



CAUV



Current Agricultural Use Value

Speakers:

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APPRAISAL RESEARCH CORPORATION

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Sponsored by:

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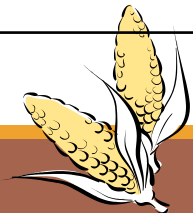
TONIGHTS AGENDA

- 1. CAUV Formula Revisions (HBill 49) Change #25**
- 2. Conservation Valuation Changes (HBill 49) Change #26**
- 3. The Impact On Us**
- 4. Triennial Update 2019**
- 5. Answer Your Questions**



6-YEAR VALUATION CYCLE

Revaluation			Triennial		
2016	2017	2018	2019	2020	2021
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
2022	2023	2024	2025	2026	2027
Revaluation completed effective Jan 1. Pay Dec & July of following year	New construction & destruction added to tax duplicate	New construction & destruction added to tax duplicate	Triennial Update of values effective Jan. 1. Pay Dec. of this year and July of next year	New construction & destruction added to tax duplicate	New construction & destruction added to tax duplicate



Am. Sub.
H.B. 49 132
General
Assembly



- Established New/Revised Formula Factors = 2019 Tax Year
- **2 Step Phase In- Next 2 Valuations Events**
- **2019 Tri & 2022 Reval**
- **2019** = New 2019 Value + 50% Positive Differences (2018-2019)
- **2019** = 2019 Formula Value + 50% (2018-2019)
- **2021** = 2021 Formula Value

Change – Conservation Land Valuation

- Lowest CAUV Table Value Applies
- Conservation practices
- Enrolled- federal land retirement or conservation program
- Enrolled as of January 1
- 36 month Commitment



ELIGIBILITY

- Farm management practices – abate soil erosion
- Installation – construction – development – planting – grassed waterways – terraces – diversions – filter strips – OR field borders – wind breaks – riparian buffers – wetlands – OR ponds – cover crops



HELP-DEFINING THE QUALIFYING AREA

❖ Farm Services Agency

(419) 422-5438 x2

❖ Copy of CRP Contract

❖ Copy of the Map (from FSA)

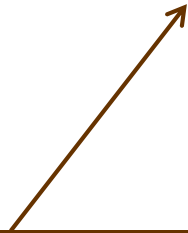
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WHO SETS CAUV VALUE?

OHIO DEPARTMENT
OF TAXATION

AGRICULTURAL
ADVISORY COMMITTEE



Order

COUNTY AUDITOR



EXPLANATION OF THE CALCULATION OF VALUES FOR VARIOUS SOILS (2019)

CAUV land values are calculated by the capitalization of net income from commercial agricultural products assuming typical management, cropping and land use patterns, and yields for given types of soils.

There are 3,514 different soil types with slopes of 25% or less.



FACTOR CHANGES & CAP RATE FOR 2016

Timelines of Data

- Reduce two-year lag to one year
 - Crop yields & Crop prices
 - Non-land production costs
 - Current OSU Crop Enterprise Budgets

Capitalization Rate

- Revise debt/equity split: 80% loan/20% equity
- Farm Credit Services 25–year fixed multi-flex rate for loan amounts over \$25,000 and over.
- Prime rate plus 2% at Bankrate.com WSJ Survey



CAUV HISTORY- OHIO

When CAUV was adopted in 1974 it was designed to reduce values by approximately 50% proportionate to Market Value.

