

JANUARY 2000



**IOWA FARMLAND
OWNERSHIP & TENURE
1982-1997:
A FIFTEEN-YEAR PERSPECTIVE**

CHARLES A. PIEPER, RESEARCH ASSISTANT,
DEPARTMENT OF ECONOMICS

AND

NEIL E. HARL, CHARLES F. CURTISS DISTINGUISHED PROFESSOR
IN AGRICULTURE AND PROFESSOR OF ECONOMICS

IOWA STATE UNIVERSITY
COLLEGE OF AGRICULTURE

IOWA AGRICULTURE AND HOME ECONOMICS
EXPERIMENT STATION
DAVID G. TOPEL, DIRECTOR



Acknowledgments

Because this project spanned nearly two years, there are many individuals who helped bring it to completion.

I extend my thanks to Iowa State University and the State of Iowa for the opportunities graciously given me to pursue graduate work and produce this study. Their support gave me the opportunity to alter and expand the direction of my occupational possibilities.

My graduate committee is recognized for all of the guidance and support given during the process of completing this study. Dr. Neil Harl has been instrumental in tutoring me in Iowa policy and land ownership. Also, he was a patient teacher as the writing of the manuscript evolved. His encouragement led to my pursuit of the study of law. Dr. Mike Duffy extended much practical advice and made many suggestions to improve the final manuscript. Dr. Jean Opsomer provided much needed statistical guidance to ensure the proper and fair treatment of the data and its analysis. To each of these faculty members, I extend a warm thank-you.

Additionally, a thank-you is offered to the Iowa State Statistical Laboratory: Dianne Anderson and

Andy Williams, in particular. Other members of the economics department faculty at Iowa State University, Dr. James Kliebenstein and Dr. William Edwards, have both encouraged and assisted me. I thank both of them.

Numerous friends and family have encouraged my pursuit of a graduate education. In particular, I want to thank my parents, Dee and Norma Pieper, for the teaching and training given at great personal sacrifice, especially for the love of learning they instilled in me.

Finally, I extend a special thanks to my wife, Wendy. She has not only stood by my side, but has been my biggest support through some challenging circumstances. Her support made this opportunity, an initial dream, become reality. Additionally, our seven children have been supportive in “Dad’s educational experience.” They, Wendy and the children, have undertaken the role to support me by arising early many mornings over the past two years.

My great-grandfather, Heinrich Fredrick Christian Pieper, had a great love for gardening and penned these words, which express the great blossoming this experience has given me:

There are no Roses without thorns.

This report was edited by Ed Adcock, Office of Agriculture Communications, Iowa State University.
Graphic design by Valerie King.

Iowa State University does not discriminate on the basis of race, color, age, religion, national origin, sexual orientation, sex, marital status, disability, or status as a U.S. Vietnam Era Veteran. Any persons having inquiries concerning this may contact the Director of Affirmative Action, 318 Beardshear Hall, 515-294-7612.

VII. Conservation and Easement Programs 31

 Conservation Reserve Program..... 31

 Combined Conservation Programs 32

 Summary 33

 Chapter VII Endnotes 33

VIII. Limited Liability Company Land Ownership 35

 Limited Liability Company Structure 35

 Summary 36

 Chapter VIII Endnotes 36

IX. Summary, Comparisons, and Recommendations 37

 Summary of the Survey Methods 37

 General Conclusions 37

 Major Policy Implications 38

 Recommendations for Future Research 39

References 40

Appendix A—Weighting for the 1997 Iowa Land Ownership Study 41

 1. Background 41

 2. Initial Weights 41

 3. Final Weights..... 42

Appendix B—General sample questionnaire 44

Appendix C—Regional Tables 53

.....

List of Figures

Figure 1.1 Percentage return to farmland ownership in Iowa, 1970-1996 4
Figure 1.2 Average value per acre of Iowa farmland, 1970-1998 4
Figure 2.1 Iowa regions used in 1958, 1970, 1976, 1982, 1992, and 1997 survey 8

| | | |
|------------|---|----|
| Table 8.2 | Tenure of Iowa farmland owned by LLCs as a percentage of all LLC farmland, 1997 | 36 |
| Table 8.3 | Finance method as a percentage of land owned by LLCs, 1997 | 36 |
| Table 8.4 | Percentage of LLC owned farmland in various-sized tracts by LLC owners compared with percentage of all farmland in various-sized tracts, 1997 | 36 |
| Table C.1 | Percentage of farmland owned in each ownership type, 1997 regional data | 53 |
| Table C.2 | Percentage of all farmland owned by tenure, 1997 regional data | 53 |
| Table C.3 | Percentage of farmland managed by a professional farm manager, 1997 regional data | 53 |
| Table C.4 | Percentage of farmland owned by landlords with non-material participation, 1997 regional data | 53 |
| Table C.5 | Percentage of farmland by financing method, non-corporate owners, 1997 regional data | 53 |
| Table C.6 | Percentage of farmland by size of owned acreages, all landowners, 1997 regional data | 53 |
| Table C.7 | Age cross-tabulated with size of acreage, as a percentage of all farmland, 1997 | 54 |
| Table C.8 | Age cross-tabulated with tenure, as a percentage of all farmland, 1997 | 54 |
| Table C.9 | Age cross-tabulated with financing methods, as a percentage of all farmland, 1997 | 54 |
| Table C.10 | Age cross-tabulated with the highest educational level obtained, as a percentage of all farmland, 1997 | 54 |
| Table C.11 | Age cross-tabulated with gender as a percentage of all farmland, 1982, 1992, and 1997 | 54 |
| Table C.12 | Land acquisition methods, as a percentage of all farmland for all landowners, 1997 regional data | 54 |
| Table C.13 | Age cross-tabulated with anticipated transfer method, as a percentage of all farmland, 1997 | 55 |
| Table C.14 | Age cross-tabulated with the various conservation programs, 1997 | 55 |
| Table C.15 | Percentage of farmland owned by ownership type cross-tabulated with Iowa residency, 1997 | 55 |
| Table D.1 | Coefficients of variation in percent for each ownership type, state-wide data, 1982, 1992, and 1997 ... | 55 |
| Table D.2 | Coefficients of variation in percent for each ownership type, 1997 regional data | 55 |
| Table D.3 | Coefficients of variation in percent for tenure of land ownership, 1982, 1992, and 1997 as a percentage of farmland, all landowners | 56 |
| Table D.4 | Coefficients of variation in percent for percentage of all farmland owned by tenure, 1997 regional data | 56 |
| Table D.5 | Coefficients of variation in percent for percentage of all farmland managed by a professional farm manager, 1982, 1992, and 1997 | 56 |
| Table D.6 | Coefficients of variation in percent for percentage of all farmland by financing method, all owners, 1997 regional data | 56 |
| Table D.7 | Coefficients of variation in percent for all farmland held in various sizes of owned acreage by all owners, 1982, 1992, and 1997 | 56 |
| Table D.8 | Coefficients of variation in percent for farmland by age of farmland owners in stages of the life cycle, 1982, 1992, and 1997 | 56 |
| Table D.9 | Coefficients of variation in percent of farmland owned by age cross-tabulated with size of owned acreages, 1997 | 56 |

Executive Summary

“Farmland Ownership and Tenure in Iowa 1982-1997: A Fifteen-year Perspective” carries out the mandate of the Iowa Legislature. This study focuses on forms of ownership and tenancy of farmland ownership in Iowa in 1997. The purpose of the study is to identify new trends and compare old trends using the 1982 and 1992 data. Identification of trends and comparisons of farmland ownership and tenure are analyzed for the following areas:

- agricultural landholdings by type of ownership;
- demographics of owners;
- how land is acquired, held, transferred, and managed;
- tenancy of land and identifiable trends in the tenancy relationship;
- demographics of landlords and lengths of tenancy; and
- the impact of conservation programs and other practices which sometimes assign limited interests in land to governmental or private organizations with an objective of influencing land use patterns.

Farmland ownership and tenure are analyzed for all types of farmland owners in a general sample. Also, a sample was drawn and analyzed for limited liability companies. A single questionnaire was used for the study with different sampling and weighting techniques for the two samples. Major conclusions from this study on ownership and tenure in Iowa are:

- ownership structure has shifted from sole, corporate, and co-ownership to partnerships, trusts, and limited liability companies between 1982 and 1997;
- in 1997, only 38.8 percent of Iowa farmland was owner-operated and between 1982 and 1997, a 15-year period, there was a 30 percent decrease in owner-operated farmland;
- more than 66 percent of Iowa farmland was owned by persons 55 years and older in 1997 with a large increase in the group 55-64 years of age, compared with 62 percent in that 55 years and older age group in 1992 and 50 percent in 1982;
- in 1997, roughly 60 percent of Iowa farmland was free of debt, which is less than 1992 or 1982; and
- anticipated methods of farmland transfer are moving away from willing to family members toward giving or selling to family members.



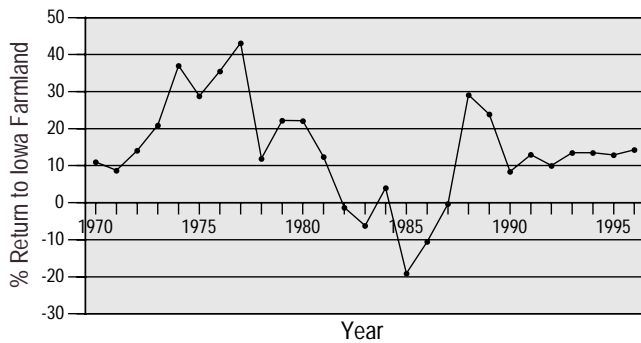


Figure 1.1 Percentage return to farmland ownership in Iowa, 1970-1996¹⁴

These actions helped create a strong agricultural export program and contributed to general overall optimism throughout the agricultural economy.

A clear showing of environmental concern was apparent in the retention by the FAIR Act of the CRP created in the 1985 farm bill, the WRP, created in the 1990 farm bill, and other programs formed in conjunction with the FAIR Act's passage, especially the Environmental Quality Incentive Program (EQIP).¹² The continued existence of CRP, WRP, and the creation of EQIP demonstrated the concern for environmental stewardship. The retention of the CRP, WRP, as well as the addition of new conservation programs during a time of intense debate to balance the federal budget constituted strong evidence of support for conservation-related programs.

Relatively favorable 1997 crop prices and yields increased earnings from the land. Relatively low interest rates were another factor driving up land prices in 1997. Additionally, federal farm subsidies assisted in stabilizing commodity prices, which indirectly affected returns to farmland. Each of these circumstances contributed to positive, double-digit returns to farmland ownership from 1991 to 1996.¹³ Figure 1.1 illustrates the percentage return to farmland ownership in Iowa from 1970 to 1996.

Improved earnings and low interest rates coupled with downside concern in the stock market contributed to the belief that land was a good investment. Iowa's average value per acre of farmland in 1997 stood at \$1,837. That figure was 47.1 percent higher than the average per acre land value in 1992 of \$1,249 and 133.4 percent above the low of \$787 per acre in 1986.¹⁵ Land values increased steadily from 1987 to

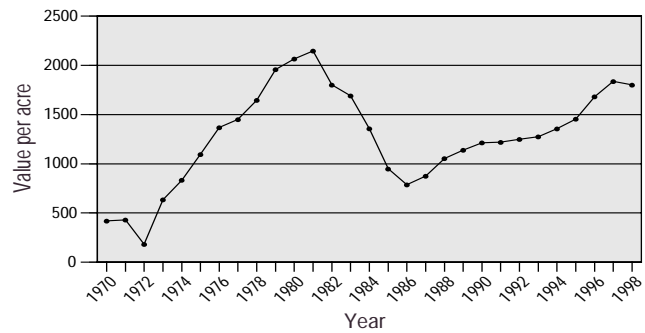


Figure 1.2 Average value per acre of Iowa farmland, 1970-1998¹⁸

1997. Figure 1.2 represents the average value per acre of Iowa farmland from 1970 to 1998.

In two other areas affecting property, important changes occurred. The Iowa General Assembly enacted legislation authorizing limited liability companies (LLCs) in 1992.¹⁶ This development created opportunities for liability protection, without the rigidity of the corporate structure. Since 1993, 5,299 LLCs have been formed in Iowa.¹⁷

Not known is how many LLCs were formed for the purpose of farm operation or farmland ownership, because no such designation existed in the files from the Secretary of State. A second change, affecting real property directly, came in the Taxpayer Relief Act of 1997.¹⁹ The Act reduced the maximum tax for individuals above the 15 percent tax bracket from 28 percent to 20 percent on net long-term capital gains. For those in the 15 percent tax bracket, the rate for long-term capital gains was reduced to 10 percent.²⁰ These governmental actions, on organizational structure and taxation, can affect a landowner's personal and tax liability structure and decisions regarding the transfer of land.

Tenancy is the second most common tenure form, following ownership.²¹ Possession and use rights of the land held by non-owner operators are a matter of interest in the United States.²² According to a 1988 U.S. Department of Agriculture study, more than half of the landowners in the United States are older than 65 years of age and are women. Participation of landowners in the decision-making process concerning the care and use of the land varies from one region to another, but all U.S. regions fall between 18-23 percent of landowners participating in some

way in decisions concerning their land.²³ More landowners have opted for a cash rent type lease with minimal involvement in cropping decisions.²⁴

-Dimensions of the Study: Ownership and Tenure

Continuing along the same lines as the 1992 study, the analysis of land tenure in the current study examined both ownership and tenancy. The results of the 1982 and 1992 studies are compared with the analysis in the 1997 land ownership study.

With the repeal by the Iowa General Assembly in 1993²⁵ of Chapter 9H.3A which had prevented limited liability company ownership of agricultural land, LLCs may now own farmland. This study has broadened the view of ownership and included LLCs and limited liability partnerships (LLPs) as separate entities. Ten types of ownership are reviewed: 1) sole owner, 2) joint owners (husband and wife only), 3) other co-ownership, 4) partnership, 5) life estate, 6) unsettled estate, 7) trust, 8) corporation, 9) limited liability company, and 10) limited liability partnership. Each ownership structure is evaluated according to dimensions of tenure and the demographics of age, education, occupation, and participation in the decisions with respect to the land owned. Because LLP ownership was estimated in the study at one-half of one percent, the LLP ownership is included in the partnership category throughout the analysis. Partnership ownership is different in legal structure from LLP ownership. However, because LLP ownership in the sample was so small, estimation for LLP characteristics was not meaningful when analyzed. Also, joint ownership under circumstances other than husband and wife was included in the “other co-ownership” category.

The concept of “land tenure” refers to the manner in which or the period for which rights in land are

held.²⁶ Additionally, land tenure consists of the social relations and institutions governing access to and ownership of land.²⁷ Tenure describes the rights the landowner maintains or the rights given to the tenant. With the increased environmental emphasis, several modifications in tenure arrangements have developed including acquisition of easements by private and governmental organizations to obtain partial interests in land. Also, professional farm managers have been entrusted in recent decades with property management and some of the rights of the landowner by acting as the owner’s agent. For all of these reasons, and because a substantial portion of farmland is leased, tenancy aspects of land ownership are analyzed in detail in Chapter V.

-Purpose of the Study

The study focuses on forms of ownership and tenancy in 1997 and compares trends from the 1982 and 1992 studies. It analyzes and compares farmland ownership and tenancy in the following specific ways:

- agricultural landholdings by type of ownership;
- demographics of owners;
- how land is acquired, held, transferred, and managed;
- tenancy of land and identifiable trends in the tenancy relationship;
- demographics of tenants; and
- the impact of conservation programs and other practices that sometimes assign limited interests in land to governmental or private organizations with an objective of influencing land use patterns.

Chapter I Endnotes

- 1 Rushdooney, R., *This Independent Republic*, New Jersey: The Craig Press, 1964, pp. 55-58.
- 2 Wallace, H., Acquisition Programs for Partial Interests in Land, USDA Agricultural Economic Research Bulletin 744, 1995.
- 3 Timmons, J. and R. Barlowe, Farm Ownership in the Midwest, *Iowa Agricultural Experiment Station Bulletin 361*. 1949; R. Strohbehn, *Ownership Structure of Iowa Farm Land*. Unpublished M.S. Thesis. Ames, Parks Library, Iowa State University of Science and Technology, 1959; M. Berk, *Changing Structure of Iowa Farm Land Ownership*. Ph.D. Dissertation, Iowa State University, 1971; B. D'Silva, *Factors Affecting Farmland Ownership in Iowa*. Ph.D. Dissertation, Iowa State University, 1978; T. Jackson, *Iowa Farmland Ownership and Tenure*, M.S. Thesis, Iowa State University, 1989; A. Schultz and N. Harl, *Iowa Farmland Ownership and Tenure, 1982-92: Analysis and Comparison*, Iowa State University, 1994.
- 4 See Figure 2.1 for Iowa regions used in 1958, 1970, 1976, 1982, 1992, and 1997 land surveys.
- 5 The provision was codified in the *Iowa Code* § 266.39A (1997).
- 6 Doering, O., *Agricultural Policy Outlook*, "Has Freedom to Farm Failed?" September 1998, p 6.
- 7 Federal Agricultural Improvement and Reform Act of 1996, Pub. L. No. 104-127, 110 Stat. 888 (1996).
- 8 *Id.*
- 9 *Id.*, Title III.
- 10 Duffy, M., J. Lillywhite, and N. Mastrogiannopoulos. *Summary Data of the Iowa Land Value Survey, 1950-1998*. Ames: Iowa State University, December, 1998.
- 11 *Iowa Agricultural Statistics*, Iowa Department of Agriculture and Land Stewardship, Agricultural Marketing Division, Mid-month prices, Des Moines, 1998.
- 12 FAIR Act of 1996, Title III.
- 13 Edwards, W., *Returns to Iowa Farmland Ownership* (percentage return per acre based on USDA Annual Survey of Agricultural Land Values and Cash Rents), Iowa State University Extension, May 1997.
- 14 *Id.*
- 15 Duffy, M., *Summary Data of the Iowa Land Value Survey, 1950-1998*, Iowa State University Extension, December 1998.
- 16 1992 Acts of the General Assembly, ch. 1151, § 8. The provision was codified in the *Iowa Code* ch. 490A (1997).
- 17 Iowa Secretary of State, Summer 1997 list of registered limited liability companies.
- 18 Duffy, M., *Summary of the Iowa Land Value Survey, 1950-1998*, Iowa State University Extension, Ames, December 1998.
- 19 *Taxpayer Relief Act of 1997*, Pub. L. No. 105-34 (1997).
- 20 *Id.* See I.R.C. § 1(h) (as amended 1998).
- 21 Harris, M., *Origins of the Land Tenure System*, Ames: Iowa State College Press, 1953, p. 10.
- 22 Rogers, D., "Leasing Farmland in the United States" Economic Research Service, U.S.D.A. (using 1988 data), 1991.
- 23 *Id.*, p.7.
- 24 *Id.*, p.12.
- 25 *Iowa Code* ch. 9H.3A, repealed by 1993 Acts of the General Assembly ch. 39, § 37 (1997).
- 26 Harris, *supra* note 21, p. 1.
- 27 Maxwell, D. and K. Wiebe, "Land Tenure and Food Security: A Review of Concepts, Evidence, and Methods," Land Tenure Center, University of Wisconsin-Madison, January 1998, p. 4.

