.06)	(\$0.03)
Beans	\$322.85	\$323.41	\$333.03	\$10.18	\$9.62
+bu	\$0.89	\$1.03	\$1.13	\$0.24	\$0.10
Wheat	\$284.91	\$264.36	\$272.17	(\$12.74)	\$7.81
+bu	\$1.29	\$1.37	\$1.45	\$0.16	\$0.08



Capitalization Rate, Tax Year 2021 & 2024

Farm Credit Services, January – May 2024
 USDA Farm Sector Financial Ratios, February 2024

	2021	2024	Variance
Mortgage/Equity Ratio	80/20	80/20	2021-2024
Interest Rate, 25-Year Fixed			
Multi-Flex Loan*	5.46%	6.20%	0.74%
Equity Rate**	7.21%	7.75%	0.54%
Tax Additur	1.6%	1.4%	(-0.17%)
Capitalization Rate	7.80%	8.20%	0.40%

*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



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SAMPLE CALCULATIONS

2024 SAMPLE CALCULATIONS

2024 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	1.50	1.47	1.71
adjusted yield/acre	162	56	85
X Crop Price/Unit	\$4.40	\$10.81	\$5.52
= GROSS INCOME / ACRE	\$712.80	\$605.36	\$469.20
YIELD / ACRE	162	56	85
BASE YIELD	142	44	60
= YIELD ABOVE BASE	20	12	25
X ADDED UNIT COST	\$1.28	\$1.13	\$1.45
ADDED UNIT COST / ACRE	\$25.60	\$13.56	\$36.25
BASE YIELD COST	\$530.29	\$333.03	\$272.17
= TOTAL NON-LAND PROD. COSTS	\$555.89	\$346.59	\$308.42
NET RETURN / ACRE	\$156.91	\$258.77	\$160.78
X CROPPING PATTERN	37.4%	56.8%	5.8%
= ROTATIONAL NET RETURN / ACRE	\$58.68	\$146.98	\$9.33
TOTAL ROTATIONAL NET RETURN	\$214.99		
BASE CAP RATE	8.20%		
VALUE	\$2,621.84	<i>Rounded</i>	\$2,620

7/3/2024

2024 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	1.50	1.47	1.71
adjusted yield/acre	215	77	109
X Crop Price/Unit	\$4.40	\$10.81	\$5.52
= GROSS INCOME / ACRE	\$946.00	\$832.37	\$601.68
YIELD / ACRE	215	77	109
BASE YIELD	142	44	60
= YIELD ABOVE BASE	73	33	49
X ADDED UNIT COST	\$1.28	\$1.13	\$1.45
ADDED UNIT COST / ACRE	\$93.44	\$37.29	\$71.05
BASE YIELD COST	\$530.29	\$333.03	\$272.17
= TOTAL NON-LAND PROD. COSTS	\$623.73	\$370.32	\$343.22
NET RETURN / ACRE	\$322.27	\$462.05	\$258.46
X CROPPING PATTERN	37.4%	56.8%	5.8%
= ROTATIONAL NET RETURN / ACRE	\$120.53	\$262.44	\$14.99
TOTAL ROTATIONAL NET RETURN	\$397.96		
BASE CAP RATE	8.2%		
VALUE	\$4,853.22	<i>Rounded</i>	\$4,850