In 2005 the reduction was 90%

In 2010 the reduction was 77%

In 2014 the reduction was 62%

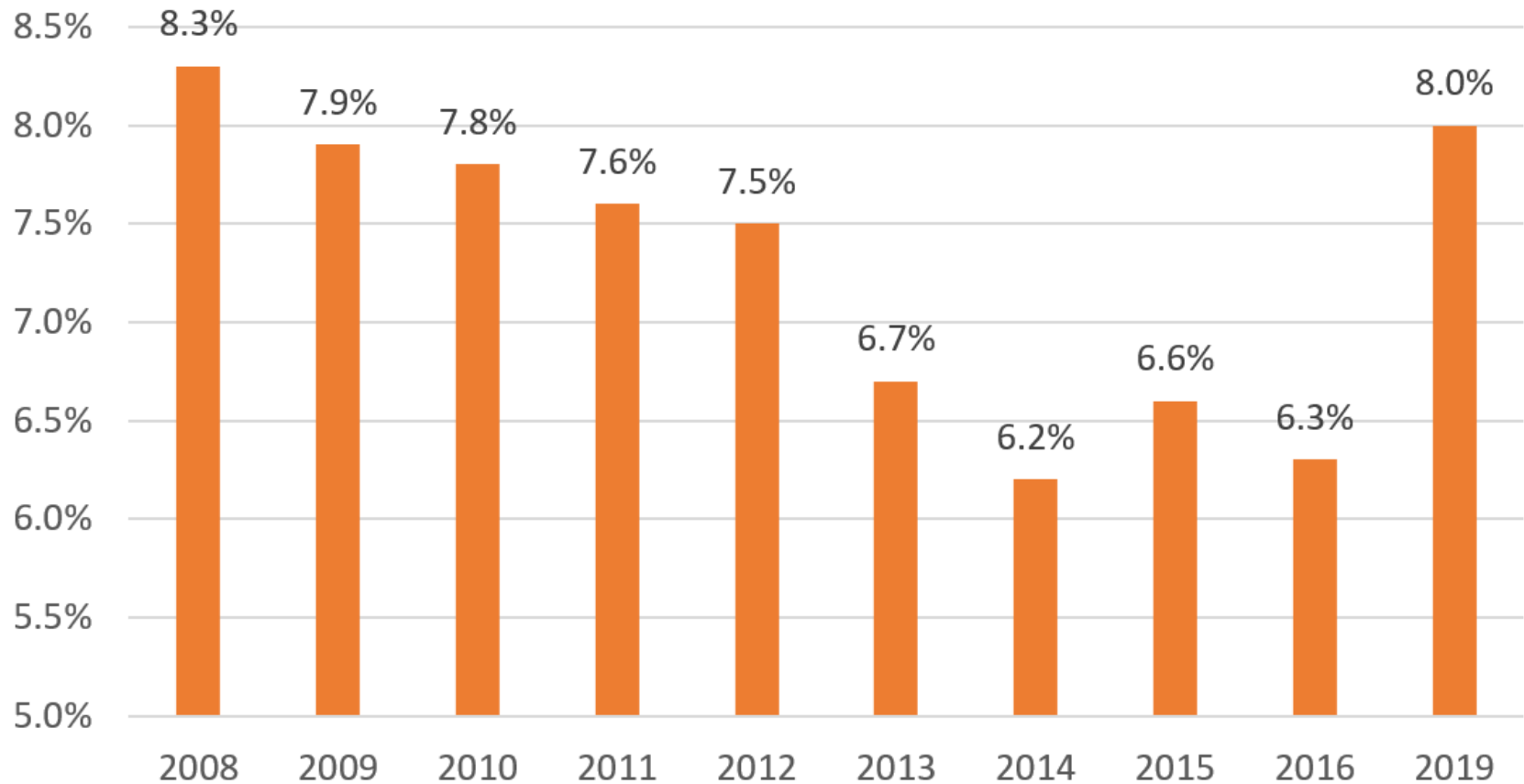
In 2016 the reduction was 77%

In 2019 the reduction was 88%



2019 RESULTS— CAPITALIZATION RATE

2019 RESULTS - CAPITALIZATION RATE



Capitalization Rate

TY 2016 & 2019	<u>2016</u>	<u>2019</u>
Mortgage/Equity Ratio	80/20	80/20
Interest Rate, 25-Year Fixed		
Multi-flex Loan*	5.76	5.69
Equity Rate**	5.25	7.55
Tax Additur	1.6	1.6
Capitalization Rate	6.3%	8.0%

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

**Equity Rate

2016: prime lending rate plus 2%

2019: 25-year avg. rate of return on farm equity/USDA

CAP RATE IMPACT EXAMPLE BY ACRE

YEAR	INCOME ÷ CAP RATE =		VALUE
2010	\$100	7.8%	\$1,282
2013	\$100	6.7%	\$1,492
2016	\$100	6.3%	\$1,587
2019	\$100	8.0%	\$1,250

HANCOCK COUNTY 2019 vs. 2016

	Blount Silt Loam 0-2% BoA	Pewamo silty loam PmA
CAUV Land Value - 2019	\$1,800	\$2,560
CAUV Land Value - 2016	\$2,560	\$3,530
% Decrease	(%29.6)	(%27.5)
Percentage of Soil in Hancock County	20.8%	24.4%

HANCOCK COUNTY HISTORY

YEAR	BLOUNT LOAM (BOA)	PEWAMO SILTY LOAM (PMA)
2007	290	540
2010	980	1,410
2013	2,210	2,970
2016	2,560	3,530
2017	2,280	3,190
2019	1,740	2,560

Thank You



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