

2022 Current Agricultural Use Values (CAUV) Agricultural Advisory Committee Meeting

Division of Tax Equalization
April 13, 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, sans-serif font.

Department of
Taxation

Meeting Purpose & Agenda

Purpose: The purpose of this meeting is to present preliminary Current Agricultural Use Values (CAUV) for tax year 2022 to the members of the Agricultural Advisory Committee.

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 & Preliminary 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 Preliminary 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	\$6.17	\$1.02	\$1.41
				19.81%	21.43%

Non-Land Production Costs Base & Added Unit, 2019-2022

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

				Variance	
	2019	2021	2022	2019-22	2021-22
Corn	\$519.04	\$491.35	\$490.79	(\$28.25)	(\$0.56)
+bu	\$1.43	\$1.34	\$1.30	(\$0.13)	(\$0.05)
Soybeans	\$338.54	\$323.11	\$317.79	(\$20.75)	(\$5.32)
+bu	\$0.90	\$0.89	\$0.91	\$0.01	\$0.02
Wheat	\$319.08	\$284.98	\$261.63	(\$57.45)	(\$23.35)
+bu	\$1.41	\$1.29	\$1.57	\$0.16	\$0.28

Capitalization Rate TY 2019 & 2022

Farm Credit Services, USDA

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%	5.37%	-0.32%
Equity Rate**	7.55%	7.21%	-0.34%
Tax Additur	1.6%	1.6%	0.00%
Capitilization Rate	8.00%	7.70%	-0.30%

*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	\$6.17
= GROSS INCOME / ACRE	\$576.95	\$503.28	\$506.03
YIELD / ACRE	153	54	82
BASE YIELD	137	42	58
= YIELD ABOVE BASE	16	12	24
X ADDED UNIT COST	\$1.30	\$0.91	\$1.57
ADDED UNIT COST / ACRE	\$21.27	\$11.15	\$26.75
BASE YIELD COST	\$490.79	\$317.79	\$261.63
= TOTAL NON-LAND PROD. COSTS	\$512.06	\$328.94	\$288.38
NET RETURN / ACRE	\$64.90	\$174.33	\$217.65
X CROPPING PATTERN	37.1%	57.4%	5.5%
= ROTATIONAL NET RETURN / ACRE	\$24.08	\$100.07	\$11.97
TOTAL ROTATIONAL NET RETURN	\$136.11		
BASE CAP RATE	7.70%		
VALUE AFTER FULL HB 49 PHASE-IN	\$1,767.72	<i>Rounded</i>	\$1,770

4/8/2022

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	\$6.17
= GROSS INCOME / ACRE	\$769.27	\$689.68	\$647.96
YIELD / ACRE	204	74	105
BASE YIELD	137	42	58
= YIELD ABOVE BASE	67	32	47
X ADDED UNIT COST	\$1.30	\$0.91	\$1.57
ADDED UNIT COST / ACRE	\$86.42	\$27.88	\$54.78
BASE YIELD COST	\$490.79	\$317.79	\$261.63
= TOTAL NON-LAND PROD. COSTS	\$577.21	\$345.67	\$316.41
NET RETURN / ACRE	\$192.06	\$344.00	\$331.55
X CROPPING PATTERN	37.10%	57.40%	5.50%
= ROTATIONAL NET RETURN / ACRE	\$71.26	\$197.46	\$18.24
TOTAL ROTATIONAL NET RETURN	\$286.95		
BASE CAP RATE	7.70%		
VALUE AFTER FULL HB 49 PHASE-IN	\$3,726.61	<i>Rounded</i>	\$3,730