7/3/2024

YEAR-TO-YEAR COMPARISONS

Cropland, Simple Average CAUV Value by Productivity Index

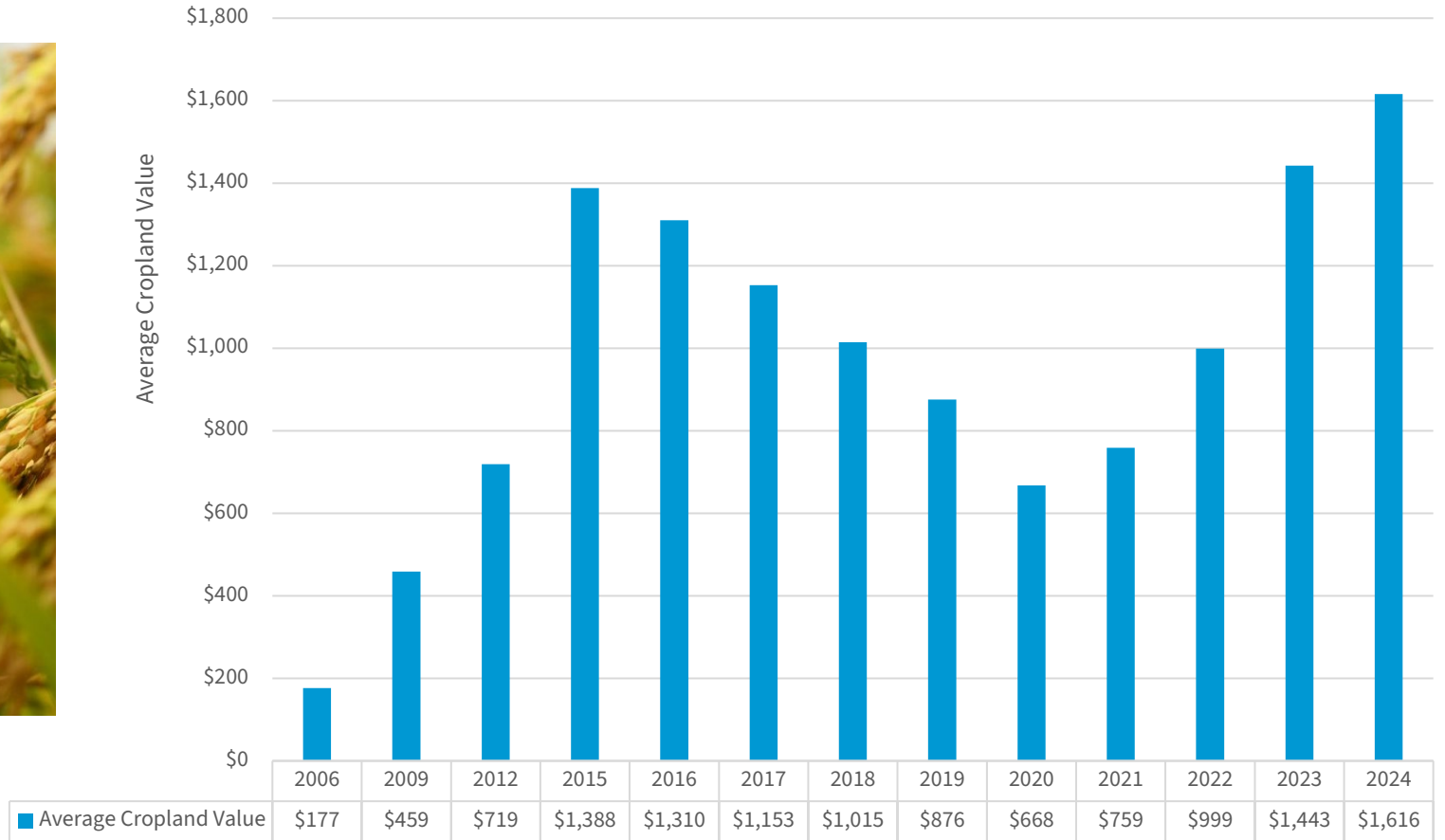
2016 - 2023

Average CAUV Values by Year, 2016 - 2024									
Productivity Index	2016	2017	2018	2019	2020	2021	2022	2023	Proposed Final 2024
	0-49	350	350	350	350	350	350	350	350
50-59	466	430	400	378	351	358	409	607	691
60-69	1235	1061	896	731	488	598	915	1502	1728
70-79	2255	1969	1723	1469	1073	1253	1672	2364	2629
80-89	3302	2909	2586	2270	1783	1969	2439	3244	3548
90-99	4074	3602	3226	2863	2303	2512	3007	3871	4223
100+	4750	4205	3810	3420	2820	2990	3550	4430	4850
Average	1310	1153	1015	876	668	759	999	1443	1616
No. of Soils	3514	3514	3514	3514	3514	3517	3517	3517	3517

