Current Agricultural Use Value (CAUV)

What is CAUV?

CAUV was established after Ohio Farm Bureau campaigned for a constitutional amendment to have farmland taxed for its agricultural
value, rather than its fair market value. The agricultural value of farmland is determined by the following equation:

(Income from agricultural production – Non-land production costs)/ Capitalization rate = Current Agricultural Use Value

Start with gross farm income:

The projected farm income for all land enrolled in CAUV is based on the soil type and data from three crops: corn, soybeans and wheat.



Yield information for each of these crops starts with Farm Service Agency production data and is adjusted by the 10-year average of actual statewide yields. Prices for each crop are based on a survey of Ohio grain elevators.*

Subtract non-land production costs*:

These costs are based on Ohio State University data and include typical farm input costs for corn, soybeans and wheat.

Divide by the Capitalization Rate*

This rate is based on the mortgage interest rate for a 25- year fixed rate mortgage from Farm Credit Services with 20 percent equity and 80 percent debt and is adjusted for taxes.

**When determining crop prices, production costs and the capitalization rate, the last seven years of values are used, with the highest and lowest values removed and the remaining five years averaged.*

A guide to CAUV

Farmers who are enrolled in the Current Agricultural Use Valuation (CAUV) program saw increases in the taxable value of their land. While no less frustrating to landowners, these increases can be explained by looking at how the formula works.

Consider the following example based on 2023 data for the Miami Silt Loam soil type:

Corn

Average Yield: 159 bushels per acre
Average Price: $4.21 per bushel
Gross Income Per Acre: $669.39
Non-land production costs: $535.37
Net return per acre: $134.02

Soybeans

Average Yield: 55 bushels per acre
Average Price: $10.22 per bushel
Gross Income Per Acre: $562.10
Non-land production costs: $335.77
Net return per acre: $226.33

Wheat

Average Yield: 83 bushels per acre
Average Price: $5.20 per bushel
Gross Income Per Acre: $431.60
Non-land production costs: $297.24
Net return per acre: $134.36

Factoring in Cropping Patterns

Harvest data will determine the percent that each crop will represent in the final per acre income: 2023 Cropping Data - Corn:37.1 percent, Soybeans: 57.4 percent, Wheat: 5.5 percent

Final Per Acre Income for Miami Silt Loam

Corn: $134.02 x 37.1% = $49.72
Soybeans: $226.33 x 57.4%=$129.91
Wheat: $134.36 x 5.5%=$7.39
Total = $187.02

Final Current Agricultural Use Value

A net income of $187.02/ Capitalization Rate of 8% = CAUV Land Value of $2340 per acre for farms with Miami Silt Loam.

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