Farmland Ownership and Tenure in Iowa 2012

IOWA STATE UNIVERSITY
Extension and Outreach

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Executive Summary

Farmland Ownership and Tenure in Iowa 2012 carries out the mandate of the Iowa Legislature. This study focuses on forms of ownership and tenancy of farmland in Iowa in 2012. The purpose of the study is to document the current situation with respect to Iowa farmland. In addition, this study compares and contrasts the current situation with that found in earlier studies.

The previous survey of land ownership in Iowa was conducted in 2007. This means the current survey, 2012, covers the fourth largest five-year rise recorded in Iowa farmland values.

The dramatic changes in farm income and land values occurring during this time period altered many of the trends that had been established in farmland ownership.

The 2012 survey is based on a sample of 40-acre tracts of farmland. This means data will be presented as a percent of farmland. It is important to keep the distinction between percent of farmland versus the percent of farmland owners in mind, especially when comparing different surveys. Two earlier studies in 1946 and 1978 presented both the percent of farmland and the percent of farmland owners. The 2012 study allows comparison between percent of farmland and percent of farmland owners for specific variables. In some cases, the difference is not significant but in other cases there is a difference.

In spite of the fact most of the earlier studies were on the basis of farmland owners, some mention of the historical changes in age seems warranted. Based on the Census of Agriculture in the North Central Region, from 1890 to 1930 approximately one-third of the owners were over 65 years of age. In the 1935 and 1940 U.S. Census of Agriculture, this increased to 40 percent due primarily to the ownership changes occurring because of the Great Depression and World War II. In 1945, the percentage dropped to the pre-depression levels of approximately one-third. There were some slight changes over time and, by 1982, 29 percent of the land was owned by those over 65 years old.

One of the major changes was the increasing age of the farmland owner. In 2012, over half the farmland (56 percent) in Iowa was owned by people over the age of 65. This was only 1 percent higher than in 2007. From 1982 to 1992, the percentage of land owned by people over 65 was just 29 percent. This percentage increased to 42 percent over the decade 1982 to 1992. From 1992 to 2002, there was a 6 percent increase; another 7 percent increase in the amount of land held by those over 65 years of age occurred from 2002 to 2007. The 1 percent increase from 2007 to 2012 could be a sign the age of farmland owners is reaching some sort of equilibrium or it may just be a sign of the boom period, 2007 to 2012.

A second major trend that had been observed was the increasing amount of land that is cash rented. Farmland that was leased was equally divided between cash rent and crop share leases in 1982. By 2012, 77 percent of the leased farmland was under a cash rent arrangement. This is the same amount of cash rented land that was observed in the 2007 survey.

The trend away from crop share to cash rent agreements is due to two primary reasons. As landlords become more dispersed, payment in grain becomes much more of a burden, especially for those unfamiliar with agricultural markets. A second reason is the increase in the number of landlords a tenant has today. The more landlords there are, the more burdensome it becomes to keep grain differentiated by owner.

A third major trend that stopped was the shift of land ownership away from people who are not full-time residents of the state. In 2012, 79 percent of the land was owned by people who were full-time residents. In 1982, 94 percent of the land was owned by full-time residents. In 2012, 14 percent of the land was owned by people who were not legal residents of the state and 7 percent is owned by part-time residents of Iowa. These are the exact same percentages found in the 2007 survey.

The Iowa land market is very dynamic and fluid. In 2012, we saw a continued change in the ownership patterns with more land going into trusts. In 2012, almost 20 percent of the land was owned by a trust. In addition, 5 percent of the farmland was owned by more than one entity (two trusts, two corporations, one trust one person, and so on).

Three-fourths of Iowa's farmland is held without debt. Willing the land to family increased as the most popular method of transferring the land, accounting for almost half, 53 percent, of the farmland. The next most popular method for transferring farmland is putting it into a trust.

Being a good steward of the land and someone the landlord knows personally were the two most important reasons why a landowner chooses a tenant. Knowing the tenant was more important than the tenant being a family member.

Farmland is owned for three primary reasons. Fifty-six percent of the land is owned for current income and 19 percent is owned for a long-term investment. Another 22 percent of the land is owned by those who identified family or sentimental reasons as their primary reason for owning it. This represented a change from 2007 when more people owned their land as a long-term investment versus current income.

A comment often heard is that more land would be sold if it wasn't for the capital gains tax. This survey found that the capital gains tax did influence some people's decisions regarding whether or not to sell their land but the majority of people felt the tax had no impact on their decision.

I. Introduction

Iowa land values have increased dramatically in the past few years. Since 2007, the last time this survey was conducted, land values have more than doubled, increasing 112 percent in five years[1]. The biofuels demand and other factors led to an increase of 64 percent in farmland values over just the past two years.

The percent of farmland owned by people over the age of 75 has more than doubled over the past two decades. Today over half the Iowa farmland is owned by someone 65 years old or older. Given normal life expectancy, this means we could see a substantial amount of Iowa farmland change ownership over the next several years. Some of this land may simply be passed to the next generation, who would be in their 60s or 70s, but some land may skip generations or simply be sold.

What do the record land values and aging farmland owners portend for the future? Who owns Iowa farmland and how it will be farmed could change considerably over the next decade. The information presented in this report provides a snapshot of where we are today, where we have been, and where we might be headed with respect to farmland ownership.

Concern over farmland ownership and tenure can be traced back to the founding of our country. Throughout the 20th century, there were several periods where farmland ownership and the impact of alternative forms of tenure were of considerable importance. During the Great Depression over half of the farms in Iowa were tenant farms. In other words, the farmer owned no land at all. This situation has changed considerably. Today, we have the majority of farmland farmed by people who own some of the land they farm but rent most of it. Approximately 30 percent of Iowa farmers are part owners and they farm over 60 percent of Iowa's farmland. Only 12 percent of the farms are tenant farms.

Changes in technology have allowed one person to farm more land. Technology continues to change and increase the amount of land one person can farm. It also allows a person to remain active in farming to a later age.

The impact of technology, the impact of demand shifts for biofuels, the impact of the aging farmland owner, and a myriad of other factors all indicate there will be changes in Iowa farmland ownership. It is against this background of change that the survey reported here was conducted.

[1] Iowa Land Value Survey, 2012; ISU Extension Publication, Revised Dec 2012 FM 1825.

The 2012 Land Ownership Study carries on the tradition of surveys conducted in 1949, 1958, 1970, 1976, 1982, 1992, 1997, 2002, and 2007. This series of studies concerning land ownership is unique to Iowa.

The 1958 Iowa survey began analyzing regions within Iowa. These are regions identified in the 1950 U.S. Census of Agriculture. This same regional approach has been continued, allowing for the observation of regional developments.

The 2012 survey was structured so that the results can also be presented on the Crop Reporting Districts created by the USDA. This will allow more comparisons with the results in other studies.

The 2012 survey also provides the opportunity to compare whether or not a survey is of farmland or of farmland owners. This distinction is important not only for statistical validity but also for circumstances in which the ownership and owners are skewed.

Each of the earlier surveys was conducted to accomplish several objectives. In addition to considering many of the objectives covered in earlier surveys, the 2012 study was carried out as a result of legislation passed by the 73rd Iowa General Assembly. The Legislature passed Chapter 319, Section 71 of the Acts of the General Assembly in 1989, which was amended in 1992, Chapter 1080, Section 1, to read:

- ***Iowa Code***

  Iowa State University of Science and Technology shall conduct continuing agricultural research to provide information about environmental and social impacts of agricultural research on the small or family farm and information about population trends and impacts of the trends on Iowa agriculture, in addition to research that may include the categories specified in Section 266.39B, Subsection 2. The research shall include an agricultural land tenure study conducted every five years to determine the ownership of farmland, and to analyze ownership trends, using the categories of land ownership defined in Chapter 9H. The study shall be conducted on the basis of regions established by the university. A region shall be composed of not more than twenty-three contiguous counties.

- **Dimensions of the Study: Ownership and Tenure**

The 2012 study continued the analysis from the previous studies, examining both land ownership and tenancy. Where appropriate, the results of the 1982, 1992, 2002, and 2007 studies are compared with the analysis presented here. The 1997 results may also be presented but, in the interest of simplicity in comparison, only data from 1982, 1992, 2002, and 2007 are presented in most tables.

The concept of "land tenure" refers to the manner in which or the period for which rights in land are held. Additionally, land tenure consists of the social relations and institutions governing access to and ownership of land. Tenure describes the rights the landowner maintains or the rights given to the tenant. With increased environmental protection emphasis, several modifications in tenure arrangements have developed including acquisition of easements by private and governmental organizations to obtain partial interests in land. Also, in recent decades professional farm managers have been entrusted 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.

There are two unique features in the 2012 survey not found in the earlier surveys. First, there were questions added regarding the use and nature of trusts being used as a form of land ownership. Trust use has risen dramatically over the past several years.

The 2012 survey also allows some statistical presentation based on the number of farmland owners as well as the percent of farmland. To some people this is a minute distinction but statistically it is very important. As will be explained later, the survey here is designed to report on farmland so unless noted, the statistics are percent of farmland.

The 2012 trust study is being conducted in conjunction with the Drake University Agricultural Law Center.

The 2012 survey was sponsored by the Iowa State University College of Agriculture and Life Sciences. The ISU Extension and Outreach program and the Department of Economics also provided support. The 2012 survey was funded in part by the Iowa State University Leopold Center for Sustainable Agriculture. Additionally, the Iowa Chapter of the American Society of Farm Managers and Rural Appraisers contributed to this effort. Their contributions are greatly appreciated and acknowledged.

Jan Larson and other members of the Iowa State University Center for Statistics and Methodology helped with constructing the survey, developing appropriate methodology, and collecting the data. Faculty and retired faculty from the Iowa State University Statistics Department were involved with selecting the sample and developing appropriate weights for each observation.

See Appendix B for a complete presentation of the methodology and statistical procedures used in this study.

II. Survey Methods

• The 2012 Survey

The 2012 survey was conducted by telephone by the Iowa State University Center for Statistics and Methodology. Telephone interviews were conducted between November 2012 and January 2013. All questions were asked in reference to land owned on July 1, 2012. Survey questionnaires were completed by trained telephone interviewers who edited and checked the responses for consistency. See Appendix C for a copy of the survey instrument.

Table 2.1 compares the 1958, 1970, 1976, 1982, 1992, 1997, 2002, 2007, and 2012 Iowa farmland ownership surveys in terms of their survey method, number of landowners in the sample, number of usable responses, and percentage of usable responses.[2] The 1949 survey results were conducted for the entire Midwest; therefore, the 1949 study was not comparable to the surveys in Table 2.1 that were conducted for Iowa alone.

Table 2.1: Comparison of usable response rates obtained in land ownership surveys

Year	Method of survey	Landowners in sample (number)	Usable responses (number)	Usable responses (percent)
1958	Mail	11,022	2,576	23
1970	Mail	12,520	3,216	26
1976	Mail	4,392	1,503	34
1976	Phone	1,044	743	71
1982	Phone	1,065	992	93
1992	Phone	1,053	940	89
1997	Phone	861	656	76
2002	Phone	795	633	80
2007	Phone	794	557	70
2012	Phone	794	555	70

[2] See the following for discussions of past year surveys:
M. Duffy, et al. *Farmland Ownership and Tenure in Iowa, 2007*, ISU Extension Publication PM 1983, revised, November 2008.
M. Duffy, et al., *Farmland Ownership and Tenure in Iowa 1982 – 2002: A Twenty Year Perspective*, ISU Extension Publication PM 1983, July (2004).
T. Jackson, *Iowa Farm Ownership and Tenure*, ISU Dept. of Economics Thesis (1989).
B. D'Silva, *Factors Affecting Farmland Ownership in Iowa*, ISU Dept. of Economics Thesis (1978).
R. Strohbehn, *Ownership Structure of Iowa Farm Land*, ISU Thesis (1959).

• General Sample Selection

Parcels of land in each county were scientifically chosen on a random basis in 1988. All agricultural land owned in Iowa had the opportunity to be included in the general sample. The same parcels were used for the 1992, 1997, 2002, 2007, and 2012 surveys.

The sample unit or parcel was a quarter of a quarter section of land: a 40-acre tract. Persons owning land within this sample unit were then identified and became the potential respondents for the survey.

The state was divided into seven regions ranging in size from 7 to 23 counties. Within regions, the sample was allocated to counties in approximate proportion to their geographic areas (excluding non-farmland areas). The largest county, Kossuth, had 18 sample units whereas the 15 smallest counties had five samples each. The sample units were selected in two stages. The first stage assured a geographic dispersal of sample sections over the county in a systematic manner. The second stage selected a single 40-acre unit at random within each sample section within each county.

The use of special regions has historical basis and was continued in 2012. But, in 2012, the data was also tabulated so that statistics can be presented on the basis of crop reporting districts. These districts are used by the USDA. Presenting the data on a crop reporting district basis will allow broader comparisons with other data across comparable regions.

Legal descriptions of selected 40-acre parcels from this sampling procedure were sent to county auditors before each survey. The auditors provided information about the owners of land within the sample 40-acre units. The owners of record or their representatives as identified by the county auditors were then surveyed as respondents.

Some of the 40-acre parcels had more than one ownership unit. Each ownership unit was treated as a separate entity. For example, the 705 sample parcels had 957 separate ownership units. Of these, 794 were included in the survey.

Some of the ownership units had multiple owners. Where there was more than one owner for the ownership unit (other than husband and wife), one owner was randomly selected for inclusion in the demographic description portion of the survey

to be used for weighted calculations. The sampling design for selecting a person among all the owners of the parcel was equal-probability sampling.

See Appendix B for a complete description of the sampling methodology used for the 2012 survey.

• Geographical Regions Used in 2012

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 2012 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 – 7 counties including Osceola, Dickinson, Emmet, Kossuth, Clay, Palo Alto, and Hancock.

4. North Central 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.

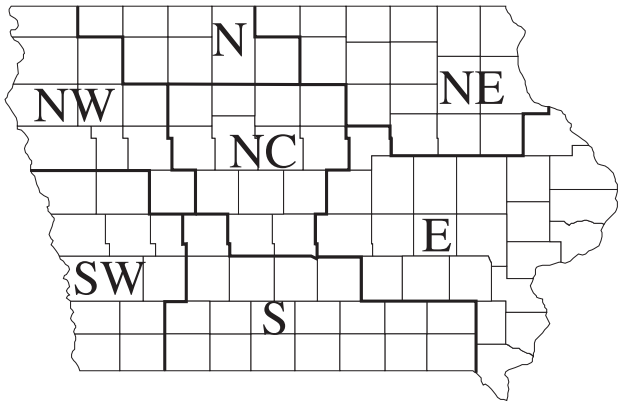

Figure 2.1: Iowa regions used in 1958, 1970, 1976, 1982, 1992, 1997, 2002, 2007, and 2012 survey

Figure 2.2 shows the crop reporting districts developed by the USDA. The 2012 survey added analysis on the basis of two regional distinctions. The reason is because the law requires the use of the regions. But, using crop reporting districts make the data more compatible with USDA definitions and allows better comparison with other data sources.

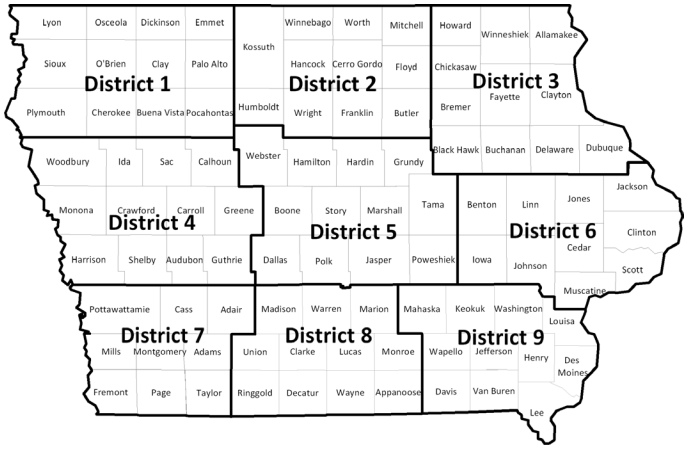

Figure 2.2: Iowa Crop Reporting Districts used in the 2012 survey

• 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 and other government programs.

In 2012, the sample was aggregated so that it is possible to make some inferences to the percent of owners as well as the percent of the farmland owned. The expansion to number of owners is only possible when the specific question is based on demographics not the farmland. Comparing percent of farmland and percent of owners allows us to make inferences regarding the size impact.

The 2012 study was conducted in a manner similar to the 1982, 1992, 2002, and 2007 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, unless noted, was completed using the percentage of farmland for statistical weighting.

Hypothesis testing is a statistical tool used to determine if change is significantly different from zero and at what levels. Changes from 1982, 1992, 2002, and 2007 to 2012 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.

III. Land Ownership

The majority of this study focuses on the characteristics of the landowner analyzed in relation to the land owned. However, due to some special weighting and additional questions, we are able to present data on the basis of farmland owners. In most cases, the difference between the percent of farmland and the percent of farmland owners is not great. However, statistically, the distinction between farmland and farmland owners should be considered. The owner/land distinction allows a clearer focus on the changes occurring in the ownership structure of the land.

Table 3.1 presents an overall summary of land ownership and use in Iowa. The percentage of land rented has not changed for the past few decades. The biggest change is in the amount of land that is cash rented using a flexible lease arrangement. Land tenure will be discussed in a later chapter.

Table 3.1: Distribution of Iowa farmland by control, 2012

	Percent	Percent	Acres
Operator controlled	45		13,729,903
Operator acres		37	11,267,160
Custom farmed		3	864,210
Government programs and other uses		5	1,598,533
Rented acres	55		17,017,647
Cash rent (fixed)		34	10,485,951
Cash rent (flexible)		8	2,407,493
Crop share		12	3,767,555
Other		1	356,649
Total	**100**		**30,747,550**

The first data analyzed in this study reveal the ownership patterns from the 2012 Farmland Ownership Survey. The following areas of farmland ownership are considered:

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

• Ownership Type

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

1. Sole owner
2. Joint owners (husband and wife only)
3. Other co-ownership
4. Partnership
5. Life estate
6. Unsettled estates
7. Trust
8. Corporation
9. Limited liability company
10. Government owned

Joint tenancy of agricultural land in Iowa predominantly involves a husband and wife as joint tenants. Joint tenancy 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. With joint tenancy, 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 of a business for profit. General partnerships involve unlimited liability of the individual partners 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. Because of the small numbers of the different types of partnerships, these were all listed under the general title partnership.

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. The use of trusts has increased dramatically over the past several years. In 2012, a special study of trusts was conducted using data from the Iowa land ownership survey. This study, in conjunction with the Agricultural Law Center at Drake University, was funded by the Leopold Center for

Sustainable Agriculture. The results of this study will be reported elsewhere.

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

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 3.2 presents the survey results regarding division of Iowa farmland by ownership type. Table 3.2 compares the 1982, 1992, 2002, 2007, and 2012 survey results.

Based on the 2012 survey, it is estimated that 7 percent of Iowa farmland is owned by corporations. Compared with the earlier surveys, the amount of farmland of this type has remained relatively stable for the past 25 years.

Sole and joint owners continue to own the majority (57 percent) of the state's farmland. Sole owners own 25 percent and joint owners 32 percent of the farmland. These numbers are down from the 1982 survey, which reported 80 percent for the combined groups. It is interesting to note, however, that the majority of trusts are either sole owner or a couple.

