

OVERVIEW OF CUVA

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When and Why Have CUVA?

- Land values began to skyrocket in the 1980s.
- Property taxes based on developed land or FMV caused extremely high property taxes for land used in agriculture and forestry.
- Would prevent people from continuing to farm in some areas of the state.
- State implemented CUVA in 1992 as a way to offer property tax relief for land owners, while also providing green space for the rest of the community.

What is CUVA?

- CUVA stands for Conservation Use Value Assessment.
- CUVA is a 10 year covenant pledging not to develop land in exchange for property tax assessments based on the land's productivity, not fair market value (FMV).
- Land values are determined using a state formula set by Property Tax division of Georgia Department of Revenue with consultation with other agencies (Georgia Department of Agriculture, Agricultural Statistic Service, Georgia Forestry Commission, DNR, and Cooperative Extension).

How CUVA works

- To qualify for CUVA, land must be owned by a U.S. Citizen and must be devoted to farming, commercial production of agricultural products, and/or timber.
- Other commercial uses not considered a breach: leased for hunting, agritourism, weddings, cell phone towers, fee-fishing and mineral exploration.
- Any breach during the 10 year covenant, and landowner must pay steep penalties (double the cumulative difference in property taxes owed plus interest).

How CUVA works

- Can put any qualified tract of land in CUVA that is 10-2,000 acres
- Less than 10 acres and landowner must show proof of qualifying use
- Up to 50% of the land may lie dormant; however, the remaining portion must be in productive lands
- Applications for CUVA must be filed with property owner's local tax office between January 1 and April 1.
- [Tax Assessors in your county](#)

How CUVA Rates are Determined

- Each county is broken into CUVA districts, and value in district is broken down by forest land or agriculture land.
- Based on soil quality (A1 being the highest quality and A9 being the lowest quality)
- CUVA rates cannot change more than 3% in a year or 34.39% over the 10 year covenant.

Example in CUVA

I am a landowner in Clarke County, and I want 100 acres in CUVA. Clarke County would be in CUVA District 2.

If land is graded as A1 (the highest agricultural land grade), the base rate is \$508.

You multiply the base rate by 40% and the millage rate for county.

$\$508 \times 40\% \times 0.0339$ (millage rate for Clarke County) = \$6.89 per acre.

$\$6.89 \times 100$ acres = \$689

Property tax bill enrolled in CUVA is \$689 per year.

Example NOT in CUVA

I am a landowner in Clarke County, and I want 100 acres in CUVA.

Land in Clarke County is assessed at \$2,000 per acre.

Multiply the assessed rate by 40% and the millage rate for county.

$\$2,000 \times 40\% \times 0.0339$ (millage rate for the county) = \$27.12 per acre.

$\$27.12 \times 100$ acres = \$2,712

Property tax bill enrolled in CUVA is \$2,712 per year.

Savings in CUVA

\$2,712 property tax bill without CUVA
- \$689 property tax bill with CUVA
\$2,023 ANNUAL SAVINGS ENROLLED IN CUVA

CUVA is VERY Important

- In 2010, there were **166,206 parcels of land enrolled** in CUVA covenants that **saved enrolled landowners \$295.1 Million.**
- Without CUVA, many farm operations couldn't afford to stay on their land.
- Environmental benefits of keeping land in green space and preventing urban sprawl and over-development.

Impact of CUVA

“92% of the land in Georgia is privately owned. Programs like CUVA...give landowners incentive to keep it that way when land prices rise.”

-Bob Izlar, Director of UGA Center for Forest Business

“CUVA has worked out great. If you have a landowner who has land used for agricultural uses or forestry, if they put the land in CUVA for the 10 year period of time on the dirt is based on the capability of the dirt to produce crops. Many agencies work together oncoming up with formulas used to determine CUVA rate.”

-John Mixon, former Executive Director of GA Forestry Commission and current GFB Forestry Committee Chairman

CUVA is VERY Important

Of all the Legislative Issues that GFB (and other ag groups) have worked on, **CUVA is one of the biggest benefits to landowners and one that is taken very seriously.**

CUVA and Agritourism

The following shall not constitute a breach of a covenant (O.C.G.A. 48-5-7.4):

6. Allowing all or part of the property subject to the covenant on which a corn crop is grown to be used for the purpose of constructing and operating a maze so long as the remainder of such corn crop is harvested

7. (A) **Allowing all or part of the property** subject to the covenant to be used for agritourism purposes:

(B) As used in this paragraph, the term "agritourism" means charging admission for persons to visit, view, or participate in the operation of a farm or dairy or production of farm or dairy products for entertainment or educational purposes or selling farm or dairy products to persons who visit such farm or dairy.

8. Allowing all or part of the property which has been subject to a covenant for at least one year to be used as a site for farm weddings...

CUVA and Agritourism

- Example of breach:

Brandon's Strawberry Farm sells U-Pick Strawberries and sells strawberry ice cream from my own strawberries. This is a qualified use.

I decided to expand and sell Cokes and hot dogs. This is not selling a farm product or a product made from my farm, or an agritourism activity so this would constitute a breach.

CUVA and Agritourism

Santa Brandon's Christmas Tree Farm is under CUVA. If I sell my Christmas trees, I am not in breach of my covenant.

If I decide to sell Christmas tree stands, Christmas ornaments, or hot chocolate, I am breaching my CUVA covenant.

