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Iowa farmland ownership and tenure

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Iowa farmland ownership and tenure

by

Tim Edward Jackson

A Thesis Submitted to the
Graduate Faculty in Partial Fulfillment of the
Requirements for the Degree of
MASTER OF SCIENCE

Department: Economics
Major: Agricultural Economics

Signatures have been redacted for privacy

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CHAPTER I. INTRODUCTION

A principal goal of farm families has been the owner-operatorship of farmland. This goal is in keeping with the basic tenet of private ownership of property which is a central theme in the history of the United States.¹ One author, in discussing United States land tenure policy, states that:

The most outspoken basic goal of American land tenure policy has been the family-type farm. From the days of Jefferson to the present, the ideal of our farm lands being owned by independent prosperous farm families has dominated people's thinking and found expression in a rather consistent series of land settlement and tenure programs. This ideal has persisted without losing its vigor, despite the criticism it has received....²

This study is the fifth in a series of investigations conducted over the last forty years by the Iowa Agriculture and Home Economics Experiment Station to analyze the status of land ownership and tenure in Iowa. As noted above, American society has placed a high value upon ownership of farmland by the operator and research pertaining to such

¹The theme of private ownership of property is echoed by Thomas Jefferson: "A right to property is founded in our natural wants, in means which are endowed to satisfy those wants, and the right to what we acquire by those means without violating similar rights of other sensible beings." J. FOLEY, THE JEFFERSON CYCLOPEDIA 729 (1967).

Historically, the United States was a predominantly agrarian society with vast amounts of tillable land. Thomas Jefferson's idea of a society of independent, free-holding farmers owning property is deeply rooted in American culture. For a good overview of Jefferson's philosophy of farmland ownership see Meyers, Farmland Preservation in a Democratic Society: Looking to the Future, 1981-1982 AGRIC. L.J. 605; see also Wunderlich, Farmland Ownership: Past, Present and Future, id. at 671-696.

²R. SCHICKELE, OBJECTIVES OF LAND POLICY, IN LAND PROBLEMS AND POLICIES 5, at 19-20 (J. TIMMONS & W. MURRAY eds. 1950).

ownership helps provide insight into whether society's goals are being achieved. Further, continuing research provides a framework for establishing public policies which facilitate the desired goal.

History of Farmland Ownership in Iowa

In order to evaluate the condition and trends of farmland ownership in Iowa it is important to understand the historical development of such ownership. Iowa became a territory in 1838³ and achieved statehood in 1846.⁴ However, settlement of the state had begun in the preceding years as pioneers moved into the area seeking free land. The desire of these "squatters"⁵ ran contrary to the then current policy of the United States Government to obtain revenue from the sale of public lands.

In 1841 a right of preemption was adopted as a compromise between the settlers and the national government. Preemption allowed the individuals who took possession of land the privilege of buying without prejudice or competition and at a minimum price.⁶

³Act of June 12, 1838, ch. 96, 1838 Iowa Acts 235.

⁴Act of Dec. 28, 1846, ch. 1, 1846 Iowa Acts 117.

⁵The term "squatter" was commonly used for inhabitants settling on land still owned by the Federal Government. See Bauer, Judicial Foreclosure and Statutory Redemption: The Soundness of Iowa's Traditional Preference for Protection Over Credit, 71 IOWA L. REV. 1, at 16 (1985) [hereinafter Bauer]. See generally R. LOKKEN, IOWA PUBLIC LAND DISPOSAL 65-75 (1942) [hereinafter R. LOKKEN].

⁶The price of preemption land was \$1.25 per acre. See R. LOKKEN, supra note 5, at 265; W. MURRAY, STRUGGLE FOR LANDOWNERSHIP, A CENTURY OF FARMING IN IOWA: 1846-1946 at 6 (1946). For a general discussion of the right of preemption see R. LOKKEN, supra note 5, at 76-96.

The general survey of public lands in Iowa began in 1836 and was fully completed by 1866.⁷ By 1870 only one million acres of Iowa's 35,800,000 total acres remained in the possession of the federal government. As noted in Table 1, approximately twelve million acres were sold by the government. Over fourteen million acres were disposed of by military warrants which were given to soldiers who were veterans of the Mexican War. These warrants entitled the holders to a grant of 160 acres of land. In 1862 the Homestead Act⁸ was passed marking the end of the policy of selling land in the public domain as a source of revenue. By 1862, however, most of Iowa's land had been transferred by another method; thus, less than one million acres were homesteaded by incoming settlers. The balance of approximately nine million acres was granted to the State by the national government either for internal improvements or educational purposes, with the larger part being allocated to internal improvements.

⁷ Land purchased in Iowa is transferred by documentation which contains a legal description indicating with reasonable exactness what land is being transferred. The legal descriptions are based on the original survey conducted by the United States Government which laid out the State in tracts containing six square miles. These tracts, known as Congressional townships, are divided into thirty-six sections and further divided into fractions to facilitate convenient transfer of property. For a full discussion of the survey of the State of Iowa see R. LOKKEN, supra note 5, at 13-64.

⁸ 12 Stat. 392 (Act of May 20, 1862). The Homestead Act of 1862 entitled any persons who were heads of families or twenty-one years of age, and who were citizens or who had filed a declaration to become a citizen, to enter 160 acres of land. See P. GATES, HISTORY OF PUBLIC LAND LAW DEVELOPMENT 394 (1968).

Table 1. Disposal of public land in Iowa^a (acres)

Method	Acres
A. Cash sale by U.S. Government	11,900,000
B. Gifts by U.S. Government for:	
Military Service (warrants)	14,100,000
Education	2,100,000
Internal improvements:	
Railroads	4,400,000
Other	2,300,000
Homesteads	900,000
Miscellaneous	<u>100,000</u>
	<u>23,900,000</u>
Approximate total area of Iowa	35,800,000

^aM. MURRAY, STRUGGLE FOR LANDOWNERSHIP, A CENTURY OF FARMING IN IOWA: 1846-1946 at 6(1946), based on figures in R. LOKKEN, IOWA PUBLIC LAND DISPOSAL 267 (1942).

By 1890 very little land remained in the control of the federal government. During the period of the 1830s to the end of the century gradual transfer of land to individuals either purchasing, homesteading or acquiring land by military warrant caused upward pressure on land prices. Since no new property was available to settlers in Iowa, land had to be acquired from existing owners. This condition forced new incoming farmers to seek credit in order to purchase land or rent

improved farms. Illustrative of the credit situation is the comment by one writer that interest above seven percent was prohibited, but 35 percent interest was offered to incoming farmers by speculators willing to enter the land for the settler and then deed the property to the settler later.⁹ Often, necessary cash to purchase property was unavailable and prospective farmers who wanted to own land were forced to accept exorbitant rates of interest.¹⁰

During the early twentieth century Iowa's farm economy prospered. Between 1896 and 1913 farm prices nearly doubled and land values almost tripled.¹¹ During World War I farm product prices and land values further doubled.¹² Farmers faced increasing difficulty in acquiring ownership because of increased land prices and inadequate credit. High rates of tenancy ensued reaching 37.8 percent in 1910, 41.7 percent in 1920 and 47.3 percent in 1930.¹³ To encourage farm ownership by operators, Congress passed the Federal Farm Loan Act in 1916,¹⁴ thus

⁹R. LOKKEN, supra note 5, at 100-101.

¹⁰"Succeeding generations will probably never really know the real character of the struggle to secure necessary cash or appreciate the crushing weight of exorbitant interest rates, for free homesteads were not available until most of the public lands in Iowa had been 'taken up'." Id. at 266.

¹¹See Bauer, supra note 5, at 43 & Appendix B.

¹²See id.

¹³U.S. CENSUS BUREAU, 1940 CENSUS OF AGRIC., Vol. 1, Part 4: Iowa.

¹⁴W. HOGG, THE FARM CREDIT SYSTEM 1 (1976). Hogg presents a good overview and history of the Farm Credit System.

creating the Federal Land Bank System. The goal of Congress was to allow purchase of farmland by individual operators with credit at relatively low rates of interest and long-term repayment periods.¹⁵

After the prosperity of the period up to 1920, two decades of severe economic downturn ensued. Farm commodity prices dropped by one-half during the early 1920s and after a brief recovery dropped again during the early 1930s.¹⁶ Similarly, farmland values declined steadily until the early 1930s when they reached values that were less than one-third of those just prior to 1920.¹⁷ Farmers experienced immense problems in trying to pay debts contracted when values were high with proceeds from commodities at low price levels. The declines in product prices and land values were accompanied by an increase in mortgage foreclosures to a rate greater than had occurred since the 1860s.¹⁸

With the economic downturn came further increases in farm tenancy to a peak of 49.6 percent of all U.S. farms in 1935.¹⁹

¹⁵See M. BENEDICT, FARM POLICIES IN THE UNITED STATES 1790-1950, at 147 (1953) [hereinafter M. BENEDICT]. "The Land Banks and their affiliated associations came into being by Congressional law in 1916, because farmers had an urgent need of more and better long-term mortgage financing. Money was scarce in most rural areas, and when lenders could be found, costs were usually high. Every few years mortgages had to be renewed or refinanced. There was an ever present danger that renewals or a new lender would not be available." W. HOGG, THE FARM CREDIT SYSTEM 1 (1976).

¹⁶See Bauer, supra note 5, at 43-44 & Appendix B.

¹⁷See id.

¹⁸Id. at 44.

¹⁹U.S. CENSUS BUREAU, 1940 CENSUS OF AGRIC., Vol. 1, Part 4: Iowa.

Concern over the large percentage of farms being operated by tenants came to the forefront in the mid-1930s. For several decades an increase in tenancy had been noted but a tenancy rate of nearly 50 percent was alarming.²⁰ In order to facilitate purchase of farms by operators Congress had earlier created the Federal Land Bank System; however, it had been inadequate to meet all the credit needs. Thus, in 1937, the Bankhead-Jones Farm Tenant Act²¹ was passed. This Act established the Farm Security Administration which in 1946 became the Farmers Home Administration.²² The purpose of the Act was to encourage acquisition of land by operators who had been tenants or croppers. Favorable terms were available with interest being set at three percent and a repayment period of up to 40 years.²³

Since the 1940s²⁴ land values have climbed steadily until the early

²⁰The problems of agricultural tenancy had grown so large that in 1936 President Franklin Roosevelt appointed a study group known as the President's Farm Tenancy Committee. The committee was instructed to submit recommendations for a long-term program of action to alleviate the shortcomings of the farm tenancy system. M. BENEDICT, supra note 15, at 358.

²¹50 Stat. 522 (Act of July 22, 1937).

²²See N. HARL, AGRIC. L. §§ 96.01[1]-96.01[2] (1988) [hereinafter N. HARL]. See also M. BENEDICT, supra note 15, at 492-494.

²³See M. BENEDICT, supra note 15, at 362.

²⁴The average per acre value of Iowa farmland in 1940 was \$79.00. Bauer, supra note 5, at 86.

1980s.²⁵ Demand for farmland raised the average land value from \$419 per acre in 1970 to \$1450 per acre in 1977.²⁶ Further increases occurred after 1977 with 1981 values at \$2147.²⁷ This tremendous increase of value of over 400 percent in 11 years made it increasingly difficult for new farmers to acquire land. Even though the amount of farmland in Iowa remained relatively constant, varying from 34,359,152 acres in 1935²⁸ to 32,611,964 in 1982,²⁹ the average size of farms increased from 158.3 acres in 1935³⁰ to 283 acres in 1982.³¹ Further, the number of farms decreased from 221,986 in 1935³² to 115,413 in 1982.³³

These conditions have kept public interest in the nature of farm-

²⁵ Iowa farmland value peaked at \$2147.00 per acre in 1981. From 1982 through 1986 values plummeted approximately 63 percent reaching \$787.00 per acre in 1986. 1987 Iowa Land Value Survey (Coop. Ext. Serv., Iowa State University, FM 1825, March 1988). The decline in land values severely reduced farmland owner's equity. The consequences of the land value slide are beyond the scope of this study but will certainly be important in future research pertaining to Iowa farmland.

²⁶ 1978 Iowa Land Value Survey (Coop. Ext. Serv., Iowa State University, FM 1762, March 1979).

²⁷ 1981 Iowa Land Value Survey (Coop. Ext. Serv., Iowa State University, FM 1804, March 1982).

²⁸ U.S. CENSUS BUREAU, 1964 CENSUS OF AGRIC., Vol. 1, Part 16: Iowa.