Some 40-acre sample units had multiple owners. Where there was more than one owner of a portion of the 40-acre unit, there were two possibilities:

1. If there was multiple ownership of any portion of a 40-acre sample unit, the person identified by the county auditor was asked to fairly represent the other owners. If that person was unable to represent the other owners, the name of another owner was requested. This person was then used as the respondent and asked to provide information on the farmland and other owner demographics.
2. If the ownership type included a second joint owner, the joint owner's demographics, as provided by the respondent, were included in the survey.

For the general sample, 705 forty-acre tracts were chosen. From the 705 tracts, 932 different owners were identified, of which 116 were owners of non-agricultural land not used for farming, 15 were not eligible under the stated criteria, and five were moved to the LLC sample. Out of the remaining 796 owners, 83 respondents refused to participate, 85 respondents were not located, and 20 respondents were not reached even though locations were known. Interviews of 608 persons were completed in the general sample, or 76.5 percent of eligible owners.

•LLC Sample Selection

The 1975 corporate farming laws restricted farmland ownership to family farm corporations and authorized corporations. Perhaps in part because of these limitations, the data from recent farm surveys showed the percentage of farmland in corporations to be declining. This fact, plus the legislative move to allow LLCs (which have increased substantially in number since 1993) led to the decision not to include a separate corporate ownership sample in the 1997 study, although corporations are studied in the general sample. The repeal of the prohibition on formation of limited liability companies in 1993, and interest in their formation and land ownership characteristics, created a desire to pursue the extent of use of this new ownership structure. An overview is presented in Chapter VII.

Lists of LLCs were obtained from the Secretary of State. Of the 5,299 names obtained from the LLC list, 110

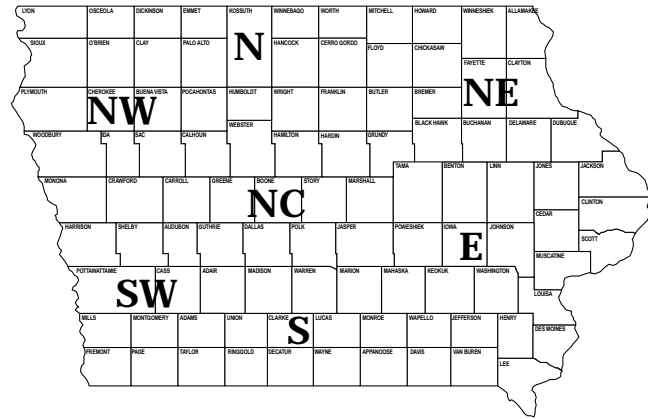


Figure 2.1 Iowa regions used in 1958, 1970, 1976, 1982, 1992, and 1997 survey³³

were selected to be respondents in the 1997 study. From the 110 selected, on the basis of “farm” in the name, 49 interviews were completed (5 were transferred from the general sample and not included in it). Of the remaining potential respondents, 49 were not eligible, 4 refused to interview, and 13 were unavailable or were not located. A larger number of LLC respondents would be preferable in order to reduce the confidence interval and improve the statistical significance of the LLC sample results. Respondents questioned from the LLC sample were interviewed with the same questionnaire as the general sample.

•Geographical Regions Used in 1997

Iowa was divided into seven geographical regions in the 1958 survey, using regions identified in the 1950 U.S. Census of Agriculture. The composition of these regions was continued in the 1997 survey. Figure 2.1 shows the regions that are used throughout the survey and are described as:

1. Northwest Region-10 counties including Lyon, Sioux, O'Brien, Plymouth, Cherokee, Buena Vista, Woodbury, Ida, Sac, and Carroll
2. Southwest Region-11 counties including Monona, Crawford, Harrison, Shelby, Audubon, Pottawattamie, Cass, Mills, Montgomery, Fremont, and Page
3. Northern Region-seven counties including Osceola, Dickinson, Emmet, Kossuth, Clay, Palo Alto, and Hancock
4. Northcentral Region-13 counties including Pocahontas, Humboldt, Wright, Franklin,

Calhoun, Webster, Hamilton, Hardin, Greene, Boone, Story, Dallas, and Polk

5. Southern Region-19 counties including Guthrie, Adair, Madison, Warren, Marion, Adams, Union, Clarke, Lucas, Monroe, Wapello, Jefferson, Taylor, Ringgold, Decatur, Wayne, Appanoose, Davis, and Van Buren
6. Northeast Region-16 counties including Winnebago, Worth, Mitchell, Howard, Winneshiek, Allamakee, Cerro Gordo, Floyd, Chickasaw, Fayette, Clayton, Butler, Bremer, Black Hawk, Buchanan, and Delaware
7. Eastern Region-23 counties including Grundy, Dubuque, Marshall, Tama, Benton, Linn, Jones, Jackson, Clinton, Cedar, Jasper, Poweshiek, Iowa, Johnson, Scott, Muscatine, Mahaska, Keokuk, Washington, Louisa, Henry, Des Moines, and Lee.

-Statistical Analysis

For this survey, land ownership was measured in acres that were held in only one ownership type. All of the acres identified by the respondent were added to the ownership type given and included acreage other than that owned in the 40-acre sample unit. The types of ownership are sole owner, joint owners (husband and wife only), other co-ownership, partnership, life estate, unsettled estate, trust, corporation, limited liability company, and limited liability partnership. The amount of acres owned in a different ownership type or agricultural land leased from others was not considered in this study. For sole owner respondents, the study only considered the amount of acres owned solely by the respondent. Respondents were reminded throughout the survey that the land being discussed was only that land owned in a particular ownership category. The term “farm” was replaced with “farmland owned in this type of ownership.”

Congruent with this separation of farm and ownership type, the statistical method used was based on the percentage of farmland owned. This maintains continuity with the 1992 survey. Under this method, a clearer picture of farmland ownership is possible. Specific examples of percentage of farmland owned include the percentage of land owned by sole owners, the percentage of land under a cash rent lease arrangement, and the percentage of land enrolled in conservation programs.

Because the general and LLC samples were selected by different methods, two different weighting schemes were used to analyze the sample groups. Weightings were assigned so that responses analyzed in the 1997 study would be as comparable as possible with the 1982 and 1992 studies.³⁴

The 1997 study was conducted in a manner similar to the 1982 and 1992 studies. Telephone survey methods were utilized to contact the identified respondents. Many questions were worded and asked in exactly the same way as in the previous studies to maintain comparability and avoid undue bias.

In the analysis of the data, some respondents chose not to answer some questions or responded that they did not know the answer. Therefore, the responses, when estimated for the percentage of farmland owned, do not always total 100 percent. All analysis was completed using the percentage of farmland.

In order to compare the dispersion of an entire set of data with the dispersion of another set of data, a relative measure of dispersion is required. This relative measure, referred to as the coefficient of variation, is essential when the sets of data to be compared are expressed in different units or when the data are in the same units but are of different orders of magnitude. Coefficient of variation calculations are computed by dividing the standard deviation by the mean of the data set. A higher coefficient of variation shows more variation and uncertainty in the estimate because the relative dispersion is greater. If the estimate was 0.0 percent, the coefficient of variation could not be calculated and was left blank. Coefficients of variation are calculated and found in Appendix D.

Hypothesis testing is another statistical tool used to determine if change is significantly different from zero and at what levels. Changes from 1982 and 1992 to 1997 were tested at the 5 percent level for significance and are noted in the tables by an asterisk (*). A hypothesis test that is significant at the 5 percent level indicates fairly strong evidence that the true change is not zero, or states that an examiner of the test can be 95 percent confident the true change is other than zero.

Chapter II Endnotes

28 Schultz, A., and N. Harl, *Iowa Farmland Ownership and Tenure, 1982-1992: Analysis and Comparison*, 1994, p. 17.

29 For a copy of the survey questionnaire, see Appendix B.

30 The usable response rate is the number of completed interviews divided by the number of eligible respondents.

31 Schultz and Harl, *supra* note 28.

32 See list sample discussion in Appendix A.

33 Schultz and Harl, *supra* note 28, p. 19.

34 Appendix A details the statistical methods used to analyze the 1997 data including the initial, final, and owner weightings used.

.....

III. Land Ownership

The first data analyzed in this study reveal the ownership patterns from the 1997 Farmland Ownership Survey. The focus of farmland ownership is in the following areas:

- Ownership type,
- Tenancy,
- Method of financing, if relevant,
- Method of acquiring the land,
- Length of ownership, and
- Size of owned acreage.

This study focuses on the characteristics of the landowner analyzed in relation to the land owned. Many past studies have focused on the percentage of landowners, but this study continues the 1992 Iowa farmland study's use of the percentage of farmland owned. This approach allows a clearer focus on the changes occurring in the ownership structure of the land.

•Ownership Type

Land is held in many different ownership arrangements. This study presents the arrangements as revealed in the survey under 10 different ownership types. The categories are then combined or altered as needed to allow comparison with past studies. Ten different categories of ownership were surveyed, as follows:

1. Sole owner,
2. Joint owners (husband and wife only),
3. Other co-ownership,
4. Partnership,
5. Life estate,
6. Unsettled estate,

7. Trust,
8. Corporation,
9. Limited liability company, and
10. Limited liability partnership.

Joint ownership most commonly involves a husband and wife, although others can hold land in joint ownership. The 1997 study separated husband and wife joint ownership from other combinations of joint ownership. Joint ownership in this context implies joint tenancy. Joint ownership other than husband and wife is included in the "other co-ownership" category along with tenancy in common ownership, thereby maintaining continuity with past studies. Through the right of survivorship, ownership is passed to the surviving tenant at the death of the first to die. Tenancy in common differs from joint tenancy in that the right of survivorship does not apply. Upon the death of a tenant in common, the rights of ownership pass to the deceased tenant's heirs or are distributed under the deceased's will instead of passing necessarily to surviving tenants in common.

Another type of co-ownership is ownership in partnership and is included in the partnership category. A general partnership is defined as an organization of two or more persons to carry on as co-owners a business for profit. General partnerships involve unlimited liability for the partners individually for the liabilities of the partnership. A limited partnership provides limited liability to limited partners not participating in management and control. The final category, limited liability partnership, provides an exemption of liability from co-partner's acts.

Trusts are an instrument that can hold the ownership of the land during the life, or after the death, of the landowner. With the establishment of a trust, legal title to property is placed in the hands of a trustee with the property to be used for the benefit of specified beneficiaries.

Estates are, in many respects, similar to trusts. Unsettled estates identified in the survey are also included in the estate category.

Life estate holders generally have rights to the income of the property. Upon death, or the relinquishment of the life estate, the property passes to those holding the remainder or reversionary interest. Generally, life estates are freehold estates created by a landowner for an unspecified length of time, usually measured by a designated life.

This survey looked at corporations as a general group, although corporations are divided into various categories as defined in Chapter 9H of the *Code of Iowa*. The categories include family farm corporations, authorized farm corporations, nonprofit corporations, and other types of corporations. Table 3.1 presents the survey results for corporate owners of farmland. Based on this survey, it is estimated that 5.3 percent of Iowa farmland is owned by corporations. Compared with the 1992 and 1982 surveys, the amount of farmland of this type has decreased from 7.6 and 8 percent, respectively. This is a statistically significant decrease over the past 15 years at the 5 percent level.

Sole owners and husband and wife (joint) owners continue to own the majority of the farmland in the state at a combined 70.3 percent with sole owners at 31.2 percent and joint owners at 39.1 percent. These numbers are down from the 1992 survey, which reported 75.4 percent for the combined groups when approximately 38 percent was owned by each of the ownership types. Other co-owners and tenants in common held five and one-half percent of the farmland in 1997. Estimates for the remaining farmland owned by the other categories are trusts (7.4 percent), estates (2.7 percent), partnerships of all types (4 percent), and LLCs (4.7 percent). Table 3.1 compares the 1982,

Table 3.1 Comparison in percentage of farmland owned among land ownership types, 1982, 1992, and 1997

| Ownership Type | 1982 | 1992 | 1997 | % change '82-'97 | % change '92-'97 |
|-----------------------------|------|------|------|------------------|------------------|
| Sole owners | 41.1 | 37.9 | 31.2 | -24.0* | -17.6* |
| Husband/wife (joint) | 38.7 | 37.5 | 39.1 | +1.0 | +4.3 |
| Other joint/co-owners | 7.3 | 6.7 | 5.6 | -23.3 | -16.4 |
| Partnerships | 0.3 | 2.0 | 4.0 | +1233.0* | +100.0* |
| Estates | 3.8 | 3.3 | 2.7 | 28.9 | -18.2 |
| Trusts | 0.8 | 4.9 | 7.4 | +825.0* | +51.0* |
| Corporations | 8.0 | 7.6 | 5.3 | -33.7* | -30.2 |
| Limited liability companies | | | 4.7 | | |

*Statistically significant change at the 5 percent level

1992, and 1997 survey results. Percentage changes from 1982 and 1992 to 1997 are shown.

Partnerships and trusts experienced increases in ownership share over the 1982 to 1997 period. Trusts have become a relatively popular means for owning land, with an estimated 7.4 percent of the farmland owned in trusts in 1997. Trust ownership of land has experienced a 51 percent increase in the past five years. Compared with 1982, an 825 percent increase has occurred, reflecting a statistically significant change at the 5 percent level over the last fifteen and five years. Anticipated transfer of farmland using trusts is discussed in Chapter VI. Growth in ownership by partnership has been even more phenomenal, with a 100 percent increase in the past five years and over a 1,000 percent increase in the past fifteen years.

As mentioned earlier, the additional options of LLCs and LLPs have affected the structure of farmland ownership. In 1992, general and limited partnerships owned two percent of Iowa farmland. The 1997 study shows all partnerships (including LLPs at one-half percent) and LLCs owning a combined 9.3 percent of all Iowa farmland. Since 1992, ownership has moved toward the LLC structure, which claims the advantages of limited liability of corporations,³⁵ but the income tax treatment of a partnership.³⁶ Similar advantages exist for LLPs.

Tenure

Tenure encompasses ownership and tenancy of farmland. Chapter V covers tenancy more thoroughly; therefore, only a general overview of owner-operator and leasing arrangements is discussed here as such arrangements relate to all Iowa farmland.

The data in table 3.2 indicate a continued shift toward non-owner operators as the percentage of leased land has increased since 1982. Owner-operators farming without hired help farm an estimated 30.8 percent of Iowa farmland. This decline from 54.1 percent in 1982 is significant at the 5 percent

Table 3.2 Tenure of Iowa farmland, 1982, 1992, and 1997, as a percentage of farmland for all owners

| Tenure | 1982 | 1992 | 1997 | % change '82-'97 | % change '92-'97 |
|------------------|------|------|------|------------------|------------------|
| Operate solely | 54.1 | 42.3 | 30.8 | -43.1* | -27.2* |
| Operate w/help | 0.9 | 7.8 | 7.8 | +766.0* | +0.0 |
| Cash rent lease | 21.1 | 26.9 | 34.9 | +65.4* | +29.7* |
| Crop share lease | 21.1 | 21.8 | 23.7 | +12.6 | +8.7 |
| Other lease | 1.0 | 0.9 | 2.8 | +180.0* | +211.0* |

*Statistically significant change at the 5 percent level

Table 3.3 Percentage of farmland managed by a professional farm manager, 1982, 1992, and 1997

| Ownership Group | 1982 | 1992 | 1997 | % change '82-'97 | % change '92-'97 |
|---------------------|------|------|------|------------------|------------------|
| All ownership types | 2.0 | 4.5 | 5.1 | +155.0* | +13.3 |
| Non-corporate | 1.7 | 4.1 | 4.9 | +188.0* | +19.5 |
| Corporate | 5.5 | 9.4 | 8.6 | +56.3* | +8.5 |

*Statistically significant change at the 5 percent level

level as is the decline from 1992. The 1997 study shows 30.8 percent of the farmland being operated by owners without employees and 7.8 percent by owners with employees. The balance, 61.4 percent of the land, is farmed under landlord-tenant agreements.

Another variation in the form of tenure involves management of farmland by professional farm managers. Professional farm managers supervise the renting of the land to the tenant, acting as an agent for the owner. The landowner is typically removed from the decision-making process, with the manager overseeing the tenant directly. Table 3.3 shows the percentage of land managed by farm managers across the state for all ownership types increased from 4.5 percent in 1992 to almost 5.1 percent in 1997. The change from 1982 to 1997 was 155 percent and is statistically significant at the 5 percent level. For corporation-owned land, farm manager use fell from 9.4 percent in 1992 to 8.6 percent in 1997.

-Methods of Financing Iowa Farmland

Interest rates for purchasing farmland ranged from five to eight percent at the time of the 1997 study. Iowa farmland values have continued to rise since the farm debt crisis. In this environment, the 1997 study analyzes the financial structure of land ownership.

Farmland was classified into three groups in terms of financing arrangements existing on the land:

1. Free of debt,
2. Being purchased through a purchase contract or contract for deed, or
3. Being purchased with a loan secured by a mortgage on the land.

The data for each of these groups involve only debt against the land.

Table 3.4 Finance methods as a percentage of land owned by all owners, 1982, 1992, and 1997

| Finance Method | 1982 | 1992 | 1997 | % change '82-'97 | % change '92-'97 |
|------------------|------|------|------|------------------|------------------|
| Free of debt | 61.8 | 69.6 | 59.8 | -3.2 | -14.1* |
| Under contract | 17.8 | 10.7 | 9.5 | -46.6* | -11.2 |
| Through mortgage | 20.2 | 19.1 | 30.7 | +51.9* | +60.7* |

*Statistically significant change at the 5 percent level

Purchase contracts are agreements between buyer and seller for the transfer of property. Most of these contracts are held between individuals.

The final option for farmland purchase is the traditional secured loan from a third party lender or mortgagee. Under mortgages, the mortgagor holds the title. For purchase contracts, the purchaser may or may not hold title. Table 3.4 shows the percentage of land owned in each of these groups.

In 1997 compared with 1992, more land was subject to indebtedness, less land was acquired under purchase contracts, and more farmland in Iowa was under mortgage. Debt-free land declined over 14 percent to 59.8 percentage points in the 1992 to 1997 period. This represents a statistically significant change at the 5 percent level. In 1982 before the farm debt crisis, 61.8 percent of farmland was debt free. In the 1992 to 1997 period, land under contract dipped from 10.7 to 9.5 percent for a decline of 11.2 percent. Mortgage financing involved the greatest change, increasing by 60.7 percent, to 30.7 percent of all farmland in 1997. Changes in both periods, 1982 to 1997 and 1992 to 1997, were significant at the 5 percent level.

-Methods of Acquiring Iowa Farmland

Four different modes of acquisition were examined:

1. Land was purchased,
2. Land was received as a gift from a person living at the time of the transfer,
3. Land was inherited, or
4. Land was obtained in some other manner.

