

WHEN DOES PROPERTY BECOME SUBJECT TO RECOUPMENT?

There are two general causes for recoupment: first, the failure to return the renewal for Current Agricultural Use Value; and second, if a change in the parcel's use occurs so that the land is no longer used exclusively for agricultural purposes. At that point, the Putnam County Auditor will notify the owner and recalculate the taxes.

HOW MUCH OF A REDUCTION IN VALUE MIGHT I EXPECT?

The actual reductions depend on the Current Agricultural Use Value (CAUV) that is placed on the land by the State based on the soil type. Some major factors affecting the value are slope, drainage, and related characteristics.

The State Tax Commissioner uses a five-year market cycle for calculating and adjusting the CAUV values. This cycle adjusts values to changing agricultural production costs and commodity prices.

The resulting CAUV land value *replaces* the *appraised* value. The land's tax value is set at 35% of the CAUV value.

HOW DOES THE CAUV DIFFER FROM THE FAIR MARKET VALUE?

The fair market value normally depends upon establishing the value for the property based on comparing it to recent sales of similar properties. The CAUV system values the land by capitalizing the expected net income received from agricultural production.

WHAT ARE SOME OF THE MAJOR ADVANTAGES OF THE CAUV PROGRAM?

- (1) It provides tax relief on agricultural land.
- (2) If the tract of land contains woodland as well as cropland, the CAUV Law will often provide a greater tax relief than the Ohio Forest Tax Law because that law applies only to forest land acreage.
- (3) Land currently under CAUV can lay idle for up to one year prior to being subject to recoupment.

HERE ARE SOME OTHER POINTS TO CONSIDER.

- (1) The owner **MUST** file annually to renew the deduction.
- (2) If the use of the land gets reclassified to non-agricultural use, or there is a failure to reapply for the CAUV program, there is a recoupment penalty equal to the past three years' tax savings.
- (3) Tracts under 10 acres can qualify only if the gross annual income from sales of agricultural products is at least \$2,500.

Putnam County Auditor's Office

CURRENT AGRICULTURAL USE VALUE

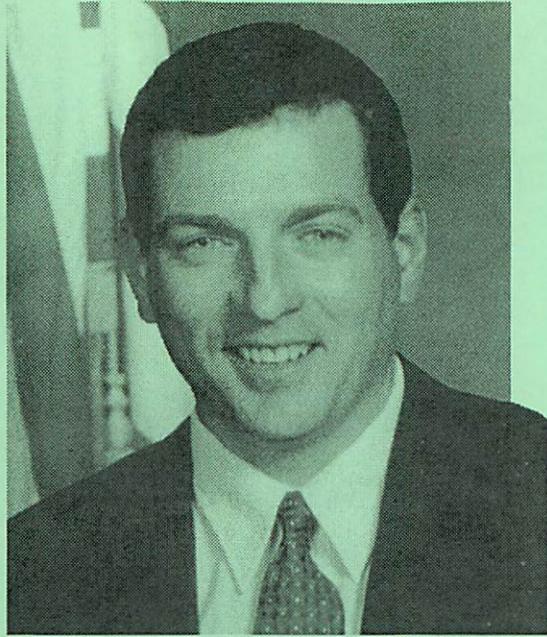


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Dear Agribusiness Person:

Ohio's Current Agricultural Use Value (CAUV) program was developed to save the State's open spaces and permit the valuing of farmland on its ability to produce income rather than on its market value.

The CAUV law can provide significant tax savings to agricultural producers who meet the CAUV qualifications.

This brochure attempts to answer key questions regarding this program. If you need additional information or an application, please contact the Putnam County Auditor's Office Monday through Friday between 8:30 a.m. and 4:30 p.m. Our telephone number is 419-523-6686.

Sincerely,

Robert L. Benroth

Robert L. Benroth
Putnam County Auditor

WHAT IS THE CURRENT AGRICULTURAL USE VALUE (CAUV) LAW?

This law is an outgrowth of the Constitutional Amendment, passed by the voters of the State of Ohio, to save our open spaces and to protect the farmer from paying unnecessarily high property taxes for his farmland.

WHAT ARE THE ELIGIBILITY REQUIREMENTS?

Any tract of agricultural land of 10 acres or more which has been devoted exclusively to commercial agricultural use for the last three years is eligible. A smaller tract may be included in the program if the tract either (a) produced an average gross income of \$2,500 or more from sales of agricultural products during the previous three years, or (b) if the expected gross income meets or exceeds \$2,500.



WHAT IS CURRENT AGRICULTURAL USE?

Agricultural use includes commercial production in: animal or poultry husbandry, aquaculture, apiculture, field crops, tobacco, fruits, vegetables, nursery stock, ornamental trees, sod, or flowers.

In the case of timber, the land it is on must be contiguous to a parcel of land with the same ownership and the contiguous parcel must be devoted exclusively to agricultural use.

WHERE SHOULD I FILE MY APPLICATION?

Applications are to be filed with the Putnam County Auditor's Office. We have trained personnel ready to assist individuals in completing their CAUV applications.

IS THERE A COST TO FILE?



The State Legislature has mandated a \$25.00 initial filing fee per application. This fee stays in the County Real Estate Assessment Fund for use in financing the program. The annual renewal is free.

WHEN MUST I FILE FOR THE CAUV?

You may file any time after the first Monday in January and prior to the first Monday in March of any year.

HOW LONG IS THE APPLICATION VALID?

The CAUV application must be renewed each year. The yearly renewal merely requires completing and returning a CAUV renewal application to the Putnam County Auditor. No fee is charged for renewal.

WHAT HAPPENS IF I DON'T RENEW MY CAUV ANNUALLY?

If you do not renew your application for Current Agricultural Use Valuation, then the Putnam County Auditor is required to value the property at its market value and to recoup the tax savings for the past three years.