²⁹ U.S. CENSUS BUREAU, 1982 CENSUS OF AGRIC., Vol. 1, Part 15: Iowa.

³⁰ See note 28, supra.

³¹ See note 29, supra.

³² See note 28, supra.

³³ See note 29, supra.

land ownership keen.³⁴ In 1978, due to widespread concern over foreign acquisition of agricultural land, Congress passed the Agricultural Foreign Investment Disclosure Act.³⁵ This Act requires that foreign owners of one or more acres of agricultural land report holdings and transactions to the U.S. Secretary of Agriculture.³⁶ It does not appear that foreign ownership of agricultural land is widespread. Information reported up to 1987 under the Act indicated that less than one percent of U.S. agricultural land was owned by foreign interests.³⁷

The Iowa Legislature, also concerned about foreign ownership, amended Iowa Code Chapter 567 in 1979. This statute severely restricts foreign ownership of agricultural land in Iowa. Generally, nonresident aliens, foreign businesses and foreign governments can no longer acquire agricultural land in Iowa.³⁸

Foreign ownership has not been the only concern of land tenure policy makers. Issues over the concept of the family farm have been

³⁴For examples of Congressional concern over farmland ownership see Absentee Ownership of Farmland, Hearing Before the Subcommittee on Family Farms, Rural Development, and Special Studies, Committee on Agriculture, House of Representatives, 96th Cong. 2d Sess. (1980); Ownership and Control of Farmland in the United States, Select Committee on Small Business, United States Senate, 96th Cong. 2d Sess. (1980).

³⁵Pub. L. 95-460, 92 Stat. 1263 (Signed Oct. 14, 1978).

³⁶See generally N. HARL, supra note 22, ch. 123; J. DAVIDSON, AGRIC. L. §§ 7.17 - 7.18 (1981 & 1987 Supp.)

³⁷N. HARL, supra note 22, at 123.01[6].

³⁸IOWA CODE ch. 567 (1987). Iowa has had restrictions on nonresident alien ownership since its inception as a state in 1846. Prior to 1980 nonresident aliens were permitted to acquire agricultural land but were limited to ownership of 640 acres.

widely debated.³⁹ In response to concern over losses of family farms to satisfy estate taxes, Congress, in 1976, substantially liberalized estate tax rules pertaining to farmland.⁴⁰ In 1981 the estate tax laws were further liberalized to lessen the burden on taxpayers. The Economic Tax Recovery Act of 1981⁴¹ increased the unified credit⁴² essentially allowing taxpayers with substantial assets to pay little or no estate tax upon death. In 1988 the Iowa Legislature passed House File 2283 limiting ownership of Iowa farmland by certain authorized corporations, trusts and limited partnerships to 1500 acres.⁴³

³⁹See note 34, supra.

⁴⁰Tax Reform Act of 1976, Pub. L. 94-455, 94th Cong. 2d Sess. (Oct. 4, 1976). The Tax Reform Act of 1976 added I.R.C. § 2032A. Section 2032A allows for an alternative election for valuation of farmland rather than strictly adhering to a fair market value concept. For a history of I.R.C. § 2032A see D. KELLEY & D. LUDTKE, ESTATE PLANNING FOR FARMERS AND RANCHERS §§ 18.01 - 18.04 (2d ed. 1988). For a good discussion of the impact of federal estate tax laws on farmers see N. HARL, supra note 22, at 43.01.

⁴¹Pub. L. 97-34, Sec. 401(a), 95 Stat. 299 (1981).

⁴²The unified credit allows for a credit against taxes due resulting from lifetime or deathtime transfers by an individual. The Economic Tax Recovery Act of 1981 increased the level of the unified credit for each year through 1987. The credit is phased in as follows:

	<u>Credit</u>	<u>Deduction Equivalent</u>
1982	\$ 62,800	\$225,000
1983	79,300	275,000
1984	96,300	325,000
1985	121,800	400,000
1986	155,800	500,000
1987 (and thereafter)	192,800	600,000

See generally N. HARL, supra note 22, at 44.05.

⁴³1988 Iowa Legis. Serv. 393 (West). House File 2283 amended Iowa Code ch. 172C. This chapter of the code was enacted in 1975 and provides statutory regulations for corporations and partnerships owning or leasing farmland.

The passage of House File 2283 emphasizes the state policy of encouraging family farm ownership.

Since 1923 studies pertaining to land ownership and tenure have been conducted in the United States,⁴⁴ In 1958,⁴⁵ 1970⁴⁶ and 1976⁴⁷ studies specifically addressing Iowa farmland were conducted to determine the status of land ownership with the underlying theme of determining whether owner-operatorship goal was being achieved. This study continues the process of examining tenure and ownership of farmland in Iowa.

Study Objectives

The objectives of this study are to

1. identify and analyze characteristics of Iowa farmland owners,
2. identify and analyze farmland acquisition methods,
3. determine and analyze ownership interests and plans of owners for transferring these interests,
4. suggest possible measures for improving ownership conditions in terms of policy goals,
5. suggest areas of further research.

⁴⁴ See J. Timmons & R. Barlowe, *Farm Ownership in the Midwest*, Iowa Agric. Experiment Station Bulletin 361 (1949); L. Gray, C. Stewart, H. Turner & J. Spillman, *Farm Ownership and Tenancy*, Agric. Yearbook 1923, 504-600 (1924).

⁴⁵ R. Strobehn, *Ownership Structure of Iowa Farmland* (1959) (unpublished M.S. thesis, Iowa State University).

⁴⁶ M. Berk, *Changing Structure of Iowa Farmland Ownership* (1971) (unpublished Ph.D. dissertation, Iowa State University).

⁴⁷ B. D'Silva, *Factors Affecting Farmland Ownership in Iowa* (1978) (unpublished Ph.D. dissertation, Iowa State University).

CHAPTER II. SURVEY METHODS

In order to pursue the objectives of this study, information was obtained to analyze the current status of Iowa farmland ownership. In the past, mail surveys or a combination of mail surveys and telephone follow-up were utilized to obtain data.¹ Data drawn for this study were gathered solely by telephone interviews conducted by the Iowa State University Statistical Laboratory.² This minimized nonresponse

¹See B. D'Silva, Factors Affecting Farmland Ownership in Iowa at 33 (1978) (unpublished Ph.D. dissertation, Iowa State University) (mail survey with telephone follow-up) [hereinafter D'Silva]; M. Berk, Changing Structure of Iowa Farmland Ownership at 13 (1971) (unpublished Ph.D. dissertation, Iowa State University) (mail survey); R. Strohbehn, Ownership Structure of Iowa Farmland at 8 (1959) (unpublished M.S. thesis, Iowa State University) (mail survey) [hereinafter Strohbehn].

²The method for gathering data in this study is substantially different from prior studies due to the desire to enhance the reliability of the data. Statistical studies indicate that telephone surveys provide a better usable response rate than mail surveys. See J. FREY, SURVEY RESEARCH BY TELEPHONE at 39-40 (1983).

The usable response rate is defined as:

$$\frac{\text{number of completed interviews}}{\text{number of eligible respondents}}$$

See *id.* at 38. The prior studies in 1958, 1970 and 1978, which were mail surveys, indicated usable response rates of 23.6 percent, 25.68 percent and 34.22 percent respectively. D'Silva, *supra* note 1, at 32. These percentages reveal that under 35 percent of the persons in the mail surveys responded. The usable response rate for this study is over 93 percent. See Table 3, *infra*.

This study is a bench mark for studies in the future which will likely follow the pattern of collecting data by telephone. Further, data used in this study are statewide in scope and not broken down into areas of the state as was the case with prior studies. In the past, incomplete and/or insufficient data led to little analysis on the area level.

bias.³ Survey questionnaires⁴ were completed by trained telephone interviewers who then edited and checked the responses for inconsistencies. The data were then coded and placed on computer tape.

For purposes of this study two samples were drawn. The first sample consisted of corporate farmland owners registered with the Secretary of State (Corporation Sample). The second sample consisted

³It is expected in mail surveys that a large percentage of persons in a mail survey will not respond. The prior studies in 1958, 1970 and 1978, which were mail surveys, indicated usable response rates of 23.6 percent, 25.68 percent and 24.22 percent respectively. See D'Silva, supra note 1, at 32. In order to determine the validity of the responses of persons surveyed by mail (because response rates are generally low) a nonrespondent bias check is performed by contacting a sample of the nonrespondents. Comparisons are then made between respondents and the sample of nonrespondents to determine if the differences between them are significant. If the differences are significant the validity of the survey is called into question. The prior studies all conducted nonrespondent bias checks because of the low usable response rate to the mail surveys. In each study differences between the respondents and the samples of nonrespondents were insignificant. See id. at 32-36. For a good discussion of the problem of nonresponse bias see Strohbehn, supra note 1, at 12.

No nonrespondent bias check was conducted for this survey as the usable response rate was over 90 percent. The higher response rate appears to be attributable to usage of a telephone survey rather than a mail survey.

⁴For a copy of the survey questionnaires see the Appendix. The survey questionnaire was broken up into six parts. Parts one through four were designed to delineate questions involving the general sample. These four parts consisted of: 1) FORM I - a screening form to determine which of the other three questionnaires to utilize; 2) FORM II - HUSBAND AND WIFE, JOINT OWNERS - used if the respondent jointly held the subject property with his or her spouse; 3) FORM III - SOLE OWNER - used if the respondent was a sole owner; 4) FORM IV - LIFE ESTATE, TRUST, OTHER ESTATE OR JOINT OWNER OR TENANT IN COMMON NOT WITH SPOUSE - used if the respondent fit any of the categories for FORM IV. Parts five and six were for corporations with FORM VI used in the case of nonprofit corporations or those without stockholders and FORM V for all other corporations.

of noncorporate farmland owners (General Sample). The methods for drawing each sample and characteristics of the samples are discussed below. Chapters III, IV and V discuss the data from the general sample while Chapter VI discusses the data from the corporation sample.

Corporation Sample

All corporations, domestic, foreign, profit and nonprofit, owning or leasing agricultural land in Iowa or engaged in farming in Iowa are required to file a report with the Iowa Secretary of State.⁵ In 1982, 5,077 corporations filed reports. A list of the corporations was obtained from the Secretary of State and a random sample of 350 of these corporations was selected from the list. The data filed with the Secretary of State included the names and addresses of all stockholders owning 10 percent or more of the stock in each corporation. The stockholder owning the largest percentage of the stock was selected to be interviewed as a representative of the corporation. Information about the entire corporation (including personal information about the stockholder) was obtained from this stockholder. In addition, for each corporation, one stockholder was randomly selected from all those owning 10 percent or more of the stock from whom only personal information was obtained. As noted above, information was obtained by telephone interview.

⁵ See IOWA CODE ch. 172C (1987).

General Sample

The general sample is made up of noncorporate farmland owners. Approximately 650 interviews were desired.⁶ Based on data received from the Secretary of State, it appeared that about five percent of rural land was owned by agricultural corporations, which was represented by the corporate sample. Using these data it was estimated that 705 sample units would be needed to yield 650 sample units that were not urban acres, under water or owned by corporations or the federal government.⁷

The sample unit for the general sample in this study was a quarter of a quarter section of land - nominally a 40 acre parcel of land. The advantages of using this sample unit were that it could be easily identified by its legal description and that it would often be entirely owned by one person who could be interviewed. For sampling purposes the 705 sample units were allocated to each of the 99 Iowa counties in proportion to their land areas. The sample units ranged from five to 12,⁸ but 76 of the 99 counties had allocations of five, six or seven

⁶The Iowa State Statistical Laboratory determined that 650 sample units (40 acre parcels) would be sufficient to provide a representative sample of farm landowners in Iowa. See Notes 7 & 8, infra.

⁷The Statistical Laboratory estimated that approximately 94 percent of Iowa is rural land. In order to obtain the estimated 705 sample units (avoiding urban areas, areas under water, areas owned by the Federal Government and areas held by corporations), 811 total landowners were selected. See Table 2, infra.

⁸Sample units were allocated to counties in accordance with the land area of each county. For example, Kossuth County, which has a land area of 611,480 acres of farmland, was allocated 12 sample units. Humboldt County, which has a land area of 275,422 acres of farmland was allocated five sample units.

units. Within each county the allocated number of sample units was located by selecting 640 acre parcels geographically spread throughout the county⁹ and then randomly choosing 40 acre sample units from the 640 acre parcels.

After the sample units were chosen the legal description of the unit was sent to the county auditor who sent back the names and addresses of all persons owning land in the sample unit. The landowners were then contacted for telephone interview.