Purchased land involves either a purchase contract, a note and mortgage, or land that is purchased for cash. Gifts assume a living donor at the time of the

Table 3.5 Method of acquisition by percentage for all Iowa farmland, 1997

| Acquisition Method | 1997 |
|--------------------|------|
| Purchased | 61.9 |
| Received by gift | 3.2 |
| Inherited | 34.6 |
| Other | 0.3 |

gift. Inherited land could have been acquired through a trust, will, or other instrument that passes legal title to the land at death. Other methods of acquisition involve purchase at less than fair market value or acquisition in a like-kind exchange. Table 3.5 shows percentage estimates for these acquisition methods.

Almost 60 percent of farmland was debt free in 1997 and 37.8 percent was acquired without encumbrance by gift or inheritance. Almost 62 percent of all farmland was acquired by purchase and 40.2 percent was still under a purchase contract or mortgage.

In acquiring land, owners acquired it from several sources: 1) sole owners or estates of sole owners (73.5 percent), 2) co-owners (15 percent), 3) institutions (5.5 percent), 4) corporations (3 percent), and 5) trusts (3 percent). No specific question was posed concerning acquisition of farmland from joint tenants, but the 73.5 percent acquired from sole owners or estates of sole owners mirrors closely the percentage of land owned by sole owners and husband and wife (joint) owners. Land acquired from co-owners includes all types of partnerships (See question #27 in Appendix B).

•Length of Ownership

Length of ownership is an important indicator of ownership turnover. The 1997 study documented the changes in land ownership. Table 3.6 shows the current pace of ownership turnover. Using July 1, 1997 as a cutoff date for the 1997 survey, an estimated 26.8 percent of the land has been acquired since 1992. From 1982 to 1997, 58.6 percent of Iowa farmland was acquired by the current owner. Since 1973, 76.9 percent of the land changed ownership. Of note is the change in the 18 months between January, 1996 and the July 1, 1997

Table 3.6 Percentage of Iowa farmland surveyed in 1997 that was acquired during specified periods

| Period during which current owner acquired land | 1997 |
|---|------|
| Jan. 1996-July 1, 1997 | 13.7 |
| 1993-95 | 13.1 |
| 1983-92 | 31.8 |
| 1973-82 | 18.3 |
| 1972 and earlier | 23.2 |

Table 3.7 Percentage of farmland owned in various tract sizes by all owners, 1982, 1992, and 1997

| Sizes(acres) | 1982 | 1992 | 1997 | % change '82-'97 | % change '92-'97 |
|--------------|------|------|------|------------------|------------------|
| 80 and under | 39.8 | 30.7 | 12.0 | -69.8* | -60.9* |
| 81-240 | 38.3 | 44.0 | 37.3 | -2.6 | -15.2* |
| 241-600 | 16.5 | 19.1 | 36.6 | +121.0* | +91.6* |
| >600 | 5.3 | 6.3 | 13.9 | +162.0* | +120.0* |

*Statistically significant change at the 5 percent level

cutoff date. During this period, 13.7 percent of Iowa farmland changed ownership. The period from 1983 through 1992 encompassed the farm debt crisis years. This study shows 31.8 percent of farmland acquisition by the current owner taking place during this period.

•Size of Owned Acreage

The 1997 survey measured the size of agricultural land owned by ownership type. The owner may own more land or lease land under different ownership. However, the number of acres owned or leased under a different ownership type is not considered in this study. The acreage sizes here are only under the one ownership type identified by the respondent at the beginning of the survey.

The size of owned acreages varies widely in the study. But, traditionally, land was described and transferred in 40-acre tracts. Table 3.7 follows that pattern by dividing acreages in multiples of 40. Also, this allows comparison with earlier studies. Forty-acre units sampled in some instances had multiple owners. There are statistically significant changes at the 5 percent level from 1992 to 1997 at every acreage size. Change in acres owned is one of the few items analyzed in this study in which such significance was shown throughout all categories. Acreages under 240 acres have decreased since 1982, while acreages greater than 240 acres have increased. These numbers correspond with the acres per farm obtained from the 1992 Census of Agriculture.³⁷ Smaller acreages show a marked decrease of 60.9 percent from 1992 to 1997. Part of this decrease may be attributable to the lower response rate of this study.³⁸ The second group size, 81-240 acres, had an estimated decrease of 15.2 percent in the same five years. Conversely, a 91.6 percent increase occurred in the 241-600 acre category, and a 120 percent increase in the acreage size over 600 acres occurred from 1992 to 1997. These trends show important changes in the size of acreages owned by respondents in the survey.

•Summary

Chapter III examined land ownership patterns and analyzed changes between 1982 to 1997 and 1992 to 1997. The following conclusions may be drawn:

- Sole owners and husbands and wives as joint owners are the major landowners in Iowa with combined ownership of 70.3 percent of all farmland.
- The per cent of farmland that is owner-operated has decreased from 55 percent in 1982 to 50.1 percent in 1992 and to 38.6 percent in 1997.
- Professional farm manager use continues to increase, but at a slower rate, from 4.5 percent of all land in 1992 to 5.1 percent of all Iowa farmland in 1997, for a 13.3 percent increase.
- Farmland under a mortgage or purchase contract has increased from 29.8 percent in 1992 to 41.2 percent in 1997 as a percentage of all farmland. Financing under purchase contracts declined 11.2 percent from 1992 levels to 1997, while mortgage loans increased sharply by 60.7 percent in the same period.
- The amount of all farmland acquired through gift or inheritance was 37.8 percent and the remaining 62.2 percent was purchased (61.9 percent) or acquired in another manner (0.3 percent) by the current owners.
- The number of small acreages has fallen sharply: in 1997, 49.3 percent of Iowa farmland was owned in sizes less than 240 acres and a slightly larger portion, 50.7 percent, owned in sizes greater than 240 acres. This compares with almost 74.7 percent in 1992 owned in sizes less than 240 acres.
- Most land is acquired from sole owners, estates of sole owners, or other co-owners, including partnerships. These ownership types account for 88.5 percent of owners from which farmland was acquired.

Chapter III Endnotes

- 35 *Iowa Code* ch. 490A.601 (1997).
- 36 Harl, N., *Agricultural Law Manual* § 7.04[2][c][i] (1998).
- 37 1992 Census of Agriculture-Iowa, United States Department of Agriculture, 1994.
- 38 See Chapter II, Table 2.1, survey methods and response, *supra*.

Table 4.2 Percentage of farmland owned by age cross-tabulated with size of owned acreage, 1982, 1992 and 1997

| Acreage Size | <35 years of age | | | 35-64 years of age | | | >64 years of age | | |
|--------------|------------------|------|------|--------------------|------|------|------------------|------|------|
| | 1982 | 1992 | 1997 | 1982 | 1992 | 1997 | 1982 | 1992 | 1997 |
| 0-99 | 7.6 | 2.4 | 0.4 | 24.1 | 19.5 | 6.0 | 12.6 | 14.6 | 5.6 |
| 100-279 | 3.1 | 3.2 | 1.6 | 23.7 | 19.5 | 19.0 | 13.1 | 20.9 | 16.9 |
| 280-519 | 0.5 | 0.7 | 1.0 | 8.7 | 7.5 | 19.1 | 2.4 | 4.9 | 17.5 |
| >519 | 0.2 | .06 | 0.5 | 1.7 | 3.0 | 9.5 | 0.5 | 1.2 | 3.8 |

-Age cross-tabulated with acreage size

For every group of landowners—early, mid, and late stage—their percentage of farmland decreased in the 0-99 acre size category, as shown in Table 4.2. This trend continued for the 100 to 279 acre sizes where early-stage owners had a 50 percent decrease, mid-stage owners a 2.6 percent decrease, and late-stage owners a 19.1 percent decrease from 1992 to 1997. In 1997, each age category of landowner owned the largest share of their land in acreage sizes of 100-279 acres. This was also the pattern in 1992. Changes in acreage sizes from 280-519 acres differ from the 100-279 acre size patterns with increases in all age categories in the 280-519 acreage range. Early stage landowners gained 42.8 percent; mid-stage owners gained 154 percent, almost doubling their ownership percentage; and late-stage owners gained 257 percent, nearly tripling their ownership from 1992 to 1997. A similar trend is evident in each age category for acreages greater than 519 acres. An increasing percentage of ownership in the largest acreage size occurred in every age stage. These changes demonstrate a trend toward larger owned acreage sizes for all age groups.

-Age cross-tabulated with financing method

As indicated in Chapter III, equity in land is an important factor in obtaining capital, enhancing financial stability, and facing market risks. Table 4.3 cross-tabulates age and financing method. The percentage of debt-free land decreased in every age stage from 1992 to 1997, with the largest decrease among mid-stage owners. The percentage of land under purchase contract from 1992 to 1997 decreased in the early-stage, remained unchanged in the mid-stage, and almost doubled in the late-stage group. However, the largest overall change from 1992 to 1997 as a percentage of farmland generally occurred in farmland under mortgage. Land ownership in the early-stage group decreased by 25.9 percent or 0.7 percentage points, the mid-stage almost doubled or increased by 8.6 percentage points, and the late-stage

Table 4.3 Percentage of Iowa farmland owned by age cross-tabulated with financing method, 1992 and 1997

| Financing method | <35 years of age | | 35-64 years of age | | >64 years of age | |
|------------------|------------------|------|--------------------|------|------------------|------|
| | 1992 | 1997 | 1992 | 1997 | 1992 | 1997 |
| Debt free | 1.0 | 0.9 | 29.8 | 24.3 | 38.8 | 34.6 |
| Contract | 2.8 | 0.6 | 7.5 | 7.5 | 0.7 | 1.3 |
| Mortgage | 2.7 | 2.0 | 13.2 | 21.8 | 3.0 | 7.0 |

more than doubled for a four percentage point increase in the amount of land secured by a mortgage from 1992 to 1997.

Looking at 1997 data, early-stage landowners have 25 percent of their land debt-free, 18 percent under contract, and 57 percent owned through mortgages. On the other hand, mid-stage owners have 45.3 percent of their land debt-free, 14 percent under contract, and 40.7 percent with a mortgage. Finally, late-stage owners have 80.6 percent of their land debt free, 3 percent under contract, and 16.4 percent mortgaged. These percentages are calculated by dividing the percentage owned in each category by the percentage owned in each stage for the three respective age groups.

- Residency of Iowa Farmland Owners

Ownership of Iowa land by non residents has been a concern of the Iowa General Assembly.⁴⁰ Table 4.4 shows the percentage of farmland owned by U.S. citizens and the percentage owned by non-Iowa residents.

In the 1997 study, one instance of non-U.S. citizen ownership was noted in the “other owner” category in the survey. This correlates with the Iowa Department of Agriculture and Land Stewardship data, which show one tenth of one percent of Iowa farmland owned by noncitizens.⁴¹ Nationwide, nonresident aliens own one percent of all U.S. farmland.⁴² Table C.14 in Appendix C gives a summary of ownership by residents and non-residents by ownership type of the land in the survey. Nonresidents own more land than residents as a percentage in the following ownership types: other

Table 4.4 Percentage of land owned by residents of Iowa, 1982, 1992, and 1997

| Residency | 1982 | 1992 | 1997 | % change '82-'97 | % change '92-'97 |
|--------------------------------|------|------|------|------------------|------------------|
| U.S. citizen and Iowa resident | 93.6 | 90.6 | 86.2 | -7.9* | -4.8* |
| Non-Iowa resident | 6.4 | 8.7 | 13.8 | +115.0* | +58.6* |

*Statistically significant change at the 5 percent level

joint/co-ownership, partnerships, estates, trusts, corporations, and LLCs.

The percentage of Iowa farmland owned by residents of the state has changed, ranging from 93.6 percent in 1982 to 90.6 percent in 1992 and 86.2 percent in 1997. Nonresident owners own 13.8 percent of Iowa farmland as of 1997. An Iowa resident could be a U.S. citizen or a non-U.S. citizen. In this study, all were U.S. citizens except the one instance mentioned. Increases in the percentage of non-Iowa residents are statistically significant at the 5 percent level for each period.

•Owner Occupancy of Farmland

Another important aspect of ownership as a corollary to residency is whether the owner lives on the land being surveyed. The changes reflected in Table 4.5 are not statistically significant in terms of location of landowners' homes between 1992 and 1997. Most landowners live on the land surveyed or other farmland they own under a different ownership structure. But, the number of owners living on their own land has decreased 13.2 percent from 1982 to 1997. Also, as owned acreage size increases, it is inferred that there are fewer landowners. The 1997 study shows that 56.8 percent of owners live on farmland they own, either on the surveyed farmland or other farmland they own. This is an increase in the percentage of owners living on their own farmland (54.3 percent in 1992), but a decrease from the 62.6 percent who lived on their own farmland in 1982. A pattern of fewer owners living on land they own is statistically significant at the 5 percent level over the entire 1982 to 1997 period.

•Highest Formal Education Level Completed

Table 4.6 shows that the education levels of landowners as a percentage of farmland owned have generally increased. This is illustrated by increases from 1982 to 1997 of owners with post-high school

Table 4.6 Percentage of farmland owned, according to highest formal educational level completed, 1982, 1992, and 1997

| Education | 1982 | 1992 | 1997 | % change '92-'97 | % change '82-'97 |
|------------------------------|------|------|------|------------------|------------------|
| Graduate work | 7.0 | 6.2 | 8.5 | =+21.4 | +37.0 |
| Bachelor's degree | 9.8 | 9.0 | 17.1 | +71.4* | +90.0* |
| Some college | 17.5 | 23.9 | 24.0 | +27.1* | +0.4 |
| High school grad. | 47.8 | 41.9 | 47.1 | -1.5 | +12.4* |
| Did not complete high school | 16.5 | 16.4 | 3.2 | -80.6* | -80.4* |

*Statistically significant change at 5 percent level

education. In the 1997 study, owners with graduate work increased 37 percent. Those owners with bachelor's degrees increased 90 percent, those with some college experience showed a 0.4 percent increase, and the percentage change of high school graduates increased by 12.4 percent from 1992. During the same period, the number of owners not completing high school plummeted 80.4 percent. Landowners with bachelor's degrees, high school graduates, and those not completing high school were all changes found to be statistically significant at the 5 percent level during the 1992 to 1997 period. Owners who have completed high school make up the largest percentage of farmland owners at 47.2 percent in 1997.

Table 4.7, in comparing 1992 and 1997, shows that the educational level continued to increase during that time period for all landowner age groups. Graduate degree-level owners increased their percentage of ownership in every age from 1992 to 1997. The pattern was the same for bachelor's degree-level owners, except for the early-stage owners who experienced a 50 percent decrease. Owners with some college decreased in the early and late stages, but showed a modest increase in the mid-stage period. The percentage for high school graduates in the early stage fell but rebounded in the mid stage and was especially strong in the late-stage period. Lastly, the same 1992 to 1997 period showed a slight increase among the early-stage owners and a major decline in the mid- and late-stage owners who had not completed high school.

Table 4.5 Percentage of farmland occupied by owners, 1982, 1992, and 1997

| Occupancy | 1982 | 1992 | 1997 | % change '92-'97 | % change '82-'97 |
|-------------------------------|------|------|------|------------------|------------------|
| Live on land surveyed | 56.7 | 48.0 | 49.2 | -13.2* | +2.5 |
| Live on other farmland owned | 5.9 | 6.3 | 7.6 | +28.8 | +20.6 |
| Do not live on owned farmland | 37.4 | 45.7 | 43.2 | +15.5* | -5.4 |

*Statistically significant at the 5 percent level

Table 4.7 Percentage of farmland by educational level cross-tabulated with life-cycle stages, 1992 and 1997

| Education level | 1992 | | | 1997 | | |
|---------------------------|-------|------|------|-------|------|------|
| | Early | Mid | Late | Early | Mid | Late |
| Graduate work | 0.1 | 4.4 | 1.5 | 0.2 | 6.8 | 1.6 |
| Bachelor's degree | 1.5 | 4.9 | 2.6 | 1.0 | 11.8 | 3.3 |
| Some college | 1.9 | 13.1 | 8.7 | 1.4 | 14.9 | 7.6 |
| High school grad. | 3.1 | 22.9 | 15.9 | 1.1 | 23.1 | 23.0 |
| High school not completed | 0.0 | 4.2 | 12.0 | 0.2 | 1.0 | 2.0 |

Table 4.8 Occupation of farmland owners as a percentage of farmland owned, 1982, 1992, and 1997

| Occupation | 1982 | 1992 | 1997 | % change '92-'97 | % change '82-'97 |
|------------------------------|------|------|------|------------------|------------------|
| Farmwife/housewife | 31.4 | 33.6 | 28.4 | -9.5 | -15.4* |
| Farmer/farm manager | 34.9 | 29.6 | 38.6 | +10.6 | +30.4* |
| Professional/technical | 11.9 | 12.0 | 12.8 | +7.5 | +6.6 |
| Clerical | 3.9 | 4.3 | 3.5 | -10.2 | -18.6 |
| Persons in other occupations | 17.9 | 20.6 | 16.7 | -6.7 | -18.9* |

*Statistically significant change at the 5 percent level

•Occupation

Of interest concerning occupations is the connection between farming-related occupations and farmland owned by those in these occupations. Landowners were asked about the principal occupation they were engaged in during most of their adult life. Their responses were analyzed in relation to the number of acres owned. The same questions about occupation of respondents were asked in the 1982, 1992, and 1997 surveys.

Table 4.8 reveals a statistically significant reduction in ownership from 1992 to 1997 by owners who are principally farmwives/housewives, with a 15.4 percent reduction. Farmer/farm managers have a significant offsetting increase of over 30.4 percent in the same time period. An increase of 6.6 percent of farmland owners occurred in the professional/technical occupation category, whereas the ownership by clerical occupation owners and owners in other occupations each fell by similar percentages.

•Gender and Marital Status

Iowa farmland owned by females decreased by 2.1 percentage points for a 4.3 percent decrease from 1992 to 1997, to 46.2 percent of Iowa farmland. Male ownership increased 2.8 percentage points or 5.5 percent from 1992 to 1997, to 53.8 percent. This percentage is similar to the percentage ownership for males in 1982. These changes in Table 4.9 show no statistically significant differences in either period for males or females. One instance of ownership by a minor was revealed in the data, but no gender accompanied it.

Table 4.10 Gender cross-tabulated with age in percentage of farmland owned, 1982, 1992, and 1997

| Gender | <35 years of age | | | 35-65 years of age | | | >65 years of age | | |
|---------|------------------|------|------|--------------------|------|------|------------------|------|------|
| | 1982 | 1992 | 1997 | 1982 | 1992 | 1997 | 1982 | 1992 | 1997 |
| Females | 5.0 | 2.8 | 1.0 | 26.6 | 21.9 | 25.5 | 14.9 | 23.5 | 19.6 |
| Males | 6.6 | 3.8 | 1.5 | 32.7 | 28.5 | 31.0 | 14.2 | 18.9 | 19.0 |

Table 4.9 Gender distribution of farmland ownership by percentage of farmland owned, 1982, 1992, and 1997

| Gender | 1982 | 1992 | 1997 | % change '92-'97 | % change '82-'97 |
|--------|------|------|------|------------------|------------------|
| Female | 46.6 | 48.3 | 46.2 | -0.8 | -4.3 |
| Male | 53.0 | 51.0 | 53.8 | -1.5 | +5.5 |

In Table 4.10, gender is cross-tabulated with age to see if changes occurred in ownership among the three different age groups by gender in both periods. Slight decreases among females in the early and late stages are observed in the 1982 to 1997 period with an increase in the mid stage of 16.4 percent. Male ownership decreased in the early stage, but increased in the mid-stage and late-stage groups over both periods. The mid-stage group showed the largest percentage increases for males and females of 8.7 and 16.4 percent, respectively, from 1992 to 1997.