Table 3.2: Percentage of farmland owned by land ownership type, 2012

	1982	1992	2002	2007	2012
Sole owner	41%*	38%*	28%	29%	25%
Joint tenancy	39%*	38%*	37%*	35%	32%
Tenancy in common	7%	7%	12%*	10%	8%
Partnership	0%*	2%	2%	3%	3%
Estates	4%	3%	4%	3%	3%
Trusts	1%*	5%*	8%*	10%*	17%
Corporations	8%	8%	7%	9%*	7%
LLC	N/A	N/A	1%*	1%*	5%
Government/institution	N/A	N/A	1%	1%	>1%

* Indicates significant differences relative to the 2012 survey at the 5 percent level.

Tenants in common held 8 percent of the farmland in 2012. Estimates for the remaining farmland owned by the other categories are trusts (17 percent), estates (3 percent), partnerships of all types (3 percent), and LLCs (5 percent).

The continued decrease in the percent of land owned as tenants in common is somewhat surprising. As will be discussed later, a majority of the land will be passed to the family. In many cases, there are multiple heirs and so it would be expected to see an increase in the tenant in common ownership. This possible relationship may be masked by the amount of land in trusts. Land held in trusts has shown a dramatic increase, going from just 1 percent of the land in 1982 to 17 percent in 2012.

• 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 for all Iowa farmland is offered in this chapter.

Table 3.1 shows that 45 percent of the land was controlled by the owner, whereas 55 percent of the land was leased. Table 3.3 presents a more detailed examination of changes occurring over time. This table excludes the government conservation acres and custom farmed acres. Government conservation was not as prevalent in 1982 and although the owner controls the land, Table 3.3 attempts to show who is operating the land.

The distribution of farmed land among the various types of tenure arrangements remained unchanged in 2012 relative to 2007. This is without the CRP, other conservation, or custom farmed acres. Custom farmed acres increased in 2012 but the acres in CRP and in other conservation programs showed a considerable decrease from 2007 to 2012. In spite of the results for 2012, Table 3.3 does show the trend toward more cash rented land. In 1982, cash rented land and land with a crop share lease each accounted for 21 percent of the land. By 2007, cash rent accounted for 46 percent of the land and crop share leased land was only 13 percent of the land. The distribution of farmland by tenure type did not change from 2007 to 2012. The amount of land that is owner-operated has been steadily declining since 1982, going from 55 percent to just 40 percent in 2007. The 2012 results continued to show the amount of land that is cash rented is greater than the amount of land that is owner operated. Remember that Table 3.3 does not include acres participating in a government program.

Table 3.3: Distribution of Iowa farmland by tenure [a]

	1982	1992	2002	2007	2012
Owner-operated	55%*	50%*	41%	40%	40%
Cash rent lease	21%*	27%*	40%	46%	46%
Crop share lease	21%*	22%*	18%*	13%	13%
Other type of lease	1%	1%	1%	< 1%	<1%

[a] *Does not include CRP or custom acres.*

* Indicates significant differences relative to the 2012 survey at the 5 percent level.

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 3.4 shows that the percentage of land managed by farm managers across the state for all ownership types is the highest it has been in the survey period.

For corporation-owned land, farm manager use has more than doubled since 1982, going from 6 percent of the corporate owned farmland to 15 percent.

Table 3.4: Percentage of farmland managed by a professional farm manager by ownership type

	1982	1992	2002	2007	2012
All acres	2%	5%	4%	4%	7%
Non-corporate	2%	4%	4%	3%	6%
Corporate	6%	9%	14%	13%	15%

It is interesting to note that 44 percent of the professionally managed farmland acres are owned as a trust. Corporations and sole owners make up most of the remainder of the professionally managed farm management acres.

Of those using professional farm managers, over two-thirds of the acres (68 percent) paid a share of the gross income as the fee. The payments ranged from 5 to 10 percent of the gross income, with an average of approximately 8 percent.

• Methods of Financing Iowa Farmland

Interest rates for purchasing farmland were approximately 5 percent at the time of the 2012 study. There was considerable variation in interest rates depending on the financial position of the borrower.

In 1982, interest rates were just beginning to decrease after a record high in 1981. During this same time period, Iowa was experiencing a record decrease in farmland values. Farmland values have risen almost every year since 1986 following the farm debt crisis of the mid-1980s. In 2007, land values began a record increase and, except for 2009, land values have increased by over 10 percent a year. Since 2007, land values have increased 112 percent, from $3,908 to $8,296 per acre.

It is against this backdrop of record high land values and record low interest rates that the 2012 survey examines the ownership of Iowa farmland. Table 3.5 shows the change in financial position from the farm crises of the 1980s to the farm boom of 2012.

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
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.

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

The other 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 the title. Table 3.5 shows the percentage of land owned in each of these groups.

Table 3.5: Finance method as a percent of farmland

	1982	1992	2002	2007	2012
Free of debt	62%*	70%*	74%	75%	78%
Under contract	18%*	11%*	4%	4%	3%
Mortgaged	20%	19%	22%*	21%*	19%

* Indicates significant differences relative to the 2012 survey at the 5 percent level

The percentage of land without debt continued to increase in 2012; over three-fourths of the land was held without debt. This was significantly higher than in 1982 when the state was just entering the farm debt crisis.

Overall, there was very little change in the financing of Iowa farmland comparing 2012 to 2002. There has been a noticeable change since 1982 when only 62 percent of the land was held without debt and 18 percent was under a contract. Contracting was a popular method of financing during the period of rapidly increasing land values in the 1970s. The high percentage of land under contract was one of the problems in the 1980s because people with a contract can forfeit the land easier than when there is a mortgage. The increase in land on the market was just one of the many land problems in the early 1980s. The evidence indicates we have not seen a return to the use of contracts during the current land boom.

• 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
4. Land was obtained in some other manner

Purchased land may involve a purchase contract, a note and mortgage, or land that is purchased with cash. Gifts assume a living donor at the time of the 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 3.6 shows percentage estimates for these acquisition methods.[3] Twenty-seven percent of the land was acquired without encumbrance by gift or inheritance, and 72 percent was acquired by purchase. Older farmers tend to have more purchased land and less inherited land relative to their younger counterparts.

Table 3.6: Percent of Iowa farmland based on the method of acquisition

	1997	2002	2007	2012
Purchase	62%*	72%	73%	74%
Gift	3%	3%	3%	4%
Inherited	35%*	25%	23%	23%
Other	0%	0%	<1%	1%

* Indicates significant differences relative to the 2012 survey at the 5 percent level.

Additional research examining the issue of how the land is acquired and in what manner is being conducted. The insights gained from this research will help predict the possible future directions for the Iowa land market based on past actions.

• Length of Ownership

Length of ownership is an important indicator of ownership turnover. The 2012 study documented the changes in land ownership. Table 3.7 shows the current pace of ownership turnover. Using July 1, 2012, as a cutoff date, an estimated 45 percent of the land has been acquired since 1992. From 1983 to 1992, 19 percent of Iowa farmland was acquired by the current owner. Notice that 24 percent of the land has been acquired during the past decade, whereas 20 percent was acquired before 1972.

An average of 1.5 percent of Iowa's farmland changes hands every year. About three-fourths of the exchanges are by purchase and approximately one-fourth is by inheritance. Although these numbers vary from the stated intentions for the land (presented later), the cause is probably due to the increasing age of landowners. Whether or not this trend reverses itself remains to be seen.

Table 3.7: Percent of Iowa farmland based on the year of acquisition, 2012

1972 and earlier	20%
1973 - 1982	15%
1983 - 1992	19%
1993 - 2002	21%
2003 - 2012	24%

• Summary

Chapter III examined land ownership patterns and analyzed changes from 1982. The following conclusions may be drawn.

- Sole and joint owners continue to be the major landowners in Iowa with combined ownership of 57 percent of all farmland.
- The percent of farmland that is owner-operated and not in government conservation programs or custom farmed remained unchanged in spite of the decrease in conservation acres.
- The distribution of farmed acres between cash rent and crop share remained the same in 2012 relative to 2007. The amount of land that is cash rented continues to increase. In 1982, the amount of land cash rented was 21 percent of Iowa's farmland and equal to the percent of the land that was crop share rented. By 2012, the amount of land cash rented had increased to 42 percent of all farmland, while the amount that is crop shared has dropped to 12 percent. The trend away from crop share to cash rent seems to have slowed in 2012. This change may be due to the increasing use of flexible cash rent leases, which have some crop share characteristics.

[3] Question for Table 3.6 was not asked in the 1982 and 1992 surveys.

- The amount of farmland held without debt continues to increase. In 2012, over three-fourths of all the Iowa farmland was held without debt. The amount of land under a purchase contract has dropped significantly since 1982, from 18 percent in 1982 to 3 percent in 2012. The amount of farmland with a mortgage has remained essentially unchanged over the past two decades.

- The amount of farmland acquired through purchase continues to increase. In 2012, three-fourths of the farmland, 74 percent, had been purchased. This is up from 62 percent in 1997.

- There appears to be some indication the amount of land changing hands every year is increasing but this will need further study. What has continued is that purchasing is the most commonly used method for transferring land.

IV. Demographics

This chapter focuses on the characteristics of Iowa farmland owners and their demographics including age, residency, education, and occupation. The demographics of owners are expressed on the basis of the percentage of farmland owned. Demographics for the 1982, 1992, 2002, and 2007 studies are provided as a means of comparison with the 2012 study.

The demographics analyzed include:

- The age of the owner and age cross-tabulated with the financing methods used to acquire land
- Residency and occupancy (whether the land is owned by residents of Iowa and if they live on the land they own)
- Highest education completed and education cross-tabulated with age
- Occupation
- Gender and marital status

The 2012 survey allows comparison of results for both percent of farmland and percent of farmland owners. This comparison will be presented if it is statistically valid to examine the data in both ways.

• Age

The age of a landowner affects probabilities of land transfer in the future. Land ownership turnover is of interest to state and local leaders because it may reflect conditions in the agricultural economy and carries implications for agriculture's future in the state. Tenure of the land tends to change with the stage in the life cycle as measured in years. Transfer and tenure of land are both age-sensitive.

In 1982, approximately 11 percent of Iowa's farmland was owned by people 34 years old or younger (Table 4.1). In 1992, the percentage of land owned by people in this category had dropped to just 7 percent. By 2007, only 2 percent of the farmland was owned by people in the younger-than-34-years-old category. But, the percent of land owned by those in the early stages of their careers actually increased slightly from 2007 to 2012. This is a reflection of the time period. The past five years have been exceptionally profitable and many young people are coming back to the farm or getting started farming themselves.

The percentage of land held by those in the mid-stage years, 35 to 64 years old, also dropped, although the magnitude of the drop depended upon the specific age category. The two youngest age categories in the mid-stage dropped significantly from 1982 to 2012. The percentage of land held by those in the 55 to 64 age bracket has not changed since 1982. Overall, however, the amount of land owned by those in mid-stage has dropped from 59 percent in 1982 to just 41 percent in 2012.

Over half (56 percent) of the farmland in Iowa was owned by people over the age of 65. Owners over 75 years of age have increased their percent of acreage from 12 percent in 1982 to 30 percent in 2012. These results suggest a turnover in land ownership can be expected in the near future. But, it should be noted the percentage of land held by those over 65 years old did not change much in the past five years. For a more detailed discussion, see Chapter V concerning land tenancy patterns and age and Chapter VI for more detail on the anticipated transfer of farmland in Iowa cross-tabulated with age.

Table 4.1: Percentage of farmland by age and life cycle stage of owner

	1982	1992	2002	2007	2012
Early stage					
< 25	1%*	1%*	0%	<1%	1%
25 - 34	10%*	6%*	3%	2%	3%
Mid-stage					
35 - 44	14%*	11%*	10%*	6%	5%
45 - 54	23%*	18%	16%	15%	14%
55 - 64	22%	21%	23%	22%	22%
Late stage					
65 - 74	17%*	23%	24%	27%	26%
> 74	12%*	19%*	24%*	28%	30%

* Indicates significant differences relative to the 2012 survey at the 5 percent level.

Table 4.2 compares the percentage of acres and the percentage of owners based on age. In the past, this survey has not been able to make this comparison. This difference is important because we often see different surveys that are surveys of just owners. Table 4.2 shows that, at least based on age, there are some differences between the acres and owners, especially in the later stages of age.

Table 4.2 shows the progression of land ownership throughout one's life. In mid-stage, there is a tendency for more owners than acres but by late-stage there are more acres than owners. Those over 75 years of age represent 24 percent of the owners but they own 30 percent of the land.

Table 4.2: Percentage of farmland owners and acres by age and life cycle, 2012

	Owners	Acres
Early stage		
< 25	1%	1%
25 - 34	2%	3%
Mid-stage		
35 - 44	8%	5%
45 - 54	21%	14%
55 - 64	23%	22%
Late stage		
65 - 74	21%	26%
> 74	24%	30%

• 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 increased substantially for those over 65 years old. But, the percentage for the mid-stage owners slightly decreased and the percentage of land held debt free by those in the early stages remained unchanged from 1992. The percentage of land held under mortgage increased for the late-stage landowners while it decreased for both the early- and mid-stage landowners. The percentage of land held under contract decreased for all age categories. In 2012, half of the land in Iowa was owned by people over age 65 and without debt.

Table 4.3: Percentage of farmland owned by year, financing method and age

	< 35			35 to 64			> 65		
	2002	2007	2012	2002	2007	2012	2002	2007	2012
Debt free	1%	1%	2%	29%	24%	26%	43%	50%	50%
Contract	3%	0%	0%	4%	3%	2%	0%	0%	1%
Mortgage	2%	1%	2%	16%	15%	12%	4%	6%	6%

Considering the acreage and debt within each life stage, we find that the early life stage has 47 percent under mortgage and 50 percent paid for. The mid-stage owners are almost exactly the reverse with 64 percent paid for and 30 percent under mortgage. The late stage owners have 89 percent of the land debt free.

• Residency of Iowa Farmland Owners

Ownership of Iowa land by non-residents has been a concern of the Iowa General Assembly. Table 4.4 shows the percentage of farmland owned based on the residence of the owner. In Table 4.4, those who reported only living in Iowa part-time are included with the non-residents.

Table 4.4: Percent of Iowa farmland owned by Iowa residents

	1982	1992	2002	2007	2012
Full-time Iowa resident	94%*	94%*	81%	79%	80%
Part-time or not an Iowa resident	6%*	9%*	19%	21%	20%

* Indicates significant differences relative to the 2012 survey at the 5 percent level.

The percentage of Iowa farmland owned by full-time residents of the state has changed, declining from 94 percent in 1982 to 79 percent in 2007. The percentage remained steady in 2012. There has been a significant change since 1992. Fourteen percent of the land in Iowa is owned by those who are not residents of the state and seven percent is owned by part-time residents. The fact that the percent of Iowa residents remained constant could be a reflection of the boom period in land between 2007 and 2012. People were less inclined to leave the state and more in-state people were interested in farmland.

• Owner Occupancy of Farmland

Another important aspect of ownership as a corollary to residency is whether the owner lives on the land being surveyed (Table 4.5). Most landowners live on the land surveyed or other farmland they own under a different ownership structure. The percentage of landowners living on land surveyed or other farmland they own remained relatively constant from 1992 to 2012. But, there has been a 10 percent drop in farmland owned by those who live on their own farmland since 1982. The 2012 study shows that 53 percent of owners live either on the surveyed farmland or other farmland they own. The other 47 percent of Iowa farmland is owned by those who do not live on farmland. The change in whether or not the owner lives on a farm is statistically significant since 1982.

Table 4.5: Percentage of Iowa farmland by owner occupancy

	1982	1992	2002	2007	2012
Lives on surveyed land	57%*	48%	47%	46%	45%
Lives on other farmland owned	6%*	6%*	8%	10%*	8%
Does not live on owned farmland	37%*	46%	45%	44%	47%

* Indicates significant differences relative to the 2012 survey at the 5 percent level.

Table 4.6 shows the distribution of Iowa farmland ownership by the size of the community in which the owner lives. Table 4.6 shows that 56 percent of the farmland is owned by people who report living on a farm. Table 4.5 shows that 53 percent of the land is owned by people who live on the surveyed farmland or other farmland they own. Approximately 3 percent of the land is owned by people who live on farmland they do not own. Five percent of the land is owned by people who report living in a rural area but not on a farm. That means 61 percent of Iowa's farmland is owned by people who either live on a farm or in a rural area. Ten percent of the farmland is owned by those who live in small towns and another 10 percent by those who live in mid-size communities. Thirteen percent of the land is held by owners who live in larger cities. The percentage distribution of farmland based on the owners' location has changed very little since 2002.

Table 4.6: Location of farmland by residence of owner

	2002	2007	2012
On a farm	55%	57%	56%
Rural area but not farm	5%	6%	5%
Town < 2,500	13%	11%	10%
Town 2,500 to 10,000	9%	11%	10%
Town 10,000 to 50,000	6%	5%	6%
City of > 50,000	9%	9%	13%

It is possible to make inferences about the percent of owners as well as acres based on size and place where they live. But, there are really very little differences to observe. Notice in Table 4.7 that only those living in towns with less than 2,500 and those with 2,500 to 10,000 show any differences. Towns with less than 2,500 population have landowners with larger acreages as shown by the fact they are 10 percent of the acres and just 8 percent of the owners. Towns with 2,500 to 10,000 show just the reverse situation, more owners and fewer acres.

Table 4.7: Location of farmland owners and acres by residence of the owner, 2012

	Owners	Acres
On a farm	56%	56%
Rural area but not farm	5%	5%
Town < 2,500	8%	10%
Town 2,500 to 10,000	13%	10%
Town 10,000 to 50,000	5%	6%
City > 50,000	13%	13%

Table 4.8 shows the percentage of farmland based on the education levels of the owners. Education has been gradually increasing among farmland owners. This is illustrated by an increase from 1982 to 2012 of the percent of farmland held by owners with post-high school education. In the 2012 study, 10 percent of the farmland was owned by people with a graduate degree. The percent of land owners with a bachelor's degree has more than doubled from 1982 to 2012; land owned by those with some college experience increased significantly and the percentage of farmland owned by high school graduates continued to decline. During the same period, the percent of land owners who did not complete high school decreased significantly. In 1982, almost two-thirds of the farmland (65 percent) was owned by those with high school or pre-high school education. In 2012, only 38 percent of the farmland was owned by people in those education categories and a third (33 percent) of the farmland was owned by people with at least a college degree.

Table 4.8: Percentage of farmland owned based on the highest level of formal education completed

	1982	1992	2002	2007	2012
< High school	17%*	16%*	7%	7%	4%
High school	48%*	42%*	42%*	38%	34%
Some post high school	18%*	24%*	26%	27%	29%
BS, BA, etc.	10%*	9%*	18%	19%	22%
Graduate degree	7%*	6%*	7%*	8%*	11%

* Indicates significant differences relative to the 2012 survey at the 5 percent level.

Table 4.9 shows the percent of acres and the percent of owners based on the education level attained. Here, too, the percent of acres and the percent of owners matches closely. The exception would be those with 'some' post-high school education.

Table 4.9: Percent of farmland and farmland owners by education level, 2012

	Owners	Acres
Less than high school	4%	4%
High school	33%	34%
Some post high school	33%	29%
College graduate	21%	22%
Graduate college	10%	11%

• Occupation

Survey respondents were asked their primary occupation throughout most of their adult lives. Table 4.10 shows the percent of farmland based on the occupation of the owner. Over the past 25 years, the percentage of land owned by those who identified homemaker as their primary occupation has decreased significantly. The division of farmland held among the other occupations has remained relatively constant. There was 35

percent of the farmland owned by those who listed farming as their primary occupation. This was a decrease from 2007 and is now back to the same level found in 1982.