Survey Results

Table 2 summarizes the results of both samples. As can be seen, 350 corporations were selected but 14 were not eligible. Of the eligible corporations 12 refused to be interviewed and two could not be located. The total subjects interviewed from the corporation sample were 322. Fourteen corporations were randomly chosen while surveying the general sample and were included in the corporate data file totaling 336 corporations in the file. Thus, the usable response rate was 322 out of 336 or 95.8 percent. The general sample yielded 729 eligible landowners. Fifty-nine subjects could not be located or were either incompetent¹⁰ or refused to be interviewed. As noted

⁹The Statistical Laboratory selected the 640 acre parcels by geographically spreading the parcels over each county from north to south and east to west. This procedure was used to assure that all parts of counties were represented in the survey.

¹⁰Two owners were found to be mentally incompetent. Their farms were under conservatorships and thus these owners were not interviewed.

Table 2. Land ownership study interviewing results

General sample

Total landowners selected	811
Not eligible:	
in city limits	26
federal or state owned	11
corporations (on corporation list)	45
Total subjects	729
Unable to locate	29
To interview	700
Incompetent	2
Refusals	28
Corporations interviewed and included in corporate data file	14
Subjects in general sample data file	656

Corporate sample

Total corporations selected	350
Not eligible:	
do not own Iowa land	13
corporation dissolved	1
Total subjects	336
Unable to locate	2
To interview	334
Refusals	12
Subjects interviewed from corporate sample	322
Corporations interviewed from general sample	14
Subjects in corporate data file	336

Totals

Total subjects	1,161
Not eligible	96
Refused	40
Incompetent	2
Interviewed (93.14 percent of eligibles)	992

above, 14 corporations found while surveying the general sample were added to the corporate data file. Interviews were thus obtained from 670 of the 729 eligible or 91.9 percent. Collectively, 93 percent of the eligible owners, corporate and noncorporate, were interviewed.

Table 3 compares the usable response rates¹¹ obtained in land-ownership surveys from the studies conducted in prior years. As can be seen the usable response rate is dramatically higher for the current survey largely because of the utilization of telephone interviewing. D'Silva, in the 1976 study, found markedly higher rates of usable responses from the telephone interviews and such success is further illustrated by the current data.¹²

Probabilities of Selection

The probability of selecting a particular landowner was not known in advance and can be determined only for persons selected in the sample and interviewed. Knowledge of all of a respondent's land holdings in Iowa that are not held by a corporation that appeared on the list obtained from the Secretary of State in which the respondent held 10 percent or more of the stock would be necessary to determine the exact probability of selection. Technically, the probability of a landowner being selected in the general sample is based on the number of different 40 acre sampling units in which a person owns land; this probability can be approximated as being proportional to the total

¹¹See note 2, supra.

¹²See D'Silva, supra note 1, at 32-34.

Table 3. Comparison of usable response rates obtained in land ownership surveys (Iowa, 1958, 1970, 1976, and 1982)

Year	Method	Landowners in sample (number)	Usable responses (number)	Usable responses (percent)
1958	Mail	11,002	2,576	23.40
1970	Mail	12,520	3,216	25.68
1976	Mail	4,392	1,503	34.22
	Telephone	1,044	743	71.16
1982	Telephone	1,065	992	93.14

number of acres of land owned in Iowa. The probability of being selected in the corporation sample depended upon the number of listed corporations in which the person owned at least ten percent of the stock and the number of these in which the person was the largest stockholder. Although a corporation on the list of corporations was not allowed to come into the sample also from the general sample, an individual landowner associated both with a corporation and with other land not held by a corporation could have been selected in either or both samples. In analyzing the data, these varying probabilities of selection have been taken into account by attaching a weight, w_i , to each respondent, the weight being the inverse of the probability of selection. Then, for any characteristic, y_i , estimates of totals are obtained by

$$\hat{Y} = \sum_{i=1}^n w_i y_i$$

and estimates of means and proportions by

$$\bar{y} = \frac{\sum_{i=1}^n w_i y_i}{\sum_{i=1}^n w_i}.$$

CHAPTER III. CHARACTERISTICS OF IOWA FARMLAND OWNERS

In order to determine the status of farmland ownership in Iowa, data on certain ownership characteristics are necessary to illuminate current ownership patterns. The characteristics include age, sex, occupation, residency and tenure¹ of owners.² These characteristics affect particular economic considerations in the operators' pursuit of the goal of owner-operatorship.

Characteristics of Iowa farmland owners in 1982 are presented in this chapter. Subsequent chapters discuss and analyze the relationship between the characteristics as they pertain to farmland acquisition, ownership interests in farmland and plans of owners for transferring interests. Tenure pertains to classification of owners into one of three groups: 1) nonoperating landlords who rent out all land owner, 2) operating landlords who rent out part of the land to others and operate the remainder of the land, and 3) full owner operators who operate all land owned. Occupation refers to the principal occupation listed by the owner and includes: farmers, retired farmers, professionals, farmwives,³ housewives, clerical workers (craftsmen, sales workers and

¹Tenure refers to the manner and the period for which rights in land are held. See M. HARRIS, ORIGIN OF THE LAND TENURE SYSTEM IN THE UNITED STATES 1 (1953).

²Ownership characteristics of corporations are treated separately. See Chapter VI, infra.

³Farmwives were separately coded from housewives. Owners coded as farmwives indicated that they were directly involved with the farming operation doing chores, assisting with planting and harvesting or similar farm related activities.

administrative workers) and others. Table 4 presents the distribution of owners by characteristic for 1982.

Table 4. Distribution of owners by characteristic (Iowa 1982)

Characteristic	Percent of all owners (1982)
<u>Occupation</u>	
Farmers	35.3
Retired farmers	12.4
Professionals	10.6
Farmwives	10.1
Housewives	15.7
Clerical	11.1
Others	4.8
<u>Tenure</u>	
Nonoperating landlords	43.9
Operating landlords	6.7
Full owner operators	49.4
<u>Sex</u>	
Male	62.6
Female	37.4
<u>Farm residence</u>	
On-farm	60.3
Off-farm	39.7
<u>State of residence</u>	
Iowa	93.9
Other states within U.S.	6.1
Outside U.S.	— ^a
<u>Age in years</u>	
Under 25	1.1
25-44	22.5
45-64	49.6
65 or older	26.8

^aData unavailable as no respondent to the survey lived outside the United States.

Data from Table 4 indicate that over 47 percent of the owners are either farmers or farmwives. Individuals related to farm occupations (farmers and farmwives) make up nearly half of all owners. Nearly 44 percent of all owners are nonoperating landlords with the balance of owners operating all or part of the land. Nearly two-thirds of the owners are male and over 60 percent of the owners live on the farmland. Ninety-three percent of the owners live in Iowa. Half of the owners are within the ages of 45-64 and over 26 percent are 65 years of age or older; only one percent of the owners are under 25 years of age.

Tenure and Occupation

Nearly 38 percent of all owners reported their principal occupation as farming with the remainder as retired farmers, professionals, housewives, farmwives, clerical workers and others (Table 5). Within tenure groups the distribution by occupation indicated farmers and farmwives constitute over 70 percent of the full owner operators. Half of the operating landlords were farmers. An interesting finding is that approximately 12 percent of the full owner operators and approximately 12 percent of the operating landlords were housewives. These data indicate that women who are housewives also perceive themselves as directly involved with the farming operation.

Nonoperating landlords were principally distributed among retired farmers, professionals and housewives (Table 5). These results suggest a relationship between tenure and occupation with the majority of full owner operators and operating landlords being farmers.

Table 5. Percentage distribution of farm owners by tenure and occupation (Iowa 1982)

Tenure groups	Owners reporting (number)	Percentage distribution by occupation						
		Farmers	Retired farmers	Professional wives	Housewives	Farm- wifes	Clerical Others	
All owners	630	37.6	12.7	10.5	15.4	10.5	10.8	2.5
Nonoperating landlords	273	4.8	23.1	18.0	19.0	12.1	15.8	7.2
Operating landlords	42	50.0	14.3	7.1	11.9	7.1	2.4	7.2
Full owner operators	315	60.9	3.2	4.4	12.7	9.5	6.7	2.6

Farm Residency of Owners

Farm residency is an important consideration because it may affect the landowner's relationship to the operation of the farm. Of all owners reporting residence, 60.3 percent lived on the farm while 39.7 percent lived off the farm. The figures for 1982 indicate a reduction of on-farm residency compared to 1976, when 65.1 percent reported on-farm residence (Table 6). This trend shows that off-farm residence of owners is increasing indicating decreasing connection with the land by owners.

Table 6. Residence of farm owners (Iowa 1976^a and 1982)

Year	Percentage distribution by residence	
	On-farm	Off-farm
1976	65.1	34.9
1982	60.3	39.7

^aFigures for 1976 are taken from B. D'Silva, Factors Affecting Farmland Ownership in Iowa, at 49, (1978) (unpublished Ph.D. dissertation, Iowa State University).

State Residency of Owners

Nonresident ownership of Iowa farmland has long been a policy concern to residents of Iowa.⁴ Table 7 shows the percentage of owners and acreage owned by occupation and state of residence of owners, and

⁴See R. Strohbehn, Ownership Structure of Iowa Farmland, at 40, (1959) (unpublished M.S. thesis, Iowa State University).

indicates the extent to which nonresidents of Iowa own farmland.⁵ The 1982 survey reveals that 6.1 percent of Iowa farmland owners are nonresidents. The D'Silva survey⁶ from 1976 indicated 6.2 percent of landowners were nonresidents, thus there has been no significant change from 1976 to 1982.

The majority of nonresident landowners are professionals and clerical workers, while the majority of resident owners are farmers or retired farmers. Further, an analysis of the acreage owned by the nonresidents shows that over 90 percent of such acreage is in the hands of professionals, clerical workers and housewives (Table 7). These data strongly suggest that distribution of nonresident owners of Iowa farmland involves almost exclusively persons in nonfarming occupations. The land may possibly be for investment or may have been acquired through inheritance or gift.

Table 8 presents the percentage distribution of farmland owners by tenure and state of residency. These data indicate that over 80 percent

⁵No respondents in the survey indicated a nonresident alien status. Foreign ownership of farmland has been a serious concern of United States public policy, but the survey provides no data in regard to land held by foreign owners. For examples of concern over foreign ownership of farmland in the United States see Absentee Ownership of Farmland, Hearing before the Subcommittee on Family Farms, Rural Development, and Special Studies, Committee on Agriculture, House of Representatives, 96th Cong. 2d Sess. (1980); Ownership and Control of Farmland in the United States, Select Committee on Small Business, United States Senate, 96th Cong. 2d Sess. (1980).

⁶See note 4, supra.

Table 7. Percentage distribution of owners and acreage owned by occupation and state of residence

Occupation	1982 Owners		Acreage owned (1982)	
	Iowa	Other states	Iowa	Other states
Farmer	37.2	2.8	49.0	0
Retired farmer	13.1	0	12.6	0
Professional	9.2	36.1	7.9	35.9
Housewife	15.5	16.7	12.0	22.8
Farmwife	10.6	2.8	9.1	0.4
Clerical worker	9.8	33.3	6.4	31.5
Other	4.6	8.3	3.0	9.4
All owners	93.9	6.1	95.0	5.0

Table 8. Percentage distribution of farmland owners by tenure and state of residency (Iowa 1982)

Tenure of owners	Iowa	Other states
Nonoperating landlords	41.5	81.6
Operating landlords	7.2	0
Full owner operators	51.3	18.4
All owners	93.9	6.1

of the nonresident owners are nonoperating landlords. These data suggest that land owned by nonresidents is being used as an asset held for investment.

Age Distribution by Tenure

Table 9 shows the percentage distribution of owners by tenure and age group. These data suggest that tenure and age status are related with older owners tending to be nonoperating landlords and owners from the ages of 45-64 making up the majority of active farmers. Owners younger than 25 years of age constitute a very small percentage of total owners. These data indicate that it is difficult for younger persons to acquire land with the ability to own land increasing with age. Individuals under 25 years of age may not have accumulated capital for purchase while older individuals have amassed capital for land purchases.