Table 4.11 reflects the marital status of Iowa farmland owners. In 1997, 74.8 percent of Iowa farmland was owned by married persons, with no significant change from 1982 or 1992 to 1997. Over 15 percent of the land was owned by widowed persons. The percentage of farmland owned by persons who had never married decreased by 43.3 percent to 3.8 percentage points from 1982 to 1997, a statistically significant change. Landowners who were separated or divorced likewise experienced a statistically significant change at the 5 percent level with an 82.6 percent increase from 1982 to 1997, to 4.2 percentage points of all Iowa farmland in that landowner status category. The nonrespondent category includes individuals deceased (persons who died between the time the respondent information was received from the county auditors and the time the survey was conducted, July 1, 1997 to December 1998), minors, or individuals who refused to respond to the question.

Table 4.11 Marital status of Iowa landowners by percentage of farmland owned, 1982, 1992, and 1997

| Marital Status | 1982 | 1992 | 1997 | % change '92-'97 | % change '82-'97 |
|--------------------|------|------|------|------------------|------------------|
| Married | 76.5 | 74.9 | 74.8 | -2.2 | -0.1 |
| Widowed | 13.9 | 17.1 | 15.3 | +10.1 | -10.5 |
| Never married | 6.7 | 3.3 | 3.8 | -43.3* | +15.2 |
| Separated/divorced | 2.3 | 3.4 | 4.2 | +82.6* | +23.5 |
| Non-respondents | 0.6 | 1.2 | 1.9 | +216.0* | +58.3 |

*Statistically significant change at the 5 percent level

• **Summary**

Current demographics of Iowa farmland owners can be summarized by the following:

- Individuals more than 74 years old owned 19.7 percent of Iowa farmland in 1997 compared with 18.5 percent in 1992. Individual owners between 65-74 years of age own 18.8 percent of Iowa farmland compared with 23.2 percent in 1992.
- Early-stage landowners have 25 percent of their land debt free, mid-stage owners have 45.3 percent of their land free of debt, and late-stage owners have 80.6 percent of their land free of debt.
- Among respondents, 86.2 percent of Iowa farmland owners consider themselves residents of Iowa and 56.8 percent live on farmland they own.
- A farmland owner is most likely to have an occupation related to farming; 67 percent are directly involved either as a farmer, farm manager, or farmwife.
- Males have increased the percentage of farmland owned from 51 to 53.8 percent in the five years from 1992 to 1997, and males in the mid-stage age group own the largest portion of Iowa farmland at 31 percent.
- Married persons owned 74.8 percent of farmland in 1997.
- Of the landowners surveyed, 28.4 percent responded that their spouse was involved with the family operation in some manner.

Chapter IV Endnotes

39 Wunderlich, G., "Owning Farmland in the United States," *Agricultural Information Bulletin No. 637*, Economic Research Service, U.S.D.A., December 1991, p.7.

40 Acts of 66th Iowa General Assembly, ch. 133 (1975), now *Iowa Code* ch. 567.3 (1997).

41 Iowa Department of Agriculture and Land Stewardship, Bureau of Statistics, 1998.

42 Wunderlich, G., "Owning Farmland in the United States", *Agricultural Information Bulletin No. 637*, Economic Research Service, U.S.D.A., 1991.

V. Farmland Leasing

Because of the increasing number of landowners leasing farmland,⁴³ the 1997 study extended the analysis of landowners participating in lease or rental arrangements. This chapter focuses on land not owner-operated and characteristics of owners who lease land. Three general lease categories are considered: 1) cash rent lease, 2) crop share lease, and 3) other rental arrangements. It is recognized that many leases represent modifications of the traditional cash rent or share rent, but respondents were asked to characterize the lease on the basis of its predominant characteristics.

Table 3.2 shows that each lease category expressed as a percentage of all Iowa farmland has been increasing since 1982 and contrasts with Table 5.1. With the increased use of lease or rental arrangements, many policy issues arise. A few of these issues include tenant production incentives, environmental impacts and, possibly, different goals among the landlord, tenant, and the public.

Another important issue relating to lease and rental practices is the formality of the agreement. Fifty percent of farmers interviewed in 1993 reported that they had no formal lease agreement; rather, it was verbal in nature.⁴⁴ It is important to note that this statistic does not relate to the percentage of farmland owned, but to percentage of landowners and tenants in the lease survey.

Table 5.1 reveals the percentages of leased farmland under the various lease arrangements. Cash rent leases are found on 57.1 percent of leased farmland. Crop share arrangements are utilized on an additional 38.8 percent and 4.1 percent of leased farmland is under other rental arrangements. Changes from 1982 to 1997 are statistically significant at the 5 percent level for cash rent and crop share arrangements. During this period, cash rent has

Table 5.1 Percentage of leased Iowa farmland under different lease arrangements, 1982, 1992, and 1997

| Tenancy Arrangement | 1982 | 1992 | 1997 | % change '92-'97 | % change '82-'97 |
|-------------------------|------|------|------|------------------|------------------|
| Cash rent | 48.8 | 54.2 | 57.1 | +17.0* | +5.3 |
| Crop share | 48.8 | 44.0 | 38.8 | -20.5* | -11.8* |
| Other rent arrangements | 2.4 | 1.8 | 4.1 | +70.8 | +127.0* |

increased almost 10 percentage points from 48.8 to 57.1 percent and crop share leases have decreased by 10 percentage points, 48.8 to 38.8 percent.

•Land under Lease Agreements

Cash rental agreements have been a popular choice among landowners since the nineteenth century.⁴⁵ Under cash rental agreements, as the name implies, the landlord generally receives a set amount of cash rent in return for transferring the use of the land to a second party, the tenant. Often, the payment is made in two installments: one in the spring and a second payment following harvest. Additionally, government farm program payments generally go to the tenant under cash rental arrangements. Under cash rental arrangements, owners of land can have professional farm managers ensure that the land is cared for and intercede as the owner's agent who deals with the tenant directly.

Crop share leases are the second major arrangement in the leasing of farmland. Under crop share leases, both owner and tenant share in the expense and income of the crop. Many different arrangements exist and are generally negotiated specifically between the two parties. Because sharing of expenses and income exists, greater risk is assumed by the landlord. Equity issues between tenant and landlord are often a driving force under this arrangement.

Other rental arrangements include various hybrid leases of the two options discussed previously. Additionally, livestock share leases are a part of "other rental arrangements."

These three categories are used to encompass all farmland leased for agricultural purposes and are cross-tabulated with other important owner characteristics.

•Ownership type

Table 5.2 shows ownership type and their lease methods. Sole owners lease 35.7 percent of the Iowa farmland that is leased, based on the 1997 study. Sole owners are followed by husband and wife (joint)

Table 5.2 Percentage of leased Iowa farmland by ownership type, cross-tabulated with lease method, 1997

| Ownership type | Cash rent | Crop share | Other renting | Total |
|-----------------------------|-----------|------------|---------------|-------|
| Sole owner | 20.0 | 14.9 | 0.8 | 35.7 |
| Husband and wife (joint) | 21.0 | 9.0 | 1.1 | 31.0 |
| Other co-ownership | 3.8 | 1.6 | 0.0 | 5.3 |
| Partnership | 2.4 | 2.2 | 0.3 | 4.9 |
| Estates | 1.5 | 2.4 | 0.0 | 4.0 |
| Trusts | 4.6 | 3.3 | 0.8 | 8.7 |
| Corporations | 1.9 | 2.0 | 0.3 | 4.2 |
| Limited liability companies | 1.9 | 3.4 | 0.9 | 6.2 |

owners at 31 percent, other co-owners at 5.3 percent, partnerships with 4.9 percent, estates with 4 percent, trusts with 8.7 percent, corporations with 4.2 percent, and LLCs with 6.2 percent.

-Age

Landowners 65 years of age and older own 54.1 percent of all leased farmland. The mid-stage age group has the second largest amount of leased land ownership at 41.5 percent. Younger landowners, 34 years of age and younger, own 2.4 percent of the farmland leased. These estimates are contained in Table 5.3.

-Gender

Gender is cross-tabulated with lease methods in Table 5.4. Male and female landowners in 1997 leased nearly equal percentages of farmland. Females own 51.3 percent of farmland leased whereas males own 48.7 percent of leased farmland. This result follows the pattern of a national study finding ownership of leased farmland to be higher for females.⁴⁶

-Regional distribution of leased land

Estimates of regional distribution of leased land place 24.1 percent of all land leased in the eastern region, as shown in Table 5.5. This eastern region encompasses twenty-three counties and contains the largest percentage of farmland of all the regions in the state. Northeastern Iowa has the second largest percentage of leased farmland at 15.6 percent and includes 16 counties. The northcentral region has 14.5 percent of Iowa leased land, the southern region 12.9 percent, the southwest region 12.6 percent, and the north and northwestern regions have the lowest percentage of leased farmland in the state at 10.3 and 9.9 percent, respectively.

Table 5.4 Percentage of leased Iowa farmland by gender cross-tabulated with lease method, 1997

| Gender | Cash rent | Crop share | Other renting | Total |
|--------|-----------|------------|---------------|-------|
| Male | 27.2 | 18.8 | 2.7 | 48.7 |
| Female | 30.2 | 20.3 | 0.9 | 51.3 |

Table 5.3 Percentage of leased Iowa farmland by lease method cross-tabulated with age group, 1997

| Age group | Cash rent | Crop share | Other renting | Total |
|--------------------|-----------|------------|---------------|-------|
| < 35 years of age | 0.8 | 1.0 | 0.5 | 2.4 |
| 35-64 years of age | 24.7 | 16.7 | 1.1 | 41.5 |
| >64 years of age | 30.5 | 21.1 | 2.5 | 54.1 |

In order to get a better idea of how much land is leased in each region, regional estimates were generated. The estimated percent of land leased by region can be compared with the 61.4 percent estimated in Table 3.2. Iowa's estimated percentages of leased land by region are as follows: northern region 82.2 percent, northcentral region 65.5 percent, eastern region 64.3 percent, northeastern region 61.7 percent, southwest region 60.7 percent, northwest region 52.8 percent, and the southern region 49.2 percent.

-Education

Iowa farmland owners with graduate work own 10.6 percent of leased farmland. Bachelor's degree holders own 18.4 percent, owners with some college own 20 percent, high school diploma holders own 47.7 percent, and owners who had not completed high school own 13.5 percent of leased Iowa farmland. Estimates for the percentage of leased land cross-tabulated with owner's education level are found in Table 5.6.

-Landlord and tenant decision making

Several questions were asked of landowners leasing land to tenants. In considering landowner involvement, Table 5.7 reveals that cooperative decision making between the landlord and the tenant is common; the table also shows areas of emphasis in decision making by the landlord or landlord and tenant. All of the percentages in Table 5.7 sum to 100 percent; however, the decision making process represented by these percentages only encompasses decisions made by 32.6 percent of landowners who lease land. These categories of

Table 5.5 Percentage of leased Iowa farmland by region cross-tabulated with lease method, 1997

| Region | Cash rent | Crop share | Other renting | Total | % land leased |
|--------|-----------|------------|---------------|-------|---------------|
| NW | 5.9 | 4.0 | 0.0 | 9.9 | 52.8 |
| SW | 3.5 | 9.1 | 0.0 | 12.6 | 60.7 |
| N | 5.4 | 4.9 | 0.0 | 10.3 | 82.2 |
| NC | 7.6 | 6.2 | 0.8 | 14.5 | 65.5 |
| S | 5.5 | 5.3 | 2.2 | 12.9 | 49.2 |
| NE | 10.6 | 4.4 | 0.5 | 15.6 | 61.7 |
| E | 18.6 | 4.9 | 0.6 | 24.1 | 64.3 |

Table 5.6 Percentage of leased Iowa farmland by owner's education level cross-tabulated with lease method, 1997

| Education level of leasing landowners | Cash rent | Crop share | Other renting | Total |
|---------------------------------------|-----------|------------|---------------|-------|
| Graduate work | 5.9 | 3.6 | 1.1 | 10.6 |
| Bachelor's degree | 8.8 | 8.2 | 1.3 | 18.4 |
| Some college | 12.1 | 7.9 | 0.0 | 20.0 |
| High school diploma | 25.7 | 20.4 | 1.3 | 47.4 |
| No HS diploma | 2.2 | 0.2 | 0.6 | 13.5 |

decision making are not exclusive. A landowner may participate in more than one decision.

Four types of involvement in the decision making process were considered: 1) crop, 2) seed, 3) fertilizer, and 4) chemical decisions. In each case, the landowner could make the decision solely or together with the tenant. Note that these findings are based on decision making as perceived by the landowner. Comparing decisions of the landlord with landlord/tenant decision making and with all four types of involvement, the joint decision percentage was greater with every type of involvement except in the determination of which crop to plant. Decisions concerning chemical usage had the highest overall involvement by landowners and landlord/tenants at 53.6 percent. Crop decisions were second with 24.3 percent of landowner and landowner/tenant involvement in this category type. Landowner and landowner/tenant involvement in seed and fertilizer decisions were lowest at 12.5 and 8.6 percent, respectively. Landlords make 27.2 percent of the decisions alone whereas both landlord/tenants make 72.8 percent of the decisions. In other words, landlords solely make decisions on 8.87 percent of land leased and landlord/tenant make decisions jointly on 23.72 percent of land leased.

Professional farm managers manage 5.1 percent or an estimated 1.615 million acres of Iowa farmland.⁴⁷ This converts to almost nine percent of leased land being managed by a professional farm manager. Table 5.8 shows the percentages of leased land under professional farm management cross-tabulated by lease arrangement. Of the nine percent of leased land managed by a professional farm manager, 35 percent was rented under a crop share

Table 5.8 Percentage of leased Iowa farmland by lease method managed by a professional farm manager, 1997

| | Cash rent | Crop share | Other renting |
|---------------------------|-----------|------------|---------------|
| Professional farm manager | 51.2 | 35.0 | 13.8 |

Table 5.7 Percentage of leased Iowa farmland by type of involvement in the leased land as perceived by the landowner, cross-tabulated with lease method, 1997

| Type of involvement | Cash rent | Crop share | Other renting |
|---|-----------|------------|---------------|
| Landlord makes crop decision | 6.3 | 3.8 | 0.0 |
| Landlord makes seed decisions | 0.0 | 1.6 | 0.8 |
| Landlord makes fertilizer decisions | 3.1 | 1.6 | 0.0 |
| Landlord makes chemical decisions | 6.8 | 3.2 | 0.0 |
| Landlord/tenant make crop decisions | 3.3 | 10.2 | 1.6 |
| Landlord/tenant make seed decisions | 0.8 | 5.2 | 0.0 |
| Landlord/tenant make fertilizer decisions | 2.6 | 4.3 | 0.8 |
| Landlord/tenant make chemical decisions | 7.6 | 33.6 | 2.4 |

lease. However, cash rent remains the main arrangement utilizing farm managers, with 51.2 percent of professionally managed farmland under a cash rent lease arrangement. Thus, farm managers manage 2.6 percent of all Iowa farmland under a cash rental arrangement. Other rental arrangements were used on the remaining 13.8 percent of managed farmland.

Of all Iowa farmland leased, 7.6 percent has material participation by the landowner. It is not surprising that most of the material participation, 5.7 percent, takes place under the crop share arrangement. However, 1.7 percent of leased farmland has material participation under cash rent and 0.3 percent under other rental arrangements, as shown in Table 5.9. An important result is the relatively small percentage of landowners who participate materially in the farming of their land.

-Owner residency of leased farmland

In 1997, Table 5.10 shows Iowa residents owned 79.9 percent of all leased farmland of which 49.2 percent was under cash rent leases, 27.4 percent was leased under crop share arrangements, and 3.3 percent was under other arrangements. Of interest concerning nonresidents is the higher percentage of leased land, 11.5 percent, under a crop share arrangement as compared with 7.4 percent under cash rent arrangements. Nonresidents leasing land are estimated at 20.1 percent as compared with nonresident ownership of all farmland at 13.8 percent.⁴⁸

Table 5.9 Percentage of leased Iowa farmland with material participation leases cross-tabulated by lease method, 1997

| | Cash rent | Crop share | Other renting | Total |
|------------------------|-----------|------------|---------------|-------|
| Material participation | 1.7 | 5.7 | 0.3 | 7.6 |

Table 5.10 Percentage of leased Iowa farmland by state of residency, cross-tabulated with lease method, 1997

| State of residency | Cash rent | Crop share | Other renting | Total |
|--------------------|-----------|------------|---------------|-------|
| Iowa resident | 49.2 | 27.4 | 3.3 | 79.9 |
| Non-Iowa resident | 7.4 | 11.5 | 1.2 | 20.1 |

-Length of tenant's tenure

Another area of interest is the length of tenure of Iowa farmland tenants. Estimates for tenant tenure duration are contained in Table 5.11. Historically, concern has been expressed that the state does not do enough to assist tenants in maintaining the stability of agriculture by intervention in this area.⁴⁹ Owners holding 5.5 percent of leased land say their tenant has leased land for only a one-year period. Table 5.11 shows that tenants on 25.9 percent of leased land have tenure ranging from 2 to 5 years, tenants on 24.6 percent of leased land have tenure from 6 to 10 years, and tenants on 22 percent of leased farmland have tenant tenure between 11 and 20 years. Thirteen percent of leasing landowners report tenant tenure in excess of 20 years. The final category, multiple tenants/multiple tenure lengths, shows the percentage of leased land with multiple tenants and/or a varied number of years the tenant(s) have farmed the land. This category encompasses 9 percent of leased farmland.

-Finance method

Table 5.12 can be contrasted with Table 3.4, the percentage of Iowa farmland by finance method. Just under 60 percent of all farmland is debt free and 72.2 percent of leased land is debt free. Land under contract is seven percent of all farmland, but only 5.6 percent of leased farmland. Thirty and one-half percent of farmland is mortgaged, but only 22.2 percent of mortgaged farmland is leased. These numbers suggest that unencumbered land is more likely to be leased.