Table 4.10: Percentage of farmland owned based on the occupation of the owner

	1982	1992	2002	2007	2012
Homemaker	31%*	34%*	21%	19%	15%
Farmer	35%	30%*	39%*	38%	35%
Professional/ technical	12%*	12%*	14%*	15%*	18%
Clerical	4%*	4%*	6%	6%	7%
All other occupations	18%*	21%*	20%*	21%*	25%

* Indicates significant differences relative to the 2012 survey at the 5 percent level.

• Gender and Marital Status

The division of Iowa farmland by gender has remained relatively constant over the past few decades. In fact, the division found for 2012 is identical to the division found in 1982. Farmland owned by husband and wife is considered equally divided between them. Therefore, in a marital situation half the acres are owned by females and half by males. In Iowa today, 53 percent of the farmland is owned by males.

Table 4.11: Distribution of Iowa farmland based on gender

	1982	1992	2002	2007	2012
Male	53%	51%	53%	53%	53%
Female	47%	49%	47%	47%	47%

Table 4.12 shows the distribution of acres and owners by gender in 2012. Females tend to own smaller amounts of land relative to their male counterparts. In 2012, females were 49 percent of the owners but owned only 47 percent of the land.

Table 4.12: Distribution of Iowa farmland and farmland owners based on gender, 2012

	Owners	Acres
Male	51%	53%
Female	49%	47%

The distribution of Iowa farmland and farmland owners based on age and gender is shown in Table 4.13. Not surprisingly, the percentage of land owned increases from the early and mid-career age cohorts to the older cohort group. The percent of owners decreases for the males going from the mid to upper age cohort while the percentage owners for the females remains constant. Table 4.13 shows that the distribution of owners and acres changes as the age increases; the older cohort has a lower percentage of the owners but a higher percentage of the acres. Females are equally divided and almost a fourth (24 percent) of the owners are in the middle and upper age cohort. Females own more land in the upper age cohort than their male counterparts. Females own 52 percent of the land owned by those over 65 years of age.

Table 4.13: Distribution of Iowa farmland and farmland owners and age, 2012

	< 35		35 - 64		> 65	
	Owners	Acres	Owners	Acres	Owners	Acres
Males	1%	2%	29%	24%	21%	27%
Females	2%	2%	24%	16%	24%	29%

The percentage of farmland by marital status changed slightly in 2012. The percentage of land held by married persons increased slightly. At the same time, the percentage of farmland owned by those who are widowed decreased slightly. The differences are not considered significant and the distribution of farmland by marital status in 2012 is nearly identical to 1992. Table 4.14 shows the marital status of the owners. The percentage of farmland owned by those who are single or divorced has remained relatively constant over time. One would have expected the percent of land owned by those who are widowed to increase over time as the farmland owner ages. While this appeared to be the case from 1992 to 2007, the trend is not apparent in 2012.

Table 4.14: Distribution of farmland based on marital status of farmland owner

	1982	1992	2002	2007	2012
Married	77%	75%	77%	74%	75%
Widowed	14%	17%	15%	19%	17%
Divorced	7%	3%	3%	5%	5%
Single	2%	3%	4%	3%	3%

Table 4.15 shows the distribution of farmland and farmland owners based on marital status. Notice there is a greater difference between acres and owners when comparing based on marital status. Married couples have 75 percent of the land but they are 81 percent of the owners. Conversely, the widowed owners have 17 percent of the land but they are just 11 percent of the owners.

Table 4.15: Distribution of farmland and farmland owners based on marital status of owner, 2012

	Owners	Acres
Married	81%	75%
Widowed	11%	17%
Divorced	3%	5%
Single	4%	3%

There are some striking differences between characteristics of the male and female landowners. The female landowners are older on average. Sixty-two percent of the land owned by females is owned by those over 65 years of age. This compares to just 51 percent of the land owned by males. As a corollary, 66 percent of the land owned by females is owned by those who are married and 27 percent is owned by those who are widowed. For their male counterparts, 83 percent of the land is owned by those who are married and just 5 percent by those who are widowed.

A majority of the land owned by females, 69 percent, was purchased and 27 percent was inherited. For male-owned land, 76 percent was purchased and 20 percent was inherited.

There is more land owned by females without debt, 81 percent, compared to male-owned land without debt at 75 percent.

As will be discussed in greater detail shortly, survey respondents were asked their primary reason for owning the land. Although the differences were not great between male and female owners, they were notable. There is 10 percent more of the male-owned land owned primarily for a long-term investment, 31 versus 21 percent. But, 5 percent more of the female-owned land is owned for family or sentimental reasons than male-owned land, 25 percent versus 20 percent.

The gender comparison of the use of a professional farm manager is similar to the percent of land owned. Females own 47 percent of the land and have 41 percent of the acres under a professional farm manager.

Although males own 54 percent of all the land, females own 61 percent of the rented land. There is a similar division between cash and crop share rents regardless of gender. Males rent 80 percent of their rented acres using cash rent while females rent 77 percent of their leased acres using cash rent. There is almost no difference with respect to renting to a relative; males rent 37 percent of their acres to a relative while females rent 40 percent. Both genders are identical with respect to the percent of land in CRP or other government conservation programs.

• Farming Status

Respondents were asked directly if they farmed in 2012. The majority of Iowa's farmland was owned by people who did not farm. As shown in Table 4.16, 62 percent of the land is owned by those who did not farm in 2012. There has been a steady increase in land owned by those who do not farm since 2002.

Table 4.16: Distribution of Iowa farmland owned based on farming status of owner

	2002	2007	2012
Full-time farmer	24%	21%	23%
Part-time farmer	21%	19%	15%
Do not farm	55%	60%	62%

The respondents who said they did farm in 2012 were asked how many acres they farmed. Table 4.17 shows the distribution of the amount of farmland owned by those who said they farmed based on the total number of acres they reported farming. The highest percentage of owned farmland by active farmers is for those who reported farming part-time and farming a total of less than 400 acres. Table 4.17 also reveals that the amount of land owned by full-time farmers increases as the total amount of land farmed increases.

Table 4.17: Percent of farms based on total acres farmed by those who farmed full- or part-time in 2012

	Total acres farmed			
	< 400	401 to 800	801 to 1,200	>1,200
Full-time	31%	18%	25%	27%
Part-time	65%	20%	6%	9%

• Summary

The 2012 survey covers one of the most volatile times in the Iowa farmland market. During boom times, such as the period from 2007 to 2012, attitudes change and these changes affect farmland ownership trends.

In general, for 2012, the amount of Iowa farmland owned by older landowners continued to increase. Changes in marital status, education level, occupation, and place of residence all reflect the change in age structure of farmland owners.

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

- The percent of land held by older people continues to increase. Individuals more than 75 years old owned 30

percent of Iowa farmland in 2012 compared with 28 percent in 2007, 24 percent in 2002, and just 12 percent in 1982. Individual owners over 65 years of age own over half the farmland (56 percent) compared with 55 percent in 2007, 48 percent in 2002, and just 29 percent in 1982. The percentage of farmland owned by people between the ages of 65 and 74 actually decreased 1 percent from 2007 to 2012. Although this difference is not statistically significant, it does illustrate the changes that can occur during a boom time relative to more normal trends.

- The elderly tend to own larger tracts. This can be seen comparing the percent of acres and the percent of owners. Land owners over the age of 75 represent 24 percent of the owners, yet they own 30 percent of the land. The mid-life stage owners (35 to 54) represent 29 percent of the owners but only 19 percent of the farmland.

- The majority of farmland in Iowa is held free of debt (78 percent). This is contrasted with 1982 when just 62 percent of the farmland was held debt free. The percentage of farmland with a mortgage is essentially unchanged over that time period while the amount of land under a land contract has decreased substantially.

- Among respondents, 80 percent of Iowa farmland is owned by those who consider themselves full-time residents of Iowa and 62 percent of the farmland is owned by those who reported they did not farm in 2012.

- The distribution of land between male and female owners has remained essentially unchanged over the past 25 years. Males have a slightly higher percentage of farmland than females. However, females own more land among the older landowners.

- Married persons owned 75 percent of Iowa farmland in 2012. Widowed persons owned 17 percent of the farmland. The percentage of land owned by married people has been declining over time, whereas the percentage of land owned by widowed persons has been increasing.

V. Farmland Leasing

This chapter presents some general findings with respect to leased farmland. For a more complete discussion on the differences in leasing practices, see Iowa State University Extension publication FM 1811, September 2013. The leasing practices publication is available on the Agricultural Decision Maker website at http://www.extension.iastate.edu/agdm. This website also contains the latest Iowa State University Extension rental information.

This chapter focuses on land that is not owner-operated. 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. Land farmed by a custom operator was not considered to be leased. Also, the incidence of other types of leases was extremely small. These mainly consisted of labor sharing or other similar arrangements. Because they were such a small percentage and due to their individual characteristics, they will not be discussed in this chapter other than in the overall summary in Table 5.1. Farmland leased for non-agricultural purposes is also not considered in this report.

• Land Under Lease Agreements

A cash rental arrangement is one in which the landlord receives a cash payment in exchange for the use of the land. These payments can be in any number of installments and may be flexible in total. All of this depends on the agreement between the tenant and landlord.

Crop share leases are the other major arrangement in the leasing of farmland. Under crop share leases, both owner and tenant share in the expense and/or income of the crop. Many different arrangements exist and are generally negotiated specifically between the two parties.

Table 5.1 shows the change in the distribution of leased farmland based on the type of lease used. The use of cash rents increased substantially for the past few decades. But, between 2007 and 2012 there was no change in the percent of leased acres under a cash rental agreement. In 2012 over three-fourths (77 percent) of the leased farmland was under a cash rent arrangement. In 1982, there was an equal distribution of farmland under crop share lease and cash rent lease arrangements. Notice in Table 5.1 the use of some other type of leasing arrangement has been decreasing and, as noted, they will not be discussed further in this chapter. The other leases were equipment or labor sharing and mostly between family members.

Table 5.1: Percentage of leased Iowa farmland under different lease arrangements

	1982	1992	2002	2007	2012
Cash rent	49%*	54%*	69%	77%	77%
Crop share	49%*	44%*	30%	22%	23%
Other	2%*	2%*	1%	<1%	<1%

* Indicates significant differences relative to the 2012 survey at the 5 percent level.

In addition to the obvious differences between the two types of leases, there are other fundamental differences that are considered when selecting the type of lease to use. The crop share lease shares the risk between the landlord and tenant, whereas a traditional cash rent lease will have the farmer bearing all the production and marketing risks. This risk sharing feature of the crop share arrangement makes it attractive to beginning farmers. Determining an equal distribution of the costs and/or revenues is an issue in a crop share lease. Trust is important in any leasing arrangement but it is especially critical in a crop share arrangement.

There are other differences between the two types of leasing arrangements. Which is a better arrangement depends on the individual circumstances. We saw a shift from crop share to cash rent, but, as shown in Table 5.1, this trend appears to have stopped. Whether or not this is due to the boom period and will continue remains to be seen. One important feature is the relative ease of using cash rent. As tenants have more landlords and vice versa, it is simply easier to remember a dollar amount than some division, especially if it involves dividing the crop. With the increase in non-resident owners, cash rent is more appealing because of the ease of having dollars rather than bushels for payment. A trend that is related to this shift from crop share to cash rent is the increasing use of flexible cash leases. These leases can combine features of both types of leases and this can explain why the shift to cash rents stopped in 2012.

• Ownership Type

Table 5.2 shows ownership types and their lease methods. Sole owners lease 29 percent of the Iowa farmland that is leased, ,based on the 2012 study. Joint tenancy and trusts are the next two most common types of leased land ownership. Both categories had 23 percent of the leased farmland. Trust ownership was up from 15 percent just five years ago. There is not a great difference between the types of ownership and the two primary lease types. The biggest differences are found with the sole owners, trusts, and tenants in common. For sole owners and

tenants in common, cash rent is the preferred method, whereas, for trusts, crop share is the preferred method of leasing.

Table 5.2: Distribution of leased farmland based on type of lease and type of ownership, 2012

	Cash Rent	Crop Share	All Rented
Sole owner	31%	24%	29%
Joint tenancy	23%	24%	23%
Tenancy in common	9%	6%	8%
Partnership	1%	0%	1%
Life estate	2%	3%	2%
Unsettled estate	0%	2%	1%
Trust	22%	27%	23%
Corporation	5%	6%	5%
LLC	6%	4%	5%
LLP	0%	0%	0%
Limited partnership	2%	3%	2%

• Age

Landowners 65 years of age and older own slightly over two-thirds, 68 percent, of all leased farmland. The type of lease does not vary greatly depending on the age of the land owner. These estimates are contained in Table 5.3.

Table 5.3: Percent of leased farmland by type of lease and age of owner, 2012

Age	Cash Rent	Crop Share	All Rented Acres
< 35	3%	1%	3%
35 to 64	30%	25%	29%
> 64	67%	73%	68%

• Gender

Gender is cross-tabulated with lease methods in Table 5.4. The percentage of leased land by gender shows almost an identical division to all farmland in general. Females own 52 percent of all the acres that are leased versus 47 percent of all farmland acres. The division of leased land by gender and type of lease is also very similar.

Table 5.4: Percent of leased farmland by gender and type of lease, 2012

	Cash Rent	Crop Share	All Rented Acres
Male	48%	50%	48%
Female	52%	50%	52%

• Regional Distribution of Leased Land

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 55 percent shown in Table 3.1 for the entire state. Iowa's estimated percentages of leased land by region are as follows: northern region (68 percent), north central region (59 percent), southwest region (58 percent), northeastern region (57 percent), eastern region (54 percent), northwest region (53 percent), and the southern region (41 percent). (See Table 5.5.)

Table 5.6 presents the same information only based on the crop reporting districts established by the USDA. The results are somewhat similar to the breakdown based on regions. Namely, the northern and central districts tend to see a higher percentage of the farmland being rented.

The southern region has less of the rented land relative to its share of all farmland in Iowa. The northern region has more rented land relative to total farmland. The other regions are relatively close with respect to both leased and all farmland. The percentage of total farmland leased tends to follow the value per acre. Regional and district differences will be discussed in more detail in Chapter IX.

Table 5.5: Percent of farmland and leased farmland by region and leasing method, 2012

		Percent of All Acres			
	Percent of Region Rented	Cash Rent	Crop Share Leases	All Rented Acres	All Iowa Farmland
NW	53%	12%	11%	12%	12%
SW	58%	10%	21%	12%	12%
N	68%	10%	8%	10%	8%
NC	59%	13%	25%	16%	15%
S	41%	11%	10%	11%	14%
NE	57%	20%	9%	17%	16%
E	54%	24%	17%	22%	23%

Table 5.6: Percent of farmland and leased farmland by Crop Reporting District and leasing method, 2012

		Percent of All Acres			
	Percent of Region Rented	Cash Rent	Crop Share Leases	All Rented Acres	All Iowa Farmland
NW	61%	15%	13%	15%	13%
NC	62%	16%	8%	14%	12%
NE	54%	13%	7%	11%	11%
WC	58%	13%	22%	15%	14%
C	58%	14%	17%	15%	14%
EC	51%	10%	9%	10%	11%
SW	52%	7%	13%	8%	8%
SC	41%	7%	4%	6%	8%
SE	43%	7%	7%	7%	8%

• Education

Iowa farmland owners with graduate degrees own 13 percent of leased farmland, while those with less than a high school education own 5 percent. Estimates for the type of lease cross-tabulated with owner's education level are found in Table 5.7. This table includes only those individuals for whom an education level was identified or was appropriate. The level of education among land owners has changed over time similar to the general population.

Table 5.7: Percentage of leased farmland based on educational level of owner and type of rent, 2012

	Cash Rent	Crop Share	All Rented Acres
< High school	6%	4%	5%
High school	37%	26%	34%
Some post high school	26%	24%	25%
College degree	21%	27%	22%
Graduate degree	11%	18%	13%

• Owner Residency of Leased Farmland

Table 5.8 shows that Iowa residents owned 79 percent of all leased farmland. Nonresidents had a higher percentage of the crop share leased land relative to the amount of the cash rented land they owned. Percentage of leased farmland based on residency is very similar to the distribution found for all farmland shown in Table 4.4.

Table 5.8: Percent of leased Iowa farmland based on residency of the owner and type of lease, 2012

	Cash Rent	Crop Share	All Rented Acres
Resident	81%	73%	79%
Nonresident	19%	27%	21%

• Length of Tenant's Tenure

Another area of interest is the length of tenure of Iowa farmland tenants. Concern has been expressed that the length of tenure could have a deleterious effect on soil conservation and may affect the way the land is farmed. A person with a short tenure horizon is thought to be less likely to practice good conservation measures. Estimates for tenant tenure duration are provided in Table 5.9. Cash leased farmland has been in place fewer number of years than the crop share leased farmland. Leases on a third of the cash rented land have been in effect for five years or less, whereas over a third (35 percent) of the crop share leases have been in effect for over 20 years. Regardless of the type of lease, the majority of leases have been in effect for over five years.

Table 5.9: Percent of leased Iowa farmland based on the length of tenancy and type of lease, 2012

	Cash Rent	Crop Share
1 year	4%	5%
2 - 5 years	24%	12%
6 - 10 years	30%	20%
11 - 20 years	27%	28%
> 20 years	17%	35%

• Finance Method

Table 5.10 can be contrasted with Table 3.5, the percentage of Iowa farmland by finance method. Slightly over three-fourths (78 percent) of all farmland is debt free, whereas 87 percent of leased land is debt free. Land under contract is 3 percent of all farmland, but only 1 percent of leased farmland. Nineteen percent of farmland is mortgaged, but only 12 percent of leased farmland is mortgaged. Cash rented acres are divided very similar to all acres but the crop share leased acres tend to almost all be held without debt. These numbers suggest that unencumbered land is more likely to be leased.

Table 5.10: Percentage of leased Iowa farmland by financing method and type of lease, 2012

	Cash Rent	Crop Share	All Rented Acres
Paid for	87%	91%	89%
Contract	2%	1%	1%
Mortgage	11%	8%	10%

• Occupancy of Farmland

The majority of leased farmland (60 percent) is owned by people who do not live on farmland. This can be contrasted with all farmland (Table 4.5), which shows 47 percent of the land was owned by people who did not live on farmland. Table 5.11 also shows that more of the land under a crop share arrangement is owned by those who live on farmland.

Table 5.11: Percent of leased farmland by location of owner's residence and type of lease, 2012

	Cash Rent	Crop Share	All Rented
Live on a farm	39%	46%	40%
Live in rural area	8%	7%	8%
Live in small town < 2,500	14%	9%	13%
Town 2,500 to 50,000	22%	24%	23%
City over 50,000	18%	14%	17%

• Principal Occupations of Leasing Landowners

Table 5.12 shows the distribution of leased farmland based on the primary occupation of the owner over his or her lifetime. Those who described their primary occupation as homemaker own 15 percent of all farmland and they own 20 percent of leased farmland. By contrast, farmers own 35 percent of all land and they own 26 percent of the leased land. The share of farmland and share of leased farmland are relatively similar for the other occupations. (See Table 4.10 for farmland ownership percentages based on primary occupation.)

Table 5.12: Percentage of leased farmland by the primary occupation of the owner over his or her lifetime and type of lease, 2012

	Cash Rent	Crop Share	All Rented
Farmer	26%	27%	26%
Homemaker	20%	19%	20%
Professional/ technical	18%	22%	19%
Clerical	7%	7%	7%
Other	29%	25%	28%

• Important Factors in a Tenant

Respondents with leased farmland were asked what made a good farm tenant. Specifically, respondents were asked to rank the importance of four tenant attributes. They could rank from not at all important to very important. Table 5.13 summarizes all the responses on a basis of the percentage of leased farmland acres. There are a couple of things that stand out in Table 5.13. Being a good steward of the land is of paramount importance for almost all landlords. Over 90 percent rated being a good steward as very important. Being a family member is not so important but being someone the landlord knows personally as a neighbor or friend is of some importance in making a good tenant. Helping get a young person started is rather mixed. Almost the same percentage of people said helping a young person was not important as said it was very important.