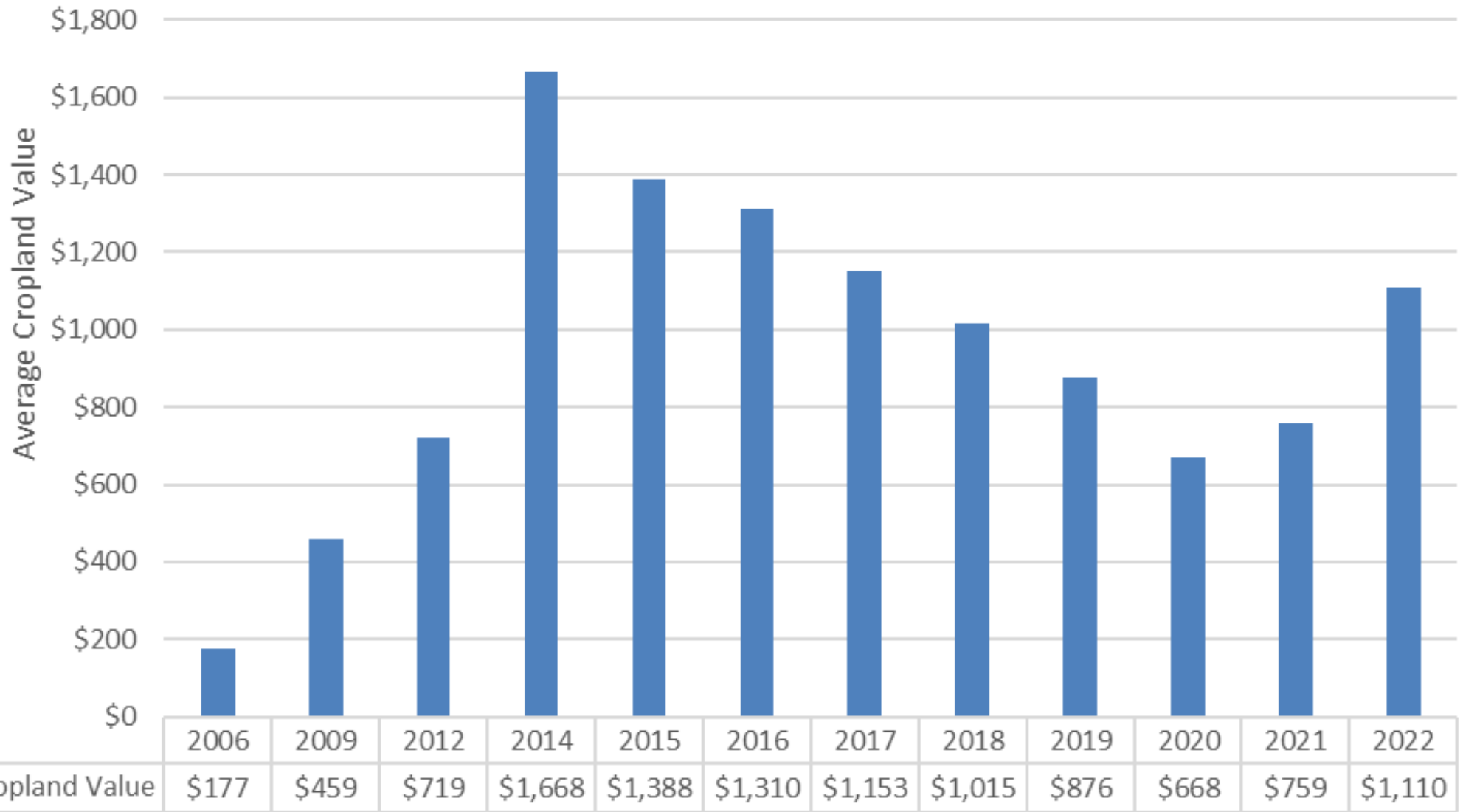
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Cropland, Simple Average CAUV Value by Productivity Index 2014-2021