-Occupancy of farmland

Owners who live on land they own appear less likely to lease it to tenants. Table 5.13 shows that owners who live on farmland other than that

Table 5.12 Percentage of leased Iowa farmland by finance method cross-tabulated with lease method, 1997

| Finance method | Cash rent | Crop share | Other renting | Total |
|----------------|-----------|------------|---------------|-------|
| Debt free | 40.0 | 30.7 | 1.5 | 72.2 |
| Contract | 3.7 | 1.1 | 0.8 | 5.6 |
| Mortgage | 13.2 | 7.5 | 1.5 | 22.2 |

Table 5.11 Percentage of leased Iowa farmland by length of tenant's tenure, cross-tabulated with lease method, 1997

| Tenure length of tenant | Cash rent | Crop share | Other renting | Total |
|---------------------------------|-----------|------------|---------------|-------|
| One year | 3.6 | 1.9 | 0.0 | 5.5 |
| 2-5 years | 18.2 | 6.7 | 1.0 | 25.9 |
| 6-10 years | 14.3 | 9.0 | 1.3 | 24.6 |
| 11-20 years | 11.0 | 11.0 | 0.0 | 22.0 |
| >20 years | 6.2 | 6.3 | 0.5 | 13.0 |
| Multiple tenants/tenure lengths | 3.4 | 4.8 | 1.1 | 9.0 |

represented in the survey own 6.2 percent of leased land. Owners who live on farmland surveyed own 36.6 percent of leased land. Leasing landowners, who do not live on farmland owned, own 57.2 percent of leased land.

-Principal occupations of leasing landowners

A final analysis of leased farmland concerns the principal occupation of the landowners and is shown in Table 5.14. Farmwives own 28.4 percent of all farmland and they own 32.4 percent of leased farmland. By contrast, farmers own 38.6 percent of all land and they own 29.2 percent of the leased land. Professional/technical occupation owners have 14.7 percent of leased land compared with 12.8 percent of land ownership. Three percent of leased land is owned by clerical occupation owners compared with ownership of 3.5 percent of all farmland. "Other occupation" landowners own 16.7 percent of all farmland and 20.5 percent of leased farmland. (See Table 4.8 for farmland ownership percentages.)

Table 5.13 Percentage of leased Iowa farmland by location of owner's residence cross-tabulated with lease method, 1997

| Occupancy | Cash rent | Crop share | Other renting | Total |
|--|-----------|------------|---------------|-------|
| Live on farmland surveyed | 22.5 | 13.0 | 1.1 | 36.6 |
| Live on other farmland owned | 4.3 | 1.6 | 0.3 | 6.2 |
| Do not live on surveyed farmland or other farmland owned | 30.2 | 24.2 | 2.8 | 57.2 |

Table 5.14 Percentage of leased Iowa farmland by owner-occupation, cross-tabulated with lease method, 1997

| Principal occupation | Cash rent | Crop share | Other renting arrangement | Total |
|---------------------------------|-----------|------------|---------------------------|-------|
| Farmwife/housewife | 18.1 | 13.2 | 1.1 | 32.4 |
| Farmer/manager/rancher | 16.2 | 12.0 | 1.0 | 29.2 |
| Professional/technical | 8.3 | 5.4 | 1.0 | 14.7 |
| Clerical | 1.9 | 1.1 | 0.0 | 3.0 |
| Landowners in other occupations | 12.3 | 7.2 | 1.0 | 20.5 |

•Summary

This chapter analyzed leased land, land that is not owner-operated, and the characteristics of the owners of leased land. The following are some of the highlights of leased land:

- Cash rental arrangements continue to be the predominant choice of landowners, totaling 57.1 percent of all leased land.
- Individual owners aged 65 years and older account for ownership of 54.1 percent of leased farmland.
- As specified by the study, the eastern region of Iowa has 24.1 percent of leased farmland, followed by northeastern Iowa. But the northern region has the highest percentage of land leased at 82.2 percent followed by the north central region at 65.5 percent.
- Joint decisions between the landlord and tenant dominate in determining chemical, fertilizer, and seed use on farmland. But, landowners are especially interested in chemical usage decisions on their land. Of the 32.6 percent of landowners making decisions concerning their leased land, 53.6 percent of landlord and landlord/tenant decision making regarded chemical usage.
- Material participation takes place on 7.6 percent of leased farmland.
- The length of tenure of tenants is eight years on the average; however, the length of lease contracts was not studied.
- Landowners not living on farmland they own are more likely to lease.
- Professional farm managers assist on 9 percent of the leased farmland; 51.2 percent of that assistance occurs under cash rent arrangements.
- Females own 51.3 percent of leased farmland in Iowa and farmwives/housewives own 32.4 percent of the leased land, the highest percentage of any of the occupational categories.
- Nonresidents of Iowa own 20.1 percent of the leased farmland.
- Land free of debt is more likely to be leased than land being financed.

Chapter V Endnotes

43 Rogers, D., "Leasing Farmland in the United States", *Agriculture Information Bulletin No. 681*, Economic Research Service, U.S.D.A., 1991.

44 Edwards, W., "Survey of Iowa Farm Leasing Practices", Iowa State University, FM-1811, November 1996.

45 Winters, D., *Farmers Without Farms*, Westport, CT: Greenwood Press, Table 3-4, p.66 1935.

46 Rogers, D., "Leasing Farmland in the United States", *Agriculture Information Bulletin No. 681*, Economic Research Service, U.S.D.A. 1991.

47 See Table 3.3, supra.

48 *Id.*

49 Winters, D., p. 15.

VI. Anticipated Transfer Methods of Farmland Ownership

Farmland owners were asked about anticipated future transfer of their farmland. These transfer plans may change in response to many different factors, both economic and noneconomic, and reflect situations existing at the time of the study.

The 1982, 1992, and 1997 studies all asked respondents about methods anticipated in transferring farmland. Table 6.1 shows that a 38.5 percent decrease occurred from 1992 to 1997 in expectations that farmland would be willed to family members, decreasing from 48.8 to 30 percentage points in that period. Expected gifts to family increased significantly by 137 percent from 1992 to 1997. Along with this increase, there was an increase of 78 percent from 1992 to 1997 among respondents who expect to sell to family members. Each of these transfer methods reveals changes that are significant at the 5 percent level. Using these same methods of transfer to individuals other than family, no such significance exists. These patterns could be tied in part to the change in the capital gains tax rate from a maximum of 28 percent to 20 percent (ten percent for those in the 15 percent tax bracket).⁵⁰

However, when the question was asked concerning the capital gains tax reduction, only 14 percent of landowners responded that they would be more likely to sell because of the enactment of the decrease in rates in 1997. Two and one-half percent of all respondents said it would make them less likely to sell, 77.5 percent responded that it would have no

effect, and 6 percent were unsure of the impact the capital gains tax reduction would have on their willingness to sell their land.⁵¹

Many landowners continue to show a desire to put the land in a trust. There has been a 184 percent increase in farmland placed in trusts or expected to be placed in trusts between 1982 and 1997. The change over this period of time using trusts as a transfer method is statistically significant at the 5 percent level.

Individual owners in the “do not know” category have decreased from 14.6 percentage points in 1992 to 9.3 percentage points in 1997, a 36.3 percent decrease. The “other” category includes respondents with no plans, or expected transfer plans not in the categories already discussed.

Age was cross-tabulated with anticipated transfer method in Table 6.2 in order to isolate owners 65-74 years of age and those owners 75 years of age and older. These two groups own 38.5 percent of all Iowa farmland.⁵² Of this 38.5 percent, the group over 74 years of age owns 46.1 percent of the land to be transferred. The older group, 75 years old and older, anticipate willing 15.6 percent of the land they own, whereas the younger group, 65-74 years of age, anticipate willing 18.9 percent of the land they own.

Both age groups combined anticipate transferring 34.5 percent through wills. This is a 19 percent decrease from 1992 to 1997.⁵³ In these two combined age groups, 12.3 percent of the land is anticipated to

Table 6.1 Anticipated transfer methods by percentage of farmland, 1982, 1992, and 1997

| Transfer Method | 1982 | 1992 | 1997 | % change '92-'97 | % change '82-'97 |
|-----------------|------|------|------|------------------|------------------|
| Will to family | 47.5 | 48.8 | 30.0 | -36.8* | -38.5* |
| Will to others | 0.4 | 0.5 | 0.2 | -50.0 | -60.0 |
| Give to family | 5.4 | 3.5 | 8.3 | +53.7* | +137.0* |
| Give to others | 0.4 | 0.3 | 0.8 | +100.0 | +166.0 |
| Sell to family | 12.3 | 7.3 | 13.0 | +5.7 | +78.0* |
| Sell to others | 12.5 | 10.0 | 10.6 | -15.2 | +6.0 |
| Put in trust | 5.8 | 14.4 | 16.5 | +184.0* | +14.6 |
| Other | 10.8 | 0.5 | 11.4 | +5.6 | +2180.0* |
| Do not know | 5.0 | 14.6 | 9.3 | +86.0* | -36.3* |

*Statistically significant at the 5 percent level

Table 6.2 Anticipated transfer methods by owners over 65 years of age as a percentage of all farmland owned by owners over 65 years of age, 1997

| Transfer method | 65-74 | Over 74 | Total |
|-----------------|-------|---------|-------|
| Will to family | 18.9 | 15.6 | 34.5 |
| Will to others | 0.0 | 0.0 | 0.0 |
| Give to family | 3.7 | 2.3 | 6.0 |
| Give to others | 0.0 | 0.2 | 0.2 |
| Sell to family | 5.1 | 6.8 | 11.9 |
| Sell to others | 5.0 | 3.5 | 8.5 |
| Put in trust | 8.7 | 3.6 | 12.3 |
| Other | 5.8 | 8.5 | 14.3 |
| Do not know | 6.8 | 5.5 | 12.3 |

be, or already is, in trusts. A nearly equal percentage of older landowners, 12.3 percent, do not know how they anticipate transferring the land and 14.3 percent say they will transfer it through other means. Just under 20.5 percent anticipate selling the land to family and others and 6.2 percent of the combined age groups anticipate transferring their land as a gift.

•Summary

This chapter discusses anticipated methods to transfer farmland. The trends are summarized as follows:

- In 1997, anticipated methods for farmland transfer show increased percentages of land being gifted, sold, and put in a trust compared with 1992. Land sold is anticipated to increase by over 80 percent from the 1982 survey. The most often anticipated method of transfer remains the willing of land to family members, with 30 percent of all farmland in this category.
- Landowners 65 years and older anticipate willing 34.5 percent, selling 23.6 percent, and putting in trusts 16.5 percent of Iowa farmland they own.
- Only 2.7 percent of farmland acreage is estimated to be transferred in the next 5 years.

Chapter VI Endnotes

50 Supra note 20, p.6.

51 See question 30 in Appendix B.

52 See Table 4.1, p.29.

53 See Schultz and Harl, p.66.

VII. Conservation and Easement Programs

The FAIR Act of 1996 expanded the existing conservation programs that were enacted by the Food Security Act of 1985.⁵⁴ Title III, the conservation title of the FAIR Act of 1996, created new programs to address high priority environmental protection goals. These reforms provide for federal farm program benefits for owner/operators and tenant farmers for utilizing approved land stewardship practices. Title III helps carry out one of the four main purposes of the FAIR Act of 1996: "...to support farming certainty and flexibility while ensuring continued compliance with farm conservation and wetland protection requirements."⁵⁵

In order to qualify for market transition payments under the basic commodity programs replacing traditional subsidies, farm operators must agree to abide by conservation compliance and wetland conservation provisions in the 1996 farm bill. Not only are conservation programs expanded, but the requirements of conservation compliance of ongoing farm operations must be met to qualify for the payments. Of the several subtitles to the Conservation Title, the 1997 study focused on three programs under subtitle D—Environmental Conservation Acreage Reserve Programs: 1) Conservation Reserve Program, 2) Wetlands Reserve Program, and 3) the Environmental Quality Incentive Program.

The CRP protects highly erodible and environmentally sensitive lands with grass, trees, and other long-term cover by giving farmers an incentive to retire the land. Farmers who enroll receive an annual rental payment. The FAIR Act of 1996 reauthorized the CRP (which started in 1986) until 2002. In addition to the annual rental payments, the federal government shares up to 50 percent of the cost of ground cover with landowners. Farmers must then maintain the established cover over the duration of their contract.

According to the Iowa State Agricultural Stabilization and Conservation Service (ASCS), a total of 6 percent of Iowa farmland was enrolled

in the CRP as of March 1, 1992.⁵⁶ The state office of the Farm Service Agency (the successor to the ASCS) in Iowa reported just over 1.4 million acres or 4.5 percent of Iowa cropland was enrolled in CRP as of January 29, 1998.⁵⁷ This shows a decrease of one and one-half percentage points or a 25 percent reduction in CRP acres in Iowa since 1992.

The 1997 farmland ownership survey included a series of questions concerning land enrolled in the CRP, WRP, and EQIP in order to provide information on landowner participation in the three conservation programs.

-Conservation Reserve Program

Table 7.1 compares the percentage of all farmland with the CRP farmland by ownership type and financing methods as analyzed in the 1997 survey. An increased percentage of farmland owned by tenants in common and other joint owners, partnerships, trusts, estates and LLCs was enrolled in the CRP in 1997 as compared with 1992. A decreased percentage was registered for sole owners, husband and wife as joint owners, and corporations in the same period. The changes reflect an increase by tenants in common and other joint owners of 266 percent, partnerships by 295 percent, trusts by 215 percent, and estates of 57 percent.

The 1992 study showed that 67.3 percent of the land in the CRP was free of debt. Similarly, the 1997 results showed this percentage dropped slightly to 67.2 percent of CRP farmland in the debt-free

Table 7.1 Comparison of percentage of all farmland and the CRP farmland by ownership type and financing methods, 1992 and 1997

| Characteristic | All farmland | | CRP farmland | |
|-----------------------------|--------------|------|--------------|------|
| | 1992 | 1997 | 1992 | 1997 |
| Ownership type | | | | |
| Sole owners | 37.9 | 31.2 | 44.1 | 27.9 |
| Joint tenants | 37.5 | 39.1 | 37.6 | 18.1 |
| Tenants in common | 6.7 | 5.6 | 2.1 | 7.7 |
| Partnerships | 2.0 | 4.0 | 3.2 | 9.3 |
| Estates | 3.3 | 2.7 | 2.3 | 3.6 |
| Trusts | 4.9 | 7.4 | 5.1 | 11.6 |
| Corporations | 7.6 | 5.3 | 5.5 | 3.4 |
| Limited liability companies | | 4.7 | | 18.4 |
| Financing Methods | | | | |
| Free of debt | 70.0 | 59.8 | 67.3 | 67.2 |
| Under contract | 10.7 | 9.5 | 14.9 | 2.4 |
| Through mortgage | 19.0 | 30.7 | 16.8 | 30.4 |

Table 7.2 Comparison of age and gender between all owners and CRP landowners, 1992 and 1997

| Characteristic | All owners | | CRP Owners | |
|----------------|------------|------|------------|------|
| | 1992 | 1997 | 1992 | 1997 |
| Age group | | | | |
| <35 | 6.5 | 3.4 | 2.1 | 3.3 |
| 35-64 | 49.6 | 58.0 | 46.9 | 59.2 |
| >65 | 41.8 | 38.5 | 49.4 | 37.5 |
| Gender | | | | |
| Female | 48.3 | 46.2 | 54.7 | 50.3 |
| Male | 51.0 | 53.8 | 45.3 | 49.7 |

category. The percentage of all debt-free farmland fell by 10.2 percentage points from 1992 to 1997. Land under contract had 2.4 percent of the total in the CRP in 1997 compared with 14.9 percent of land under contract in the CRP in 1992. This was an 83.9 percent decrease. All farmland mortgaged increased from 19 to 30.7 percentage points in the CRP and the percentage of mortgaged farmland in the CRP almost doubled from 16.8 in 1992 to 30.4 percentage points in 1997, an 81 percent increase. This was the largest increase when cross-tabulating finance methods with land in the CRP in the 1997 study.

A more specific analysis of CRP participation by farmland owners is given by age and gender patterns in Table 7.2. The middle-age group between 35-64 years of age has increased in participation in the CRP by 29.2 percent, from 46.9 to 59.2 percentage points. Younger landowners, below age 35, have had the largest percentage increase, 57.1 percent, from 2.1 to 3.3 percentage points, in participation in the CRP from 1992 to 1997. Owners 65 years of age and older show a significant decrease in CRP enrollment of 24 percent, dipping from 49.4 to 37.5 percentage points in CRP land idled from 1992 to 1997, respectively.

More land owned by males was enrolled in the CRP in 1997 than in 1992. A 9.7 percent increase is shown in comparing 1997 with 1992. This illustrates a small increase in CRP participation in the last five years by males. Conversely, female owner participation dropped by 8 percent. Minor and institutional owner numbers are small and do not lend themselves to evaluation.

• Combined Conservation Programs

Because of the strong interest in the environmental programs, questions were asked regarding participation by farmland owners in the CRP, WRP, and EQIP. CRP participation accounts for 87.8 percent of the three conservation programs analyzed with the

Table 7.3 Percentage of conservation program participation by ownership type, cross-tabulated with specified conservation programs, 1997

| Ownership type | CRP | WRP | EQIP | Total |
|-----------------------------|------|-----|------|-------|
| Sole owner | 23.5 | 2.7 | 2.9 | 28.9 |
| Husband and wife (joint) | 16.0 | 2.9 | 1.4 | 20.3 |
| Other co-owners | 6.8 | 0.0 | 0.0 | 6.8 |
| Partnerships | 8.2 | 0.0 | 0.0 | 8.2 |
| Estates | 3.2 | 0.0 | 0.0 | 3.2 |
| Trusts | 10.2 | 0.0 | 1.5 | 11.7 |
| Corporations | 3.0 | 1.4 | 0.0 | 4.4 |
| Limited liability companies | 16.3 | 0.0 | 0.0 | 16.3 |

remaining percentages going to WRP at 7.1 percent and EQIP at 5.8 percent. Together, WRP and EQIP represent a small percentage of conservation program participation and are generally more geographically limited to areas around lakes, rivers, and other environmentally sensitive areas.

Sole owners and husband and wife (joint) owners are the major participants in conservation programs with participation at 49.2 percent. Table 7.3 outlines these ownership types relative to their conservation program participation. LLCs have 16.3 percent of conservation program participation acres, with trusts following at 11.7 percent. Other co-owners, partnerships, and corporations have 6.8, 8.2, and 4.4 percent, respectively, and estates show the smallest participation at 3.2 percent.

As shown in Table 7.1, 67.2 percent of the land in the CRP is debt free. Table 7.4 shows that, for total conservation program participation, land free of debt is 66.7 percent of the land in conservation programs. Land under contract and mortgage remains an important portion of conservation program participation at a combined 33.3 percent.

Male and female genders split conservation program participation almost evenly, with males having 50.1 percent and females 49.9 percent of the acreage in these programs.

Table 7.4 Percentage of Iowa farmland in all conservation programs by finance method and gender, cross-tabulated by conservation programs, 1997

| | CRP | WRP | EQIP | Total |
|------------------|------|-----|------|-------|
| Finance method | | | | |
| Debt free | 58.1 | 4.3 | 4.3 | 66.7 |
| Under contract | 2.2 | 1.3 | 1.5 | 5.0 |
| Through mortgage | 26.8 | 1.5 | 0.0 | 28.3 |
| Gender | | | | |
| Male | 42.6 | 3.7 | 3.8 | 50.1 |
| Female | 44.5 | 3.0 | 2.4 | 49.9 |

The 1997 study shows conservation easements have been given to certain private groups on an estimated 650,000 acres of Iowa farmland and distributed with the following percentages to the specified groups: Ducks Unlimited—6.1 percent, Pheasants Forever—35.9 percent, and Other—58 percent (not specified.) The method of questioning did not reveal more information in the “other” category.