Table 5.13 Percentage of leased farmland based on the reported importance of various tenant attributes, 2012

		Cash Rent	Crop Share	All Rented
Family member	Not important	58%	50%	56%
	Middle importance	17%	19%	17%
	Very important	25%	31%	26%
Know personally	Not important	13%	11%	13%
	Middle importance	35%	37%	34%
	Very important	52%	53%	52%
Good land steward	Not important	1%	0%	1%
	Middle importance	6%	5%	6%
	Very important	93%	95%	93%
Young farmer	Not important	19%	23%	20%
	Middle importance	57%	50%	56%
	Very important	24%	27%	24%

• Summary

This chapter analyzed leased land, land that is not owner-operated, and the characteristics of the owners of leased land. A more complete summary of the lease characteristics can be found in Iowa State University Extension publication FM 1811, September 2013. This study is available on the Agricultural Decision Maker web site: http://www.extension.iastate.edu/agdm.

The following are some of the highlights of leased land:

- Cash rental arrangements continue to be the predominant choice of landowners, totaling 77 percent of all leased land.

- Individual owners aged 65 years and older own 68 percent of leased farmland.

- Females own 52 percent of the leased farmland in Iowa.

- Nonresidents of Iowa own 21 percent of the leased farmland.

- Land free of debt is more likely to be leased than land being financed.

- There has been an increasing use of flexible cash lease agreements. These arrangements are variable with respect to provisions but the majority of them will flex based on both yield and prices.

- Beginning or new farmers must work to establish good relations with people in the neighborhood. Knowing someone personally and knowing they are a good land steward is more important for getting a lease than being a family member or a young farmer.

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. Therefore the answers reflect situations existing at the time of the study.

The previous land ownership studies all asked respondents how they anticipated transferring farmland. Respondents indicated they planned to use multiple disposal methods. The results were weighted to determine percentage of farmland using the various transfer methods.

Table 6.1 shows that willing the land to the family is still the most popular anticipated method for transferring farmland in Iowa. This method of land disposal also showed the largest percentage increase and is at the highest level observed. The major shift toward more land being willed to the family could be a result of the boom period and record high land values since 2007.

Putting land in a trust showed a decrease since 2007 when the percent using this method of disposal was the highest that had been recorded. Is this decrease due to a change in attitudes towards the use of trusts, the boom period, or because the use of trusts has reached a sort of equilibrium in terms of the land going into trusts? It is hard to tell from one year's survey.

It is interesting to note in Table 6.1 that over three-fourths (80 percent) of the farmland is anticipated to be transferred within the family. There are many factors that influence the current owner's anticipated transfer methods. Changes in capital gains tax rates and other tax policies will all have an influence. The possible impact of changing tax laws will be presented shortly.

Table 6.1: Anticipated transfer method by percentage of farmland

	1982	1992	2002	2007	2012
Will to family	48%	49%	39%	43%	63%
Will to others	<1%	1%	2%	1%	1%
Give to family	5%	4%	12%	10%	9%
Give to others	<1%	<1%	1%	1%	1%
Sell to family	12%	7%	12%	10%	8%
Sell to others	13%	10%	9%	8%	7%
Put in trust	6%	14%	13%	18%	10%
Other	16%	16%	12%	10%	1%

Table 6.2 shows the impact of age of landowner on the anticipated transfer method. Not only does the anticipated transfer method change with circumstances it will also change as the landowner ages. With the exception of the very young landowners, the percentage of farmland anticipated to be willed to the family is relatively constant, between 40 and 50 percent of the land in each age cohort. At the opposite end of the spectrum, the very young owners anticipated selling the land outside the family at a much higher rate than the older owners. By age 75, only about 4 percent of the land is anticipated to be sold to others.

Caution should be used in interpreting Table 6.2. First of all, changes in situation and outlook are much more likely to occur for younger landowners. It is also important to remember that the percentage of land owned by the younger cohorts is very small relative to the older landowners.

Table 6.2: Percentage of Iowa farmland based on anticipated transfer method and age of owner, 2012

	< 25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	> 75
Will to family	39%	57%	52%	57%	56%	63%	76%
Will to others	5%	3%	2%	1%	2%	2%	1%
Give to family	5%	16%	16%	8%	11%	8%	6%
Give to others	5%	0%	1%	1%	0%	0%	0%
Sell to family	22%	9%	9%	12%	7%	8%	6%
Sell to others	17%	3%	7%	7%	9%	7%	5%
Put in trust	5%	6%	12%	16%	12%	11%	5%
Other	0%	5%	0%	0%	3%	0%	1%

One of the factors that could influence the anticipated method of transfer is the reason for owning the land. In 2012, the respondents were asked their primary reason for owning the land. Farmland may be owned for a variety of reasons but the respondents were asked to identify the primary reason.

Table 6.3 presents the percentage of farmland based on the primary reason for owning the land. Most of the land is owned primarily for current income. The second most frequently given reason was for long term investment. Almost a fourth (22 percent) of the farmland is owned for family or sentimental reasons. These three categories represent 95 percent of the farmland based on the primary reason for owning the land.

Table 6.3: Percent of farmland by primary reason for owning the land, 2012

Current income	56%
Long-term investment	19%
Family	22%
Home	1%
Recreation	1%
None given	1%

It is not possible to say precisely what impact the primary reason for owning the land would have on the anticipated transfer method. However, given that income and long-term investments represent a significant portion of the farmland, it is more likely that the land will be held until death. If this is true, the choice of transfer methods will be impacted.

Recently, there has been considerable discussion on the impact of capital gains tax and sale of farmland. The basic contention is that if the tax were removed land owners would be more likely to sell their land.

There were two questions asked in 2012 trying to ascertain the impact of capital gains tax and see what would cause farmland owners to sell their land.

Table 6.4 presents the answers to the question; "Would eliminating or greatly reducing the capital gains tax for farmland…."

Table 6.4: Percent of farmland by impact of decreasing capital gains tax on decision to sell farmland

More likely to sell ALL farmland	5%
More likely to sell SOME farmland	14%
Have NO EFFECT on farmland sale decision	75%
Don't know	5%

With the exception of farmland owned by those less than 25 years of age, the response to the capital gains elimination question was almost identical across all age categories. For example, 80 percent of the farmland owners over 75 years of age said that greatly reducing or eliminating the capital gains tax would have no effect on their decision to sell farmland.

A second question was asked regarding which factors would make it more likely the owner would sell farmland. These results are summarized in Table 6.5

Table 6.5: Percent of Iowa farmland based on what would make the owner sell the land

Lower capital gains tax	5%
Higher selling price per acre	5%
Retirement from farming	5%
Something else	6%
Not planning to sell	70%
Don't know	8%

Similar to Table 6.4, the results shown in Table 6.5 remain nearly identical across all age categories. Over three-fourths of the land (76 percent) owned by people over 75 years of age is owned by people who indicated they have no intention of selling the land. The younger age categories show more of a tendency toward thinking of selling their land.

• Summary

This chapter discussed anticipated methods to transfer farmland and the primary reasons for owning the land. The trends are summarized as follows:

- The most frequently anticipated method of transfer is the willing of land to family members, representing 43 percent of the farmland. Over time this method has decreased somewhat in importance. Putting the land in a trust has increased significantly, going from 6 percent of the land in 1982 to 10 percent of the land in 2012. Giving land to the family has also increased over time, increasing from 5 percent to 9 percent from 1982 to 2012.

- The age of the farmland owner did not have significant impact on the anticipated transfer method with the exception of the youngest owners. They anticipated selling the land the most. This may be due to age or it may simply be a reflection that this age cohort represented a very small portion of the farmland owned.

- Income, long-term investment, and family were the most frequently given reasons for owning land. Owning land for current income represented almost double either of the other two reasons.

VII. Conservation and Easement Programs

There are a variety of conservation programs available to Iowa farmland owners. In addition, easements, giving up part of the use rights to the land, may be granted. This chapter summarizes the use of these programs on Iowa farmland.

The Conservation Reserve Program (CRP) is the most extensively used conservation program. There are other government conservation programs but they are used considerably less than CRP.

The 2012 land ownership survey asked participants whether or not the land was in the CRP or one of the other government conservation programs that are available. As shown in Table 3.1, approximately 5 percent of all Iowa farmland was in some form of conservation program in 2012.

Table 7.1 compares the percentage of all farmland with the farmland in the CRP or other government conservation programs by ownership type in 2012. The biggest difference found between the conservation farmland and all farmland is the percent owned by joint tenants. Joint tenants own 32 percent of all farmland but they own 43 percent of the conservation acres. Land held in trusts showed a lower percentage in government conservation programs relative to total farmland owned.

Table 7.1: Percentage of Iowa farmland and percentage in government conservation programs by ownership type, 2012

	All Farmland	Farmland in Government Conservation Programs
Sole owner	25%	23%
Joint tenancy	32%	43%
Tenancy in common	8%	2%
Trust	17%	11%
Corporation	12%	13%
Other	6%	9%

A comparison of participation in government conservation programs by age is given in Table 7.2.

Participation in government programs relative to the total farmland owned decreases with age. Farmers over the age of 75 own 30 percent of the land, yet they represent only 23 percent of the land in government conservation programs.

Table 7.2: Percentage of Iowa farmland and percentage of farmland in government conservation programs by age of owner, 2012

	All Farmland	Farmland in Government Conservation Programs
< 25	<1%	3%
25 - 34	3%	3%
35 - 44	5%	4%
45 - 54	13%	15%
55 - 64	26%	28%
65 - 74	27%	25%
> 75	30%	23%

Table 7.3 presents the participation in government conservation programs based on gender of the owner. There is almost no difference in the relative amount of farmland owned and the amount of farmland in conservation programs based on gender.

Table 7.3: Percentage of Iowa farmland and percent of farmland in government conservation programs by gender, 2012

	All Farmland	Farmland in Government Conservation Programs
Male	53%	52%
Female	47%	48%

• Easements

People sometimes transfer certain rights associated with their land to others. In some cases, this is actual use of the land while in others this is merely access to the land.

The 2012 survey asked landowners if they had transferred rights to their land. This was a yes/no type of question and did not ask the amount of land for which the easement was granted. Table 7.4 shows the amount of land owned by those who reported granting an easement and for some particular types of easements granted. Again, the percent of farmland listed is the percent of all farmland owned by those granting the easement, not the amount of easement themselves. Utility easements were the majority of easements granted.

Table 7.4: Percent of farmland owned by those who indicated transfer of some rights, 2012*

Any rights transferred	16%
Mineral	1%
Wind	5%
Utility	11%
Other right	1%

** These do not represent the amount of the easement. It is simply the amount of land owned by those who indicated they granted an easement.*

• Other Conservation Programs

Some private groups offer easements on farmland for conservation purposes. These can be for wildlife habitat, farmland preservation, or other activities.

Table 7.5 shows the extent of use of non-governmental easements. Less than 1 percent of Iowa farmland was in these types of easements based on the 2012 survey.

Table 7.5: Percent of Iowa farmland in private conservation programs, 2012

Total land in private programs	0.5%

• Summary

- The government conservation programs remain popular among landowners. Just over 7 percent of all Iowa farmland is enrolled in a government conservation program.
- Private conservation programs were not widely used in Iowa.
- There were some differences in participation in government conservation programs based on farm business organization and age of farmland owners. Gender was not a factor in whether or not farmland was enrolled in the government programs.
- Utility easements are the most common easements granted in Iowa.

VIII. Miscellaneous Land Information

The 2012 survey asked landowners about their preferred source of information regarding land use options and programs available for their farmland. The land owners were only allowed to answer one method for this question.

Table 8.1 provides a summary of the percent of farmland based on the preferred source of information for land use options. It is interesting to note that through the mail is the most preferred way but the second way is face-to-face contact with people. It is also interesting to note that the Internet is low in terms of the percent of acres. This is probably due to the age of farmland owners, assuming the older owners are less likely to use the Internet. It could also be a reflection of the difficulty of obtaining high speed Internet in some rural areas.

Table 8.1: Percent of farmland based on the preferred way to receive information regarding land use options and programs available, 2012

Mail	53%
Radio/TV	3%
Newspapers/magazines	13%
Internet	10%
Face-to-face	15%
No interest in getting information	1%
Telephone, one-to-one	<1%
Government offices	2%
Don't know	2%

• Summary

Iowa farmland owners said they preferred receiving information through the mail, followed by face-to-face contact. It is interesting to note these sources seem opposite in terms of personal contact. It is also interesting to note the Internet was only fourth in terms of being a preferred source of information. This will probably change over time but for now only 10 percent of the acres are owned by those who favor this method.

Iowa land values have increased substantially over the past few years but these changes don't seem to have made a significant effect on plans for keeping or holding of the current land. But, 43 percent of the land is owned by those who say the increases have made it less likely they will buy land.

IX. Regional Analysis

This chapter presents the regional differences for land ownership and tenure in Iowa. This chapter presents the comparisons based on the USDA Crop Reporting Districts. The tables from earlier publications can be found in Appendix A. The counties in the Crop Reporting Districts and each region are listed and shown in Figures 2.1 and 2.2 on page 8.

Table 9.1 presents a summary of the rented land by region. A comparison with the state average is also shown. There were regional differences. Two of the regions had a considerably higher portion of the land rented. In the NE and NC districts, over 60 percent of the land was rented, whereas in the SC and SE districts less than 45 percent of the land was rented.

Table 9.1 Percent of farmland rented by Crop Reporting District, 2012

	NW	NC	NE	WC	C	EC	SW	SC	SE	STATE
All acres	13%	12%	11%	14%	14%	11%	8%	8%	8%	100%
Owner controlled	39%	38%	45%	42%	41%	45%	47%	56%	57%	45%
Rented	61%	62%	55%	58%	59%	55%	53%	44%	43%	55%

A summary of land tenure by region is presented in Table 9.2. The findings in Table 9.2 reflect the differences noted in Table 9.1 with respect to percent of the land that is owner-operated. Note that less than a third of the land in the NE and NC districts is owner-operated. Table 9.2 also reveals patterns toward more cash rented land. The percentage of farmland that is cash rented exceeds the percent of land that is owner-operated in the northern and central districts but not in the southern districts (EC is essentially equal between cash rented and owner controlled.) The use of the crop share type of lease is less popular than cash leases in all regions.

The percentage of farmland in each district by ownership type is shown in Table 9.3. There are some regional differences observed. Farmland in the NC and SE districts has more land held as sole owners. The use of trusts is considerably lower in the NE and SE districts.

Table 9.2: Percent of farmland by tenure and district, 2012

	NW	NC	NE	WC	C	EC	SW	SC	SE	STATE
Owner-operated	29%	29%	34%	36%	36%	41%	40%	46%	46%	37%
Custom farmed	8%	3%	2%	2%	1%	0%	1%	0%	6%	3%
Government	2%	7%	9%	4%	4%	5%	6%	9%	5%	5%
Cash rent	47%	54%	46%	38%	42%	40%	33%	37%	33%	42%
Crop share	12%	8%	8%	19%	16%	11%	19%	5%	10%	12%
Other rent	2%	0%	1%	0%	1%	4%	1%	2%	0%	1%

Table 9.3: Percent of farmland by district and ownership type, 2012

	NW	NC	NE	WC	C	EC	SW	SC	SE
Sole owner	24%	13%	28%	34%	26%	30%	21%	17%	25%
Joint tenancy	23%	36%	45%	25%	32%	32%	28%	37%	35%
Tenants in common	5%	8%	9%	10%	8%	13%	3%	9%	7%
Partnerships	5%	1%	2%	1%	4%	0%	2%	4%	8%
Trust	29%	23%	3%	16%	10%	15%	27%	22%	6%
Corporations	10%	10%	14%	12%	17%	8%	15%	9%	17%
Other	4%	9%	0%	2%	1%	2%	4%	2%	2%

Table 9.4 shows the percentage of farmland using the services of a professional farm manager. The table is broken into four categories by crop reporting district and the state: all acres, percent of acres in a trust using a professional farm manager, non-corporate and corporate acres using a professional farm manager. The use of a professional farm manager varies by district, ranging from over 10 percent in NW and SW to none reported in SE. The use of a professional farm manager for land in a trust varied considerably from over 20 percent for five of the nine districts to 0 percent in the NE and SE districts. There were 20 percent of the acres in a trust that used the services of a professional farm manager. Overall, trusts represented almost half, 44 percent, of all the land using a professional farm manager. The use of a professional farm manager also varied by type of ownership. The non-corporate ownership types only used a professional farm manager on 3 percent of the acres, whereas the corporate types of ownership used professional managers on 15 percent of the acres.

Table 9.4: Percent of farmland managed by a professional farm manager by district and type of ownership, 2012

	NW	NC	NE	WC	C	EC	SW	SC	SE	STATE
Total acres using	11%	8%	3%	9%	9%	7%	12%	7%	0%	7%
Acres in a trust	27%	11%	0%	21%	26%	24%	16%	20%	0%	20%
Non-corporate w/o trusts	0%	4%	2%	4%	6%	5%	9%	0%	0%	3%
Corporate	32%	21%	11%	24%	8%	0%	15%	25%	0%	15%

The amount of land owned without debt is relatively similar across all districts in Iowa. The lowest percentage of land owned without debt is in SC and SE but even there, as shown in Table 9.5, over 70 percent of the land was debt free.

Table 9.5: Percent of farmland by financing method and district, 2012

	NW	NC	NE	WC	C	EC	SW	SC	SE
No debt	78%	78%	79%	78%	86%	76%	76%	73%	73%
Contract	5%	0%	3%	2%	1%	1%	7%	3%	6%
Mortgage	17%	22%	18%	20%	13%	23%	17%	23%	22%

As shown in Table 9.6, purchasing was the predominant method for acquiring farmland. There were some differences in the percentage of land that was inherited, ranging from a low of 11 percent in SC to a high of 38 percent in NW.

Table 9.6: Percent of farmland by method of acquisition and district, 2012

	NW	NC	NE	WC	C	EC	SW	SC	SE
Purchase	60%	73%	79%	72%	68%	73%	74%	84%	77%
Gift	3%	6%	5%	3%	3%	0%	4%	6%	4%
Inherited	38%	21%	14%	25%	28%	26%	21%	11%	19%
Other	0%	0%	2%	0%	2%	0%	2%	0%	0%

The aging landowner is a phenomenon across the entire state. Table 9.7 shows almost half the land is owned by people over 65 years old in all districts. The percentage of land owned by those over 75 ranged from a low of 23 percent in WC to a high of 39 percent in NC.

Table 9.7: Percent of farmland by age of owner and district, 2012

	NW	NC	NE	WC	C	EC	SW	SC	SE
< 25	0%	0%	0%	0%	1%	4%	0%	0%	0%
25 - 34	4%	1%	3%	1%	4%	0%	5%	3%	2%
35 - 44	4%	4%	5%	7%	7%	3%	6%	5%	2%
45 - 54	12%	17%	17%	17%	7%	14%	13%	10%	13%
55 - 64	23%	16%	24%	26%	15%	17%	18%	29%	35%
65 - 74	23%	22%	26%	26%	31%	28%	31%	25%	24%
> 75	34%	39%	24%	23%	35%	35%	26%	27%	24%

Table 9.8 shows that the majority of farmland is owned by full-time residents of the state. However, there is still a considerable amount of land that is owned by those who either live in Iowa part-time or not at all. The NW, NC, and C regions have over one-fourth of the land in the region owned by people who do not live in the state full-time.

