



Ohio Legislative Service Commission

Shannon Pleiman and other LSC staff

Fiscal Note & Local Impact Statement

Bill: [S.B. 334 of the 130th G.A.](#)

Date: November 10, 2014

Status: As Introduced

Sponsor: Sens. Jones and Peterson

Local Impact Statement Procedure Required: Yes

Contents: Defines agritourism, allows application of current agricultural use valuation to agritourism land for property tax purposes, and makes other changes

State Fiscal Highlights

- State reimbursements to local governments for property tax rollbacks may decline, a savings for the GRF, as a result of valuing land used for agritourism according to the current agricultural use valuation (CAUV) method.
- The bill allows the Director of the Department of Agriculture (AGR) to establish standards for amusement rides at agritourism locations that are consistent with those set by the American Camp Association. AGR may incur a minimal administrative cost for establishing the standards.
- The bill also exempts the operators of agritourism amusement rides from licensure by AGR's Division of Amusement Ride Safety. This would forestall the Division from collecting fees for these types of rides in the future. Currently, the Department collects a small amount of license revenue from amusement ride operators that have permanent onsite structures at agritourism locations. Amusement ride inspection fees are otherwise deposited into the Amusement Ride Inspection Fund (Fund 5780).

Local Fiscal Highlights

- Real property tax revenues of school districts and other units of local government may decline because the bill allows land used for agritourism to be valued using the CAUV method instead of at its highest and best use valuation.
- The bill establishes a civil immunity for agritourism providers. This might reduce the filing of civil actions in local courts or cause cases that are filed to be handled more promptly. Either outcome could result in savings from a decrease in judicial dockets and the workload of court personnel. Overall, the probable impact on courts will not be significant, and consequently, any savings would be no more than minimal.

Detailed Fiscal Analysis

Overview

The bill defines "agritourism" as an educational, entertainment, or recreational activity that takes place on a working farm or agricultural or horticultural operation and allows the general public to observe, participate in, or enjoy that specific activity. It allows the application of the current agricultural use valuation (CAUV) method on agritourism land for real property tax purposes. The bill also defines the circumstances under which an agritourism business operator is immune from civil liability in cases where a participant is injured during an agritourism activity. Lastly, the bill allows the Department of Agriculture (AGR) to establish standards for amusement rides at agritourism locations.

Current agricultural use valuation for land used for agritourism

The bill adds agritourism to the uses of land which qualify to be valued for real property tax purposes using the CAUV method. To qualify, the land used for agritourism must be contiguous to or part of a parcel of land used only for agriculture, and the land must be under common ownership. Land values figured for tax purposes according to CAUV averaged 62% lower statewide in 2013 than if the same land had been valued at its highest and best potential use. The reduction in value ranged to 85% at the countywide average level,¹ with larger reductions for some individual parcels within counties. Generally the reduction in value is larger in more populous counties.

The Department of Taxation calculates CAUV land values each year for use in counties with property reappraisals or updates. The calculations use historical acreage planted, per acre yields, prices, and production costs for corn, soybeans, and wheat to derive net income from the three crops, for thousands of different soil types and characteristics including slope, erosion, and drainage. The calculated net income is then capitalized to represent the value of the land, by dividing the net income by an interest rate that represents the cost of debt and equity capital. If the calculated values fall below minimums determined for cropland, pasture, and woodland, the minimum values are used.

Allowing land used for agritourism to be valued using the CAUV method will result in loss of tax revenue to school districts and other units of local government. About two-thirds of real property tax revenue is paid to school districts and about one-third to other units of local government. Real property classified as agricultural, as well as residential property, is subject to a 10% tax rollback, except that the rollback does not apply to new or replacement levies approved after September 29, 2013, under a provision of Am. Sub. H.B. 59 of the 130th General Assembly. The state reimburses local governments for the rollback. A reduction in the amount of taxes due to local

¹ In Stark County.

governments would reduce the amount of reimbursements from the state, a savings for the GRF.

Immunity for agritourism providers

The bill gives agritourism providers immunity from civil liability for any harm a participant sustains during an agritourism activity if the participant is harmed as a result of a risk inherent in the activity. This most likely would have two likely effects, either (1) reducing the number of civil actions alleging damages, or (2) leading to quicker adjudication of such cases than currently would be the norm. Either outcome would potentially yield some minimal savings for the courts involved by decreasing judicial dockets and reducing workload for personnel. If the number of civil actions filed were curtailed, then the courts would incur a loss in court cost and filing fee revenue. However, the savings realized by those courts in terms of their personal and related administrative costs associated with the processing of cases would likely offset any possible loss of court cost and filing fee revenues.

Rulemaking for rides at agritourism sites

The bill allows the Director of Agriculture to establish standards for amusement rides at agritourism locations as long as they are in line with the standards for these types of rides that are set by the American Camp Association. The Department could incur minimal administrative costs for establishing these standards. The bill also exempts operators of agritourism amusement rides from licensure by the Division of Amusement Ride Safety. This would forestall the Department from collecting amusement ride permit fees from agritourism operators. Currently, the Department collects a small amount of license revenue from amusement ride operators that have permanent onsite structures at agritourism locations. Amusement ride inspection fee revenue is deposited into the Amusement Ride Inspection Fund (Fund 5780).