•Summary

This chapter discusses participation in conservation programs. The trends are summarized as follows:

- The CRP remains a popular choice among landowners as a conservation program. Just over 4 percent of all Iowa farmland is enrolled in the CRP.
- In 1997, 67.2 percent of farmland in CRP is debt free.
- Females own slightly more CRP farmland than males, and mid-stage age group owners own 59.2 percent of the farmland in the CRP.
- Participation in other conservation programs is occurring, but is at modest levels.

Chapter VII Endnotes

54 FAIR ACT of 1996, Pub. L. No. 104-127, 110 Stat. 888, Title III (1996).

55 *Id.*

56 *Iowa Conservation Reserve Program Acreage Data*, Iowa State Agricultural Stabilization and Conservation Service Office, 1994, p.5.

57 *Iowa Conservation Reserve Program Acreage Data*, Iowa Farm Service Agency Office as communicated for January 1998.

VIII. Limited Liability Company Land Ownership

Iowa has enacted restrictive legislation concerning acquisition of farmland. *Code of Iowa*, 1997, Section 9H.4 states:

A corporation, limited liability company, or trust, other than a family farm corporation, authorized farm corporation, family farm limited liability company, authorized limited liability company, family trust, authorized trust, revocable trust, or testamentary trust shall not, either directly or indirectly, acquire or otherwise obtain or lease any agricultural land in this state (followed by exceptions).⁵⁸

Limited liability companies were created by the Iowa General Assembly with the passage of the Iowa Limited Liability Company Act in 1992 and a law was enacted on farmland ownership by LLCs in 1993.⁵⁹ The 1993 change in the law concerning LLC ownership of agricultural land⁶⁰ provided for land ownership by authorized LLCs and family farm LLCs.

Section 9H.5 restricts authorized LLCs to owning or leasing no more than 1,500 acres, an exception also applicable to corporations and partnerships. An owner of an authorized LLC cannot become an owner in another authorized LLC, an authorized farm corporation, a beneficiary of an authorized trust, or a limited partner in a limited partnership that owns or leases agricultural land.⁶¹

Forty-nine LLCs were selected and analyzed in Chapter II. A number of this magnitude increases the size of the confidence interval of any analysis carried out. Because there was no previous LLC ownership data, a confidence interval was calculated for the entire sample as being plus or minus 8.4 percentage points. An analysis was carried out in several areas to provide knowledge and understanding of LLC land ownership in Iowa.

Limited Liability Company Structure

Limited liability companies are a hybrid type of entity, resembling a corporation with respect to limited

liability of the members.⁶² Generally, no limits are imposed on the number of members in an LLC and any kind of entity can be a member.⁶³ Limited liability companies are taxed as a partnership if so designated to the I.R.S. The taxation structure and limited liability of the members are the prominent characteristics of LLCs. Also, LLCs are more informal in organization and in operation, although member-owners must file documents with the Secretary of State.⁶⁴

In 1997, it was estimated that LLCs owned 4.7 percent of the farmland in Iowa.⁶⁵ The LLCs owning farmland were formed since 1991, with most of them formed in 1996 (37 percent) and 1997 (26.5 percent). No questions were asked regarding the type of LLC formed, i.e., family farm LLC, or authorized LLC. However, respondents were asked their reasons for LLC formation with responses in four categories: 1) financing advantages, 2) to reduce business liability, 3) for tax purposes, and 4) other reasons. They were allowed to respond to each category and their responses are presented in Table 8.1.

The highest percentage of land placed under LLC ownership was for tax purposes at 33 percent. A desire to reduce business liability was cited by LLC owners for 25.9 percent of the land, financing advantages for 21.4 percent, and other reasons for 19.7 percent. The other reasons category included the following responses: recommendations by trusted individuals, ease of ownership transfer or management, reduction of personal liability, and assurance of family farm operation.

Farmland under LLC ownership shown in Table 8.2 has some tenure characteristics that contrast with tenure percentages of all farmland.⁶⁶ Owner-operated LLC land operated with and without help is 20.8

Table 8.1 Estimated percentage of farmland owned by LLCs by specified reason of the landowner for forming the LLC, 1997

| Specified reason for forming the LLC | 1997 |
|--------------------------------------|------|
| Financing advantages | 21.4 |
| Reduce business liability | 25.9 |
| Tax purposes | 33.0 |
| Other reasons | 19.7 |

Table 8.2 Tenure of Iowa farmland owned by LLCs as a percentage of all LLC farmland, 1997

| Tenure | 1997 |
|---------------------------|------|
| Operate solely | 18.3 |
| Operate with hired labor | 2.5 |
| Cash rent lease | 23.7 |
| Crop share lease | 46.0 |
| Other renting arrangement | 9.6 |

Table 8.3 Finance method as a percentage of land owned by LLCs, 1997

| Finance method | 1997 |
|------------------|------|
| Free of debt | 55.2 |
| Under contract | 3.6 |
| Through mortgage | 41.2 |

percent compared with 38.6 percent for all farmland. Cash rent leasing as a percentage of LLC-owned farmland is at 23.7 percent by LLC owners compared with 34.9 percent for all landowners. Limited liability company owners crop share 46 percent of their land. Other rental arrangements for LLC owners constitute 9.6 percent of the LLC-owned land versus 2.8 percent for all landowners.

Table 8.3 depicts results of financing arrangements concerning the land owned by LLCs. Land free of debt is 55.2 percent of LLC-owned land. This percentage is similar to that for all farmland free of debt at 60.1 percent. With respect to financing under contract, 3.6 percent of LLC-owned land compares with 6.8 percent of all Iowa farmland. Mortgaged LLC-owned farmland is 41.2 percent of LLC farmland compared with 30.5 percent of all farmland under mortgage. This difference may be a result of the limited liability status enjoyed by LLC owners.

Table 8.4 Percentage of LLC owned farmland in various-sized tracts by LLC owners compared with percentage of all farmland in various-sized tracts, 1997

| Sizes (acres) | LLC owners, 1997 | All owners, 1997 |
|---------------|------------------|------------------|
| <80 acres | 2.7 | 12.0 |
| 80-240 | 20.2 | 37.3 |
| 241-600 | 19.4 | 36.6 |
| >600 acres | 57.7 | 14.1 |

Acres sizes owned by LLC owners are divided into four size categories: 1) <80 acres, 2) 80-240 acres, 3) 241-600 acres, and 4) >600 acres. As shown in Table 8.4, acreages less than 80 acres are 2.7 percent of LLC land ownership. The second category, 80-240 acres, has 20.2 percent of LLC land ownership. Acreages from 241-600 acres are 19.4 percent and acreages greater than 600 acres contain 57.7 percent of LLC-owned land.

•Summary

Chapter VIII examines LLC land ownership patterns. The following conclusions can be drawn concerning LLC land ownership in 1997:

- LLCs provide a land ownership structure with unique tax rules and liability provisions.
- Lease arrangements exist with 79.3 per cent of LLC-owned farmland.
- There is debt against 42.1 percent of LLC farmland.
- LLC-owned farmland has 77.1 percent of the farmland owned in acreages greater than 240 acres.

Chapter VII Endnotes

58 *Iowa Code*, Chapter 9H.4 (1997).

59 *Iowa Code*, Chapter 490A.100 (1997).

60 *Iowa Code*, Chapter 9H.3A, repealed by Acts of 1993 General Assembly, ch. 39, § 37 (1993).

61 *Id.*

62 Harl, N., *Agricultural Law Manual* § 7.04(2)(c) 1998.

63 *Id.*

64 Harl, N., *The Farm Corporation*, North Central Regional Extension Publication No. 11, October, 1998, p. 3.

65 See supra Table 3.1.

66 See supra Table 3.2 for comparison with Table 8.2.

.....

IX. Summary, Comparisons, and Recommendations

This study focused on the changes in Iowa land ownership and tenure between 1982, 1992, and 1997. The analysis included land owned by type of ownership, tenure of the land, demographics of land owners, farmland acquisition, and anticipated transfer methods. The study also examined conservation programs and limited liability company land ownership. This final chapter briefly summarizes the survey methods, reviews the major conclusions from the 1997 study, contains policy implications of the results, and recommends avenues for future studies.

•Summary of the Survey Methods

Selection of survey respondents concerning land ownership and tenure was made using two different sample methods: 1) a general sample selection of all Iowa farmland owners, and 2) a sample selection of Iowa limited liability companies.

The general sample selection utilized 705 scientifically selected, 40-acre tracts randomly chosen. Legal descriptions of the selected tracts were sent to county auditors who then provided information about the owners of the agricultural land in those tracts. The same 705 sample units were surveyed in 1992. Where there were multiple owners within the same sample unit, respondents were from those who owned land within the 40-acre sample unit used for agricultural purposes. Of the 932 owners identified, 796 were eligible and 607 were interviewed for the general sample.

Respondents for the LLC sample selection were obtained from a list provided by the Iowa Secretary of State. Of the 5,299 LLCs in the list, 110 were selected on the basis of "farm" in the name of the LLC (44 of which were interviewed) and five were transferred from the general sample selection list, giving 49 respondents to analyze.

•General Conclusions

Four general conclusions are made regarding farmland ownership and tenure in Iowa using the 1997 study. First, the structure of land ownership is very dynamic as land turnover increases and different

ownership structures are utilized by new owners. Second, tenure of farmland continues a rapid shift toward tenant or agent control of production agriculture and diminished owner involvement. Third, age, gender, and other important owner characteristics reflect ownership adjustments to strong forces in the farmland market, which may also affect future transfer of the farmland. Lastly, the importance of farmland for other potential uses is increasing, creating new or multiple uses of the land.

Structural ownership changes may be evidence that regulations concerning farmland may be influential. With the restrictions on corporate ownership, the inflexibility of the corporate structure, and possibly for other reasons, corporate ownership continues to decrease. At the same time, LLC ownership has increased dramatically. Limited liability company formation is a result of financial advantages, reduced business liability, tax and other reasons.

The percentage of leased farmland continues to increase. For various reasons, farmland under tenant operation exceeds 60 percent. Owner participation has declined with an increase in use of professional farm managers. Decisions by landowners concerning management of their farmland are apparently decreasing. Simultaneously, land ownership by nonresidents of Iowa who lease land is increasing. A final important factor analyzed concerns length of tenant's tenure. This aspect merits attention in future research.

Age characteristics continue recent trends. Older landowners continue to dominate land ownership, although this appears to have moderated since 1992. More land can be expected to come onto the market as owners 65 years and older transfer the 40 percent of farmland they now own. The percentage of land ownership by younger owners continues to decline. Female land ownership remains high, but experienced a decrease from 1992 to 1997 as did the occupations of landowners dominated by females.

Continued environmental concerns have supported the expansion of federal conservation programs by legislative action, and landowners

continue to show a willingness to participate in such programs. Additionally, other governmental and private organizations have provided avenues to landowners to protect farmland, improve wetlands, or conserve wildlife habitat. Partial interest transfers of farmland to farmland preservation, wetland restoration and preservation, and wildlife preservation groups have occurred in recent years.

-Major Policy Implications

Cash rent lease arrangements have increased 65.4 percent from 1982 to 1997. With more land under lease, young farmers may have an opportunity to begin a career in agriculture; however, diminished crop share rent increases the pressure on young farmers to borrow in order to operate. This pressure may reduce the probability of land entering young farmer's hands and increase the concentration of farmland control in financially established hands. Landowners are demonstrating less willingness to participate in the risks and rewards of share rent arrangements. Also, professional farm managers can reduce direct involvement associated with farmland ownership. Increased cash renting can extend the physical distance of the farmland owner from practices that are taking place on his or her land.

At the same time cash rental agreement use is rising and the percentage of land that is owner-operated is falling, declining 43.1 percent from 54.1 to 30.8 percentage points over the 1982-1997 period. A part of this decline may be that family farm operations are expanding with and without the addition of employees. The loss of owner-operated land may affect purchasing habits of these owner-operated owners and thus the communities in which they live. The owner-operated farmland statistic is closely tied to the increasing age of the landowners.

Trust ownership of land has increased from 0.8 to 7.4 percentage points from 1982-1997, an 825 percent increase. Additionally, the percentage of farmland owners who anticipate transferring through trusts has increased 184 percent in the same period. The reasons for increased trust usage are numerous. Death tax consequences can be altered for the owner through the use of a trust. Owners may desire to skip a generation through trust use instead of using wills or gifts. Retirement needs may also be met through the use of trusts. Estate settlement may be simplified through the use of the living trust.

Ownership of farmland by limited liability companies has increased to 4.7 percent in the five years from 1992 to 1997. Tax and liability issues, as the more prominent reasons for the popularity of LLCs, were discussed in the body of the study. Family-owned farmland does not fall under the acreage prohibitions contained in Chapter 9H of the Code of Iowa and imposed on corporations, limited partnerships, LLCs, and trusts. With the LLC, liability can be reduced without the rigid control and rules under which a corporation must operate. Reduced liability and ease of management of the structure have contributed to its popularity. Conversely, corporate farmland ownership's decline from 8.0 to 5.3 percentage points, a 33.7 percent decrease from 1982 to 1997, implies this structure is not the favored choice of farmland owners to the extent it was before 1982. This decline implies there are fewer landowners who consider incorporation, preferring instead LLC or LLP ownership structures.

Debt-free land is two percentage points lower in 1997 at 59.8 percentage points as compared with 61.8 percentage points in 1982. However, this level is 14.1 percent lower than in 1992. Because a high percentage of land has recently been transferred, a significant portion of this debt may be leveraged. Favorable commodity prices in the 1992-1997 period may have encouraged purchase and reduced the perceived risk of land debt. Increasing land prices may have increased the purchase of farmland by speculators, as well. Double digit percentage returns to land coupled with reasonable interest rates and the FAIR Act of 1996 program payments made land acquisition desirable. Falling commodity prices since 1997 have called these assumptions into question.

Age issues connected with farmland ownership continue to pose some of the most challenging questions to policymakers. Owners 55 years and older own 66.4 percent of the farmland in Iowa. Within the next 15-25 years, much of this land will be transferred. This study shows more than one-half of farmland will be transferred through wills and trusts. Roughly 75 percent of leased land is owned by this group. Tenancy will likely continue to increase with older land ownership. As farmland changes hands, methods and approaches to farming practices may also be impacted. Iowa will likely follow the national pattern in which a substantial proportion of older landowners rent out their land after the death of their spouse.

Another major change in land ownership is in the area of landowner's education level. In 1982, the percentage ownership of Iowa farmland by owners without a high school diploma was 16.5 percent. The 1997 study estimated the same figure at 3.2 percent, an 80.6 percent decrease over the 1982-1997 period. Education levels of landowners are increasing at every level of education above those holding a high school diploma. Increased use of technology, more formal ownership structures, and environmental concerns will be high awareness issues for landowners, affecting the future of Iowa farmland.

Ownership of acreages greater than 240 acres has increased dramatically in the 1982-1997 period. These acreage sizes now account for over 50 percent of the farmland ownership. Acreage size from 241-600 acres is 36.6 percent of all farmland, up from 16.5 percent in 1982, a 121 percent increase. Acreages greater than 600 acres are at 13.9 percent in 1997, up from 5.3 percent in 1982, a 162 percent increase. Turnover of farmland makes possible ownership consolidation. Farmland ownership concentration appears to be following similar trends in other areas of the economy. The traditional family farm is experiencing many adjustments as these trends continue.

Ownership of Iowa farmland by nonresidents of Iowa continues to increase. From 1982 to 1997, nonresident ownership increased 115 percent, from 6.4 percent in 1982 to 13.8 percent in 1997. Most nonresidents own farmland through co-ownership, trusts, partnerships, corporations, or LLCs. Few nonresidents appear to make use of the traditional ownership types: sole and joint ownership (husband and wife). Over 20 percent of leased land is owned by owners who are not residents of Iowa.

The Conservation Reserve Program involves a ten-year enrollment period. The mid-stage age group has 59.2 percent of the participation in the CRP with

slightly more participation by females than by males. Participation by debt-free farmland owners remained steady from 1992 to 1997, although the percentage of debt-free land overall has fallen in this period. Participation in the CRP as a percentage of farmland ownership is highest for owners structured in partnerships, trusts, and LLCs.

•Recommendations for Future Research

The 1997 study has produced insights into changes that should be considered in future studies. First, a clearer delineation of ownership types is needed to ensure proper evaluation of ownership structure and evolving patterns. An example of such a change would be the separation of all joint ownership from tenants in common. Continuity considerations are important however, and any changes should be made with this factor in mind. Second, more detailed questioning of leasing practices is justified as the number of acres leased increases. Leasing of agricultural land, for non-agricultural purposes, has been one-half of one percent of all leased farmland, but the study of many aspects of agricultural leasing, easements, and other partial transfers of farmland rights needs expansion in future research. Questions concerning lease length, conditions, and specific arrangements (e.g., a combined category that could include owners who both cash rent and crop share) would provide greater insight into this economically important practice. Greater refinement of questions concerning the number of tenants and length of tenancy is important if the landlord/tenant relationship is to be fully understood. A final area of change would be increased questioning concerning transfer of farmland in the area of trusts. Trust ownership questions need to be broadened to gain additional information as their use expands. Also, continued surveillance over changing ownership patterns by corporations, LLCs, and other types of entities is warranted.



Appendix A

Weighting for the 1997 Iowa Land Ownership Study

1. Background

For purposes of sampling and weighting in this study, the agricultural lands in the state of Iowa can be visualized as being partitioned into (not necessarily contiguous) parcels, each owned by a specific person or group of persons. We have sampled forty-acre tracts of land were sampled with ownership determined for each selected tract. A particular tract is made up of segments with different owners and/or ownership patterns. In many cases, the tract consists of a single 40-acre segment. An attempt was made to contact owners within every segment in each selected tract.

If a segment has multiple owners, there are two possibilities:

1. The list of owners was obtained from a source other than one of the owners (e.g., a bank). In this case, one of the owners was selected at random.
2. The list of owners was obtained from one of the owners. In this case the owner already on the phone was interviewed (the one from whom we obtained the list of owners) and then selected one of the owners at random. If the randomly selected owner was the owner already on the phone, no further interviewing was required, and the interviewee represented all of the owners. Otherwise, the owner already interviewed represented himself/herself and the randomly selected owner represented the remaining owners.

The 1992 Census of Agriculture was used to provide control information on farmland acreages by region. Though these numbers are somewhat outdated, the acreages are not expected to vary much with time. The effect of errors here should not be large because most tables of interest involve ratios (i.e., percentages) within regions, so the regional total farmland acreages are equivalent to the total state acreage.

