



Joseph D. Heller

Bill Analysis
Legislative Service Commission

H.B. 402
127th General Assembly
(As Introduced)

Reps. Peterson, Heard

BILL SUMMARY

- Authorizes exemption of one-half of the taxable value of land subject to a conservation easement or agricultural easement from property taxation.

CONTENT AND OPERATION

Partial tax exemption for land with conservation or agricultural easement

(R.C. 5713.40)

The bill authorizes property tax exemption for one-half of the value of property that is subject to a conservation easement or agricultural easement. Under existing law, a conservation easement is a right or interest in land that is held for the public purpose of retaining land, water, or wetland areas predominantly in their natural, scenic, open, or wooded condition, and that restricts use and development of the property accordingly. An agricultural easement is similar in that it is a right or interest in land that is held for the public purpose of "retaining the use of land predominantly in agriculture," and that restricts land use and development accordingly. (See R.C. 5301.67.)

Currently, land subject to a conservation easement or agricultural easement is not partially or wholly exempted from property taxation on the basis of the existence of the easement. Instead, the taxable value of land subject to a conservation easement may be decreased to account for any diminution in value resulting from the existence of a conservation easement. (R.C. 5713.04.) Land that is currently used for agriculture may be valued at its current agricultural use value (or "CAUV"), as opposed to its true value in money (i.e., appraised market value).

Under the bill, land that is partially exempted from taxation because of the existence of a conservation easement may not simultaneously be valued to include the diminution in value resulting from the existence of the conservation easement.

Similarly, land that is partially exempted under the bill on the basis of the existence of an agricultural or conservation easement is not simultaneously eligible for CAUV treatment; the partial exemption would be granted on the basis of the appraised market value of the land.

Land subject to a conservation easement that is not either partially exempted under the bill or receiving CAUV treatment would remain eligible for the existing diminution in value resulting from the existence of the easement as provided under R.C. section 5713.04.

Homesteads

The bill specifies that land used, or planned to be used, as a homestead will be excluded from the property that receives the partial exemption. The excluded portion for each homestead is to be no less than one acre or the minimum area prescribed by any applicable zoning regulations, whichever is greater.

Application; term

To claim partial exemption under the bill, an owner of land subject to a conservation or agricultural easement must file an application with the county auditor between the first Monday of January and the first Monday of March. The applicant must request that the land be partially exempted from taxation as provided by section 5713.40 of the Revised Code. The county auditor must verify the existence and extent of the easement by examining the recorded instrument, and must grant the partial exemption to so much of the land that qualifies for the exemption.

Once a partial exemption is approved, the land continues to be exempted for the tax year in which the exemption is originally approved and all ensuing tax years. The partial exemption terminates if the terms of the easement are violated or if the land is used in a manner that does not comply with those terms.

HISTORY

ACTION	DATE
Introduced	11-29-07

H0402-I-127.doc/jc