

- Alters the definition of agricultural real property that is eligible for a property tax exemption. This change narrows the scope of what may be eligible for an exemption, thereby increasing property tax revenues for counties and townships.
 - Limiting the real property eligible for tax exemption, the bill would increase property tax revenue for counties, townships, and school districts over amounts that would be collected under any exemption that might be allowed under current law.
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Detailed Fiscal Analysis

Background

Current law allows for the establishment of agricultural security areas, where owners of land located in unincorporated areas of a county may enroll the land in such an area. In order for land to be approved from such an agricultural security area, the following conditions must be met:

- This land must contain at least 500 acres of contiguous farmland that is located in the unincorporated area of a township or county.
- The land forming the area is in an agricultural district or districts established under Chapter 929. of the Revised Code.
- The land forming the area is valued and assessed for real property tax purposes in accordance with its Current Agricultural Use Value (CAUV).
- Each application submitted by the owner or owners of the land forming the area is approved under section 931.03 of the Revised Code by the boards of township trustees of all of the townships in which the land is located.
- Each application submitted by the owner or owners of the land forming the area is approved under section 931.03 of the Revised Code by the boards of county commissioners of all of the counties in which the land is located.

As part of the application for such enrollment, an applicant must pledge in a statement that he or she will not initiate, approve, or finance any new development for nonagricultural purposes on the land enrolled. Current law also establishes application requirements, hearing requirements, and authorizations to build dwellings or conduct business, renewal and withdrawal requirements, and fines for noncompliance. The bill makes changes to these various aspects, including the application processes, transferring and adding additional land to an agricultural security area, hearing processes, and allowable business operations. There are currently 12 Agriculture Security Areas on file with the Department of Agriculture.

Fiscal impact

Several changes in the bill may have a fiscal impact on a county or township. One such change is in the procedures for hearings on applications. Current law permits boards of county commissioners and boards of township trustees to hold joint meetings to conduct hearings on applications for forming agricultural security areas. Generally, both the county and township would be required to publish notice of these hearings to their respective residents. The bill provides that the county clerk of the county in which the majority of the land that will be located in the agricultural security area must serve as the clerk on behalf of all participating political subdivisions. Part of these duties is to notify all necessary individuals of the meeting. Therefore, this provision could reduce notification costs to some townships. These costs would only be minimal.

The bill also makes changes to fine requirements. Current law states that whoever violates the provision of the Agricultural Security Areas Law that deals with notice of withdrawal, or the provision that deals with failure to comply with the required statement of only using the land for agricultural purposes, must be fined \$500. The bill permits a \$500 fine to be levied for violations of each provision of the Agricultural Securities Law. This could potentially increase fine revenues to counties.

The bill also changes the tax exemption provision of the Agricultural Securities Law. Current law establishes a property tax exemption for qualifying agricultural real property. For the purposes of this exemption, current law defines qualifying agricultural real property as a building, structure, improvement, or fixture that is used exclusively for agricultural purposes, is located on land enrolled in an agricultural security area, and has a true value in money of \$25,000 or more. The bill changes this definition to state that the real property must have an aggregate new investment value of \$25,000. This change could potentially narrow the number of eligible structures that could qualify for this exemption and as a result increase property tax revenue for the affected township or county over what might be collected under the exemption allowed under current law.

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