To replicate what was done, go to <http://www.nass.usda.gov/census/>; 1992 Census of Agriculture, online. Find the 1992 AG CENSUS and then STATE AND COUNTY HIGHLIGHTS DATA. Obtain 1992 acres in farms by county for the state of Iowa. Compute total farmland acres, A_h , by region ($h = 1, \dots, 7$). Let $A = \sum_{h=1}^7 A_h$.

Check that the total number of acres in Iowa, $A=31,346,565$.

2. Initial Weights

2.1 Area Sample

Form initial weights for parcel i in region h . Parcel i is identified by its five-digit case ID in columns 2-6 of card 1 (first four digits of the case ID denote the tract, fifth digit indicates segment within the tract.) Let n_h denote the number of responding parcels in region h and let a_{hi} denote the number of acres in parcel i , region h , coded in card 1, columns 29-33. If a_{hi} is missing, then the initial weight for parcel i is 0. Otherwise, the initial weight for parcel i is:

$$w_{hi} = \frac{A_h/40}{n_h a_{hi}/40}$$

$$= \frac{\text{\#40-acre tracts in region } h}{n_h(\text{\#40-acre tracts in parcel } i)}$$

Check that $\sum_{i \in \text{region } h} w_{hi} a_{hi} = A_h$ (for all i in region h)

2.2 List Sample

At this point it appeared that the LLP information was not useful, because most of the sample units were Limited Partnerships, not LLPs. The LLPs selected were dropped in the list frame from further consideration. That is, drop any record for which card 1, column 6 is 0 (indicating LLP or LLC) and card 1, columns 20-21 is not 09 (LLC).

The LLCs were selected from a list frame split into two categories: 276 LLCs that looked very likely to be agricultural (“certainty LLCs”) and 5023 that were not obviously agricultural (“noncertainty LLCs”). This information is coded in the case ID’s (card 1 columns 2-6): five-digit case ID’s beginning with a 5 are certainty LLCs.

The initial weight for any LLC i from the list sample is then $w_{oi} = 5023 /$ (number of responding noncertainty LLCs) for the noncertainty LLCs, and $w_{oi} = 276 /$ (number of responding certainty LLCs) for the certainty LLCs.

An adjustment is then made for LLCs picked up in the general sample selection. These include case ID’s 13022, 14121, and 14551. The probability of selection is $p_{hi} = 1 - (1 - w_{hi}^{-1}) [1 - (\text{number of responding noncertainty LLCs}) / 5023]$ for the noncertainty parcels, and $p_{hi} = 1 - (1 - w_{hi}^{-1}) [1 - (\text{number of responding certainty LLCs}) / 276]$ for the certainty parcels, where w_{hi} is the area frame weight. The adjusted weight for these parcels is then

$$w_{hi} = 1 / p_{hi}.$$

Set region equal to zero for the two LLCs (14131 and 14551) picked up in the area sample. Estimate total acres in the state for LLCs via

$$T_{LLC} = \sum_{i \in LLCist} w_{oi} a_{oi}. \text{ (for all } i \text{ in LLC list)}$$

3. Final Weights

3.1 Area Sample

Reduce total acres in farms for the state by estimated acres in LLCs, in proportion to size of region:

$$A^*_h = \frac{A - T_{LLC}}{A} (A_h)$$

Check that $\sum_{h=1}^7 A^*_h + T_{LLC} = A.$

If a_{hi} is missing, then the weight for parcel i is 0. Otherwise, the weight for parcel i is:

$$w^*_{hi} = \frac{A^*_h / 40}{n_h a_{hi} / 40}$$

Check that

$$\sum_{i \in regionh} w^*_{hi} a_{hi} = A^*_h \text{ (for all } i \text{ in region } h)$$

3.2 LLC Sample

Final weights for LLCs in the LLC sample and the two LLCs picked up in the area but moved to the list sample are

$$w^*_{oi} = \frac{T_{LLC}}{\sum_i w_{oi} a_{oi}} (w_{oi}).$$

Check that

$$\sum w^*_{oi} a_{oi} = T_{LLC}$$

3.3 Owner Weights

Finally, for weights w_{hij} for owner $j = 1, 2, 3$, in parcel i of region h . let m_{hi} denote the number of owners of parcel i in region h . This information is coded in card 1, columns 22-24. Determine the number and type of interviews conducted.

Case A: Sole owner or single interview.

Demographics in columns 67-77 of card 3 are available, but demographics in columns 78-86 of card 3 and columns 87-79 of card 3 will be missing (coded as 8s).

Case B: Husband/wife. Demographics in column

67-77 of card 3 and demographics in columns 78-86 of card 3 are available, but demographics in columns 87-97 of card 3 will be missing (coded as 8s).

Case C: Additional owner selected. Demographics in

columns 67-77 of card 3 and demographics in columns 87-97 of card 3 are available, but demographics in columns 78-86 of card 3 will be missing (coded as 8s).

Then

$$w_{hi1} = \begin{cases} w_{hi}^*, & \text{if case=A,} \\ 1/2w_{hi}^*, & \text{if case=B,} \\ 1/m_{hi}(w_{hi}^*), & \text{if case=C;} \end{cases}$$

$$w_{hi2} = \begin{cases} 1/2w_{hi}^*, & \text{if case=B,} \\ 0, & \text{otherwise; if no joint owner} \end{cases}$$

$$w_{hi3} = \begin{cases} \frac{m_{hi}-1}{m_{hi}} w_{hi}^*, & \text{if case=C,} \\ 0, & \text{otherwise;} \\ & \text{if no other owners.} \end{cases}$$

3.4 Tabulation Data Set

Estimates for any table of interest were computed in SAS. There will be one record for each owner. All characteristics of the land are repeated once for each owner and acres in the parcel appear in the record for each owner.

.....

Appendix B

General sample questionnaire

Type of Ownership

- 01 = Sole owner
- 02 = Joint Tenancy (husband & wife)
- 03 = Tenancy in Common
- 04 = Partnership
- 05 = Life Estate
- 06 = Unsettled Estate
- 07 = Trust
- 08 = Corporation
- 09 = LLC
- 10 = LLP

Case ID: _____

Int. ID: __ __

Date __ __ / __ __ / __ __

Start time: __ __ : __ __

1. In the first part of this interview I would like you to think of **all** the Iowa farmland you owned as a (type of ownership) (with name/s) as of July 1, 1997. Do not include land owned in another manner. Please include land mortgaged, and land being purchased on contract, as well as any land owned free of debt. As of July 1, 1997 how many acres of Iowa farmland did you own as a (type of ownership) (with name/s)?

_____ Acres

2. Of these acres ...

a. how many are fully paid for? _____ Acres

b. how many are being bought under purchase contract or contract for deed? Do not include mortgaged land.

_____ Acres

c. how many are mortgaged? _____ Acres

d. how many are owned under other financial arrangements? _____ Acres

e. What is the other type of arrangement?

(Specify)

_____ Total Acres

[IF TOTAL ACRES DO NOT MATCH Q.1, RECTIFY ERROR]

3. How many acres of this land were ...

a. purchased? _____ Acres

b. received as a gift from a person living at the time of transfer?

_____ Acres

c. inherited? _____ Acres

d. obtained in some other way?

_____ Acres

(Specify)

_____ Total Acres

[IF TOTAL IN Q.3 DOES NOT MATCH Q.1, RECTIFY ERROR]

4. Next, we would like you to think about how long you have owned this land as a (type of ownership). Please try to recall when you acquired the (first/next) land you owned in this manner.

- a. How many acres was that?
- b. In what year was that land acquired by (you/you and (names))?
- c. Were these acres acquired from a farm operator?

[REPEAT UNTIL TOTAL ACRES ARE ACCOUNTED FOR]

| (a) | (b) | (c) | |
|-----------------------|---------|--------------------|-----------------------|
| # Acquired Acres | Year | Yes, Farm Operator | No, Not Farm Operator |
| 1 st _____ | 19 ____ | 1 | 2 |
| 2 nd _____ | 19 ____ | 1 | 2 |
| 3 rd _____ | 19 ____ | 1 | 2 |
| 4 th _____ | 19 ____ | 1 | 2 |
| 5 th _____ | 19 ____ | 1 | 2 |

[IF CORPORATION, LLC OR LLP, ASK Q.5. ALL OTHERS GO TO Q.6]

5. a. In what year did you form your (corporation/LLC/LLP)? 19 ____

Why did you decide to form a (corporation/LLC/LLP)? Was it ...

| | <u>Yes</u> | <u>No</u> |
|-------------------------------------|------------|-----------|
| b. because of financing advantages? | 1 | 2 |
| c. to reduce business liability? | 1 | 2 |
| d. for tax purposes? | 1 | 2 |
| e. for any other reason? | 1 | 2 |

(Specify)

6. a. Are you a U.S. citizen?

1 = Yes

2 = No

b. Are you living in Iowa?

1 = Yes

2 = No → c. What state are you living in? _____ State/Country

d. Are you a legal resident of Iowa?

1 = Yes

2 = No → e. What is your legal residence? _____ State/Country

[IF SOLE OWNERSHIP, GO TO Q8]

7. a. Are all the other owners of this land U.S. citizens?

1 = Yes

2 = No

b. Are all the other owners living in Iowa?

1 = Yes

2 = No → c. What state(s) do they live in? _____ / _____ / _____

d. Are all the other owners legal residents of Iowa?

1 = Yes

2 = No → e. Where is their legal residence? _____ / _____ / _____

8. a. In 1997, was any of the land you own as a (type of ownership) being operated by you or your spouse (or any of the other owners)? Include land in the CRP.

1 = Yes

2 = No [GO TO Q.10]

b. How many of these acres did you, (your spouse, or any other owners) operate without using hired labor?

— — — — — Acres [IF ALL, GO TO Q15]

9. a In 1997, did you have hired laborers who worked in this operation, but were under your direct supervision?

1 = Yes >b. On how many acres? — — — — —

2 = No. How many laborers did you have? — — — # laborers

d. Was any hired labor used for livestock production?

1 = Yes

2 = No

10.a. In 1997, was any of the land you own as a (type of ownership) rented out to others either on a share basis or for cash?

1 = Yes

2 = No [GO TO Q15]

b. How many of these acres were rented out in 1997?

— — — — — Acres rented

c. How many acres were . . .

for cash rent? — — — — — Acres

on crop share? — — — — — Acres

on live stock share? — — — — — Acres

under some other arrangement? — — — — — Acres

What was this other arrangement?

(Specify)

[TOTAL ACRES IN 8b + 9b + 10b SHOULD EQUAL TOTAL ACRES IN Q.1]

11. We are interested in the level of involvement you may have had in the use of this land that you rented out in 1997.

| | Yes | No | Do Together |
|---|-----|----|-------------|
| a. Did you decide which crops to plant? | 1 | 2 | 3 |
| b. Did you select the seed varieties used? | 1 | 2 | 3 |
| c. Did you decide the fertilizer levels that were used? | 1 | 2 | 3 |
| d. Did you decide which chemical use practices to follow? | 1 | 2 | 3 |

12. How many years has your current tenant farmed this land?

— — years

13. How many of the acres you owned in this manner and rented out, were handled by a professional farm management service?

— — — — — Acres

-
14. How many of these acres rented out in 1997 were under ...
- a. a material participation share lease, which means you participated substantially in the farm operation? Under this type of arrangement you would have had to pay self-employment tax, also called Social Security tax.
 __ __ __ __ __ Acres
 - b. a nonmaterial participation share lease, which means you did not participate substantially in the farm operation and the operation is treated as an investment? Therefore, you did not pay self-employment tax, also called Social Security tax.
 __ __ __ __ __ Acres
- 15.a. Are any of the acres you own as a (type of ownership) enrolled in the CRP, Conservation Reserve Program?
- 1 = Yes
 - 2 = No **[GO TO Q.16]**
- b. How many acres are currently in the CRP?
 __ __ __ __ __ Acres
- c. In what year did you enroll these acres?
 19 __ __ **[GO TO Q.17]**
- 16.a. Has any of the land you own in this manner ever been in the CRP program?
- 1 = Yes
 - 2 = No **[GO TO Q.17]**
- b. How many acres was that?
 __ __ __ __ __ Acres
- 17.a. Are any of the acres you own as a (type of ownership) currently enrolled in the Wetlands Reserve Program (WRP)?
- 1 = Yes
 - 2 = No **[GO TO Q.18]**
- b. How many acres are currently in the WRP?
 __ __ __ __ __ Acres
- c. In what year did you enroll these acres?
 19 __ __
18. a. Is any of the land you own as a (type of ownership) enrolled in the Environmental Quality Incentive Programs, or EQIP?
- 1 = Yes → b. How many acres? __ __ __ __ __ Acres
 - 2 = No
19. *Question deleted.*
- 20.a. As of July 1, 1997, was any of the land you owned as a (type of ownership) being used for confinement livestock production?
- 1 = Yes
 - 2 = No **[GO TO Q.22]**
- b. How many acres were used for confinement livestock production?
 __ __ __ __ __ Acres

21. As of July 1, 1997, did you have confinement . . .

| | Yes | No | If Yes: | How Many? |
|--------------------------------|-----|----|---------|-----------|
| a.hogs? | 1 | 2 | → | _____ |
| b.cattle? | 1 | 2 | → | _____ |
| c.dairy cows? | 1 | 2 | → | _____ |
| d.poultry? | 1 | 2 | → | _____ |
| e.livestock of any other kind? | 1 | 2 | → | _____ |

22.Thinking once again of all the Iowa farmland that you own as a (type of ownership). . .

| | Yes | No |
|--|-----|----|
| a.are there any drainage wells on this land? | 1 | 2 |
| b.are there any disposal sites on this land where any unwanted items such as paint or chemical containers, or unwanted cars or farm equipment are discarded? | 1 | 2 |

23.a. Do you think any of the land you own as a (type of ownership), that is being used for agricultural purposes, will be transferred to another use within the next 5 years?

1 = Yes

2 = No [GO TO Q.24]

b. About how many acres will be transferred to another use?

— — — — — Acres

c. To what new use will this agricultural land be transferred?

24.a. Sometimes people have transferred certain rights associated with their land to others. These rights are for nonagricultural uses such as mineral rights, electrical power lines, or pipelines. Transfers like this may be in the form of deed, lease, easement, or option. Have any of the rights on this farmland been transferred to others?

1 = Yes

2 = No [GO TO Q.25]

Have (type of rights) been transferred?

| | Yes | No |
|---------------------------------|-----|----|
| b. mineral rights | 1 | 2 |
| c. utility easements or options | 1 | 2 |
| d. other rights (Specify) | 1 | 2 |

25. Have any of the property rights on the land you own as a (type of ownership) been placed in any of the following conservation easement programs? . . .

| | Yes | No |
|--|-----|----|
| a.American Farmland Trust? | 1 | 2 |
| b. Conservation League? | 1 | 2 |
| c. Ducks Unlimited? | 1 | 2 |
| d. Pheasants Forever? | 1 | 2 |
| e. Any other conservation easement programs? | 1 | 2 |

Specify:

[IF NO TO ALL, GO TO Q.26]

f. How many acres does this involve? — — — — — Acres

g. What year were they enrolled?19 — —

26. Thinking of the land you own as a (type of ownership), as of July 1, 1997, how many of the acres were being leased for
- agricultural purposes, including farmsteads? _____ acres
 - industrial or commercial purposes? _____ acres
 - recreational purposes? _____ acres
 - some other purpose? _____ acres
What purpose?

The next questions relate to all of the acres you own as a (type of ownership).

27. We would like you to think about who owned this land before you acquired it. How many acres were acquired from ...
- a sole owner or the estate of a sole owner? _____ acres
 - a trust? _____ acres
 - a corporation? _____ acres
 - a government like a city, state, etc.? _____ acres
 - an institution? _____ acres
 - co-owners? _____ acres
- [IF NONE IN f, GO TO Q.28]**
- Was any of this co-owned land owned by a partnership?
1 = Yes → h. How many acres? _____
2 = No
 - Was it ...
1 = a limited liability partnership,
2 = a limited partnership, or
3 = a general partnership?

[ACRES IN (a) - (f) SHOULD TOTAL Q.1]

28. Next, we would like you to think about how you anticipate transferring the ownership of this land. Even though we know that these plans may change in the future, we would like you to let us know how you currently expect to transfer the land.

| Do you expect to . . . | YES | NO |
|---|-----|----|
| a. will any of it to a family member? | 1 | 2 |
| b. will any of it to others? | 1 | 2 |
| c. give any of it to a family member? | 1 | 2 |
| d. give any of it to others? | 1 | 2 |
| e. sell any of it to a family member? | 1 | 2 |
| f. sell any of it to others? | 1 | 2 |
| g. put any of it in a living trust? | 1 | 2 |
| h. put any of it in a testamentary trust? | 1 | 2 |
| i. do anything else? (specify _____) | 1 | 2 |

- 29.a. On July 1, 1997, did you (or any of the other owners) live on any land you owned as a (type of ownership)?
1 = Yes **[GO TO Q.30]**
2 = No
- Did you live on any other farmland you or your spouse own?
1 = Yes
2 = No

30.a. On August 5, 1997, (effective for sales after May 6, 1997) there was a change in the law in taxation of capital gains that reduces the tax rate on long term capital gains. How does this change in the law affect any decision you might make to sell agricultural acres? Would you say. . .

1 = you would be more likely to sell,

2 = you would be less likely to sell, or

3 = the change in the law has no effect on whether or not you will sell agricultural acres?

9 = DON'T KNOW

In this final portion of the interview, we would like some general information about (you/name of landowner).

31.CODE SEX.

1 = Male

2 = Female

32.Are you ...

1 = Married,

2 = Separated,

3 = Divorced,

4 = Widowed, or

5 = have you never been married?

33.What is your date of birth?

 / /
MO DAY YR

34.What has been your principal (main) occupation most of your adult life?

[PROBE FOR SPECIFIC DUTIES]

35a.Are you currently . . .

1 = employed, including operating a farm,

2 = unemployed,

3 = retired,

4 = disabled, or

5 = a homemaker?

[IF FEMALE RESPONDENT, ASK:]

b. Have you ever been involved with the farming operation by doing chores, helping with planting or harvesting, keeping books, or any other activities?

1 = Yes

2 = No

36. What is the highest grade of regular school you have completed? Include any college, vocational, or technical training.

__ __ grade

12 = High School (includes GED)

16 = B.S., B.A., etc.

18 = M.S., M.A.

20 = Ph.D., M.D., J.D., etc.

IF SPOUSE SHARES OWNERSHIP, ASK Q.37-42.

IF ADDITIONAL OWNER SELECTED FOR DEMOGRAPHICS, ASK Q.37-42.

IF NO SPOUSE OR NO ADDITIONAL OWNER SELECTED, GO TO CLOSING.

Now, I have a few similar questions about (name).

[IF RESPONDENT UNABLE TO ANSWER Q.37-42, GO TO Q.43]

37. CODE SEX. ASK IF UNSURE, Is (name) male or female?

- 1 = Male
- 2 = Female

38.ASK IF UNSURE. Is he/she ...