Table 9. Percentage distribution of owners by tenure and age (Iowa 1982)

Tenure	All owners (percentage)	Percentage distribution by age groups			
		Under 25	25-44	45-64	65 and older
Nonoperating landlord	43.9	.8	9.5	36.6	53.1
Operating landlord	6.7	2.4	24.4	58.5	14.7
Full owner operator	49.4	1.0	32.0	60.6	6.4

CHAPTER IV. FARMLAND ACQUISITION AND FINANCING METHODS

The information provided in Chapter I illustrates that owning debt-free title to farmland has been of great importance to farmers since the early stages of settlement in Iowa. Rising land values (Table 10) contributed, however, to an increased need for capital to own and operate a farm. The increasing quantity of capital needed has made the capital accumulation period longer and acquisition more difficult.

Table 10. Iowa farmland values (1975-1987)^a

Year	Value per acre (in dollars)
1975	1095
1976	1368
1977	1450
1978	1646
1979	1958
1980	2066
1981	2147
1982	1801
1983	1691
1984	1357
1985	948
1986	787
1987	875
1988	1054

^aData from 1988 Iowa Land Value Survey, Iowa State University Cooperative Extension Service, FM-1825 (February 1989).

This chapter discusses the current status of ownership interests of farmland by noncorporate owners, the manner in which land has been acquired and the financing of such acquisition.

Status of Farmland Ownership

Table 11 indicates the breakdown of the manner in which farmland was owned in 1982. Over 85 percent of the land was held either in sole ownership¹ or in joint ownership² between a husband and wife. Nearly eight percent is jointly owned by others than a husband and wife with the balance in partnerships,³ life estates,⁴ trusts⁵ or other estates.⁶

¹Sole ownership means ownership by an individual owner who holds title to the property.

²Joint ownership may be in "joint tenancy" or in "tenancy in common." Joint tenancy means that at the death of one of the owners the survivor obtains full title to the property. With ownership in tenancy in common there is no right of survivorship; at the death of an owner, that deceased owner's share of the property passes to the heirs of such owner. See D. KELLEY & D. LUDTKE, ESTATE PLANNING FOR FARMERS AND RANCHERS §§ 3.01 & 4.57 (2d ed. 1988) [hereinafter ESTATE PLANNING]. Iowa law states that a conveyance of property to two or more owners creates a tenancy in common unless ownership in joint tenancy is specifically expressed. IOWA CODE § 557.15 (1987).

³A partnership is a form of business where the parties voluntarily agree to form a business association jointly sharing profits and losses, and jointly controlling and owning the business. See N. HARL, AGRIC. L. § 60.01[1] (1988) [hereinafter N. HARL]. See generally J. CRANE & A. BROMBERG, LAW OF PARTNERSHIP (1968).

⁴A life estate is a freehold estate in property that has an unspecified length determined by the life of the owner. The life estate holder generally has rights in the income of the property. The property, at the death of the life estate owner, passes to the remainderman. See N. HARL, supra note 3, at 62.02.

⁵A trust is a legal entity which is established by a person to hold assets in its own right. The person establishing the trust is the trustor. A trust has three basic elements: a trustee, corpus (property held in trust) and beneficiaries. For a good overview of trusts see N. HARL, supra note 3, at 62.01.

⁶Unsettled estates are estates of deceased persons who have died owning assets. Land is held by the estate until administration of the estate is completed. See IOWA CODE §§ 633.348 - .355 (1987).

Table 11. Percentage of interest by manner of ownership (Iowa 1982)

Ownership interest	Percentage of all owners
Sole ownership	42.8
Joint ownership - husband and wife	42.8
Joint ownership - other than husband and wife	7.9
Partnership	0.9
Life estate	3.8
Trust	0.9
Other estate (unsettled estate)	0.9

Subsurface rights

Part of an owner's interest in farmland includes subsurface rights to minerals.⁷ Rights to oil, coal, gypsum and other minerals have been an important concern in Iowa.

These rights to minerals⁸ as well as rights to the use of the property for utility and other easements⁹ may be transferred by a landowner. In order to determine the magnitude of such transfers, owners

⁷ For an extensive review of mineral rights see N. HARL. AGRIC. L., ch. 126 (1988).

⁸ See id. § 126.03.

⁹ An easement is a right of a person to use land owned by another for a particular purpose. For a general discussion of easements see J. CARTWRIGHT, FARM AND RANCH REAL ESTATE LAW, at 367 (1988).

were asked about transfers of subsurface rights and grants of utility and other easements. Table 12 shows that over 20 percent of the owners have transferred rights. Of the owners who transferred rights, mineral rights were transferred by 20 percent and utility rights by 72 percent.

Table 12. Percentage distribution of owners who have transferred subsurface rights and type of subsurface right (Iowa 1982)

Have transferred subsurface rights (percentage)	Type of subsurface right		
	Mineral	Utility	Other
21.4	20	72.1	14.3

Methods of Acquisition

Owners can acquire farmland through purchase, gift, inheritance, foreclosure after a sale, or a combination of these methods. Table 13 presents the acquisition methods of owners as of 1982. Nearly 70 percent of the owners acquired their interest by purchase alone. Approximately 17 percent had received gifts or inheritances as their only means of acquisition. Only a small portion of the owners in 1982, one-half of one percent, had acquired land through foreclosure. There have not been significant changes in the figures for 1976¹⁰ and 1982 for single methods of purchase. However, the 1976 study indicated that

¹⁰B. D'Silva, Factors Affecting Farmland Ownership in Iowa, at 115, (1978) (unpublished Ph.D. dissertation, Iowa State University).

Table 13. Percentage distribution of farmland owners by method of farmland purchase (Iowa 1982)

Method of acquisition	All owners
<u>Single methods</u>	
Land purchase	68.8
Gift	2.1
Inheritance	14.8
<u>Combinations of methods</u>	
Combination of purchase with gift or inheritance	13.6
Combinations of foreclosure with purchase, gift or inheritance	.5
Other	.2

2.4 percent¹¹ of the owners acquired land by combining purchase, gift and inheritance while 1982 figures (Table 13) show 13.6 percent of such owners had acquired property in that manner. This marked change indicates that gifts and inheritances had increased as a means of acquiring land. This is reasonable in light of the relatively high price of land between 1976 and 1982 (Table 10).

Sex of owners and acquisition methods

Table 14 shows acquisitions by sex of owner. Seventy-three percent of the men acquired property by purchase while only 62 percent of the women utilized purchase as a single method. Over 25 percent of the women obtained farmland by gift or inheritance compared to 10

¹¹ Id.

Table 14. Percentage distribution of acquisition methods utilized by farmland owners by sex (Iowa 1982)

Method of acquisition	Men	Women
<u>Single methods</u>		
Land purchase	73.6	61.9
Gift	1.7	2.9
Inheritance	8.6	24.2
<u>Combinations of methods</u>		
Combination of purchase with gift or inheritance	15.6	1.2
Combination of foreclosure with purchase, gift or inheritance	.5	.4
Other	0	.4

percent for the men. The data on gifts and inheritances are in line with reasonable expectations that more women owners inherit or are recipients of gifts than men. Possible reasons why more women have obtained property through gift or inheritance include the following. First, title holding of family farm assets has traditionally tended to emphasize ownership of property by one spouse, usually the husband.¹² Since women statistically outlive men,¹³ it is possible that more women are recipients of inheritances because male owners may die first, often leaving farm assets to the wife by will. Second, due to estate planning

¹²ESTATE PLANNING, supra note 2, at 4.02.

¹³In Iowa, for years 1979-1981, the average lifetime for a female was 79.6 years and for a male 72.0 years. U.S. CENSUS BUREAU, 1988 STATISTICAL ABSTRACT OF THE U.S. at 71.

advantages of balancing estates between spouses to minimize estate taxes,¹⁴ it is possible that lifetime gifts to spouses are prevalent. Since, as noted above, emphasis has been on ownership by the husband, it is reasonable that gifts to wives are used to balance the estate of each spouse.

Occupation of owners and acquisition methods

Inheritance and gift of land are significant acquisition methods for all owners and can assist individuals in beginning farming or assist current owners in expanding without expensive cash outlays. Table 15 shows the method of acquisition by owners by occupation group. The purchase of farmland is clearly the most important method of acquisition; however, nearly 20 percent of those who listed themselves as farmers have benefitted from gifts, inheritances or a combination of these with purchases. Data indicate, nonfarming occupation groups received significantly more land by gift and inheritance than farmers.

Finance Methods

Cash purchases of farmland became increasingly difficult due to rises in land values in the 1970s and early 1980s. Table 10 indicates that farmland prices nearly doubled between 1975 and 1981.

¹⁴ ESTATE PLANNING, supra note 2, at 2.20 & 4.01. A full discussion of the advantages of balancing estates to take advantage of estate tax minimization is beyond the scope of this study. For a good review of estate tax planning options see ESTATE PLANNING, supra note 2, ch. 4; N. HARL, supra note 3, ch. 45.

Table 15. Percentage distribution of farmland owners by occupation and by method of acquisition
(Iowa 1982)

Occupation groups	Percentage distribution of method by acquisition				Combination of fore-closure with purchase, gift or inheritance
	Purchase	Gift	Inheritance	Combination of purchase with gift or inheritance	
Farmer	79.4	0.9	4.8	14.0	0.9
Retired farmer	63.7	2.5	8.8	25.0	^a
Professional	58.8	2.9	23.5	14.8	-
Housewife	61.4	3.0	21.8	12.8	1.0
Farmwife	72.7	1.5	18.2	7.6	-
Clerical and others	52.3	12.2	15.8	19.7	-
All owners	68.8	2.1	14.8	13.6	0.5

^a Represents nil.

Because of substantial capital requirements, the use of debt to finance land purchases has become commonplace. Table 16 shows that farm real estate debt in Iowa increased from 3,488 million dollars in 1976 to 7,389 million dollars in 1982, an increase in excess of 100 percent over six years.

Table 16. Farm real estate debt in thousands of dollars (Iowa 1976-1982)

Year	Amount of debt
1976	3,488,428 ^a
1977	3,983,904 ^a
1978	4,629,473 ^b
1979	5,281,340 ^b
1980	5,791,666 ^c
1981	6,596,329 ^c
1982	7,389,105 ^c

^aData from Agricultural Statistics, U.S. Department of Agriculture, at 484 (1977).

^bData from id., at 477 (1979).

^cData from id., at 446 (1982).

If sufficient cash is not available for outright purchase, buyers generally utilize installment land contracts, mortgages or a combina-

tion of these methods to finance acquisition of land. The following sections briefly discuss these methods.

Installment land contracts¹⁵

The installment land contract is an agreement in which real property is transferred from a seller to a buyer. The buyer normally takes possession and agrees to make periodic payments (often annually) of principal and interest until the principal balance is paid off. The seller, in effect, finances the unpaid portion of the purchase price of the real estate. Generally, a down payment is made by the purchaser, often an amount less than a lending institution would require.¹⁶ Legal title to the land is normally retained by the seller until all amounts or a specified fraction of the amounts due have been paid. After the borrower's payments have been made the seller transfers the property by deed to the buyer.

¹⁵ Installment land contracts are also known as "contracts for deed" or "long-term land contracts." See E. OSBORNE, G. NELSON & D. WHITMAN, REAL ESTATE FINANCE LAW, at 13 (1979) [hereinafter REAL ESTATE FINANCE LAW]; K. MEYER, D. PEDERSEN, N. THORSON, J. DAVIDSON, JR., AGRIC. L. CASES AND MATERIALS, at 89-90 (1985) [hereinafter MEYER]. For an in depth discussion of installment land contracts in Iowa see Note, Contracting Equitably in Real Estate Contracts, 30 DRAKE L. REV. 361 (1980-1981) [hereinafter Contracting Equitably].

¹⁶ See MEYER, supra note 15. "Large down payments cannot be made by most landless by aspiring young farmers. Moreover, successful farm operations require not only a large investment in land, but also in equipment and tools of production. A young farmer who invests most of his or her savings in land likely will be left without means to acquire equipment, tools, livestock and other essentials of modern agriculture. Thus, a high down payment loan is often undesirable, even if the payment can be raised. Installment land contracts ... have become the security device of choice in many agricultural areas precisely because they facilitate land purchases with small down payments." Id.

If the buyer defaults on payments under an installment contract, the seller may serve a thirty-day notice, during which time the purchaser may pay the amounts in default. If he or she does not comply, forfeiture¹⁷ results with the seller obtaining the property back from the buyer immediately.¹⁸ Forfeiture is only available if the contract between the parties specifically authorizes such forfeiture.¹⁹ The seller may also foreclose on the property to obtain the value of the contract.²⁰

Installment land contracts are good devices where a purchaser is interested in acquiring farmland while preserving available capital for short-term needs. Sellers find contracts advantageous because they facilitate sale of land, allow for desirable terms,²¹ and provide the

¹⁷ Forfeiture is a statutory remedy provided under IOWA CODE ch. 656 (1987).