Table 9.8: Percent of farmland by residence of owner and district, 2012

	NW	NC	NE	WC	C	EC	SW	SC	SE
Full-time	72%	75%	88%	82%	75%	85%	76%	87%	80%
Part-time or not at all	28%	25%	12%	18%	25%	15%	24%	13%	20%

The distribution of land ownership based on gender is relatively stable across the state. But, as shown in Table 9.9, there are some exceptions. In the EC region, only 39 percent of the land is owned by females while in the NW region over half the land is owned by females. Table 9.10 shows the distribution of owners by district. In most cases, the percent of acres and the percent of owners do not vary greatly. However, in the EC region 49 percent of the owners are female but they only own 39 percent of the land.

Table 9.9: Percent of farmland ACRES based on gender of owner and district, 2012

	NW	NC	NE	WC	C	EC	SW	SC	SE
Male	47%	52%	51%	52%	52%	61%	54%	57%	53%
Female	52%	47%	49%	47%	48%	39%	46%	43%	47%

Table 9.10: Percent of farmland OWNERS based on gender and district, 2012

	NW	NC	NE	WC	C	EC	SW	SC	SE
Male	51%	47%	48%	52%	51%	51%	50%	57%	49%
Female	49%	52%	52%	46%	49%	49%	50%	43%	51%

Table 9.11 shows results that mirror Table 9.1. The regions with the highest percentage of rented land were also the regions with the highest percentage of land owned by those who did not farm in 2012. Almost 70 percent of the land in NW and NC districts was owned by those who did not farm. The lowest percentage of land owned by non-farmers was in SE at 49 percent. Table 9.12 shows the percent of owners and their farming status. Notice the differences between owners and acres. There does not appear to be a clear pattern with respect to the differences observed.

Table 9.11: Percent of farmland ACRES based on whether or not the owner farmed and by district, 2012

	NW	NC	NE	WC	C	EC	SW	SC	SE
Full-time	16%	15%	24%	23%	23%	25%	28%	24%	27%
Part-time	10%	13%	14%	18%	15%	11%	12%	18%	25%
Not farm	72%	69%	62%	57%	61%	64%	59%	58%	49%
Other	2%	4%	1%	2%	1%	0%	0%	0%	0%

Table 9.12: Percent of farmland OWNERS based on whether or not they farmed by district, 2012

	NW	NC	NE	WC	C	EC	SW	SC	SE
Full-time	21%	12%	14%	7%	9%	11%	18%	14%	22%
Part-time	16%	14%	12%	28%	17%	18%	17%	32%	21%
Not farm	61%	72%	73%	63%	74%	72%	65%	54%	56%
Other	2%	2%	1%	2%	0%	0%	0%	0%	0%

Table 9.13 shows the percent of farmland based on the education level of the owner and the district. There are differences among the districts. Table 9.14 presents the percent of farmland owners by education and district. It is interesting to note that the NW has 45 percent of the owners with 32 percent of the land and some post high school. The C district has the same percentages for those completing high school.

Table 9.13: Percent of farmland ACRES base on education level of owner and district, 2012

	NW	NC	NE	WC	C	EC	WC	SC	SE
< 11th grade	3%	3%	5%	6%	4%	7%	1%	0%	1%
HS	25%	28%	45%	29%	32%	40%	34%	38%	36%
post HS	32%	26%	17%	31%	27%	24%	34%	32%	37%
BS	23%	33%	16%	25%	21%	20%	17%	12%	17%
Grad school	15%	6%	13%	8%	11%	5%	14%	18%	9%
Other	2%	5%	5%	2%	6%	4%	0%	0%	0%

Table 9.14: Percent of farmland OWNERS based on education level of owner and district, 2012

	NW	NC	NE	WC	C	EC	SW	SC	SE
< 11th grade	1%	1%	8%	3%	4%	7%	1%	0%	1%
HS	23%	24%	34%	24%	45%	30%	36%	42%	37%
post HS	45%	31%	23%	39%	25%	18%	35%	32%	40%
BS	19%	34%	17%	21%	13%	28%	13%	8%	15%
Grad school	10%	6%	13%	9%	7%	7%	16%	18%	8%
Other	2%	3%	5%	4%	7%	10%	0%	0%	0%

Finally, Table 9.15 shows the difference in the reason for owning farmland by district. There is considerable difference between some districts. In NW Iowa, 67 percent of the land is owned primarily for current income while only 43 percent of the land in SC is owned for current income. Over a third of the farmland (38 percent) in SE Iowa is owned for sentimental reasons.

Table 9.15: Percent of farmland based on the primary reason for owning the land and district, 2012

	NW	NC	NE	WC	C	EC	SW	SC	SE
Current income	67%	52%	57%	65%	49%	54%	62%	43%	50%
Long-term investment	17%	26%	24%	13%	21%	15%	20%	24%	10%
Sentimental	16%	19%	16%	19%	25%	26%	18%	24%	38%
Other	1%	3%	2%	3%	5%	4%	0%	9%	2%

• Summary

Some differences with respect to land ownership do exist across Iowa. For the most part, however, the major trends identified in earlier chapters are maintained even at the district level. It is important when reviewing the district summaries to remember that the number of observations in each district is smaller and thus wider swings in results can be expected. The statistical sampling procedure explained in Appendix B allowed for these differences. Nonetheless, it is still in the reader's best interest to remember there is a wider variation in the regional estimates as compared to the state estimates.

One of the major findings of this regional analysis is the differences in rented versus owner operated land. There is almost a 20 percent difference between the percent of land rented in NW or NC and SC and SE. Differences in soils and the predominant types of farms could explain these differences.

The predominance of cash rent was also shown in this analysis. Similar to the amount of land rented, there is a 21 percent difference in the percent of land cash rented in NC versus SW and SE.

The increasing age of landowners is readily apparent when looking across regions. The percent of land owned by those over 75 years old ranged from 23 percent in WC to 39 percent in NC.

The percent of farmland owned by those who do not live in Iowa is fairly well spread across Iowa. Between 12 and 28 percent of the farmland is owned by those who do not live in the state.

There are regional differences in Iowa. Some of this is due to the topography and land use while other differences can be due to culture. Additionally, there are differences in some cases depending on whether or not the comparison is based on farmland or farmland owners.

X. Trusts

The use of trusts as a means of land ownership in Iowa has increased dramatically over the past several years. In 1982 just one percent of the farmland was in a trust. By 2012, 17 percent of the land was held in a trust. Another 13 percent of the farmland is owned by people who indicate they plan to put their land into a trust.

Due to the rapid increase in the use of trusts, Iowa State University and the Drake Agricultural Law Center initiated a study to determine the nature of the trusts and the possible implications of the increase in the use of trusts on soil conservation. This study is funded through a grant from the Leopold Center for Sustainable Agriculture at Iowa State University.

This section reports the findings regarding trusts from the Land Ownership survey. The complete study of the impact of trusts on soil conservation will be reported elsewhere.

In a broad sense, trusts can either be revocable or irrevocable. A revocable trust can be changed or terminated during the lifetime of the person who established the trust. An irrevocable trust cannot be changed once it is created, even if the person who created the trust is still alive.

The majority of trusts holding Iowa farmland have been established in Iowa. The survey found 12 different states where trusts holding Iowa farmland had been established. But, over three-fourths, 81 percent, of the trusts were established in Iowa. Arizona and Illinois were the next highest states where trusts holding Iowa farmland have been established, with 3 percent each. No other state represented more than 2 percent of where the trusts were established.

Table 10.1 shows the distribution of land in trusts in Iowa. Notice that revocable trusts make up 57 percent of the total land in trusts and comprise 10 percent of all farmland acres in Iowa. The use of revocable trusts is often considered similar to a will or some other type of short-term arrangement because it can be revoked and doesn't have the same impact on the land and land ownership as an irrevocable trust.

Table 10.1: Distribution of farmland in trusts in Iowa, 2012

Type of trust	Percent of all farmland	Percent of farmland in a trust
Revocable	10%	57%
Irrevocable	5%	33%
N/A	2%	10%
Total	17%	100%

Almost half, 46 percent, of the revocable trusts will become irrevocable upon the death of the originator. There were another 20 percent of the respondents unsure if the revocable trust became irrevocable.

One concern that has been expressed about the use of trusts is they will tie up land ownership for many generations, limiting the ability to access land. Because a revocable trust can be revoked at any time, the length of the trust is a factor that can be changed. However, the irrevocable trusts have been established for a fixed amount of time.

Table 10.2 presents the distribution of farmland in an irrevocable trust based on the length of time for the trust. Most of the trusts are set to go for a generation but a third of the trusts will go beyond one generation.

Table 10.2: Duration of irrevocable trusts in Iowa, 2012

Category	Percent of farmland in irrevocable trusts
Lifetime of the one who established trust	20%
Lifetime of an individual beneficiary	33%
Lifetime of a class of beneficiaries (e.g., children)	11%
Extend beyond one generation	36%

A trust establishes a trustee. The trustee is someone or an entity that is responsible for seeing that the terms of the trust are honored and the assets in the trust are managed in a responsible manner.

Table 10.3 shows the relationship between type of trust and the trustee. Not surprising, with the majority of the revocable trust the person who established the trust is the trustee. Only the originator or a family member is listed as trustee for the revocable trusts.

Table 10.3: Percent of Iowa farmland in a trust by who is the trustee, 2012

Trustee	Revocable trusts	Irrevocable trusts	All trusts
Originator	80%	52%	70%
Family member	20%	21%	20%
Attorney	0%	4%	1%
Bank	0%	19%	7%
Someone else	0%	4%	1%

A trust can be established giving different degrees of responsibility for land management to the trustee. This level of involvement can range from total control to almost no control over the

farming operation. Table 10.4 shows the percent of farmland in a trust based on the trustee's involvement with the farmland operation. It is surprising that there isn't more variation between the two types of trusts. It would be expected that the revocable trusts would be more owner/operator.

Table 10.4: Percent of Iowa farmland in a trust by involvement of trustee in management of the farmland, 2012

Level of involvement	Revocable	Irrevocable	All trusts
Trustee is farming the land	14%	11%	13%
Trustee is acting as farm manager	37%	39%	39%
Trustee is delegating to someone else	44%	46%	44%
N/A	5%	4%	4%

Some trusts specify not only how the land will be managed but also by whom. Table 10.5 shows what percent of land that is in a trust requires that the land be managed by a professional farm management firm. The percent of farmland in a trust that specifies how the manager is determined is shown in Table 10.6. Notice that most trusts do not specify specifically who should manage the land or even the type of manager.

Table 10.5: Percent of farmland in a trust requiring the use of a professional farm manager, 2012

Use of professional farm manager required	Revocable	Irrevocable	All trusts
Yes	0%	4%	1%
No	100%	92%	96%
N/A	0%	4%	3%

Table 10.6: Percent of farmland in a trust that specifies how to determine who will manage the farm, 2012

Trust specifies how to determine farm manager	Revocable	Irrevocable	All trusts
Yes	8%	19%	13%
No	88%	70%	79%
N/A	4%	11%	8%

Some trusts will specify who will farm the land instead of simply saying how the manager will be determined. Table 10.7 shows the percent of farmland in a trust where who will farm the land is actually specified. Notice in Tables 10.5 to 10.7 there is a pattern that the manager or the farmer for the land is usually left to the trustee to determine.

Table 10.7: Percent of farmland in a trust that specifies how to determine who will farm, 2012

Trust specifies how to determine who will farm the land	Revocable	Irrevocable	All trusts
Yes	12%	13%	11%
No	84%	83%	83%
N/A	4%	4%	6%

Another aspect of trusts is if or how they can be modified or terminated. Table 10.8 shows the percent of farmland in trusts that contain provisions whereby the beneficiaries can replace the trustee. The following table, Table 10.9, shows the percent of farmland where the trust document includes procedures for how to terminate the trust.

Table 10.8: Percent of farmland in a trust with procedures for beneficiaries to replace the trustee, 2012

Trust has procedures to replace trustee	Revocable	Irrevocable	All trusts
Yes	44%	21%	35%
No	45%	55%	50%
N/A	11%	14%	15%

Table 10.9: Percent of farmland in a trust that has procedures for how to terminate trust, 2012

Trust has procedure for termination	Revocable	Irrevocable	All trusts
Yes	23%	14%	20%
No	45%	72%	51%
N/A	32%	13%	29%

Table 10.10 shows the percent of farmland that is in a trust that requires certain land management practices. Such practices might include a certain crop rotation, use of cover crops, no-till, or some other land management practice.

Table 10.10: Percent of farmland in a trust with requirements for certain land management practices to be used, 2012

Practice requirements	Revocable	Irrevocable	All trusts
Yes	0%	7%	2%
No	94%	87%	90%
N/A	6%	6%	8%

There are some noticeable differences between those whose farmland is in a trust and those who are not. One of the differences is in the gender of the owner. Table 10.11 shows the gender of owners of farmland in a trust and those not in a trust during 2012. Notice there are only minor differences between the types of trusts and gender but there is more difference between trusts and non-trusts.

Table 10.11: Percent of farmland by gender and trust status, 2012

	Revocable	Irrevocable	All trusts	Non-trusts
Male	42%	47%	44%	55%
Female	58%	53%	56%	45%

Because of the sampling techniques used we are also able to compare the percent of owners based on gender and trust status. These results are presented in Table 10.12. There is a considerable difference between the gender of owners based on trust status. Females represent almost two-thirds of the revocable trust owners while females represent less than one-half the non-trust owners. Irrevocable trust owners are similar to non-trust owners.

Table 10.12: Percent of owners by gender and trust status, 2012

	Revocable	Irrevocable	All trusts	Non-trusts
Male	34%	48%	44%	52%
Female	66%	52%	56%	48%

Tables 10.11 and 10.12 illustrate the difference between percent of farmland and owners. Females are 66 percent of the revocable trust owners but they only control 58 percent of the land in a revocable trust. For all trusts there is essentially no difference between gender and acres or number of owners.

Age is another area in which there is a difference between who is using and not using a trust. Table 10.13 shows the percent of farmland based on age and trust status. Notice that the percent of acres held by those over 75 years of age and using a trust is double the percent of acres for non-trust farmland owned by those over 75 years of age.

Table 10.14 shows the percent of owners by age and by use of trusts. Here, too, there is an age difference between those using and not using a trust.

Table 10.13: Percent of farmland by age of owner and trust status, 2012

Age	Revocable	Irrevocable	All trusts	Non-trust
< 25	2%	0%	1%	0%
25 – 34	0%	0%	0%	3%
35 - 44	4%	0%	4%	5%
45 – 54	3%	16%	8%	15%
55 – 64	10%	27%	15%	24%
65 – 74	31%	12%	24%	27%
> 75	50%	45%	48%	26%

Table 10.14: Percent of owners by age and trust status, 2012

Age	Revocable	Irrevocable	All trusts	Non-trusts
< 25	8%	0%	4%	1%
25 – 34	0%	0%	0%	3%
35 – 44	8%	0%	7%	8%
45 – 54	4%	29%	17%	21%
55 – 64	8%	30%	15%	24%
65 – 74	32%	7%	21%	21%
> 75	40%	34%	36%	22%

Tables 10.13 and 10.14 show the differences between the age and the acres owned. All trusts have 48 percent of the land held by those over 75 years of age yet this age category only represents 36 percent of the owners over 75. The revocable trusts are definitely skewed toward older owners. There are 81 percent of the acres and 72 percent of the owners of revocable trusts over 65 years of age. But, only 57 percent of the acres and 41 percent of the owners of irrevocable trusts are over the age of 65.

• Summary

- Most trusts in Iowa are revocable trusts. But, almost half of these will become irrevocable on the death of the originator.
- The use of trusts appears to be an estate planning, tax management, or transition plan as opposed to being used to manage the land per se.
- Trusts are primarily used by older, female landowners.
- There doesn't appear to be many provisions for how to choose a farm manager or who will farm the land.
- Most of the trustees are family members as opposed to professional attorney or lenders.
- Landowners could use trusts as a means of achieving soil conservation but they are currently not using trusts for this purpose.

XI. Summary, Comparisons, and Recommendations

This study focused on Iowa land ownership and tenure in 2012. If possible, changes from results of earlier surveys were provided to give a historical perspective. The analysis included land owned by type of ownership, tenure of the land, demographics of landowners, farmland acquisition, and anticipated transfer methods. The study also examined use of conservation programs. This final chapter briefly summarizes the survey methods, reviews the major conclusions from the 2012 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 a general sample of Iowa farmland. This survey methodology means most of the time the data presented here represent percent of farmland and not percent of farmland owners. However, the 2012 survey does allow some limited comparisons between percent of farmland and percent of farmland owners. In most cases, the percent of owners matches the percent of farmland but not in every case. Therefore, it is important to keep the distinction in mind when reviewing the data.

The general sample selection utilized 705 scientifically selected, 40-acre tracts that were 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. For some of the 40-acre tracts, there was more than one separate ownership unit. There were 957 different sample units. In some cases, there were multiple owners within the same sample unit. After allowing for ineligible tracts, non-respondents, and other adjustments, the work in this publication represents 555 completed, telephone interviews. This was a 70 percent response rate from eligible respondents.

• General Conclusions

Three major conclusions can be made regarding farmland ownership and tenure based on the 2012 study. Most of the changes were relatively small, involving only a 1 or 2 percent change from 2007. However, when viewed over the past 25 years, some of the changes were significant.

It is important to remember the time period when comparing the 2007 and 2012 results. This five-year period was a boom period for agriculture. Farmland values increased 112 percent from 2007 to 2012. This rate of increase had an impact on the trends in land ownership patterns.

The first major conclusion from this study is that the increasing age structure of farmland owners continued to move toward an older population of landholders. In 2012, over half the farmland in Iowa was owned by people over the age of 65 including 30 percent owned by people over the age of 75. There was a 2 percent increase in the amount of land held by those over 75 from 2007 to 2012. There has been an 18 percent increase in the amount of land held by people over 75 since 1982.

The percent of land held by owners between 65 and 74 showed a slight decrease (1 percent) from 2007 to 2012. This could be the result of the time period covered or it might be the start of a new trend. One period observation is not enough to draw conclusions.

The amount of land held by younger landowners has shown the most significant drop. The percent of Iowa farmland owned by those under the age of 55 has dropped from 48 percent to 23 percent, from 1982 to 2012. Land owned by those under 35 has dropped from 11 percent in 1982 to less than 4 percent.

There have been earlier surveys of Iowa farmland owners. Although direct comparison isn't possible because of survey differences, it is still enlightening to compare results. The percent of land owners over 65 remained relatively constant from 1890 to 1930 at approximately a third of the owners. There was an increase during the Depression and World War II to around 40 percent of the owners being over 65. Over the next several decades, the percent of land owned by those over 65 years of age dropped to approximately 33 percent. This period was followed by a gradual increase. The recent rapid increase in the percent of land owned by those over 65 is a phenomenon that we have not seen before. In 2012, 45 percent of the owners owning 56 percent of the farmland were over 65 years of age.

A second major conclusion is the increasing move toward cash rent agreements appears to have stopped. The amount of land that is rented has not changed substantially over the past few decades but the amount of land cash rented increased substantially. In 1982, the leased land was equally divided between cash rent and crop share leases. By 2007, 77 percent of the leased land was leased using cash rent. In 2012, the percent of leased land using cash rent remained unchanged from 2007.

One of the changes that occurred in leasing is the increase in the amount of the cash rent land that uses a flexible lease. Increased use of the flexible cash leases may be a move back to a variant of crop share. The wild swings in prices and yields over the time

period covered by the survey showed the advantages of using a flexible lease as opposed to the fixed cash leases.