Cropland – Average CAUV Value

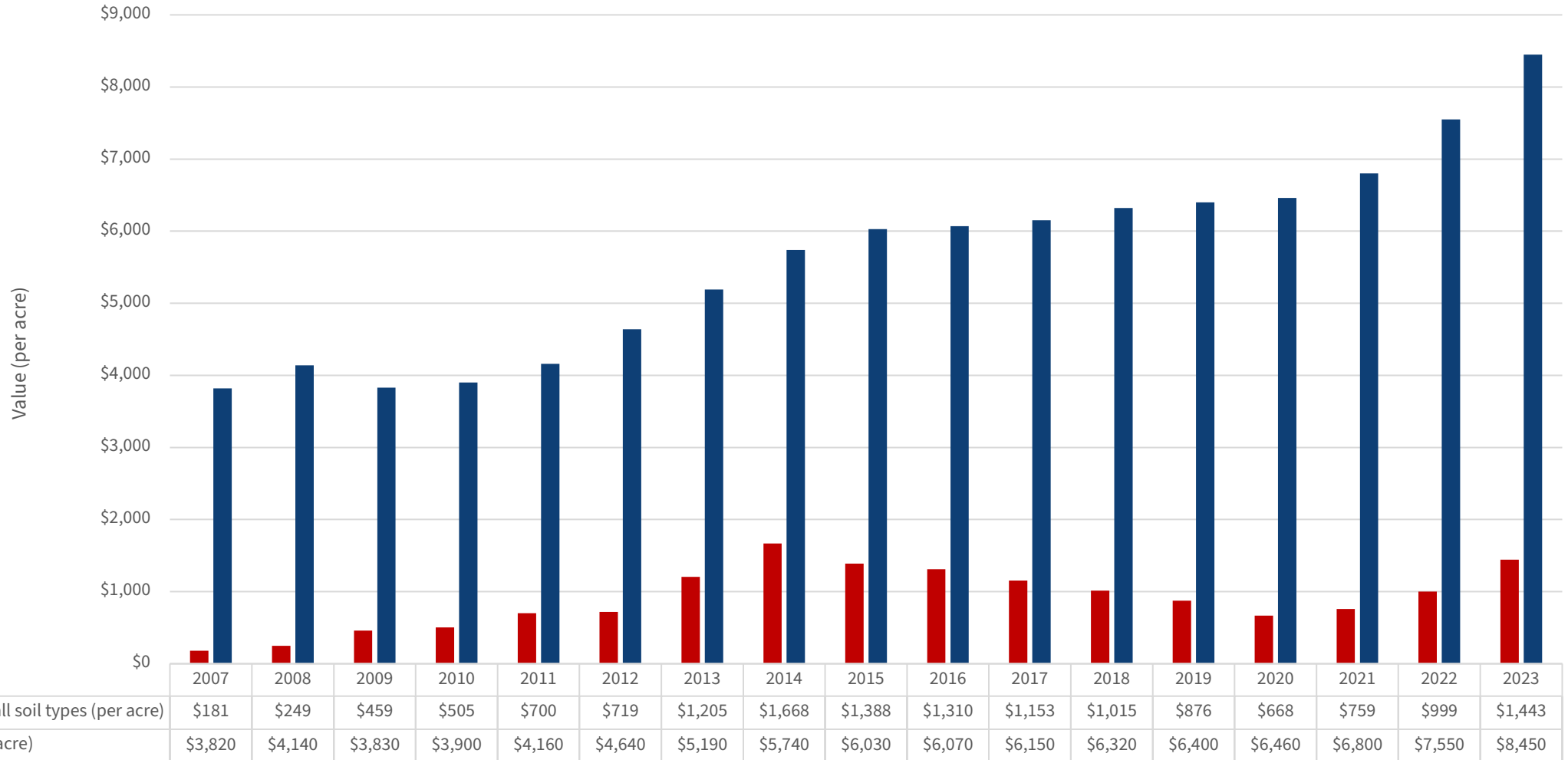


Cropland, Average CAUV Value (Formula)



Average CAUV (Formula) & Ohio Cropland Value

USDA Dollars per Acre, 2007 - 2023



WOODLAND & CONSERVATION

Average Woodland Value & Conservation

Average Woodland

	2020	2021	2022	2023	2024
Slope of 25% or Less					
Maximum	\$1,300	\$1,540	\$2,000	\$2,890	\$230
Median	\$230	\$230	\$230	\$230	\$230
Average	\$250	\$268	\$341	\$600	\$230
Minimum Value: All Slopes					
	\$230	\$230	\$230	\$230	\$230
Number of Soils at Minimum Value: Slope 25% or Less					
	3,263	3,125	2,662	1,849	3,517

Conservation

- Land used for conservation practices (25%) or formal agreement with federal government receive:
 - Lowest value in the table (\$230)

CAUV Program Savings

				Table PD-32 C
				February 21, 2024
TAXABLE CURRENT AGRICULTURAL USE VALUE OF REAL PROPERTY, TAXABLE VALUE OF REAL PROPERTY WITHOUT CAUV, AND NUMBER OF CAUV ACRES, BY COUNTY, TAX YEAR 2023				
			Taxable Value of Qualifying Agricultural Real	
			Under Current	Under Highest and Best
	County	Number of Acres	Agricultural Use Method	Use Method
	Total	16,007,270	\$ 9,493,892,335	\$ 32,779,622,580

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 2023; Updated 2/21/2024. https://tax.ohio.gov/static/tax_analysis/tax_data_series/tangible_personal_property/pd32/pd32ty23.xlsx

CAUV Information (2009 – 2023) 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:

- Ten or more acres must be devoted exclusively to commercial agricultural use; or
- If under ten acres are devoted exclusively to commercial agricultural use, the farm must produce an average yearly gross income of at least \$2,500.

Applications for CAUV must be filed with the county auditor. [Click here](#) for a list of all county auditors throughout Ohio.

Helpful Links

[FAQ's](#)

[Ohio Revised Code](#)

[Due Dates](#)

[Interest Rates](#)

[Annual Reports](#)

[Laws, Rules, and Rulings](#)

QUESTIONS & COMMENTS



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