

# Guernsey County Auditor's Office

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## WHY DID MY 2015 CAUV VALUES INCREASE?

In 2009 and 2012 rural landowners saw their CAUV values increase greatly. Depending on soil types, some values have increased substantially in again in 2015. Unlike fair market appraisals, CAUV values are calculated for each soil in Ohio. Ohio has approximately 3,600 soil types; Guernsey County contains approximately 113 soil types. The State of Ohio Department of Taxation prepares the calculations for each soil type. The result of these calculations is designed to reflect the true nature of agriculture in the State of Ohio.

## WHY NOW?

By law, county auditors are required to reappraise every parcel of land in the county every six years and to update values in the third year following a reappraisal. In Guernsey County the last reappraisal was completed in 2009. Therefore, 2015 is the **Reappraisal Year** for all of Guernsey County.

## WHAT IS CURRENT AGRICULTURAL USE VALUE (CAUV)?

In 1972, Ohio voters approved a constitutional amendment that allowed qualified agricultural land to be valued for real property tax purposes at its current agricultural use rather than fair market value. The objective of the CAUV program was to discourage the sale of farmland for development purposes by providing the farmer with a tax break. When CAUV was adopted it was designed to reduce values approximately 50%. In 2005, CAUV provided an average reduction of 90% state-wide. In 2011, the reduction was 69%. Any dwelling, home site or outbuildings are still valued at fair market value.

## WHO DEVELOPS THE CAUV VALUES?

The Ohio Department of Taxation is responsible for the calculation of CAUV rates and provides the values to county auditors. The CAUV values are based on a formula containing five factors and are applied to three crops: corn, soybeans and wheat. The five factors are:

- 1) **Cropping pattern** - based on the slope of the soil: level ground is weighted towards corn and beans; steeper slopes towards hay and wheat.
- 2) **Crop prices** derived from a survey of grain elevators across Ohio.
- 3) **Crop yields** based on United States Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) crop yield estimates per acre for each soil type.
- 4) **Non-land production costs** gathered from surveys by The Ohio State University.
- 5) **Capitalization rate** based on the interest rate for a 15-year fixed rate mortgage at Farm Credit Services (potentially the strongest influence on values).

## WHY DID MY CAUV VALUE INCREASE?

Previous CAUV values were some of the lowest in the history of CAUV. Beginning in 2000, CAUV values decreased at an unprecedented rate. 2005 represented the bottom when average soil types in Ohio were \$123 per acre. By 2006, CAUV values increased at rates of 100%, 200%, and sometimes 300% a year, to the levels the values are set today. Crop yields per soil type were increased. It was discovered in 2005 that the Farm Service Agency had not adjusted crop yields since 1984 but crop yields have increased over the past several years. The formula was adjusted to reflect a more accurate rate. The capitalization rate decreased, and lower capitalization rates mean higher land value. The capitalization rate is used to convert income streams into an indication of overall value.

## CAN CAUV VALUE BE APPEALED?

A county auditor has no authority to adjust CAUV values. The Tax Commissioner of Ohio directs each county auditor to use current CAUV rates; there are no provisions within the laws of Ohio for any county auditor to make any adjustment to these values.

It was not the state legislature's intent to guarantee the lowest value for CAUV landowners, but rather to accurately reflect what is happening in the farming community. Even with the significantly increased CAUV values, farmers are paying taxes at a reduced rate. In Guernsey County the average price, as indicated by recent sales of farm ground, is \$2260 per acre. The average rate for CAUV soil is \$560 per acre. This would indicate an average savings of 76% for the typical CAUV landowner, as compared with the market price.

CAUV continues to be a beneficial program that has historically helped the agricultural community survive.

### 7 Most Common Soil Values in Guernsey County

	Symbol	Soil Name - Text - Slope - Erosion	2012 Crop	2015 Crop	2012 Wood	2015 Wood
1st	WME	WESTMORELANDSILTLOAM 25-40	350	350	230	230
2nd	GUC	GUERNSEY UP C 8-15 S MW	350	940	230	230
3rd	GDC	GILPINSILTLOAM SIL 8-15 S W	350	780	230	230
4th	LWD	LOWELL WESTMORE C IL 15-25 S W	350	350	230	230
5th	DKD	DEKALBCHANLOAM CN-L 15-25 S W	350	350	230	230
6th	BEF	BERKSCHANNERSILTLOAM 40-70	350	350	230	230
7th	ABC2	AARON-UP C 8-15 M W	350	590	230	230

### Guernsey County Prime Farm Land Soil Values

	Symbol	Soil Name - Text - Slope - Erosion	2012 Crop	2015 Crop	2012 Wood	2015 Wood
	AAB	AARON SL SIL 2-8 S MW	880	1830	380	830
	CA	CHARGINLOAM OF L 0-2 S W	1500	2990	1000	1990
	EUA	EUCLID SL SIL 0-2 S SWP	1520	3080	520	520
	ZNB	ZANESVILLESILLOAM SIL 2-6 S W	750	1610	250	610

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