¹⁸ The buyer is under no further obligation to the seller but loses the entire investment in the property including the down payment.

¹⁹ See *Lake v. Bernstein*, 215 Iowa 777, 780, 246 N.W. 790, 792 (1933); *Fowler v. Dielman*, 192 Iowa 563, 566, 185 N.W. 79, 80 (1921). For a good overview of forfeiture of installment contracts in Iowa see M. HARRIS & N. HINES, *INSTALLMENT CONTRACTS IN IOWA* 80-81 (University of Iowa Agricultural Law Center Monograph No. 5, 1965); Contracting Equitably, supra note 15, at 366-370.

²⁰ See IOWA CODE § 654.12 (1987). Iowa Code chapter 654 provides extensive guidance on foreclosure procedures. The risk to the buyer under foreclosure is that any deficiency incurred by the seller (the difference between the sheriff's sale price and the contract obligation) remains the responsibility of the buyer.

²¹ The installment sale contract expresses the terms the parties desire. Its provisions, except forfeiture and foreclosure, are generally not regulated by statute. See Contracting Equitably, supra note 15, at 361.

possibility for quick and inexpensive repossession of the property in the event of default.

Mortgages

A mortgage is a security for the performance of an act.²² In the context of farmland, a mortgagor (owner of the mortgaged property) agrees to pay a sum of money to the mortgagee (holder of the mortgage, such as a lender); generally, the obligation to pay is in the form of a promissory note.²³ The mortgagee provides money to purchase the property from a seller with the mortgagee collateralizing the loan with the property purchased. The mortgage acts as a lien on the property. Often a substantial down payment is required. Under a mortgage, title as well as possession are held by the borrower/mortgagor.²⁴ In the event of default by the mortgagor, the mortgage may be foreclosed and the property sold at a foreclosure sale;²⁵ however, the mortgagor retains a right to redeem his or her interest by paying the sale price plus costs and interest within one year after the sale.²⁶ The process

²² REAL ESTATE FINANCE LAW, supra note 15, at 15.

²³ See id. at 1-2.

²⁴ The arrangement that title is held by the mortgagor is known as the "lien theory" of mortgages. The majority of states, including Iowa, follow this theory. A minority of states follow the "title theory" of mortgages which entails title being held by the mortgagee. Id. at 113-122.

²⁵ See IOWA CODE ch. 654 (1987). Any deficiency is the obligation of the mortgagor. See note 16, supra.

²⁶ See IOWA CODE ch. 628 (1987).

is long, complex and often expensive. The goal of the borrower/mortgagor is to pay off the obligation over time with the mortgagee releasing the mortgage as a lien on the property after full payment.²⁷

The purchase methods discussed above can be used separately or can be combined when purchasing land. To the extent that individual owners own land debt-free they have a nearly complete equity interest allowing them access to capital.²⁸

Finance methods used by Iowa farmland owners

Table 17 shows that owners holding debt-free title have decreased from 59.1 percent in 1976 to 50.5 percent in 1982. Owners utilizing debt instruments such as contracts, mortgages or a combination of the two increased from 1976 to 1982 (Table 17). This trend indicates that acquisition of land during the time period required farmers to incur more debt. This is reasonable in light of the rising land values. Further, a decrease in debt-free ownership indicates that farmers who needed capital were borrowing against the land.²⁹

²⁷When the amount due on the mortgage is paid off, the mortgagee must acknowledge satisfaction by executing an instrument in writing and having it recorded. IOWA CODE § 655.1 (1987).

²⁸Capital is available in that an owner may borrow against the equity in the property if a lender can be persuaded to make such a loan. The property is then used to collateralize the loan.

²⁹See note 28, supra.

Table 17. Percentage distribution of purchase methods of all owners
(Iowa 1976^a and 1982)

Method of purchase	1976	1982
Free of debt	59.1	50.5
Purchase contract	14.9	17.3
Mortgage	13.5	24.6
Purchase contract and mortgage	2.9	7.1
Other	9.6	0.5

^aData from B. D'Silva, Factors Affecting Farmland Ownership in Iowa (1978) (unpublished Ph.D. dissertation, Iowa State University).

Table 18 presents purchase methods of owners by age groups. Over 77 percent of the owners reporting debt-free title were age 55 or older. This suggests that as owners increase in age they accumulate capital. Further, as an individual ages the possibility of acquiring land through gift or inheritance increases. This also contributes to the fact that older land owners own a substantial portion of the debt-free land.

Purchase contracts are more prevalent than mortgages among owners ages 34 and under. This suggests that increased capital requirements due to rises in land value have encouraged the use of purchase contracts as a low equity means of financing. As mentioned above, often a lower down payment is required and interest rate terms can be adjusted to the advantage of a contract buyer. Of owners utilizing mortgages to finance land purchases, over 67 percent are age 45 or older suggesting that the

Table 18. Percentage distribution of purchase methods of owners by age groups (Iowa 1982)

Methods of purchase	Percent of methods	Percentage distribution of purchase methods within age groups				
		≤ 24	25-34	35-44	45-54	≥ 55
Free of debt	50.5	.3	.3	7.8	14.0	77.6
Purchase contract	17.3	2.7	23.2	25.9	25.9	22.3
Mortgage	24.6	1.3	10.6	15.6	33.8	33.7
Purchase contract and mortgage	7.1	0	8.7	34.8	41.3	15.2
Other	.5	25.0	0	0	25.0	50.0
All respondents	100	1.1	7.3	14.6	22.8	54.2

mortgage market is open to older farmers to a greater extent than younger farmers. These results show that age is related to the manner in which land is financed.

The distribution of purchase methods of owners by occupation is presented in Table 19. Individuals in farm related occupations (farmers and farmwives) are the largest single occupation group holding debt-free title. The majority of debt-free land, however, is held by occupational groups such as retired farmers, professionals, housewives and clerical workers.

The use of purchase contracts and mortgages as methods of financing land purchases is more prevalent among farmers than any other occupational group. This suggests that farmers finance land purchases through debt capital to a larger extent than other occupational groups.

Increased capital requirements for ownership of farmland appear to have affected acquisition and finance methods of Iowa farmland owners. The use of inheritance and gift in combination with land purchases has increased as a method of acquiring land. High land values may have made it more difficult to rely solely on land purchases to expand farm size.

As noted in Chapter I, achievement of debt-free ownership of farmland by the operator has been a significant goal of United States land policy. However, 10 percent fewer owners held debt-free title in 1982 compared to 1976, with over 77 percent of those who held debt-free ownership being 55 years of age or older. It appears that debt-free ownership is becoming more difficult and that most of the debt-free owners are approaching or at retirement age. Younger farmers are utilizing

Table 19. Percentage distribution of purchase methods of owners by occupation groups (Iowa 1982)

Method of purchase	All owners (percent)	Percent of distribution of purchase methods by occupation groups						
		Farmers	Retired farmers	Professionals	Housewives	Farm-wives	Clerical Others	
Free of debt	50.5	19.9	19.6	13.2	17.7	12.8	12.9	3.9
Purchase contract	17.3	44.6	2.7	8.0	15.2	8.9	12.5	8.1
Mortgage	24.6	52.2	8.2	6.3	13.2	6.3	8.2	5.6
Purchase contract and mortgage	7.1	63.0	0	10.9	10.9	8.7	6.5	0
Other	.5	0	33.3	33.3	0	33.3	0	0

purchase contracts to finance land purchases to a large extent. Such debt instruments indicate that significant debt payments are being made, possibly straining farming operations.

CHAPTER V. INTERGENERATIONAL TRANSFER OF IOWA FARMLAND

The farm enterprise is generally a family business which has grown through the efforts of the farm operator and family during the productive life of the adult operator. Historically, the farm unit has been described by a three part family farm cycle.¹ The first stage is entrance into a farming career.² Efforts are made by an individual to obtain capital resources in order to establish an economic unit which is able to generate sufficient income to support a family. The second stage is growth and survival.³ The farm family attempts to expand farm resources and sales, and to increase labor efficiency in order to reduce unit costs. The third stage of the cycle is the divestment or exit stage.⁴ Management on the part of the adult operator is reduced while sufficient control in the assets is maintained to generate adequate retirement income. Simultaneously, if the decision has been made for the farm business to continue under management and ownership of the next generation, plans are made for transfers to that succeeding generation.

Many farm families would like to retain their farm within the

¹See D. KELLEY & D. LUDTKE, ESTATE PLANNING FOR FARMERS AND RANCHERS 1.02 (1988) [hereinafter ESTATE PLANNING]. For background on the family farm cycle see Boehlje, The Entry-Growth-Exit Process in Agriculture, 5 S. J. Agric. Econ. 23 (July 1973).

²See ESTATE PLANNING, id.

³Id.

⁴Id.

family and thus assist one or more of their children who desire to continue the farm business. Because initial costs are very high the intergenerational transfer of farm assets has become an increasingly important factor in initiating a farm business.

A number of objectives must be considered when transferring the farm enterprise to the succeeding generation. These include: 1) adequate retirement income for the current owner/operators, 2) fair treatment of all children, and 3) minimization of death taxes and estate settlement costs. Diverse interests are involved, especially where there are heirs which will continue the farm business and off-farm heirs. In some instances, the objectives may be in conflict, thus requiring effective planning to treat all heirs equitably.⁵ A full discussion of the most effective means to achieve the objectives stated above is beyond the scope of this study; however, it is important to delineate the methods for intergenerational transfer of property. After discussing the general types of transfer methods, the actual transfer plans of Iowa farmland owners are examined.

Types of Transfer Methods

In order to accomplish effective intergenerational transfer of agricultural assets it is important to realize that a will is not the only device for transferring property. In fact it may not be the most effective device when tax implications and other operator objectives

⁵For a discussion of decision-making involving on-farm and off-farm heirs see N. HARL, AGRIC. L. MANUAL § 5.01 [3](1988).

are considered. The narrow view that a testamentary device such as a will is the preferred means of transfer must give way to the wider approach of lifetime management of the process. Integration of business and personal financial planning with estate planning is essential to effective intergenerational transfer of assets.⁶

There are three general types of transfer arrangements that may be considered: 1) transfers during the life of the owner, known as *intervivos* transfers, 2) transfers to be implemented at the death of the owner, and 3) distribution of property in accordance with state intestate statutes when no will is involved.⁷ It is clear that unless the owner of farm property approves of the intestate transfer scheme provided by state statutory law, this method should be avoided. In most cases it is preferable to establish a method of transfer rather than to rely on methods prescribed by state legislative mandate. More often than not the statutory law is not compatible with the owner's desire.

It is first necessary to identify the priority goals of the farm-land owner. Then he or she should examine the alternative transfer methods and select the one that will most effectively accomplish the most important objectives. Often an *intervivos* transfer, such as a sale or gift, is desirable in order to accomplish a goal of inter-generational transfer. It allows the owner to firmly establish the

⁶See *id.* See also ESTATE PLANNING, *supra* note 1, at 1.20.

⁷Iowa statutory law prescribes a strict procedure for distribution of property in the event a person dies without a will. See IOWA CODE § 633.210 - .230 (1987).

next generation in the farm business as early as possible. The balancing factor to be considered, however, is whether the current owner is willing to relinquish the possible economic advantages of the income from the property. This is especially true when a gift is involved. If income is a particular concern then a sale of the property may be a better alternative. Equitable treatment of nonfarming siblings can also create problems when intervivos transfer is used.

If intervivos transfer is not desired the use of a will should be considered. A will is made for the purpose of transferring the owner's property at death in accordance with the owner's desires. With the exception of disinheriting a spouse, there are few restrictions on a person who makes a will.⁸ Statutory law provides that if a spouse is given little or no property by will that spouse may elect against the will and opt for a share of the assets provided by state statute.⁹

A variety of intra-family transfer methods are available. Some of these include: 1) joint ownership, 2) life estate/remainder arrangements, 3) partnerships, 4) trusts, and 5) corporations. Chapter IV discusses several of these options in the context of farmland ownership, but in the context of intergenerational transfer they can be utilized to accomplish objectives of a particular owner.

⁸IOWA CODE § 633.264 (1987). "Subject to the rights of the surviving spouse to elect against the will ... any person of full age and sound mind may dispose by will of all the person's property, except sufficient to pay the debts and charges against the person's estate." Id.