The third major conclusion is that we are seeing a shift in ownership structure. The percent of Iowa farmland owned under a sole proprietor business arrangement decreased 16 percent from 1982 to 2012. In 1982, 41 percent of the land in Iowa was held as sole proprietor but in 2012 this had dropped to 25 percent. Farmland held in joint tenancy (husband and wife for purposes here) dropped 3 percent from 2007 to 2012. Overall, joint tenancy ownership has dropped from 39 percent in 1982 to 32 percent in 2012.

Land in trust is the ownership category that has seen the largest increase. In 1982, 1 percent of the land was in a trust and by 2012, 17 percent was in a trust. The use of trusts increased 7 percent during the 2007 to 2012 time period. The majority of the trusts are revocable trusts, which indicate the owner is maintaining control of the trust but using this form of ownership as an estate planning tool or some other reason.

Another continuing change in ownership structure is the increased use of multiple ownership entities. Land being owned by two trusts, a trust and a corporation, or a trust, a corporation, and an individual are just some of the examples of these multiple ownership entities. In 2012, approximately 5 percent of the land was owned in some sort of a multiple entity ownership arrangement. Overall, 20 percent of the land is owned by a single male, 16 percent by a single female, 40 percent by couples, and 24 percent has multiple owners.

Most of the changes that we have seen in land ownership and owner characteristics stem from these major forces in the land market. Some of the other changes are reflective of changing technology used in agricultural production and in the aging rural population in general.

Today in Iowa, three-fourths of the land is held without debt. Although the financing situation with respect to farmland has not changed dramatically since 2007, there has been a substantial change since 1982. In 1982, 62 percent of the land was held debt free and 18 percent was under a contract for deed. By 2012, there had been a significant shift with 78 percent of the land held without debt and just 3 percent held under a contract for deed. The amount of land under a conventional mortgage has remained essentially constant over the same time period. During the period of rapid land value increases in the 1970s, land contracts were a popular form of financing. The low use of land contracts today may indicate the change in circumstances since that time.

The percent of land owned by those with a high school degree or less continued to decrease from 65 percent in 1982 to 38 percent in 2012. The amount owned by those with a college or advanced degree increased by 16 percent from 2007 to 2012. The biggest increases are found among land owned by those with some post-high school education or a college degree. This change in education level reflects a change in the population and a change in the complexity of running a farm today.

The preferred sources of information reported by the landowners also reflect their aging. Over half (53 percent) of the land is owned by someone who prefers getting information via the mail. Just 10 percent of the land is owned by those who would list the Internet as their preferred way to get information.

The majority of land, 62 percent, was owned by those who reported they did not farm in 2012. This represents a 7 percent increase over the 55 percent reported in 2007. Over a third of the land, 37 percent, and 49 percent of the owners said they have never farmed. This indicates two trends from the data. First, even after retirement farmers will tend to hold on to their land. Second, there has been an increase in the percentage of land being purchased by those who are classified as investors, and many of them have never farmed.

The conclusion that farmers retain ownership of their land is reinforced by the reported reasons for owning land. Almost all land is owned either for income, long-term investment, or sentimental reasons. Even after they retire, most farmers will look to their land as a source of income. Studies by the Iowa State University Beginning Farmer Center have shown that those farmers who intend to retire or semi-retire will rely on the current farm for over a fourth of their retirement income.

Farmland ownership is a dynamic and fluid situation. Currently, we are seeing a situation in which the majority of the land is owned by an aging population. As these owners pass on, it appears they will be transferring the land within the family using a variety of techniques. Given the aging populations, the majority of the trends we see in place are likely to continue. Iowa can expect that more of its land will be owned by those who are not full-time residents, there will be significant changes in the ownership structure, and there will be a continued move toward cash rented land.

APPENDIX A
Regional Analysis

This appendix presents the regional analysis tables using the original regions outlined in the figure below. These regions are the ones designated in the original legislation. They are presented to allow comparisons with previous years.

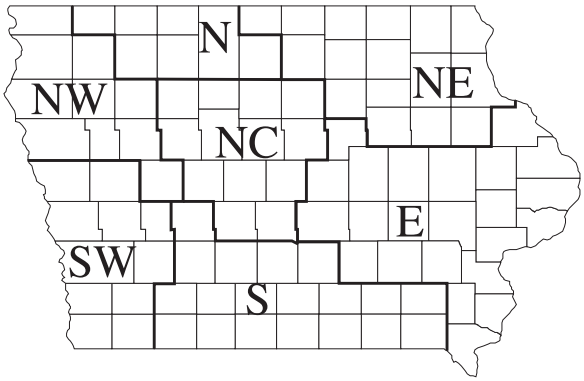

Figure 2.1: Iowa regions used in 1958, 1970, 1976, 1982, 1992, 1997, 2002, 2007, and 2012 survey

The tables follow the same order as the tables presented in Section IX.

Table 9.1: Percent of farmland rented by region, 2012

	NW	SW	N	NC	S	NE	E	STATE
Total acres	12%	11%	8%	14%	15%	16%	23%	100%
Owner controlled	47%	41%	32%	41%	57%	42%	45%	45%
Rented	53%	59%	68%	59%	43%	58%	55%	55%

Table 9.2: Percent of farmland by tenure and region, 2012

	NW	SW	N	NC	S	NE	E	STATE
Owner-operated	38%	36%	26%	32%	48%	33%	38%	37%
Custom acres	7%	1%	3%	5%	1%	1%	3%	3%
Government conservation acres	2%	4%	3%	4%	8%	8%	5%	5%
Cash rent	41%	36%	56%	38%	33%	51%	43%	42%
Crop share	10%	22%	13%	22%	8%	6%	9%	12%
Other lease arrangement	2%	1%	0%	0%	1%	1%	2%	< 1%

Table 9.3: Percent of farmland by region and ownership type, 2012

	NW	SW	N	NC	S	NE	E	STATE
Sole owner	28%	31%	21%	21%	20%	24%	27%	25%
Joint tenancy	21%	29%	21%	28%	34%	40%	39%	32%
Tenancy in common	13%	3%	7%	9%	8%	9%	7%	8%
Partnership	3%	2%	7%	3%	2%	1%	4%	3%
Estates	1%	3%	3%	6%	2%	4%	2%	3%
Trusts	23%	20%	31%	16%	22%	7%	11%	17%
Corporations	11%	12%	10%	16%	11%	15%	10%	12%

Table 9.4: Percent of farmland managed by a professional farm manager by region and type of ownership, 2012

	NW	SW	N	NC	S	NE	E	STATE
All	9%	12%	7%	15%	5%	4%	5%	7%
Non-corporate	6%	10%	6%	14%	5%	2%	5%	6%
Corporate	33%	25%	17%	17%	11%	13%	0%	15%

Table 9.5: Percent of farmland by financing method and region, 2012

	NW	SW	N	NC	S	NE	E	STATE
No debt	71%	75%	80%	80%	73%	75%	75%	75%
Contract	5%	3%	2%	2%	2%	4%	5%	3%
Mortgage	25%	22%	18%	18%	25%	21%	21%	21%

Table 9.6: Percent of farmland by method of acquisition and region, 2012

	NW	SW	N	NC	S	NE	E	STATE
Purchase	70%	70%	68%	61%	79%	79%	76%	73%
Gift	1%	3%	1%	5%	5%	3%	3%	3%
Inherited	27%	27%	30%	32%	16%	17%	21%	23%
Other	0%	0%	0%	0%	0%	0%	0%	0%
Don't know	2%	0%	0%	3%	0%	1%	0%	1%

Table 9.7: Percent of farmland by age of owner and region, 2012

	NW	SW	N	NC	S	NE	E	STATE
< 25	0%	0%	2%	1%	0%	0%	0%	<1%
25-34	7%	2%	2%	1%	1%	0%	1%	2%
35-44	7%	7%	5%	3%	6%	11%	3%	6%
45-54	19%	17%	6%	11%	12%	16%	16%	15%
55-64	21%	29%	16%	19%	26%	16%	24%	22%
65-74	26%	20%	30%	22%	29%	30%	29%	27%
> 75	20%	26%	39%	41%	25%	27%	27%	28%

Table 9.8: Percent of farmland by residence of owner and region, 2012

	NW	SW	N	NC	S	NE	E	STATE
Full-time	74%	73%	73%	73%	82%	81%	84%	78%
Part-time or not a resident	23%	27%	27%	25%	18%	17%	16%	21%

Table 9.9: Percent of farmland ACRES based on gender of owner and region, 2012

	NW	SW	N	NC	S	NE	E	STATE
Male	48%	56%	50%	55%	54%	50%	54%	53%
Female	52%	44%	48%	43%	46%	49%	46%	47%
N/A	0%	0%	2%	1%	0%	1%	0%	1%

Table 9.10 Percent of farmland OWNERS based on gender and region, 2012

	NW	SW	N	NC	S	NE	E	STATE
Male	52%	52%	51%	53%	55%	47%	49%	50%
Female	48%	48%	48%	44%	45%	53%	51%	49%
N/A	0%	0%	1%	2%	0%	0%	0%	0%

Table 9.11: Percent of farmland ACRES based on whether or not the owner farmed and by region, 2012

	NW	SW	N	NC	S	NE	E	STATE
Farmed full-time	24%	25%	9%	20%	28%	20%	24%	22%
Farmed part-time	13%	16%	14%	13%	18%	14%	15%	15%
Did not farm	63%	59%	73%	63%	54%	64%	62%	62%
N/A	0%	0%	3%	4%	0%	2%	0%	1%

Table 9.12: Percent of farmland OWNERS based on whether or not they farmed by regions, 2012

	NW	SW	N	NC	S	NE	E	STATE
Farmed full-time	17%	11%	8%	7%	21%	15%	12%	13%
Farmed part-time	27%	27%	15%	13%	30%	13%	16%	19%
Did not farm	56%	62%	73%	77%	49%	71%	72%	67%
N/A	0%	0%	3%	4%	0%	1%	0%	0%

Table 9.13: Percent of farmland ACRES base on education level of owner and region, 2012

	NW	SW	N	NC	S	NE	E	STATE
< High school	3%	7%	3%	1%	0%	4%	5%	3%
High school	31%	28%	24%	26%	38%	36%	41%	34%
Some post high school	33%	37%	25%	22%	31%	25%	28%	28%
College degree	17%	18%	35%	34%	15%	20%	16%	21%
Graduate degree	16%	11%	9%	9%	16%	10%	7%	11%
N/A	0%	0%	3%	8%	0%	4%	3%	3%

Table 9.14: Percent of farmland OWNERS based on education level of owner and region, 2012

	NW	SW	N	NC	S	NE	E	STATE
< High school	1%	6%	1%	0%	0%	6%	6%	3%
High school	25%	24%	30%	33%	42%	27%	36%	31%
Some post high school	43%	44%	23%	24%	30%	34%	25%	32%
College degree	18%	14%	30%	26%	13%	21%	19%	20%
Graduate degree	13%	8%	12%	6%	14%	9%	7%	10%
N/A	0%	5%	3%	10%	0%	1%	6%	3%

Table 9.15: Percent of farmland based on the primary reason for owning the land and region, 2012

	NW	SW	N	NC	S	NE	E	STATE
Current income	69%	66%	62%	46%	50%	56%	54%	56%
Long-term investment	9%	17%	26%	30%	24%	22%	11%	19%
Sentimental/ family	21%	16%	9%	23%	21%	19%	30%	22%
Other	1%	1%	4%	1%	4%	3%	5%	3%

APPENDIX B
Methodology Report for Iowa Farmland Ownership Survey

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1. Introduction

Iowa farmland ownership surveys have been conducted by Iowa State University researchers for over 60 years. In 2012, Iowa State University's Survey and Behavioral Research Services, assisted by the Center for Survey Statistics and Methodology, conducted the Iowa Land Ownership Survey, a statewide telephone survey of owners of farmland in Iowa under the sponsorship of the ISU Department of Economics. This longitudinal survey has been conducted every five years since 1988. This report describes the survey methods used to design the sample, collect data, and create summary tables for the study. Section 2 describes the sampling design methodology for the study and the data collection procedures, and Section 3 describes weighting and estimation procedures.

2. Sampling Design and Data Collection Procedures

The target population for this study is Iowa land being used for agricultural purposes as of July 1, 2012. Because no complete list of owners of Iowa farmland is available, owners of land were sampled through a two-stage area sampling design.

The first stage of sampling consisted of randomly selecting 705 40-acre parcels in Iowa, where a parcel is a quarter of a quarter section in the Public Land Survey System. This sample of parcels was selected in 1988 and has been used every five years for the Iowa Land Ownership Survey. The sampling design for the survey parcel selection was stratified simple random sampling without replacement, where the strata were counties.

The next step consisted of identifying and contacting the owners of the selected parcels of land. Legal descriptions of the selected parcels were forwarded to appropriate county auditors to identify owners by name and address. Auditors also indicated the number of acres owned within the parcel and whether the land was classified as agricultural. There was one ownership arrangement for most 40-acre plots, but some had multiple ownership arrangements. All arrangements were included in the sample.

The second stage of sampling related to owner selection for demographic data. Demographic information was obtained for all sole owners. If the ownership arrangement was a husband and wife, demographic information was obtained about both people. In cases of multiple ownership other than husband and wife ownership, one owner was randomly selected for inclusion in the demographic description portion of the survey. Because of this selection of one sample owner from any sets of owners, the sample is considered to be a two-stage sample.

Respondents were asked how many acres were owned in the particular ownership arrangement of the selected 40-acre plot, and subsequent questions were asked for all acres owned in that particular ownership arrangement. The acres in the ownership arrangement are called unit acres.

Prior to data collection, research staff located telephone numbers for owners using records from the 2007 survey and Internet resources. Anticipated ownership type and potential proxy respondents were also identified by research staff based on information provided by the auditors. The owner of record for each parcel was sent an advance letter describing the study prior to the initial phone contact. If no telephone number could be located for an owner, a pre-addressed, postage-paid postcard was enclosed to be returned to research staff with a current phone number.

Interviewers were trained in telephone interviewing techniques and in project protocols. All interviews were conducted in the SBRS telephone lab using Blaise computer-assisted telephone interviewing (CATI) software. A manual of interviewing procedures, glossary, and question-by-question specifications were used for training and for reference throughout the interviewing process. Interviews were conducted from September 21, 2012, through December 18, 2012.

SBRS staff observed the following protocols when contacting sample respondents. Telephone numbers were tried at various times (e.g., days and evenings, weekdays, and weekends). Non-working and incorrect numbers were identified and placed in

a tracking queue for additional attempts to locate the owners. Phone numbers with no personal contact were rotated through a minimum of 12 call attempts. Phone numbers with personal contact were attempted up to 20 times. Numbers were classified as Maximum Calls if no interview was obtained after these attempts. Land classified by the auditors as non-agricultural was recorded as Not Eligible and no attempts were made to contact those owners. During the interview screening process, it was learned that some additional parcels were not used for agricultural purposes in 2012, and these were also recorded as Not Eligible. Proxy interviews were conducted in 62 cases. Three completed cases involved land owned by institutions, and interviews were conducted with representatives of those institutions.

All interviews were conducted under the direct supervision of a telephone interviewing supervisor. CATI software was programmed to include edit checks to detect illegal values and logic errors as responses were entered into the computer during the interview. Interviewers were monitored at random intervals as a quality control measure and completed interviews were reviewed by a supervisor. Discrepancies, omissions, and unclear responses were clarified with the interviewer if possible. Data retrieval callbacks were made to the respondent by the original interviewer or supervisor when required. Simple frequencies, cross tabulations, and edit checks were conducted to catch coding and entry errors. Corrections in the data were made as inaccuracies were found.

Table 1 contains the outcomes for the telephone survey. Of the 957 land parcels with unique ownership that were identified in the sample, 139 were determined to be not eligible because their land was classified as exempt and/or non-agricultural. This includes land owned by government entities and churches as well as residential property. Another 21 parcels were not eligible because the land was not used for agricultural purposes in 2012, even though it was officially classified as agricultural land. Three owners each owned two of the sampled 40-acre plots in the same ownership type. Two of those owners refused to participate; they each are recorded as a refusal once and as ineligible once. The third owner, a corporation, completed the interview; the data was recorded under one Case ID while his other Case ID was assigned a disposition of not eligible for recording purposes. Ninety respondents were contacted multiple times but no interview could be obtained. There were 115 respondents who refused to complete an interview. An additional 34 owners could not be located. In most cases, addresses were available but no telephone number was located. The remaining 555 cases resulted in completed interviews, for an overall response rate of 69.9 percent.

Table 1. Telephone Survey Outcomes

	# Cases	Percent
Total 40-Acre Tracts of Iowa Farmland Selected	**705**	
Total Land Parcels with Unique Ownership in Sample	**957**	
Not eligible (Classified exempt or non-agricultural)	139	
Not eligible (Classified as agricultural but not used for agricultural purposes in 2012)	21	
Not eligible (Duplicate owners – Three owners each own 2 sampled parcels in the same manner. Their information is included only once.)	3	
Total Eligible Land Parcels	**794**	**100.0%**
Unlocatable (no phone number available)	34	4.3%
Refused	115	14.5%
Maximum calls - unresolved	90	11.3%
Interviews completed	555	69.9%

3. Estimation and Weighting

For this survey, we created two sets of weights, one set for acres and one set for owners. The acre weights are constructed to estimate characteristics of acres such as "number of acres owned by females." The owner weights are designed to estimate characteristics of owners such as "the number of owners that are females."

All weights are computed by district and region. Because we do not know the location of the "other" land, we assume that the land is owned in the same district and region of selected parcel.

1. Acre weights

The sample parcel is a 40-acre plot but the parcel may consist of multiple ownership units. For simplicity, we treat units as if they had been obtained from separate plots, and assume the probability of selecting a parcel is proportional to the maximum of 40 acres and the size of the unit.

Then, the sampling weights for ith parcel at jth district and kth region is computed by

$$w^*_{1ijk} = \frac{A_{jk}}{n_{jk} a^*_{ijk}}$$

where

A_{jk}: Total acres of Iowa farmland at jth district and kth region.

n_{jk}: a number of sampled parcels at jth district and kth region.

a_{ijk}: Acres of ith parcel at jth district and kth region.

a^*_{ijk} = max(40, a_{ijk}).

The sampling weights are adjusted so that the weighted sum of a_{ijk} is equal to the total acres of farmland at jth district and kth region,

$$w_{1ijk} = w^*_{1ijk} r$$

where

$$r = \left(\sum_i \frac{1}{n_{jk} a^*_{ijk}} a_{ijk}\right)^{-1}.$$

Once we get sampling weights for parcels, we can create acre weights by

$$w_{ijk} = w_{1ijk} a_{ijk}$$

where w_{ijk} is the acre weight for ith parcel at jth district and kth region.

The sum of acre weights preserves total size of farmland in the district and region. That is, we have that

$$\sum_{i \in S_{jk}} w_{ijk} = \sum_{i \in S_{jk}} w_{1ijk} a_{ijk} = A_{jk}$$

and

$$\sum_j \sum_k \sum_{i \in S_{jk}} w_{ijk} = \sum_j \sum_k \sum_{i \in S_{jk}} w_{1ijk} a_{ijk} = A$$

where S_{jk} is a set of sampled parcel at jth district and kth region and A is total acres of Iowa farmland.

Because we collect information for both husband and wife in case of couple owners, half of the acre weight is assigned to each member of the couple. For example, if an acre weight is 200 and the ownership arrangement is a couple, then the husband gets a weight of 100 and the wife gets a weight of 100. In other words, the data set contains a row of data for the husband and a row for the wife and each row is given a weight equal to one half of the acre weight.