- 1 = Married,
- 2 = Separated,
- 3 = Divorced,
- 4 = Widowed, or
- 5 = has he/she never been married?

39.What is (name's) birth date?

___ / ___ / ___
Mo Day Yr

40.What has been (name's) principal (main) occupation most of his/her adult life?

[PROBE FOR SPECIFIC DUTIES]

41.a. Is he/she currently . . .

- 1 = employed, including operating a farm
- 2 = unemployed,
- 3 = retired,
- 4 = disabled, or
- 5 = a homemaker?

[IF (NAME) IS FEMALE, ASK:]

b. Has (name) ever been involved with the farming operation by doing chores, helping with planting or harvesting, keeping books, or any other activities?

- 1 = Yes
- 2 = No

42.What is the highest grade of regular school he/she has completed? Include any college, vocational or technical training.

- ___ years
 - 12 = High school (includes GED)
 - 16 = B.S., B.A., etc.,
 - 18 = MS, M.A.,
 - 20 = Ph.D., M.D., J.D., etc.
- [GO TO CLOSING]

Appendix C

Regional tables

Table C.1 Percentage of farmland owned in each ownership type, 1997 regional data

| Ownership type | STATE | NW | SW | N | NC | S | NE | E |
|---------------------------|-------|-----|-----|-----|-----|-----|-----|------|
| Sole owners | 31.2 | 4.0 | 4.3 | 1.9 | 5.1 | 5.5 | 5.1 | 5.3 |
| Joint tenancy | 39.0 | 4.5 | 4.0 | 2.3 | 3.8 | 6.9 | 6.9 | 10.5 |
| Other co-owners | 5.6 | 0.9 | 0.8 | 0.5 | 0.5 | 0.7 | 0.6 | 1.7 |
| Partnerships | 4.0 | 0.0 | 0.3 | 0.5 | 0.6 | 0.3 | 0.7 | 1.5 |
| Estates | 2.7 | 0.5 | 0.5 | 0.3 | 0.5 | 0.2 | 0.3 | 0.5 |
| Trusts | 7.4 | 1.1 | 1.4 | 1.5 | 0.7 | 1.2 | 0.7 | 0.8 |
| Corporations | 5.3 | 0.2 | 0.3 | 0.3 | 1.6 | 0.8 | 0.6 | 1.5 |
| Limited Liability Company | 4.7 | 0.1 | 1.0 | 0.4 | 1.1 | 0.4 | 0.5 | 1.2 |

Table C.2 Percentage of all farmland owned by tenure, 1997 regional data

| Tenure | STATE | NW | SW | N | NC | S | NE | E |
|----------------|-------|-----|-----|-----|-----|-----|-----|------|
| Operate solely | 30.8 | 4.5 | 4.2 | 1.1 | 2.8 | 5.9 | 5.2 | 7.1 |
| Operate w/help | 7.8 | 0.9 | 0.8 | 0.3 | 1.7 | 2.3 | 0.7 | 1.2 |
| Cash rent | 34.9 | 3.6 | 2.1 | 3.3 | 4.6 | 3.4 | 6.5 | 11.4 |
| Crop share | 23.7 | 2.5 | 5.6 | 3.0 | 3.8 | 3.2 | 2.7 | 3.0 |
| Other renting | 2.8 | 0.0 | 0.0 | 0.0 | 0.8 | 1.3 | 0.3 | 0.4 |

Table C.3 Percentage of farmland managed by a professional farm manager, 1997 regional data

| Owners | NW | SW | N | NC | S | NE | E |
|----------------------|------|------|-----|------|------|------|------|
| All owners | 11.4 | 12.6 | 7.6 | 13.9 | 16.0 | 15.4 | 23.1 |
| Non-corporate owners | 10.0 | 11.3 | 7.3 | 12.8 | 15.4 | 15.0 | 22.4 |
| Corporate owners | 1.4 | 1.3 | 0.3 | 1.1 | 0.6 | 0.4 | 0.7 |

Table C.4 Percentage of farmland owned by landlords with non-material participation, 1997 regional data

| Owner | STATE | NW | SW | N | NC | S | NE | E |
|----------------------|-------|-----|-----|-----|-----|-----|-----|-----|
| All owners | 4.6 | 0.3 | 1.6 | 0.8 | 2.0 | 0.5 | 1.1 | 1.5 |
| Non-corporate owners | 4.15 | 0.2 | 1.5 | 0.9 | 2.1 | 0.4 | 1.1 | 1.5 |
| Corporate owners | 0.005 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Table C.5 Percentage of farmland by financing method, non-corporate owners, 1997 regional data

| Financing method | STATE | NW | SW | N | NC | S | NE | E |
|------------------|-------|-----|-----|-----|-----|-----|-----|------|
| Free and clear | 59.8 | 7.0 | 7.2 | 5.1 | 9.4 | 7.9 | 9.3 | 13.8 |
| Under contract | 9.5 | 0.8 | 1.3 | 0.4 | 0.9 | 1.4 | 1.4 | 3.2 |
| Through mortgage | 30.7 | 3.6 | 4.1 | 2.1 | 3.7 | 6.6 | 4.6 | 6.0 |

Table C.6 Percentage of farmland by size of owned acreages, all landowners, 1997 regional data

| Size of acreage | STATE | NW | SW | N | NC | S | NE | E |
|-----------------|-------|-----|-----|-----|-----|-----|-----|------|
| < 80 acres | 12.0 | 1.1 | 0.5 | 0.5 | 0.9 | 0.9 | 1.4 | 2.6 |
| 80-240 acres | 37.9 | 6.6 | 4.4 | 2.7 | 7.1 | 4.4 | 5.6 | 11.0 |
| 241-600 acres | 36.6 | 3.2 | 4.6 | 3.6 | 4.4 | 6.7 | 6.9 | 7.1 |
| > 600 acres | 13.9 | 0.6 | 3.1 | 0.8 | 1.5 | 4.0 | 1.5 | 2.4 |

Table C.7 Age cross-tabulated with size of acreage, as a percentage of all farmland, 1997

| Size of acreage | <25 | 25-34 | 35-44 | 45-54 | 55-64 | 65-74 | >75 |
|-----------------|-----|-------|-------|-------|-------|-------|-----|
| <80 acres | 0.2 | 0.2 | 2.0 | 2.0 | 2.0 | 3.5 | 2.1 |
| 80-240 acres | 0.3 | 1.3 | 3.9 | 7.1 | 7.9 | 8.7 | 8.3 |
| 241-600 acres | 0.2 | 0.7 | 4.6 | 5.9 | 8.7 | 9.3 | 7.3 |
| > 600acres | 0.4 | 0.1 | 1.9 | 2.7 | 4.9 | 1.7 | 2.1 |

Table C.8 Age cross-tabulated with tenure, as a percentage of all farmland, 1997

| Tenure | <25 | 25-34 | 35-44 | 45-54 | 55-64 | 65-74 | >75 |
|----------------|-----|-------|-------|-------|-------|-------|-----|
| Operate solely | 0.4 | 1.4 | 6.3 | 7.2 | 7.6 | 5.1 | 2.7 |
| Operate w/help | 0.1 | 0.1 | 2.1 | 2.0 | 2.2 | 0.9 | 0.5 |
| Cash rent | 0.0 | 0.5 | 2.0 | 5.1 | 8.0 | 9.6 | 9.6 |
| Crop share | 0.4 | 0.2 | 2.1 | 3.1 | 5.0 | 6.4 | 6.5 |
| Other renting | 0.2 | 0.1 | 0.0 | 0.2 | 0.8 | 1.1 | 0.5 |

Table C.9 Age cross-tabulated with financing methods, as a percentage of all farmland, 1997

| Financing methods | <25 | 25-34 | 35-44 | 45-54 | 55-64 | 65-74 | >75 |
|-------------------|-----|-------|-------|-------|-------|-------|------|
| Free and clear | 0.7 | 0.2 | 4.3 | 6.8 | 13.2 | 17.4 | 17.2 |
| Under contract | 0.0 | 0.6 | 3.0 | 2.8 | 1.8 | 1.1 | 0.2 |
| Through mortgage | 0.5 | 1.5 | 5.2 | 8.0 | 8.5 | 4.6 | 2.4 |
| | | | TOTAL | | | | |
| | 1.2 | 2.3 | 12.5 | 17.6 | 23.5 | 23.1 | 19.8 |

Table C.10 Age cross-tabulated with the highest educational level obtained, as a percentage of all farmland, 1997

| Education | <25 | 25-34 | 35-44 | 45-54 | 55-64 | 65-74 | >75 |
|------------------------------|-----|-------|-------|-------|-------|-------|-----|
| Graduate work | 0.1 | 0.0 | 0.8 | 2.7 | 3.3 | 0.8 | 0.8 |
| Bachelors degree | 0.2 | 0.8 | 2.6 | 5.1 | 4.1 | 1.8 | 2.4 |
| Some college | 0.6 | 0.8 | 4.4 | 5.2 | 5.3 | 4.6 | 3.0 |
| High school graduate | 0.1 | 1.0 | 5.5 | 5.9 | 11.7 | 13.7 | 9.3 |
| Did not complete high school | 0.2 | 0.0 | 0.2 | 0.2 | 0.6 | 0.9 | 1.1 |

Table C.11 Age cross-tabulated with gender as a percentage of all farmland, 1982, 1992, and 1997

| Gender | <25 | 25-34 | 35-44 | 45-54 | 55-64 | 65-74 | >75 |
|--------------------|-----|-------|-------|-------|-------|-------|------|
| Gender 1982 | | | | | | | |
| Male | 0.6 | 6.1 | 8.3 | 13.1 | 11.4 | 8.1 | 6.1 |
| Female | 0.8 | 4.2 | 5.7 | 9.9 | 10.9 | 8.7 | 6.2 |
| Gender 1992 | | | | | | | |
| Male | 0.6 | 3.2 | 5.9 | 10.8 | 11.8 | 10.8 | 8.0 |
| Female | 0.0 | 2.8 | 4.8 | 7.7 | 9.4 | 12.7 | 10.8 |
| Gender 1997 | | | | | | | |
| Male | 0.8 | 1.7 | 7.9 | 10.2 | 13.9 | 11.6 | 7.5 |
| Female | 0.3 | 0.7 | 4.3 | 7.5 | 13.7 | 7.6 | 12.0 |

Table C.12 Land acquisition methods, as a percentage of all farmland for all landowners, 1997 regional data

| Acquisition method | State | NW | SW | N | NC | S | NE | E |
|--------------------|-------|-----|-----|-----|-----|------|------|------|
| Purchased | 61.9 | 6.0 | 5.9 | 3.5 | 6.8 | 12.8 | 11.8 | 15.1 |
| Inherited | 3.2 | 0.5 | 0.5 | 0.2 | 0.8 | 0.2 | 0.5 | 0.5 |
| Gift | 34.6 | 4.9 | 6.1 | 3.9 | 6.2 | 3.0 | 3.1 | 7.4 |

Table C.13 Age cross-tabulated with anticipated transfer method, as a percentage of all farmland, 1997

| Transfer method | <25 | 25-34 | 35-44 | 45-54 | 55-64 | 65-74 | >75 |
|------------------|-----|-------|-------|-------|-------|-------|-----|
| Will to family | 0.3 | 0.6 | 2.5 | 4.9 | 6.7 | 8.2 | 6.7 |
| Will to other | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 |
| Give to family | 0.1 | 0.3 | 1.5 | 1.5 | 2.3 | 1.6 | 1.0 |
| Give to other | 0.1 | 0.0 | 0.0 | 0.2 | 0.4 | 0.0 | 0.1 |
| Sell to family | 0.0 | 0.2 | 2.1 | 2.8 | 2.8 | 2.2 | 2.8 |
| Sell to other | 0.1 | 0.3 | 1.9 | 2.9 | 1.9 | 2.0 | 1.4 |
| Put in trust | 0.2 | 0.4 | 1.5 | 2.5 | 2.9 | 3.0 | 1.0 |
| Other/don't know | 0.4 | 0.5 | 2.9 | 2.8 | 6.3 | 6.1 | 6.6 |

Table C. 14 Age cross-tabulated with the various conservation programs, 1997

| Conservation program | <25 | 25-34 | 35-44 | 45-54 | 55-64 | 65-74 | >75 |
|----------------------|-----|-------|-------|-------|-------|-------|------|
| CRP | 1.3 | 1.6 | 13.4 | 11.4 | 27.6 | 15.9 | 15.8 |
| WRP | 0.0 | 0.0 | 1.3 | 1.5 | 1.4 | 0.0 | 2.8 |
| EQIP | 0.0 | 0.0 | 0.0 | 0.0 | 1.5 | 1.4 | 2.9 |

Table C.15 Percentage of farmland owned by ownership type cross-tabulated with Iowa residency, 1997

| Ownership Type | All owners | Resident owners | Nonresident owners |
|-----------------------------|------------|-----------------|--------------------|
| Sole owners | 31.2 | 31.9 | 27.7 |
| Husband and wife | 39.1 | 43.9 | 9.6 |
| Other joint/co-owners | 5.6 | 5.4 | 7.4 |
| Partnerships | 4.0 | 3.3 | 7.1 |
| Estates | 2.7 | 2.5 | 4.1 |
| Trusts | 7.4 | 6.0 | 15.5 |
| Corporations | 5.3 | 4.4 | 11.2 |
| Limited liability companies | 4.7 | 2.7 | 17.5 |

Table D.1 Coefficients of variation in percent for each ownership type, state-wide data, 1982, 1992, and 1997

| Ownership type | 1982 | 1992 | 1997 |
|---------------------------|------|------|------|
| Sole owners | 7.3 | 7.8 | 7.7 |
| Joint tenants | 7.5 | 7.3 | 7.1 |
| Other co-owners | 18.4 | 13.9 | 12.1 |
| Partnerships | 45.3 | 25.7 | 23.1 |
| Estates | 20.3 | 23.7 | 21.1 |
| Trusts | 46.8 | 19.0 | 23.3 |
| Corporations | 7.9 | 7.7 | 7.7 |
| Limited liability company | | | |

Table D.2 Coefficients of variation in percent for each ownership type, 1997 regional data

| Ownership type | NW | SW | N | NC | S | NE | E |
|---------------------------|-----|-----|-----|-----|-----|-----|-----|
| Sole owner | 2.3 | 2.2 | 2.6 | 3.4 | 3.2 | 3.5 | 2.1 |
| Joint tenants | 2.1 | 1.7 | 1.4 | 1.1 | 3.3 | 4.1 | 2.8 |
| Other co-owner | 1.1 | 4.1 | 3.1 | 1.1 | 2.1 | 1.9 | 5.1 |
| Partnerships | 5.7 | 3.4 | 5.1 | 8.1 | 7.1 | 5.1 | 9.5 |
| Estates | 8.2 | 6.3 | 5.5 | 4.2 | 6.1 | 5.7 | 7.2 |
| Trusts | 5.7 | 9.4 | 5.4 | 6.1 | 4.4 | 5.1 | 3.2 |
| Corporations | 5.1 | 1.2 | 3.2 | 2.5 | 1.4 | 2.6 | 3.4 |
| Limited liability company | 2.1 | 4.5 | 4.7 | 7.8 | 5.4 | 6.6 | 3.5 |

Table D.3 Coefficients of variation in percent for tenure of land ownership, 1982, 1992, and 1997 as a percentage of farmland, all landowners

| Tenure | 1982 | 1992 | 1997 |
|----------------|------|------|------|
| Operate solely | 4.3 | 4.7 | 5.2 |
| Operate w/help | 38.0 | 38.0 | 34.2 |
| Cash rent | 9.2 | 9.5 | 9.1 |
| Crop share | 8.9 | 9.6 | 8.4 |
| Other renting | 34.9 | 38.7 | 44.3 |

Table D.4 Coefficients of variation in percent for percentage of all farmland owned by tenure, 1997 regional data

| Tenure | STATE | NW | SW | N | NC | S | NE | E |
|----------------------|-------|------|------|------|------|------|------|------|
| Operate solely | 3.4 | 2.3 | 2.6 | 3.4 | 2.1 | 2.8 | 2.7 | 3.3 |
| Operate w/hired help | 33.4 | 33.6 | 34.2 | 39.1 | 31.9 | 32.7 | 34.9 | 30.5 |
| Cash rent | 7.8 | 8.5 | 4.5 | 9.5 | 6.3 | 7.8 | 8.9 | 5.4 |
| Crop share | 5.9 | 6.6 | 8.6 | 9.4 | 5.8 | 8.3 | 4.9 | 7.7 |
| Other renting | 22.4 | 29.8 | 55.4 | 25.4 | 36.2 | 34.8 | 34.7 | 36.8 |

Table D.5 Coefficients of variation in percent for percentage of all farmland managed by a professional farm manager, 1982, 1992, and 1997

| Professional farm manager | 1982 | 1992 | 1997 |
|---------------------------|------|------|------|
| | 24.0 | 28.7 | 27.3 |

Table D.6 Coefficients of variation in percent for percentage of all farmland by financing method, all owners, 1997 regional data

| Financing method | STATE | NW | SW | N | NC | S | NE | E |
|------------------|-------|------|------|------|------|------|------|------|
| Debt free | 11.7 | 20.5 | 13.5 | 11.5 | 21.8 | 17.9 | 16.3 | 17.3 |
| Under contract | 18.9 | 17.8 | 22.3 | 24.5 | 28.6 | 27.5 | 24.5 | 28.9 |
| Through mortgage | 13.4 | 18.9 | 14.7 | 16.7 | 16.3 | 17.5 | 15.8 | 19.4 |

Table D.7 Coefficients of variation in percent for all farmland held in various sizes of owned acreage by all owners, 1982, 1992, and 1997

| Size (acres) | 1982 | 1992 | 1997 |
|--------------|------|------|------|
| < 80 | 9.9 | 13.1 | 21.3 |
| 81-240 | 5.2 | 5.4 | 6.4 |
| 241-600 | 4.9 | 5.3 | 4.3 |
| >600 | 11.8 | 9.6 | 7.4 |

Table D.8 Coefficients of variation in percent for farmland by age of farmland owners in stages of the life cycle, 1982, 1992, and 1997

| Age group | 1982 | 1992 | 1997 |
|-----------|------|------|------|
| <25 years | 55.6 | 80.2 | 87.1 |
| 25-34 | 17.8 | 23.6 | 22.3 |
| 35-44 | 13.2 | 15.1 | 11.3 |
| 45-54 | 10.1 | 11.4 | 9.5 |
| 55-64 | 8.6 | 9.1 | 7.9 |
| 65-74 | 11.6 | 9.5 | 10.2 |
| >74 | 13.3 | 9.9 | 11.8 |

Table D.9 Coefficients of variation in percent of farmland owned by age cross-tabulated with size of owned acreages, 1997

| Size | <34 | 35-64 | >65 |
|---------------|------|-------|------|
| 0-99 acres | 24.0 | 13.1 | 17.9 |
| 100-279 acres | 21.5 | 6.8 | 10.2 |
| 280-519 acres | 32.6 | 8.0 | 16.2 |
| >519 acres | 46.9 | 13.5 | 28.4 |