



www.lsc.ohio.gov

# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

S.B. 153  
135<sup>th</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsors:** Sens. Lang and Johnson

Mackenzie Damon, Attorney

### SUMMARY

- Revises, for tax years 2023, 2024, and 2025, the information considered in the sales ratio studies that the Department of Taxation (TAX) uses to review and update property values.
- Temporarily adjusts the current agricultural use value (“CAUV”) of farmland for property tax purposes.

### DETAILED ANALYSIS

#### Property tax sales-assessment ratio studies

The bill temporarily adjusts the information that the Department of Taxation (TAX) uses to review and update property values for tax purposes. Under continuing law, as part of the three-year cycle of property reassessment, TAX performs studies that analyze a county’s property values and recent sales data. These “sales ratio” studies compare sales prices and the assessed value of property. The goal is to ensure that property is being assessed at 35% of its fair market value. If TAX’s studies show that property in a particular county is not being taxed at that threshold, it will require an adjustment in that county’s property values. These studies, in particular, play a significant role in updating property values as part of a county’s triennial update.

The bill’s adjustments apply to sales ratio studies completed in 2023, 2024, and 2025. Current law’s requirements for these studies will resume in tax year 2026.

During this three-year application period, sales ratio studies must include all sales made during the preceding three years, and TAX must give each of those sales equal weight. Under current law, TAX is only required to consider a “representative sampling” of the previous three years’ sales, and may give more or less weight to sales from different years. Second, if the total number of sales of similarly situated property during the three previous years is less than 5% of all such properties in the county, TAX may require the county auditor to conduct actual

appraisals of property in that class. Currently, TAX may conduct appraisals if there are insufficient sales to constitute a representative sample. Third, during the bill's three-year application period, TAX must consider "current economic conditions" when recommending an adjustment in county property values.<sup>1</sup>

Since TAX will likely have already completed its sales ratio studies and certified adjustments to a county's property tax values for tax year 2023 before the bill takes effect, the bill requires TAX to recalculate those adjustments, using the bill's new requirements. TAX must certify its updated values within 15 days after the bill's 90-day effective date. Due to this delay, the bill also extends the time for affected counties to finalize their tax duplicate and for taxpayers to make their first installment of 2023 property taxes.<sup>2</sup>

## **Temporary CAUV adjustment**

The bill temporarily adjusts the current agricultural use value ("CAUV") of farmland for property tax purposes. The changes will apply to farmland when it next undergoes a reappraisal or triennial update in 2023, 2024, or 2025.

Pursuant to authority granted in the Ohio Constitution, farmland may be valued at its CAUV – its value considering only its use for agriculture – rather than its fair market value. This usually results in a lower tax bill for farm owners because the land is often valued below its actual market value, particularly in areas where farmland is in demand for development purposes. A farm's CAUV is calculated using a complex formula that takes into account the farm's soil type, crop patterns and prices, management costs, and estimated income potential.

Under the bill, instead of directly applying this formula, a farm's CAUV at its next reappraisal or update will equal the average of the formula value calculated for that year and the values that would have been assigned if the land were in a county that underwent a reappraisal or update in each of the preceding two years.

As an example, consider a farm located in a county that undergoes a reappraisal in 2023. If the formula were applied for that year, the farm's CAUV would be \$200 per acre. However, if the farm had been reappraised in 2022, its value would have been \$190 per acre, and if it had been reappraised in 2021, its value would have been \$180 per acre. Under the bill, the farm's reappraisal value will be \$190 per acre (the average of \$180, \$190, and \$200).

The adjusted value will apply until the land undergoes another reappraisal or update. In the above example, the farm's adjusted value will apply in 2023, 2024, and 2025. When the farm undergoes a triennial update in 2026, its value will be determined using the existing statutory formula.

Under continuing law, TAX publishes CAUV tables that prescribe the per-acre value of each soil type in the state. The bill requires that, if these tables have already been published for

---

<sup>1</sup> R.C. 5715.012.

<sup>2</sup> Section 4.

the 2023 tax year when the provision takes effect, TAX must update the tables within 15 days after the bill’s 90-day effective date to take the bill’s changes into account.<sup>3</sup>

---

## HISTORY

Action	Date
Introduced	09-12-23

---

ANSB0153IN-135/ks

---

<sup>3</sup> R.C. 5715.01; Section 3.