⁹IOWA CODE § 633.236 - .258 (1987).

Life estate/remainder arrangements can be created by a farmland owner who desires to insure that the use of the income from the farmland is available to a person (such as a spouse) during his or her lifetime.¹⁰ The owner may stipulate that upon the death of the life estate holder (the life tenant) the property will be transferred to the holders of the remainder interest (often the children).¹¹ Further, an owner may create a life estate for the use of the farmland during the owner's lifetime while deeding the property to the children as holders of the remainder interest.¹²

Joint tenancy may be stipulated in a deed indicating that the surviving co-owner or co-owners will receive full right, title and interest to the property at the death of the first co-owner to die.¹³

A properly planned partnership can also be an effective tool for the transfer of farm property. A carefully designed funded or insured buy-sell agreement among the partners can assure that at the death of a partner there will be sufficient funds to purchase the deceased partner's share, thus allowing continuation of the farm business.¹⁴

As noted in Chapter IV, a trust is a legal entity established to hold assets in its own right.¹⁵ A landowner may set up a trust

¹⁰See N. HARL, AGRIC. L. § 62.02 (1988) [hereinafter N. HARL].

¹¹Id.

¹²Id.

¹³See ESTATE PLANNING, supra note 1, at 3.01 & 4.57.

¹⁴See N. HARL, supra note 10, at 60.06 [3][iii].

¹⁵Id. at 62.01.

either during lifetime by agreement or at death by provisions in a will. The beneficiaries of the trust, such as a spouse or children may receive income from the trust and may eventually receive the property outright depending on the trust provisions. If a trust is properly designed, it can serve as a flexible tool to transfer the property in accordance with the family's desire to keep the farm intact from one generation to the next.

A corporation is another advantageous tool for transfer because it has the potential for maintaining the farm as a unit from generation to generation.¹⁶ Corporation stock may be transferred to the succeeding generation during lifetime or at the death of an owner. A further discussion of corporations can be found in Chapter VI.

Transfer Plans of Iowa Farmland Owners

One of the goals of this study was to determine the nature of transfer plans of farmland owners. Transfer plans are important to assure the maintenance of a continuous farming operation from generation to generation and provide entry opportunities for beginning farmers.

Table 20 presents the percentage distribution of owners who reported transfer plans including wills, intervivos transfers and other plans for transfer. Nearly half of the owners indicated that

¹⁶For an extensive discussion of corporations as an estate planning tool see N. HARL, supra note 10, ch. 51. See also ESTATE PLANNING, supra note 1, ch. 9.

Table 20. Percentage of owners transferring farmland by type of transfer arrangement (Iowa 1982)

Nature of transfer	Percentage
Will to a family member	47.8
Will to others	.4
Gift to a family member	6.1
Gift to others	.8
Sell to a family member	14.8
Sell to others	10.3
Life estate/remainder arrangement	7.9
Intervivos or testamentary trust	7.7
Other	4.2

wills had been prepared as a component of their asset transfer plans. Sale of property was another important component of owners' transfer plans; a total of 25 percent planned to sell property. It is interesting, however, that 10.3 percent of the owners intended to sell their farmland to nonfamily members. This indicates that continuity of family ownership may not have been important to over one-tenth of the farmland owners. Gifts, life estates and trusts played a significant role in the transfer plans of farmland owners. Over 20 percent of the owners planned to use these options to transfer farmland.

Table 21 shows the percentage of owners reporting wills within age groups. Nearly one-third of the individuals who reported they had

prepared wills were in the 65 or older age group. The use of wills increased with each successively older age group indicating that the presence of a will was correlated to age. In comparing information gathered from prior studies to the 1982 data it appears that owners had prepared wills at a younger age. The D'Silva study in 1976 revealed that only 14.9 percent of the owners age 44 or younger had prepared wills.¹⁷ The 1982 survey data indicated that over 20 percent of owners 44 and younger had prepared wills. Specific reasons explaining the increase were not available from the questionnaires but it is possible that increased emphasis on the importance of wills in educational programs and a greater awareness on the part of society in general regarding the importance of transfer plans contributed to the increase.

Table 21. Percentage of owners reporting wills within age groups (Iowa 1982)

Year	Percentage of owners reporting wills in age groups						All ages
	< 24	25-34	35-44	45-54	54-65	> 65	
1982	.4	5.2	14.4	22.0	26.8	30.3	48.2

¹⁷ B. D'Silva, Factors Affecting Farmland Ownership in Iowa at 61 (1978) (unpublished Ph.D. dissertation, Iowa State University).

Ownership Transfer Situation

Transfer plans in the form of wills had been made by nearly 50 percent of the owners in Iowa with the proportion of owners reporting wills increasing with each successively older age group. Other types of plans were also important as indicated by the fact that nearly half of the owners intended to utilize sales, gifts, life estates or trusts as methods for transfer.

CHAPTER VI. CORPORATE FARMLAND OWNERSHIP

Introduction

In order to fully identify and analyze the farmland ownership situation in Iowa two samples of Iowa farmland owners were surveyed. The first five chapters of this thesis discussed noncorporate owners (general sample). This chapter discusses corporations which own Iowa farmland (corporation sample).

As presented in Chapter II all corporations, domestic, foreign, profit and nonprofit owning or leasing farmland in Iowa are required to file a report with the Iowa Secretary of State.¹ A random sample of 350 corporations was selected from the 5,077 corporations which filed reports in 1982. The following sections of this chapter discuss the information obtained from the corporations surveyed. It is important to note that prior surveys contained almost no information on corporate ownership of farmland.

Organization of the Farm Business as a Corporation

Farm businesses are generally organized as sole proprietorships, partnerships or corporations.² The sole proprietorship is a one-person operation. The business may hire employees, however, the

¹IOWA CODE ch. 172C (1987).

²The advantages and disadvantages of each type of business organization for a farm enterprise are beyond the scope of this thesis. For a good overview of the topic see J. JUERGENSMEYER & J. WADLEY, AGRIC. L. Chs. 30 & 31 (1982) [hereinafter JUERGENSMEYER].

proprietor owns and manages the business.³ A partnership is an aggregation of owners. Two or more persons contribute their assets and share management responsibilities. Each partner is liable for the actions of the other partners so long as those actions are within the scope of the partnership.⁴ A corporation is an artificial being created under state law.⁵ It is a separate business entity distinct from its owners. The owners known as stockholders, own stock in the corporation. Management of the corporation is usually conducted by a board of directors and officers elected by the stockholders. The principal characteristic of the corporate form of business organization is the sharp line of distinction between the business and the owners. In contrast to sole proprietorships and partnerships, which generally report income for tax purposes as individuals, the corporation is a separate taxpayer as well as a separate legal entity.⁶

Corporations are traditionally of two types: "closely held" or "publicly owned." Most farm corporations are closely held corporations. Business ownership is confined to a small group, usually family members. Stock in the closely held corporation is not available for purchase by the public and stock transfer is restricted to prevent

³Id. at 172.

⁴Id. at 180. See generally D. KELLEY & D. LUDKE, ESTATE PLANNING FOR FARMERS AND RANCHERS ch. 7 (2d ed. 1988) [hereinafter ESTATE PLANNING].

⁵See JUERGENSMEYER, supra note 1, at 48.

⁶Id. at 137.

stock from passing to outsiders. Publicly owned corporations, in contrast to closely held corporations, may have thousands of stockholders located throughout the country. Stock in the corporation is generally traded on one or more of the securities exchanges so that ownership of the corporation is constantly changing.

Iowa law has imposed restrictions on acquisition of agricultural land by corporations other than "family farm corporations" and "authorized farm corporations." Corporations, except family farm corporations and authorized farm corporations, generally cannot acquire agricultural land except for immediate or potential nonfarm use.⁷

Family farm corporations

A family farm corporation is defined under Iowa law as a corporation: 1) founded for the purpose of farming and the ownership of agricultural land in which the majority of the voting stock is held by and the majority of the stockholders are persons related to each other as spouse, parent, grandparent, lineal ascendants of grandparents or their spouses and other lineal descendants of the grandparents for the persons so related, 2) all the stockholders are natural persons, or persons acting in a fiduciary capacity for the benefit of natural persons or family trusts, and 3) sixty percent of the gross revenue of the corporation over the last consecutive three year period comes from farming.⁸

⁷ IOWA CODE § 172C.4 (1987).

⁸ IOWA CODE § 172C.1(8) (1987).

Authorized farm corporations

An authorized farm corporation is defined under Iowa law as a corporation, other than a family farm corporation, founded for the purpose of farming and the ownership of agricultural land in which: 1) the stockholders do not exceed 25 in number, and 2) the stockholders are natural persons or persons acting in a fiduciary capacity for the benefit of natural persons or nonprofit corporations.⁹ The 1987 Iowa legislature, reflecting the desire to restrict farmland ownership by corporations other than family farm corporations, enacted legislation limiting authorized farm corporations to ownership of not more than 1,500 acres.¹⁰

Characteristics of Iowa Corporate Farmland Owners

Characteristics of corporations owning farmland in Iowa are presented in this section. These data demonstrate the nature of corporations owning farmland and help indicate whether the goals of owner-operatorship are being achieved.

Domestic and foreign corporation ownership

Table 22 presents the distribution of owners by state or foreign country of incorporation.

⁹ IOWA CODE § 172C.1(9) (1987).

¹⁰ 1987 Iowa Acts ch. 46 § 1. This legislation continues the traditional stance of the Iowa legislature, which has been to promote family farm ownership of land. See IOWA CODE § 172C.4 (1987) which severely restricts farmland ownership except by family farm corporations and authorized farm corporations.

Table 22. Percentage of farmland owners by state or foreign country of incorporation

Corporations	Percentage of all owners
Iowa	96.1
Other states	3.0 ^a
Foreign countries	0.9 ^b

^aThe other states include: Montana, Minnesota, Delaware, Nebraska, Kansas, New York, Maine, Missouri.

^bThe foreign countries include Liechtenstein and Netherland Antilles.

Over 96 percent of all corporate owners reported they were incorporated in Iowa. Less than four percent indicated incorporation in either another state or a foreign country.

Profit and nonprofit status

Table 23 shows the distribution of corporations by profit and nonprofit status. Also included are incorporated cities or towns that own farmland. Among the corporations surveyed 75.6 percent reported their status as profit corporations. Over five percent indicated nonprofit status or that a city or town owned the farmland. Nearly 20 percent indicated a lack of knowledge or did not respond regarding corporate status. This may indicate that the stockholders surveyed did not understand the nature of their corporate business. The complexity of corporate organization in contrast to sole proprietorships and partnerships

may have contributed to a lack of knowledge regarding the status of their corporations.

Table 23. Percentage distribution of corporate farmland owners by profit and nonprofit status (Iowa 1982)

Corporations	Percentage of all owners
Profit	75.6
Nonprofit	4.7
City or town	.5
Status not known or no response	19.2

Family farm corporations/authorized farm corporations

In order to determine the nature of corporate ownership respondents were surveyed regarding whether their corporations were family farm corporations or authorized farm corporations. These data help determine the extent of owner-operatorship of farmland controlled by corporations.

Table 24. Percentage distribution of corporate ownership by family farm corporations and authorized corporations (Iowa 1982)

Corporations	Percentage of all owners
Family farm corporations	65.0
Authorized farm corporations	7.0
Other	28.0

Data shown in Table 24 indicate that 65 percent of the corporations surveyed were family farm corporations and seven percent were authorized farm corporations. These data show that the majority of corporations owning farmland are family owned and operated.

Year of incorporation

Corporations were surveyed regarding the year of incorporation. Table 25 presents a summation of the responses. The data indicate that over 70 percent of the corporations were incorporated after 1969 with the highest number occurring from 1976 through 1980. The increase in incorporations during that period may be related to the rise in land value and the resultant concern over the transfer of land to a succeeding generation.

Table 25. Year of incorporation

Year	Number of corporations
Before 1970	74
1970	6
1971	11
1972	12
1973	18
1974	21
1975	17
1976	29
1977	18
1978	27
1979	38
1980	34
1981	14
1982	4
Year unknown	27
TOTAL	350

As noted in Chapter IV, land value for Iowa farmland rose from \$1,368.00 in 1976 to \$2,147.00 in 1981.¹¹ While corporation structure and ownership does not prevent the application of estate or gift taxes it does provide an efficient means for transferring farm assets without fragmenting a farming operation.¹² Corporate stock may be easily transferred either by gift or by will without ownership and operation of the assets of the corporation being affected.¹³ The perpetual existence of a corporation provides continuity for the family farm business and helps overcome the adverse effects of stockholders' death.¹⁴

Acquisition Methods of Corporate Farmland Owners

Methods of acquisition of land utilized by corporations are similar to methods utilized by individuals. These methods include purchase, gift or inheritance.¹⁵ Corporations, however, may also acquire land from stockholders who transfer land to the corporation

¹¹See ch. IV, table 10, supra.