2. Owner weights

To create sampling weights based on owners, we need to compute "total acres" of farmland owned by each owner. We may assume five scenarios that each owner will be (1) a sole owner who has no other acres owned in another way, (2) one of a couple such that neither member of the couple owns acres in any other way, (3) a sole owner who owns acres in some other way, (4) one of a couple such that at least one of the couple owns other acres, or (5) one of multiple owners.

Table 1. Total acres for weighting and estimation

Ownership type		Acres for weighting	Acres for estimation
(1)		Q9	Q9
(2)	Husband	Q9	Q9/2
	Wife		
(3)		Q9+Q59b+Q59c/Q59d	Q9+Q59b+Q59c/Q59d
(4)	Husband	Q9+Q58b+Q58c/Q58d	Q9/2+Q58b+Q58c/Q58d
	Wife	Q9+Q58b+Q58c/Q58d	Q9/2+Q58b+Q58c/Q58d
(5)		Q9/Q4+Q59b+Q59c/Q59d	Q9/Q4+ Q59b+Q59c/Q59d

Q9: Acres of Iowa farmland owned by the ownership in Q3b.
Q4: Number of owners for Q9.
Q58b: Acres owned as a sole owner (Husband or Wife).
Q58c: Acres owned with others (Husband or Wife).
Q58d: The number of co-owners for Q58c.
Q59b: Acres owned as a sole owner.
Q59c: Acres owned with others.
Q59d: The number of co-owners for Q59c.

In case of (1) and (2), total acres of owners are the same with acres of sampled parcel. Thus, owner weights for those cases should be equivalent to weights for parcels. To guarantee those weights, we first compute adjusted total acres of Iowa farmland at jth district and kth region B_{jk} such that

$$B_{jk} = A_{jk} - \sum_{i \in S_{1jk}} w_{ijk} = \sum w_{1ijk}\, a_{ijk} = A_{jk}$$

where

A_{jk}: total acres of Iowa farmland at jth district and kth region.

a_{jk} : acres of ith parcel at jth district and kth region.

w_{ijk} : acre weight for ith parcel at jth district and kth region.

S_{1ijk}: a set of parcels owned by ownership type (1) or (2).

Now we need to compute owner weights for other cases. The sampling weights for owner $i \in Q_{1ijk}$ at jth district and kth region is computed by

$$q^*_{1ijk} = \frac{B_{jk}}{m_{jk} b^*_{ijk}}$$

where

B_{jk}: adjusted total acres of Iowa farmland at jth district and kth region.

Q_{1ijk}: a set of owners that do not belong to (1) and (2) at jth district and kth region.

m_{jk}: a size of .

b_{ijk} : total acres of ith owners at jth district and kth region.

$b^*_{ijk} = \max(40, b_{ijk})$.

Because the probability that ith owner is sampled has to be proportional owner's total acres, total acres b_{ijk} is computed as "Acres for weighting" in the Table1. Since we observe both husband and wife information, we use the whole unit acres Q9 instead of Q9/2 in weighting construction. This preserves that the sampling probability for owners is equal across all ownership types. But we have to use a half of unit acres (Q9/2) to estimate something for couple owners. Also, the owner weights are generally different in a couple, because husband and wife may have different acres in other land owned as sole owner (Q58b) or other land owned as joint owners (Q58c). In cases (2) where the ownership arrangement is husband and wife and they do not own any acres in other ways, the husband and wife have the same total acres and owner weights.

The initial owner weights in case of (3), (4) or (5) are adjusted so that the weighted sum of b_{ijk} is equal to the adjusted total acres of farmland in jth district and kth region.

$$q_{ijk} = q^{*}_{ijk}\, r$$

where

$$r = \left(\sum_{i \in Q_{1jk}} \frac{1}{n_{jk} b^{*}_{ijk}} d_{ijk} \right)^{-1}$$

and

$$\sum_{i \in Q_{1jk}} q_{ijk}\, d_{ijk} = B_{jk}$$

where d_{ijk} is the total acres for estimation of ith owner at jth district and kth region and is obtained from the way in "Acres for estimation" of Table1. Because a half acres of unit (Q9/2) is considered as a part of total acres in estimation, d_{ijk} is different from b_{ijk} in couple ownership type. Once we construct the final owner weights, we can verify if the weights guarantee the following two equations:

$$\sum_{i \in Q_{jk}} q_{ijk}\, d_{ijk} = \sum_{i \in S_{jk} \setminus Q_{1jk}} q_{ijk}\, d_{ijk} + \sum_{i \in Q_{1jk}} q_{ijk}\, d_{ijk} = A_{jk}$$

and

$$\sum_{j} \sum_{k} \sum_{i \in Q_{jk}} q_{ijk}\, d_{ijk} = A$$

where Q_{jk} is a set of owners at jth district and kth region.

APPENDIX C
Land Ownership Questionnaire
2012

Introduction 1 (Beginning).

Hello, this is (your name) calling for the Economics Department at Iowa State University.
May I please speak to (owner name)?

Recently, Iowa State University sent you a letter about a land ownership research study we are conducting for the state legislature. Did you receive this letter?

1 = Yes
2 = No → **[EXPLAIN PROJECT - READ LETTER IF NECESSARY.]**

As the letter stated, we would like to talk with you about some land that you own in Iowa. This first part will take just a couple of minutes, and then we would like to do a short 15 to 20 minute interview that can be scheduled at your convenience. Before I ask any questions, I want to assure you that any information you provide will be kept strictly confidential and used only for the purposes of this research. Your participation is voluntary and if you feel any question is too personal, you do not have to answer it. First, I need to verify some information.

Introduction 2 (Appt Callback).

Hello, this is (your name) calling for the Economics Department at Iowa State University.
May I please speak to (owner name)?

I'm calling back about the land ownership research study we are conducting for the state legislature. Is this still a good time for you to complete the interview? It will take 15 to 20 minutes.

1 = Yes
2 = No → **[SCHEDULE CALLBACK.]**

Before we begin, I want to assure you that any information you provide will be kept strictly confidential and used only for the purposes of this research. Your participation is voluntary and if you feel any question is too personal, you do not have to answer it. First, I need to verify some information.

Screener.

1a. According to tax records, as of July 1, 2012, you had an ownership interest in land located in _____ County,
_____ Township, Section ____,
the _____quarter of the _____ quarter. Is that correct?

1 = Yes [GO TO Q2a.]
2 = No
3 = Respondent represents the owner (Proxy) [GO TO Q2a.]
4 = Institution owns land [GO TO Q2a.]

[IF DON'T KNOW, PROBE TO CLARIFY. IF NECESSARY, FIND OUT WHO CAN VERIFY OWNERSHIP & RECORD NAME & PHONE NUMBER FOR SUPERVISOR TO CALL. CLOSE.]

b. Did you have an ownership interest in this land before July 1, 2012?

1 = Yes
2 = No [PROBE TO DETERMINE ERROR AND DESCRIBE. IF NO OWNERSHIP, CLOSE.]

c. Who owned this land as of July 1, 2012?
[RECORD NAME, PHONE #, AND ADDRESS. THEN CLOSE.]

2a. Was this land used for agricultural purposes (crops, livestock, etc.) this year? (in 2012)

1 = Yes [GO TO Q3a.]
2 = No

b. Is this land a home site which is adjacent to property you own that is being used for agricultural purposes?

1 = Yes [GO TO Q3a.]
2 = No → c. What is this land used for?
OPEN-ENDED

[IF NO TO Q2a AND 2b, CLOSE: That's all the information we need for this study. Iowa State University thanks you for your time (today/this evening).]

3a. Our records show that as of July 1, 2012 you owned this parcel of land as a [TYPE OF OWNERSHIP FROM SAMPLE] [with NAME(s)]. Is this correct ?

1 = Yes
2 = No à b. In what manner did you own this land?

1 = Sole Owner
2 = Joint Tenancy (husband/wife)
3 = Tenancy in Common
4 = Partnership (Legal)
5 = Life Estate
6 = Unsettled Estate
7 = Trust
8 = Corporation
9 = LLC
10 = LLP
11 = Limited Partnership
12 = Other (Specify:_____)

["TYPE OF OWNERSHIP" IS DEFINED AS "TYPE OF OWNERSHIP FROM SAMPLE" IF Q3a = YES. BUT IF Q3a = NO, THEN "TYPE OF OWNERSHIP" EQUALS THE RESPONSE IN Q3b.]

3c. IF TYPE OF OWNERSHIP = TRUST, ASK: Is it a revocable trust or irrevocable trust?

1 = Revocable trust
2 = Irrevocable trust
3 = Other type of trust *[No need to specify other type]*

[IF SOLE OWNER, GO TO Q7a. ALL OTHERS GO TO Q4.]

4. How many people, **including** you, have an ownership interest in this land?

___ ___ # owners

[IF 1 OWNER, GO TO Q7a]
[IF 2 OWNERS, GO TO Q5.]
[IF 3 OR MORE OWNERS, GO TO Q6a]

5. Is the other owner your (husband/wife)?

1 = Yes [GO TO Q7a.]
2 = No

6a. I may need to ask a few questions about one of the other owners later in the interview. In order to select which owner, I need to list their first names. What are the first names of the other owners?

[LIST RESPONDENT FIRST.]

1.	**Res**:	6.		11.	
2.		7.		12.	
3.		8.		13.	
4.		9.		14.	
5.		10.		15.	

b. According to our selection process . . .

[#1 SELECTED:] you are the only owner we will need to talk with.
[#2 OR GREATER SELECTED:] (name) is the other owner we will need to ask about.

7a. Next I have a few background questions. Are you a U.S. citizen?

1 = Yes
2 = No

b. Do you live in Iowa year-round, part of the year, or not at all?

1 = year-round in Iowa
2 = part of the year in Iowa
3 = not at all in Iowa

c. IF 7b = 1 or 2, ASK: Are you a legal resident of Iowa?

1 = Yes
2 = No

IF SOLE OWNER or Q5 = 1 (yes, spouse), GO TO QUESTIONNAIRE.
IF q5 = 2 (no, not spouse) OR Q4 > 2 (3+ owners), ASK Q8a-g.

8a. Are all the other owners of this land U.S. citizens?

1 = Yes
2 = No

b. How many of the other owners live in Iowa year-round? _____

c. How many (of the other owners) live in Iowa part of the year? _____

d. How many (of the other owners) do not live in Iowa at all? _____

e. How many of the other owners are legal residents of Iowa? _____

f. How many of the other owners are members of your family? (are related to you by blood or marriage) Would you say . . .

1 = all of them
2 = some of them or
3 = none of them?

g. IF TYPE OF OWNERSHIP = TRUST, ASK: How many of the trust beneficiaries are members of your family? (related to you by blood or marriage) Would you say . . .

1 = all of them
2 = some of them or
3 = none of them?

QUESTIONNAIRE.

Land Ownership.

9. Now 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, 2012. 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, 2012, how many acres of Iowa farmland did you own as a [TYPE OF OWNERSHIP] [with name/s]?

__ __ __ __ __ acres

10. Of these acres….

a. how many are fully paid for? __ __ __ __ __

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

c. how many are mortgaged? __ __ __ __ __

d. how many are owned under other financial arrangements? __ __ __ __ __

e. ASK IF ACRES RECORDED IN 2d:
What is the other type of arrangement? [OPEN ENDED]

TOTAL NUMBER OF ACRES IN Q10a-d MUST EQUAL ACRES IN Q9.
IF DIFFERENT, PROBE TO RESOLVE.

11. How many acres of this land did you…

a. purchase? __ __ __ __ __

b. receive as a gift from a person who was living at the time of the transfer? __ __ __ __ __

c. inherit? __ __ __ __ __

d. obtain in some other way? __ __ __ __ __

e. ASK IF ACRES RECORDED IN Q11d:
How did you obtain these acres?

OPEN-ENDED

TOTAL NUMBER OF ACRES IN Q11a-d MUST EQUAL ACRES IN Q9.
IF DIFFERENT, PROBE TO RESOLVE.

12. Next, we would like you to think about how long you have owned this land (that is, the land you own [TYPE OF OWNERSHIP]). Please try to recall when you acquired the (first/next) parcel of this land.

a. What year was that?

b. How many acres was that?

[REPEAT UNTIL ALL ACRES ARE ACCOUNTED FOR: What year did you get the next parcel of land (that you own as a [TYPE OF OWNERSHIP])?]

(a)	(b)
Year	# Acres
1st	
2nd	
3rd	
4th	
5th	

TOTAL NUMBER OF ACRES IN Q12 MUST EQUAL ACRES IN Q9.
IF DIFFERENT, PROBE TO RESOLVE.

Land Use and Characteristics.

13a. On July 1, 2012, did you live on any Iowa farmland that you owned as a [TYPE OF OWNERSHIP]?

1 = Yes → [GO TO Q14a]
2 = No

b. Did you live on any other farmland that you (or your spouse) own?

1 = Yes
2 = No

14. Thinking of the land you own as a [TYPE OF OWNERSHIP], as of July 1, 2012, how many of these acres were being rented or leased for . . .

a.	agricultural purposes, including farmsteads?	__ __ __ __ __ acres
b.	industrial or commercial purposes?	__ __ __ __ __ acres
c.	hunting or recreational purposes?	__ __ __ __ __ acres
d.	some other purpose?	__ __ __ __ __ acres
e. ASK IF ACRES RECORDED IN Q14d: What purpose was that?_____		

15a. In 2012 were any of the acres that you own as a [TYPE OF OWNERSHIP] being handled by a professional farm manager?

1 = Yes
2 = No → [GO TO Q16a]

b. How many (acres were handled by a professional farm manager)? __ __ __ __ __

c. Is the professional farm manager paid a flat dollar fee, a percentage of the gross income, or in some other way?

1 = Flat dollar fee [GO TO Q15e]
2 = Percentage of gross income [GO TO 15d]
3 = Other way [GO TO 15e]

d. IF 15c = 2, ASK: What percentage is paid to the farm manager? _____%

e. What kind of arrangement does the farm manager have with the farmer who operates (or actually farms) this land? Do they have a cash lease, crop share lease, or a custom farming arrangement?

1 = Cash lease
2 = Crop share lease
3 = Custom farming

16a. As of July 1, 2012, was any of the land that you owned as a [TYPE OF OWNERSHIP] in a government conservation program, like the CRP, WRP, or EQIP?

1 = Yes →
2 = No [GO TO Q17a]

b. IF Q16a = 1: How many acres were in the CRP?
__ __ __ __ __

c. IF Q16a = 1: How many acres were in other government conservation programs?
__ __ __ __ __

17a. In 2012 was any of the land you own as a [TYPE OF OWNERSHIP] being farmed or operated by you (or your spouse or any of the other owners)?
(This would include any land in field crops, livestock, pasture, farmstead or grove, as well as any acres that are custom farmed.)

1 = Yes (with crops/livestock)
2 = Yes (**only** farmstead/grove)
3 = No

_ b. IF Q17a = Yes (1 or 2): How many acres are operated by you or any of the other owners? __ __ __ __ __

TOTAL NUMBER OF ACRES IN Q14a-d + Q16b + Q16c + Q17b MUST EQUAL ACRES IN Q9. IF DIFFERENT, PROBE TO RESOLVE.

IF NO ACRES ARE RECORDED IN Q17b, GO TO Q19a.
IF ACRES ARE OPERATED BY THE RESPONDENT (RECORDED IN Q17b), ASK Q18a.

18a. In 2012 were any of the acres that you own as a [TYPE OF OWNERSHIP] entirely custom farmed, for all operations?

1 = Yes
2 = No [GO TO Q19a]

IF Q18a = 1 (Yes), ASK b, c & d:

b. How many acres? (were custom farmed) __ __ __ __ __

c. Is your custom farmer paid per acre for each operation, or per acre for the whole package, that is, all operations combined?

1 = Paid for each operation
2 = Paid for all operations combined

d. Is there a potential bonus paid, based on yield or timeliness, in addition to the dollars per acre?

1 = Yes
2 = No

19a. Sometimes people have transferred certain rights associated with their land to others. These rights are for nonagricultural uses such as mineral rights, wind turbines, electrical power lines, or pipelines. Transfers like this may be in the form of a deed, lease, easement or option.

Have any of the rights on this farmland been transferred to others?

1 = Yes
2 = No **[IF NO, GO TO Q20a]**

		Yes	No
b.	Have mineral easement rights been transferred?	1	2
c.	Have wind generation easements been transferred?	1	2
d.	Have **other** utility easements or options been transferred?	1	2

e.
Have any other rights been transferred?

f. IF Q19e = YES, ASK: (What other rights on this land have been transferred?)
_____

20a. Have any of the property rights on the land you own as a [TYPE OF OWNERSHIP] been placed in any conservation easement programs?

(such as the American Farmland Trust, the Conservation League, Ducks Unlimited, Pheasants Forever, or the Iowa Heritage Foundation)

1 = Yes
2 = No [IF NO, GO TO Q21]

20b. IF Q20a = YES, ASK: How many acres does this involve? __ __ __ __ __ Acres

21. What is your **primary** reason for owning this farmland? Would you say it is . . .

1 = for your current income
2 = for an investment
3 = for family or sentimental reasons
4 = or another reason? (**IF Q21 = 4, ANOTHER REASON, ASK:** What is your primary reason for owning this land? _____)

22. How do you prefer to get information about land use options and government or conservation programs available for farmland?

Do you prefer to get it . . . [PROBE FOR ONE BEST WAY.]

1 = in the mail,
2 = on radio or TV,
3 = from newspapers or magazines,
4 = from the Internet,
5 = through face-to-face contact with people,
6 = or in another way? (**IF Q22 = 6, ANOTHER WAY, ASK:** How do you prefer to get information?_____)

[IF NO RENTED ACRES IN Q14a, GO TO Q47a (LEAD-IN).]

[IF RENTED ACRES ARE RECORDED IN Q14a, ASK RENTAL ARRANGEMENTS SECTION.]

Rental Arrangements.

You indicated that [FILL # from Q14a] acres of your land that you own as a [TYPE OF OWNERSHIP] were being rented or leased for agricultural purposes this year. Next I have several questions relating to those acres and the rental agreements that you have.

23a. First of all, we are interested in your opinions about what makes a good farm tenant. I will read a list of characteristics and please rate each one on a scale from 1 to 5, where 1 means it is not at all important to you and 5 means it is very important to you.

How important is it to you that your tenant . . .

	Not at All Important				**Very Important**
a. is a family member (related to you by blood or marriage)?	1	2	3	4	5
b. is someone you know personally, such as a friend or neighbor?	1	2	3	4	5
c. will be a good steward of the land?	1	2	3	4	5
	1	2	3	4	5

24. How many of your [FILL # from Q14a] rented acres that you own as a [TYPE OF OWNERSHIP] were rented out for **cash rent** this year (in 2012)?

__ __ __ __ acres
ACRES HERE MUST BE < OR = ACRES IN Q14a.

[IF NONE FOR CASH RENT (Q24 = 0), GO TO Q35.]

25a. How many different tenants are involved? __ __

b. IF Q25a > 1, ASK: Think of the tenant who rents the greatest number of these acres from you (for cash rent). How many acres does that tenant rent from you? __ __ __ __ __

26. How many rent payments do you receive per year (for the acres that are cash rented) from this tenant?

1 = One payment
2 = Two payments
3 = Three payments
4 = Four payments
5 = Twelve monthly payments
6 = Other, it varies, no set schedule

27. What months are the payments due? [Open string, probably 100 characters]

28. How many years has this tenant been renting this land? __ __ years

29. Is this tenant a relative (by blood or marriage), a close friend, or someone else?

1 = Relative
2 = Close friend
3 = Someone else

30. Is your rental agreement written or verbal?

1 = written
2 = verbal

31. Does your tenant tell you what the crop yields are on this land?

1 = Yes
2 = No

32. Is the cash rent a fixed amount, or is it flexible, based on the yield or price?

1 = fixed amount
2 = flexible, based on the actual yield
3 = flexible, based on actual crop price
4 = flexible, based on both actual yield and price

33a. Is the rental agreement set for a fixed number of years?