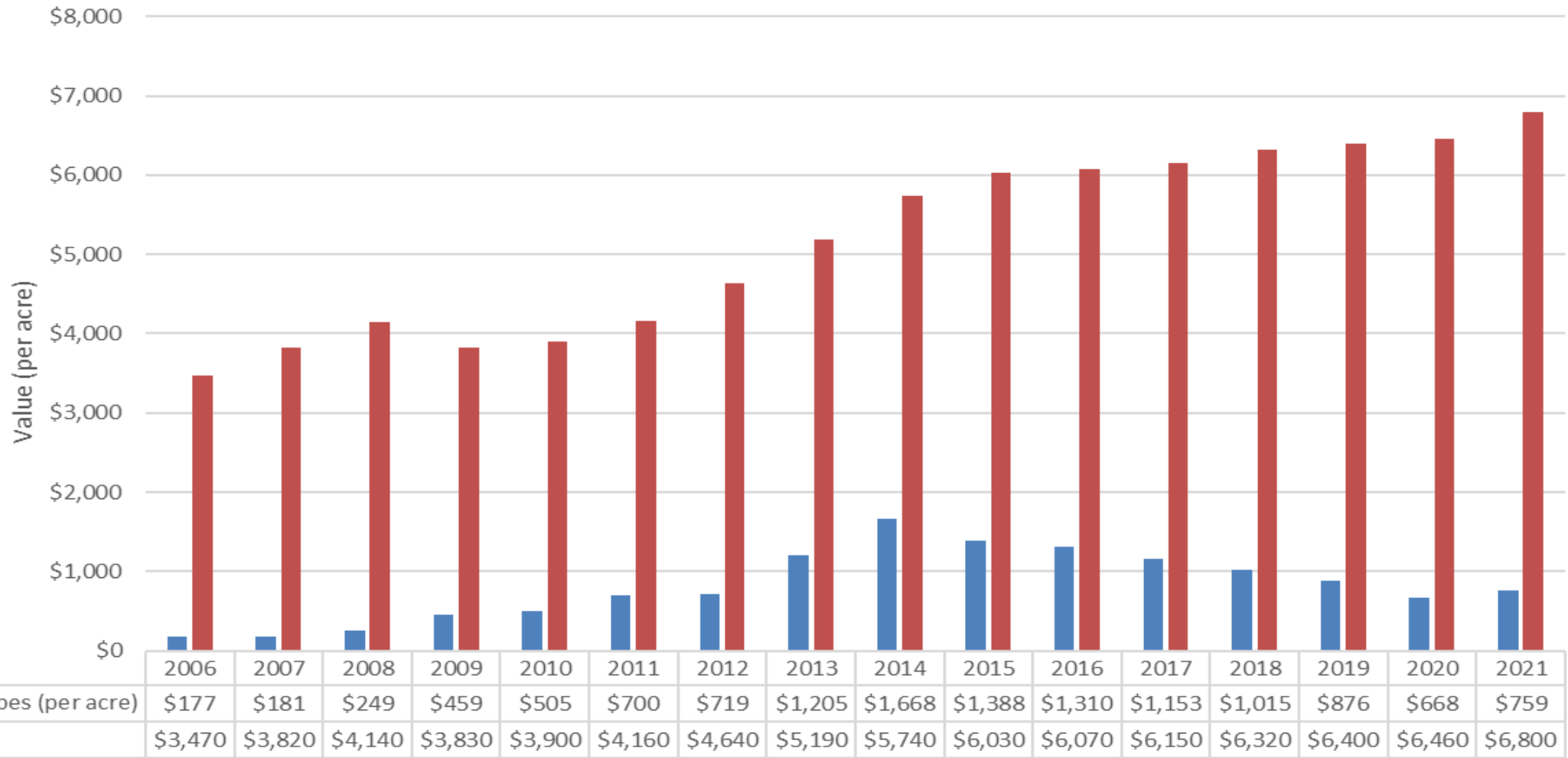
Average CAUV Values by Year, 2014-2022

Productivity Index	Average CAUV Values by Year, 2014-2022								Prelim 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	453
60-69	1778	1371	1235	1061	896	731	488	598	1068
70-79	2728	2347	2255	1969	1723	1469	1073	1253	1847
80-89	3718	3354	3302	2909	2586	2270	1783	1969	2624
90-99	4428	4104	4074	3602	3226	2863	2303	2512	3213
100+	5030	4770	4750	4205	3810	3420	2820	2990	3780
Average	1668	1388	1310	1153	1015	876	668	759	1110
Total No. of Soils	3514	3514	3514	3514	3514	3514	3514	3517	3517

Cropland, Average CAUV Value (Formula)



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	\$2,210
Median	\$230	\$230	\$230	\$230	\$230
Average	\$383	\$325	\$250	\$268	\$391
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	2,404

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:

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
- andrew.winkel@tax.state.oh; 614-466-6316

2022 CAUV Public Hearing

- June 2022 Following Finalization of Crop Budgets



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