¹²See ESTATE PLANNING, supra note 4, at § 9.01.

¹³For example, gifts of stock can be made by parents to children in a family farm operation. The value of the parent's estate at death is reduced thus minimizing estate taxes and also allowing a shift of ownership to the next generation without interruption of the business.

¹⁴See ESTATE PLANNING, supra note 4, at 9.07.

¹⁵See Ch. IV, supra, at 32.

when the corporation is formed.¹⁶ Table 26 presents the distribution of acreage owned by corporations by acquisition method. Among family farm corporations over 70 percent of the acreage owned has been acquired by transfer of land for stock while only 27.5 percent was acquired by purchase. These data indicate that family farm corporations are formed by farmers who already own land and desire a change of organization from sole proprietorships or partnerships. In contrast, nonfamily farm corporations principally rely on purchase of land as an acquisition method. Gifts and inheritances play a minimal role in family farm corporations and authorized corporations while in other corporations, such as nonprofit corporations, they are much more significant.

Table 26. Percentage distribution of owned acreage for corporations by acquisition method (Iowa 1982)

Corporation	Percentage distribution of owned acreage by acquisition method				
	Inheritance	Gift	Purchase	Transfer for stock	Other
Family farm corporations	.2	.2	27.5	70.7	1.4
Authorized farm corporations	-	-	86.1	13.9	-
Others	8.2	7.0	42.5	41.0	1.3

¹⁶ See N. HARL, AGRIC. L. ch. 53 (1988). Corporate stock is given in exchange for property transferred to the corporation.

Finance Methods of Corporate Farmland Owners

As noted in Chapter IV, cash purchases of farmland became increasingly difficult due to rises in land values in the 1970s and early 1980s. The substantial capital requirements made use of debt commonplace when purchasing land. As with noncorporate buyers, corporations utilize installment land contracts¹⁷ and mortgages¹⁸ to finance land acquisition.

Table 27 presents the percentage distribution of purchase methods by corporation type. Half the land acquired by family farm corporations is free of debt. Authorized farm corporations appear to utilize debt purchases more than any other corporation type. Corporations which are not family farm corporations or authorized corporations own nearly two-thirds of their land debt free.

Characteristics of Stockholders

Data on personal characteristics of stockholders in corporations owning farmland were obtained. The characteristics help explain the profile of stockholders who possess stock in the corporations surveyed.

As noted in Chapter II, the stockholder owning the largest percentage of stock in the corporation surveyed was selected to be inter-

¹⁷See Ch. IV, supra notes 15-21, and accompanying text.

¹⁸See Ch. IV, supra notes 22-28, and accompanying text.

viewed. Information about the entire corporation as well as personal information was obtained from this individual. In addition, for each corporation, a second stockholder was randomly chosen from all those owning ten percent or more of the stock from whom personal information was obtained. The personal information included data on sex, age and occupation of the stockholder.

Table 27. Percentage distribution of owned acreage for corporations by purchase method (Iowa 1982)

Method of purchase	Percentage distribution of purchase method by corporation type		
	Family farm corporation	Authorized farm corporation	Other
Free of debt	49.2	30.1	65.5
Purchase contract	21.4	49.1	18.1
Mortgage	28.7	12.8	16.2
Other	.7	8.0	.2
TOTAL	100.0	100.0	100.0

Characteristics of stockholder holding the largest percentage of stock

Data from Table 28 show that over half of the largest stockholders are farmers. The stockholders who were female were also surveyed as to whether they have been involved with the farming operation. Over 80 percent of the female stockholders indicated they farmed also. Therefore, more than 60 percent of these stockholders are directly related to

farm occupations. Approximately 33 percent of the stockholders are employed in occupations other than farming. Nearly 80 percent of the stockholders are male. The largest percentage of stockholders are 45 years or older.

Table 28. Distribution of characteristics of stockholders owning the largest percentage of stock (Iowa 1982)

Characteristic	Percentage
<u>Occupation</u>	
Farmers	51.4
Professionals	18.8
Farmwives	5.9
Housewives	9.4
Clerical	7.3
Others	7.2
<u>Sex</u>	
Male	77.9
Female	22.1
<u>Age in years</u>	
Under 25	.7
25-34	4.6
35-44	17.4
45-54	25.2
55-64	27.0
65 or older	25.2

Characteristics of the second stockholder

As noted above, a second stockholder was also surveyed regarding personal characteristics. Data shown in Table 29 indicate that 42.2 percent of these stockholders are farmers. However, second stockholders

who are female were also surveyed as to whether they have been involved in farming operations. Seventy percent of these female stockholders indicated involvement in farming. Therefore, the majority of these stockholders (as with largest percentage stockholders) are involved in the farm operation. As with the largest percentage stockholders surveyed, a majority of these stockholders are male and are 45 years or older.

Table 29. Distribution of characteristics of second stockholder (Iowa 1982)

Characteristic	Percentage
<u>Occupation</u>	
Farmers	42.2
Professionals	13.1
Farmwives	6.8
Housewives	20.7
Clerical	9.3
Others	7.9
<u>Sex</u>	
Male	62.4
Female	37.6
<u>Age in years</u>	
Under 25	2.6
25-34	14.0
35-44	17.0
45-54	24.7
55-64	23.8
65 or older	17.9

CHAPTER VII. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary and Conclusions

The purpose of this study was to determine the current ownership structure of Iowa farmland. A summary of survey methods, findings and their implications is presented in this chapter.

To obtain information on land ownership patterns data were gathered by telephone interviews conducted by the Iowa State University Statistical Laboratory. For purposes of the study, two samples were drawn: 1) a sample of noncorporate Iowa farmland owners (General Sample), and 2) a sample of corporations owning Iowa farmland (Corporation Sample). For the general sample, 40-acre units were allocated to each of 99 Iowa counties in proportion to their land areas. After the sample units were chosen the legal description of the unit was sent to county auditors who supplied the names and addresses of persons owning land in the sample unit. The land owners were then interviewed by telephone. The corporation sample consisted of 350 corporations randomly selected from the 1982 list of corporations which filed reports with the Iowa Secretary of State. Stockholders and corporation representatives were then interviewed by telephone to obtain information about the corporation and personal information about the stockholders.

Owner-operatorship of farmland has been a major goal of farm families. Historically, legislation such as the Homestead Act of 1862, the Farm Loan Act of 1916, the Bankhead-Jones Farm Tenant Act and

various tax reform acts have been enacted to encourage farmers to own and retain farmland. However, rapidly increasing land values during the period from 1976 to 1982 and the consequent need for increased capital appear to have made acquisition and retention of farmland by owner-operators more difficult.

Characteristics of Iowa farmland owners in 1982 are analyzed in Chapter III. Characteristics examined included age, sex, occupation, residency and tenure of owners. Results indicate that nearly half of all owners have farming as a principal occupation. The majority of farmers are full owner-operators, however, 43.9 percent are nonoperating landlords. Ninety-four percent of all owners live in Iowa.

The 1982 data indicate a decrease in on-farm residence by farm owners compared to 1976. Increasing residence off the farm indicates decreasing connection with the land by owners. An analysis of tenure by age of owners shows that owners from the ages of 45-64 make up the majority of active farmers. Only one percent of owner-operators are under 25 years of age. The current distribution underscores the difficulty younger farmers have in acquiring land.

The status of farmland ownership, acquisition methods and financing methods are analyzed in Chapter IV. Over 85 percent of all owners hold land either as sole owners or in joint ownership between a husband and wife. Less than six percent of the owners hold land in partnership, life estates or trusts. It appears that owners prefer simplicity in farm organization rather than more complex ownership schemes.

Farmers generally acquire land by purchase, gift, inheritance or a combination of these methods. While single methods of acquisition have not increased, owners indicate increased use of acquisition by combining acquisition methods. Gifts and inheritances are more prevalent as acquisition methods for women, as a group, than men. This may be because title holding of family farm assets has tended to emphasize ownership by one spouse, usually the husband. Since women statistically outlive men, more women are recipients of inheritances than men. Also, due to estate planning advantages of balancing estates between spouses to minimize estate taxes, lifetime gifts to spouses are often utilized. Since, as noted above, emphasis has been on ownership by the husband, gifts to wives are used to balance the estates of the spouses.

Finance methods used by owners are closely linked to acquisition methods. Farmland values doubled between 1975 and 1982. Real estate debt more than doubled during the same period. The substantial capital requirements have increased the use of debt instruments such as installment contracts and mortgages and the number of owners holding debt-free title to land has decreased.

Age appears to be related to the finance methods utilized. Young farmers who have little or no equity in property utilize purchase contracts more often than mortgages. Purchase contracts allow for seller financing and potentially lower down payments than mortgages. Farmers 45 years of age or older utilize mortgages as a means of financing

land acquisition more often than purchase contracts. This suggests that the mortgage market is more available to older farmers who may have accumulated equity in their operations.

Chapter V analyzed intergenerational transfer plans of owners. In order for a farm business to continue under management and ownership of the next generation, if such a goal is desired, effective transfer plans are necessary. Because large amounts of capital are needed to start a farm business transfers by gift or inheritance help the next generation commence farming. Nearly 50 percent of all owners intend to use wills in their transfer plans, while seven percent intend to utilize gifts. Over 14 percent of the owners surveyed included sale of property as a part of their transfer plans to family members. Over ten percent of the owners, however, stated that sales to nonfamily members are a part of their plans. This suggests that continuity of family ownership may not be important to over one-tenth of the farmland owners. The use of wills as a part of transfer plans appears to be correlated with age with older age groups indicating use of wills in transfer plans.

As one author has stated: "The corporation as a form of farm and ranch business organization is used by a modest but increasing number of farmers and ranchers."¹ In that light, data were gathered regarding the status of corporate farmland ownership in Iowa.

¹See N. HARL, AGRIC. L. MANUAL § 7.02 (1988).

Iowa law severely restricts ownership of farmland by corporations other than family farm corporations. As recently as 1987, the Iowa legislature imposed further restrictions on corporate ownership by limiting farmland ownership by authorized farm corporations to 1500 acres.

Over 96 percent of corporate owners surveyed indicated that they were incorporated in Iowa. Fears that farmland is being acquired by foreign or out of state corporations do not appear well-founded.

Profit corporations make up over 75 percent of the corporate farmland owners; however, nearly 20 percent of the respondents to the survey did not know the exact status of their corporation. This may indicate a lack of understanding on the part of stockholders of the nature of their corporate businesses. Family farm corporations and authorized farm corporations own over 70 percent of the corporate-owned farmland in Iowa.

More than 70 percent of the corporations surveyed were incorporated after 1969 indicating a relatively recent increase in popularity of the corporate form of farm business organization. The majority of those who reported incorporation after 1969 were incorporated between 1976 and 1981. The high number of incorporations may be related to the fact that during the period land values increased sharply. Farmland owners, concerned about reducing their farm holdings to avoid estate taxes, may have determined that transfers of stock were a better means of shifting assets to family members than transferring the assets themselves. Gifts

of stock may be used to reduce the value of descendants' estates at death. Also, transfers of stock can facilitate continuity in the farm business by allowing one generation to pass stock to the next generation without the adverse effects of transfers of actual assets. If individual assets are transferred, there is the potential for disagreement among beneficiaries on use of the assets and possible disruption of the operation.

Stockholders surveyed were questioned regarding certain personal characteristics. These characteristics help determine a profile of stockholders involved in corporations owning farmland. Stockholders in corporations were found to have characteristics similar to non-corporate farmland owners. Data indicate that farmers or persons related to farming occupations, such as farmwives, own the largest percentage of stock in corporations surveyed. A majority of the stockholders were men and the majority of owners were age 45 or older.

Recommendations for Further Research

This survey was conducted in order to determine the status of farmland ownership in Iowa in 1982. Prior surveys in 1958, 1970 and 1976 relied on mail surveys for data collection. This survey was conducted by telephone interview. Telephone interviewing worked well as a process and resulted in significantly higher usable responses compared to prior surveys. The process of conducting future land ownership surveys by telephone should be continued.