1 = Yes, fixed number of years
2 = No, indefinite, year-to-year, etc. [IF NO, GO TO Q9c]

33b. IF Q33a = 1 (Yes), ASK: How many years is the lease for? __ __ years

34. How often do you (or the other owners) actually go to the site to check on this land during a typical farming season? Would you say, . . .

1 = never,
2 = once or twice,
3 = once a month,
4 = once a week, or
5 = daily?

35. How many acres were rented on a **crop-share** basis? __ __ __ __ acres

[ACRES IN Q24 + Q35 MUST BE LESS THAN OR EQUAL TO ACRES IN Q14a.
IF NOT, ASK:
I'm sorry. I had recorded that you rented out [FILL # in Q14a] acres but I must have something wrong here.
What is the rental situation with these acres?
ADJUST AS NEEDED.]

[IF NONE ON CROP-SHARE, GO TO Q46a.]

36a. How many different tenants are involved? __ __

b. IF Q36a > 1, ASK: Think of the tenant who rents the greatest number of these acres from you (on crop share). How many acres does that tenant rent from you? __ __ __ __ __

37. We are interested in how you are involved in your crop-share arrangement on corn or bean ground (or any other non-hay ground). First of all, what percentage . . .
IF RESP. DOES NOT USE OR DO THIS (e.g., do not custom combine, etc.), ENTER 1.

a. of the yield do you receive? __ __ __ %
b. of the seed cost do you pay? __ __ __ %
c. of fertilizer costs do you pay? __ __ __ %
d. of any custom hired fertilizer application do you pay? __ __ __ %
e. of herbicide costs do you pay? __ __ __ %
f. of insecticide costs do you pay? __ __ __ %
g. of any custom hired pesticide spraying do you pay? __ __ __ %
h. of the lime cost do you pay? __ __ __ %
i. of drying costs do you pay? __ __ __ %
j. of any custom harvesting do you pay? __ __ __ %

38. Do you have any land in **hay** production under a crop share arrangement?

1 = Yes
2 = No [IF NO, SKIP NEXT SECTION AND GO TO Q40]

39. On your crop-share hay ground, what percentage . . .
IF RESP. DOES NOT USE OR DO THIS (e.g., do not custom combine, etc.), ENTER 1 .

a. of the yield do you receive? __ __ __ %
b. of the seed cost do you pay? __ __ __ %
c. of fertilizer costs do you pay? __ __ __ %
d. of any custom hired fertilizer application do you pay? __ __ __ %
e. of herbicide costs do you pay? __ __ __ %
f. of insecticide costs do you pay? __ __ __ %
g. of any custom hired pesticide spraying do you pay? __ __ __ %
h. of the lime cost do you pay? __ __ __ %
i. of any custom harvesting do you pay? __ __ __ %

40. Does the tenant haul **your** share of the crop (or yield) . . .

1 = from field to farm only,
2 = from field directly to elevator,
3 = from field to farm and later to elevator,
4 = or not at all, the tenant doesn't haul your share?

[INTERVIEWER: Make notes if another hauling arrangement is in place.]

41. How many years has this tenant been renting this land? __ __ years

42. Is this tenant a relative (by blood or marriage), a close friend, or someone else?

1 = Relative
2 = Close friend
3 = Someone else

43. Is your rental agreement written or verbal?

1 = written or
2 = verbal?

44a. Is the rental agreement set for a fixed number of years?

1 = Yes, fixed number of years
2 = No, indefinite, year-to-year, etc.

44b. IF Q44a = 1 (Yes), ASK: How many years is the lease for? __ __ yrs

45. How often do you (or the other owners) actually go to the site to check on this land during a typical farming season? Would you say, . . .

1 = never,
2 = once or twice,
3 = once a month,
4 = once a week, or
5 = daily?

46a. How many acres were rented out under some **other type** of arrangement? __ __ __ __

b. IF Q46a > 1, ASK: (What was the arrangement?) OPEN-ENDED

ALL 3 TYPES OF RENTED LAND (Q24 + Q35 + Q46a) MUST EQUAL THE ACRES IN Q14a.

Future Plans.

[IF TYPE OF OWNERSHIP = TRUST, ASK Q47a – Q53f. ALL OTHERS GO TO Q54.]

Next we have a few questions about the future ownership of the Iowa farmland that you currently own in a trust.

47a: Was this trust established in Iowa or in another state?

1 = Iowa
2 = Another state

b. IF Q47a = 2, ANOTHER STATE, ASK:
Which state? _____

48. IF REVOKABLE (Q3c = 1, Revocable), ASK: Will your trust become an irrevocable trust upon the death of the person who set up the trust?

1 = Yes
2 = No

49. IF Q3c = 2 or Q48 = 1 (IS OR WILL BE IRREVOCABLE), ASK:
What is the duration of the trust? Will it last for . . .

1 = the lifetime of the person who set it up,
2 = the lifetime of an individual beneficiary,
3 = the lifetime of a class of beneficiaries, for example, the settlor's children,
4 = or will it extend beyond one generation?

50. Are you the trustee, or is the trustee a family member, an attorney, a bank, or someone else?

1 = Yourself
2 = Family member
3 = Attorney
4 = Bank
5 = Someone else

51. Which of the following best describes the trustee's involvement with the farmland operation? Is the trustee . . .

1 = farming the land,
2 = acting as the farm manager, or
3 = delegating the farm management to someone else?

52. IF TRUSTEE IS YOU OR FAMILY MEMBER (Q50 = 1 or 2), ASK:
Is the **successor** trustee a family member, an attorney, a bank, or someone else?

1 = Family member
2 = Attorney
3 = Bank
4 = Someone else

53. Does the trust document . . .

	Yes	No
a. require the land to be managed by farm management professionals?	1	2
b. specify how to determine who will manage the farm?	1	2
c. specify how to determine who will farm the land?	1	2
d. include procedures for beneficiaries to replace the trustee?	1	2
e. include procedures for beneficiaries to terminate the trust?	1	2
f. require certain land management or conservation practices?	1	2

ASK EVERYONE:

54. Next, we would like you to think about how you anticipate transferring the ownership of the land that you own as a [TYPE OF OWNERSHIP]. Even though we know that these plans may change in the future, we would like to know how you **currently** expect to transfer the land.

Do you expect to…		YES/MAYBE	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 trust? (including living or testamentary trusts)	1	2
h.	do anything else? (i. What else do you plan to do? _____)	1	2

55. IF Q54g = 1, ASK: Are you considering a trust . . .

	Yes	No
a. because of potential tax savings?	1	2
b. to help keep the farmland in the family?	1	2
c. to limit the beneficiaries' control over the assets?	1	2
d. to relieve the burden on the owners? (the trustee will handle everything)	1	2
e. for any other reason?	1	2
f. IF Q55e = 1 (Yes), ASK: What is your other reason? OPEN TEXT		

56. Would eliminating or greatly reducing the capital gains tax for farmland make you …

1 = More likely to sell all of your farmland,
2 = More likely to sell some of your farmland, or
3 = Would it have no effect on whether or not you might sell any farmland?

IF Q54e = 1 or Q54f = 1, ASK:

57. Which of the following factors would be most likely to prompt you to sell some or all of your farmland? [READ OPTIONS]

1 = a lower capital gains tax,
2 = a high selling price per acre,
3 = your retirement from farming,
4 = or something else?

OTHER FARMLAND OWNED.

IF JOINT TENANCY WITH HUSBAND/WIFE [TYPE OF OWNERSHIP = JOINT TENANCY AND Q5 = 1 (Yes)], ASK Q58 series:

58a. Throughout this interview, we focused on the Iowa farmland that you own jointly with your spouse. Do either you or your spouse have an ownership interest in any other Iowa farmland? (This would include tillable and non-tillable land, pasture, timber, building sites, and any other land that is part of a farm.)

1 = Yes
2 = No [**IF NO, GO TO Q60.**]

b. How many other acres do you own as a sole owner? __ __ __ __

c. How many other acres do you own with other people? __ __ __ __

IF ACRES ARE RECORDED IN Q58c (Q58c > 0), ASK Q58d:

d. How many people, including you, share the ownership of that land? __ __

IF MORE THAN ONE OWNERSHIP SITUATION WITH OTHER PEOPLE, DESCRIBE IN REMARK.
INCLUDE # OF OWNERS WITH # OF ACRES FOR EACH SITUATION.

e. How many other acres of Iowa farmland does your spouse own as a sole owner?

__ __ __ __

f. How many other acres does your spouse own with other people? __ __ __ __

g. How many people, including your spouse, share the ownership of that land? __ __

IF MORE THAN ONE OWNERSHIP SITUATION WITH OTHER PEOPLE, DESCRIBE IN REMARK.
INCLUDE # OF OWNERS WITH # OF ACRES FOR EACH SITUATION.

IF NOT JOINT TENANCY WITH HUSBAND/WIFE, ASK Q59 series:

59a. Throughout this interview, we focused on Iowa farmland that you own as a [TYPE OF OWNERSHIP]. Do you have an ownership interest in any **other** Iowa farmland?
(This would include tillable and non-tillable land, pasture, timber, building sites, and any other land that is part of a farm.)

1 = Yes
2 = No **[IF NO, GO TO Q60.]**

b. **IF SOLE OWNER, SAY:** How many other acres do you own in a different type of ownership, such as a corporation, trust, or life estate, where you are the only owner?

IF NOT SOLE OWNER, SAY: How many other acres do you own as a sole owner? This could also include being the sole owner of a corporation, trust, or life estate.

__ __ __ __

c. How many other acres do you own with other people? __ __ __ __

IF ACRES ARE RECORDED IN Q59c (Q59c > 0), ASK Q59d:
d. How many people, including you, share the ownership of this land? __ __

IF MORE THAN ONE OWNERSHIP SITUATION WITH OTHER PEOPLE, DESCRIBE IN REMARK.
INCLUDE # OF OWNERS WITH # OF ACRES FOR EACH SITUATION.

DEMOGRAPHICS: Respondent Characteristics.

60. Now I have some background questions about you.
CODE GENDER. ASK IF UNSURE: Are you male or female?

1=Male
2=Female

61a. This past year, in 2012, did you farm full-time, part-time, or not at all?

1 = farmed full-time
2 = farmed part-time
3 = did not farm at all → GO TO Q62a

IF Q61a = 1 or 2, ASK Q61b – e):

b. How many acres did you farm this year? __ __ __ __ acres

c. Did you raise crops, livestock, or both?

1 = crops only
2 = livestock only
3 = both crops and livestock

d. About how many years have you been farming? __ __

e. Are you also currently employed off the farm?

1 = Yes
2 = No

AFTER Q61e, SKIP Q62a, FILL "1 = Employed" IN Q63, & GO TO Q64.

62a. Q61a = 3, DID NOT FARM, ASK:
Have you ever operated a farm?

1 = Yes
2 = No → GO TO Q63

b. IF Q62a = 1 (Yes), ASK: How many years did you farm? __ __

[IF Q61a = 1 OR 2 (Farmed FT or PT), FILL "1 = Employed" IN Q63 & GO TO Q64.]

63. Are you currently . . .

1 = employed,
2 = unemployed,
3 = retired,
4 = disabled, or
5 = caring for your home or family?

64. What has been your primary occupation most of your adult life?

1 = Farming
2 = Homemaker
3 = Other (Specify:_____)

65. What is your current age? __ __

66. Are you currently . . .

1 = married or living as married,
2 = separated,
3 = divorced,
4 = widowed, or
5 = single and never been married?

IF Q13a or Q13b = 1 (Yes), FILL 1 IN Q67 & SKIP TO Q68.

67. Do you currently live . . .

1 = on a farm,
2 = in a rural area but not on a farm,
3 = in a town of less than 2500,
4 = in a town from 2500 up to 10,000,
5 = in a town of 10,000 up to 50,000,
6 = or in a city of 50,000 or more?

68. What is the highest level of education you have completed? Please include any college, vocational, or technical training.

1 = 11th grade or less
2 = High School (includes GED)
3 = Some post-high school but no 4-yr degree
4 = B.S., B.A., etc.
5 = Graduate degree completed (Masters, PhD, MD, etc.)

IF ADDITIONAL OWNER SELECTED FOR DEMOGRAPHICS, ASK Q 69 - 77. IF NO ADDITIONAL OWNER SELECTED, GO TO Q96.

69. Now I have a few similar questions about [NAME2].
RECORD GENDER. ASK IF UNSURE: Is [NAME2] male or female?

1=Male
2=Female

70a. This past year, in 2012, did [NAME2] farm full-time, part-time, or not at all?

1 = farmed full-time
2 = farmed part-time
3 = did not farm at all → GO TO Q71a

IF Q70a = 1 or 2, ASK Q70b – e):

b. How many acres did (he/she) farm this year? __ __ __ __ acres

c. Did (he/she) raise crops, livestock, or both?
1 = crops only
2 = livestock only
3 = both crops and livestock

d. About how many years has [NAME2] been farming? __ __

e. Is (he/she) also currently employed off the farm?

1 = Yes
2 = No
AFTER Q70e, SKIP Q71, FILL "1 = Employed" IN Q72, & GO TO Q73.

71a. Q70a = 3, DID NOT FARM, ASK:
Has (he/she) ever operated a farm?

1 = Yes
2 = No → GO TO Q72

b. IF Q71a = 1 (Yes), ASK: How many years did (he/she) farm? __ __

[IF Q70a = 1 OR 2 (Farmed FT or PT), FILL "1 = Employed" IN Q72 & GO TO Q73.]

72. Is [NAME2] currently . . .

1 = employed,
2 = unemployed,
3 = retired,
4 = disabled, or
5 = caring for home or family?

73. What has been [NAME2]'s primary occupation most of (his/her) adult life?

1 = Farming
2 = Homemaker
3 = Other (Specify:_____)

74. What is NAME2's current age? __ __

75. Is [NAME2] currently . . .

1 = married, living as married,
2 = separated,
3 = divorced,
4 = widowed, or
5 = single, never been married?

76. Does [NAME2] currently live . . .

1 = on a farm,
2 = in a rural area but not on a farm,
3 = in a town of less than 2500,
4 = in a town from 2500 up to 10,000,
5 = in a town of 10,000 up to 50,000,
6 = or in a city of 50,000 or more?

77. What is the highest level of education (he/she) has completed? Include any college, vocational, or technical training.

1 = 11th grade or less
2 = High School (includes GED)
3 = Some post-high school but no 4-year degree
4 = B.S., B.A., etc.
5 = Graduate degree completed (Masters, PhD, MD, etc.)

AFTER Q77, GO TO Q96.

DEMOGRAPHIC SECTION FOR JOINT TENANCY HUSBAND/WIFE OWNERS.

78. Now I have some background questions about you and your (spouse/husband/wife). During the past year (in 2012), were either of you involved in farming?

1 = Yes
2 = No → RECORD GENDER, NEXT QUESTION, THEN GO TO Q81a

79. RECORD GENDER. ASK IF UNSURE: Are you male or female?

1=Male
2=Female

IF Q78 = 2 (No), GO TO Q81a

80a. Would you say that you, yourself, farmed full-time, part-time, or not at all?

1 = Farmed full-time
2 = Farmed part-time
3 = Did not farm at all

b. How many acres did you (and your husband/wife) farm this year? __ __ __ __ acres

c. Did you raise crops, livestock, or both?

1 = crops only
2 = livestock only
3 = both crops and livestock

d. About how many years have you (either or both of you) been farming? __ __

IF Q80a = 1 OR 2 (RESPONDENT FARMS), ASK:

e. Are you also currently employed off the farm?

1 = Yes
2 = No

81a. IF Q78 = 2 (Household did not farm), ASK:
Have you (and your husband/wife) ever operated a farm?

1 = Yes
2 = No → GO TO Q82

b. IF Q81a = 1 (Yes), ASK: How many years did you farm? __ __ [THEN GO TO Q82]

IF Q80a = 1 or 2 (Farms FT or PT), FILL "1 = Employed" IN Q82 AND GO TO Q83.
IF Q78 = 2 (No) OR Q80a = 3 (Did not farm at all), ASK:

82. Are you currently . . .

1 = employed,
2 = unemployed,
3 = retired,
4 = disabled, or
5 = caring for your home or family?

83. What has been your primary occupation most of your adult life?

1 = Farming
2 = Homemaker
3 = Other (Specify:_____)

84. What is your current age? __ __

85. FILL MARITAL STATUS 1 = Married

IF Q13a or Q13b = 1 (Yes), FILL 1 IN Q86 & SKIP TO Q87.

86. Do you currently live . . .

1 = on a farm,
2 = in a rural area but not on a farm,
3 = in a town of less than 2500,
4 = in a town from 2500 up to 10,000,
5 = in a town of 10,000 up to 50,000,
6 = or in a city of 50,000 or more?

87. What is the highest level of education you have completed? Please include any college, vocational, or technical training.

1 = 11th grade or less
2 = High School (includes GED)
3 = Some post-high school but no 4-yr degree
4 = B.S., B.A., etc.
5 = Graduate degree completed (Masters, PhD, MD, etc.)

SPOUSE DEMOGRAPHICS.

88. Now I have a few similar questions about [SPOUSENAME].
FILL GENDER WITH OPPOSITE OF Q79 & CONTINUE.

1 = Male
2 = Female

IF Q78 = 1 (INVOLVED IN FARMING), ASK:
89a. This past year, in 2012, did [SPNAME] farm full-time, part-time, or not at all?

1 = Farmed full-time
2 = Farmed part-time
3 = Did not farm at all → GO TO Q90

IF Q89a = 1 OR 2 (FARMED FT OR PT), ASK:
b. Is [SPNAME] also currently employed off the farm?

1 = Yes
2 = No

IF Q89a = 1 or 2 (Farms FT or PT), FILL "1 = Employed" IN Q90 & GO TO Q91.
IF Q78 = 2 (No) OR Q89a = 3 (Did not farm at all), ASK:
90. Is [SPNAME] currently . . .

1 = employed,
2 = unemployed,
3 = retired,
4 = disabled, or
5 = caring for home or family?

91. What has been [SPNAME]'s primary occupation most of (his/her) adult life?

1 = Farming
2 = Homemaker
3 = Other (Specify:_____)

92. What is [SPNAME]'s current age? __ __

93. FILL MARITAL STATUS 1 = Married

94. FILL WHERE SPNAME LIVES (FARM, TOWN SIZE) THE SAME AS Q86.

95. What is the highest level of education (he/she) has completed? Include any college, vocational, or technical training.

1 = 11th grade or less
2 = High School (includes GED)
3 = Some post-high school but no 4-year degree
4 = B.S., B.A., etc.
5 = Graduate degree completed (Masters, PhD, MD, etc.)

ASK ALL:

96. This completes the interview. Do you have any comments you'd like to make, or is there anything you would like to tell us about the ownership of farmland that may be helpful to our project?

1 = Yes
2 = No [GO TO Q98a]

97. IF YES: RECORD COMMENTS

[OPEN-ENDED]

98a. Are you interested in receiving a copy of the results of this study? It would probably be mailed to you sometime next summer.

1 = Yes
2 = No [GO TO CLOSE]

98b. **IF Q98a = YES:** CONFIRM NAME AND ADDRESS. MAKE CHANGES ON ROC.

CLOSE. Thank you for your time today. Iowa State University appreciates your interest and cooperation with our study.