Savings in CUVA

- If my farm has a breach in year 6 of the Covenant, I would have to pay **DOUBLE** the difference of each year.

\$2,023 Annual savings from being enrolled in CUVA

x 2

\$4,046

x 6 years

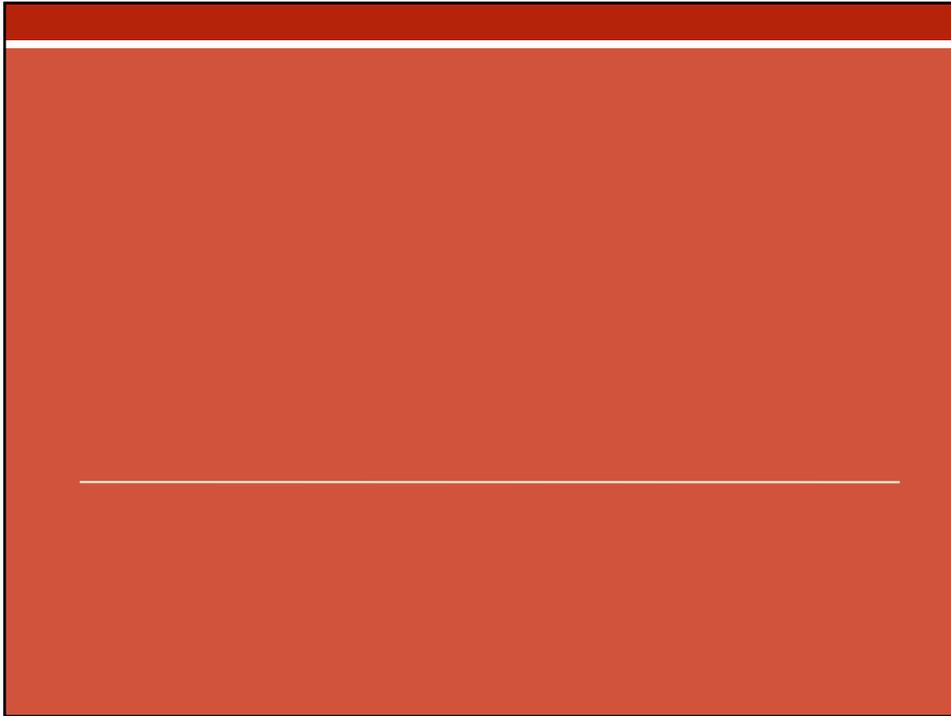
PENALTY=\$24,276 PLUS INTEREST

CUVA and Agritourism

- The best advice we give landowners is when in doubt, cut out the retail or other questionable portions of your farm from the rest of your CUVA covenant and leave the agriculture production in tact.
- Not worth risking the whole covenant. **The breach penalties would be against the entire tract, not just the portion where the breach occurred.**
- Furthermore, not worth risking the whole integrity of the program.
- You will hear from next speakers, some county's assessors have different interpretations of the law.

DISCLAIMER

Information provided is intended as general information and overview of CUVA and is not a substitute for the advice of a legal or tax professional.



CUVA and Agritourism: Definition

Current definition of Agritourism for CUVA:

“As used in this paragraph, the term ‘agritourism’ means charging admission for persons to visit, view, or participate in the operation of a farm or dairy or production of farm or dairy products for entertainment or educational purposes or selling farm or dairy products to persons who visit such farm or dairy.”
O.C.G.A. 48-5-7.4(p)(7)(B)

GAA Definition of Agritourism:

“Agritourism should be defined as any commercial activity at or directly associated with a farm or ranch property that allows members of the public for recreational, entertainment or educational purposes to use, harvest, view or enjoy agricultural products, property, resources, history, culture, and domesticated or wild animals.”

Agritourism Definition

- The GAA official definition of agritourism is a better definition of agritourism than what is defined in CUVA.
- It reads better and is vague enough to encompass more activities.
- But will simply changing the definition in CUVA solve all the problems?

What is Agritourism?

- Farmers are progressive businessmen, always looking to change.
- Where is the line drawn?

Ambiguous Definition is Good/Bad

- Because there is not a laundry list of allowable agritourism uses, it is up to the discretion of the tax assessors.
- 159 different counties, 159 different interpretations
- A laundry list definition of what is Agritourism for CUVA purposes is not good.
- Every time we want to add a new feature to the farm, don't want to go back in and open it up in the legislature for review.

What GAA has done for CUVA

- GAA has worked closely with GFB and the Georgia Department of Agriculture in addressing operator problems with CUVA.
- The original thought was changing the definition in the Georgia code section, but simply changing the definition does not do anything to educate assessors on a county level.
- CUVA is open to scrutiny every time it comes up in the General Assembly; afraid of opening up more problems without addressing the root of the problem for agritourism which is at the ***local level***.

Working to Educate Assessors

- Georgia Farm Bureau, Georgia Agritourism Association, Georgia Association of County Commissioners, Georgia Department of Agriculture, Georgia Department of Revenue had a meeting on November 13, 2013.
- Unless you change the law and have a laundry list of items/activities which are allowed, you are in the same situation as before.
- Even if definition is changed, you still have assessors that enforce the law that need to be educated.

Working to Educate Assessors

- The Georgia Department of Agriculture has developed a guidance document/white paper that other influential organizations can sign off on to say “This is an acknowledged agritourism activity”.
- Serve as an endorsement of what is acceptable.
- Take this document to assessors to help educate them.