One purpose of research of this type is to provide a guide for further inquiry into land ownership patterns. This study includes data

that show the status of farmland ownership through 1982. Since 1982 significant changes have occurred in the agricultural community. Subsequent to 1982 Iowa farmland values and average commodity prices declined significantly. By 1986 an acre of Iowa farmland was valued at \$787 per acre on the average - a drop of over 60 percent from \$2147 in 1981.² The average corn price in 1981 was \$2.83 per bushel while in 1986 the price was \$1.83 per bushel.³ Further research should be conducted to determine the extent of the effects of the agricultural debt crisis on land ownership patterns.

²See 1987 Iowa Land Value Survey, Iowa State University Co-operative Extension Service, FM-1825 (March 1988).

³Id.

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Finally, to my wife who has been my most loving and constant encouragement. I love and salute you.

APPENDIX

Land Ownership Study
Department of Economics
and
Statistical Laboratory
Iowa State University

Name of respondent _____

Int. ID ____

Date: _____

Record of Calls

Questionnaire Complete

Date _____

____ Yes

Time _____

____ No

Comments _____

Hello, this is _____ calling from Iowa State University at Ames.
(your name)

May I please speak to _____. [IF NOT RESPONDENT, REPEAT INTRODUCTION]
(Respondent)

Recently you should have received a letter about the land ownership study being conducted by the Department of Economics.

1. Did you receive this letter?

____ Yes

____ No

____ DK

} [EXPLAIN PROJECT - READ LETTER IF NECESSARY]

First, I would like to verify some information that we have.

2a. According to tax records, as of July 1, 1982, you had an ownership interest in land located in the _____ quarter of the _____ quarter of Section _____ in _____ Township in _____ County. Is that correct?

____ Yes (Q. 3)

____ No

____ DK

b. Did you have an ownership interest in this land before July 1, 1982?

Yes —> Did you dispose of your interest in this land before July 1, 1982? Yes —> Who owned this land at that time?

_____ [TERMINATE]

No [PROBE TO CLARIFY DISCREPANCY AND EXPLAIN BELOW]

No [PROBE TO DETERMINE ERROR IF POSSIBLE AND EXPLAIN BELOW]

[TERMINATE IF RESPONDENT DID NOT OWN ON JULY 1, 1982]

3. The records show that this parcel of land was owned [CHOOSE THE APPROPRIATE ENDING]

	<u>YES</u>		<u>NO</u>
... solely, that is by you alone; is that correct?	<input type="checkbox"/>	[GO TO BLUE QUEST.]	<input type="checkbox"/>
... jointly with _____; (names of others)	<input type="checkbox"/>		<input type="checkbox"/>
is that correct?	<input type="checkbox"/>		<input type="checkbox"/>

[PROBE TO DETERMINE HOW OWNED AND CHECK APPROPRIATE RESPONSE IN 3]

4. Still thinking of this same parcel of land, as of July 1, 1982, was this land held ...

	No	Yes	
a. in a life estate?	<input type="checkbox"/>	<input type="checkbox"/>	(GO TO YELLOW QUESTIONNAIRE)
b. in a trust?	<input type="checkbox"/>	<input type="checkbox"/>	(Q. 8)
c. in an unsettled estate?	<input type="checkbox"/>	<input type="checkbox"/>	(GO TO YELLOW QUESTIONNAIRE)

5a. On July 1, 1982, was this land owned in joint tenancy or as tenants in common?

Yes
 No (Q. 6a)

b. Did your (husband/wife) have an ownership interest in this land?

Yes

No

c. Was anyone else a co-owner of this land?

Yes [GO TO Q. 9]

No [GO TO GREEN QUESTIONNAIRE]

6a. On July 1, 1982, was this land owned in a legal partnership?

Yes

No (Q. 7a)

b. Was this a limited partnership or a general partnership?

limited [GO TO Q. 9]

general

7a. On July 1, 1982, was this land owned by a corporation?

Yes → When was this corporation formed? _____ Yr.

When was this land acquired by the corporation? _____ Yr.

No [PROBE TO FIND OUT HOW LAND IS OWNED; IF NOT A CORPORATION, IT SHOULD FIT IN ONE OF THE PREVIOUS CATEGORIES]

b. What is the name and address of this corporation? _____

c. What is the total number of shareholders in this corporation?

d. How many of the shareholders own 10% or more of the stock in the corporation?

- e. What is the name, address, and phone number of the largest shareholder in this corporation? _____
- _____

We may be calling back to discuss this land owned by the corporation. When would be a convenient time to talk with you?

_____ Days

_____ Hours

[END]

8. Was this trust a ...

short-term or clifford trust?

a living trust? → Is this living trust revocable? Yes

No

a testamentary trust?

or some other type of trust? (Specify) _____

DK [PROBE FOR THE BEST INFORMATION RESPONDENT CAN GIVE ABOUT THE TRUST]

0
OW
TIONNAIRE

9. Would you give me the first name of all people who held an interest in this land?

[LIST ALL]

- | | | |
|----------|----------|--|
| 1. _____ | 5. _____ | } [USING THE RANDOM NUMBER TABLE, SELECT ONE RESPONDENT] |
| 2. _____ | 6. _____ | |
| 3. _____ | 7. _____ | |
| 4. _____ | 8. _____ | |

From this list we have randomly selected _____ to provide us
(select person)

with some additional information.

[IF RESPONDENT IS SELECTED PERSON, GO TO YELLOW QUESTIONNAIRE]

We would like to send a letter to _____ to explain our project
(select person)
before we call (him/her). Would you tell me ...

10. What is _____'s full name?
(select person)

11. What is (his/her) complete mailing address?

12. What is (his/her) phone number?

_____ - _____ - _____

Iowa State University thanks you for your help with our project.

Name of Respondent _____

Resp. ID # _____

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Int. ID _____

Start Time _____ : _____

Date _____

LAND OWNERSHIP STUDY - Form II
HUSBAND/WIFE - JOINT OWNERS

1. For the first section of the interview I would like you to think of all the Iowa farmland you owned jointly with your (husband/wife) on July 1, 1982. Do not include land owned in another manner. Please include land mortgaged, and land being purchased on contract as well as land owned free of debt. As of July 1, 1982, how many acres of Iowa farmland did you own jointly with your (husband/wife)?

Total acres

2. Of these acres:

a. How many are fully paid for? _____ acres

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

c. How many are mortgaged?. _____ acres

d. How many are owned under other ownership arrangements? _____ acres

(1) Please explain those "other" ownership arrangements.

[If MORE THAN ONE TYPE, LIST NO. OF ACRES FOR EACH] _____

a + b + c + d = _____

Total acres

3. How many acres of this land were:

a. purchased? _____ acres

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

c. inherited? _____ acres

d. obtained in some other way _____ acres

Please explain "other." _____

a + b + c + d = _____

Total acres

e. Was any of this land sold and then returned to you because of foreclosure or forfeit of an installment land contract?

Yes → How many acres? _____
 No

4a. Are you a _____?
 (type of resident)

b. Is your spouse a _____?
 (type of resident)

[ASK c FOR ANY ENTRY IN a OR b]

c. What percent of the land is owned by _____?
 (type of resident)

Type of resident	a Resp.		b Spouse		c Ownership share (%)
	Yes	No	Yes	No	
U.S. citizens living in Iowa					_____ %
U.S. citizens living in another state					_____ %
U.S. citizens living in a foreign country					_____ %
Non-U.S. citizens living in Iowa					_____ %
Non-U.S. citizens living in another state					_____ %
Non-U.S. citizens living in a foreign country					_____ %

Total = 100 %

5. Are you a legal resident of Iowa?

Yes

No → What is your legal residence? _____
State

6. Is your spouse a legal resident of Iowa?

Yes

No → b) What is (his/her) legal residence?

State

7a. In 1982 was any of this land being farmed by you or your (husband/wife)?

Yes

No (Q. 8)

a. How many acres were being farmed by you or your spouse?

_____ Acres [IF ALL, GO TO Q. 10]

8a. In 1982 was any of this farmland being farmed by hired laborers under the direct supervision of you or your (husband/wife)?

Yes → b. How many acres were being farmed this way?

_____ Acres

No

c. In 1982 was any of the farmland being rented out to others either on a share basis or for cash?

Yes

No (Q. 10)

d. How many acres were being rented out? _____ Acres

e. Of these acres, how many were ...

1) for cash rent? _____ Acres

2) on crop share? _____ Acres

3) on livestock share? _____ Acres

4) on some other arrangement? _____ Acres

Please explain other _____

9. Of all the land rented out, how many acres are being handled through a professional farm management service?

_____ Acres

10. Thinking of all land owned jointly with your (husband/wife) as of July 1, 1982, how many acres were being used for ...

a) ... agricultural purposes, including farmsteads? _____ Acres

b) ... industrial or commercial purposes? _____ Acres

c) ... recreational purposes? _____ Acres

d) ... for some other purpose? _____ Acres

_____ Please explain other

[IF NO LAND IN 10a, GO TO Q. 13]

11. Do you think any of this land will be transferred out of agriculture to another use within the next 5 years?

___ Yes

___ No (Q. 13a)

12. a. How many acres do you think will be transferred to another use?

_____ Acres

- b. To what new use do you think this land will be transferred?

13. a. Some people owning land in Iowa have transferred certain rights associated with their land to others. These rights are for nonagricultural uses such as mineral rights (coal, oil, gas, etc.) or for electrical powerlines or pipelines. Such transfers may be in the form of deed, lease, easement, or option. Have any of the rights on this farmland been transferred to others?

___ Yes



___ No (Q. 14)

[ASK b FOR EACH TYPE OF RIGHT]

- b. Have any _____ been transferred?
(type of rights)

b Type of rights	Yes	No
mineral rights (coal, gas, oil, gravel, etc.)		
utility easements or options (electric powerlines or pipelines)		
other rights (please explain) _____ _____		

14. Next, we'd like you to think about who owned this land before you acquired it. How many acres were acquired from ...

- a) a sole owner or the estate of a sole owner? _____ Acres
- b) joint owners? _____ Acres
- 1) Was any of this jointly owned land owned by a legal partnership? _____ Yes _____ No (Q. c)

- 2) How many acres were owned by a legal partnership? _____ Acres
- 3) Was this a limited partnership or a general partnership? _____

- c) a trust? _____ Acres
- d) a corporation? _____ Acres
- e) a government (city, state, etc.)? _____ Acres
- f) an institution (ISU, etc.)? _____ Acres

[TOTAL ACRES SHOULD EQUAL TOTAL OWNED]

15. Was any of this land acquired from someone who had been a farm operator?

- ___ Yes —> How many acres _____
- ___ No
- ___ DK

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

- a. Do you expect to _____
(type of transfer)

[IF YES TO a, ASK b]

- b. To (For) whom?

Type of transfer	a		b
	Yes	No	To (For) whom?
will any of it to a family member?			
will any of it to others?			
give any of it to a family member?			
give any of it to others?			
sell any of it to a family member?			
sell any of it to others?			
put any of it in a life estate?			
put any of it in a trust?			
anything else? _____			

17. Still thinking of July 1, 1982, did you live on any of the land you or your (husband/wife) own jointly?

Yes

No → Did you live on any other farmland you or your (husband/wife) own?

Yes

No

In this final portion of the interview we would like some general information about you and your (husband/wife)?

18. What is your date of birth?

MO DAY YR

19. Are you: [READ AND CHECK ONE]

married,

separated,

divorced,

widowed,

20a. What has been your principal (main) occupation most of your adult life?

_____ [PROBE FOR SPECIFIC DUTIES]

[IF FEMALE RESPONDENT ASK:]

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

Yes

No

21. Are you: [READ AND CHECK ONE]

employed, including operating a farm,

[FEMALES ONLY] a housewife

unemployed or

retired, (include semi-retired)

22. How many years of formal education have you completed?

_____ years

23. Next, we'd like you to think about any land you might own which is not owned jointly with your (husband/wife). As of July 1, 1982, did you have an interest in any Iowa farmland other than the land we have been talking about?

___ Yes

___ No [GO TO Q. 27a]

24. How many acres did you have an ownership interest in?

_____ Acres

25. How many of these did you own ...

- | | |
|---|-------------|
| a) ... as a sole owner? | _____ Acres |
| b) ... in joint tenancy or tenancy in common with someone other than your (husband/wife)? | _____ Acres |
| c) ... in a legal partnership or other undivided interest? | _____ Acres |
| d) ... in a life estate? | _____ Acres |
| e) ... in a trust? | _____ Acres |
| f) ... or in an unsettled estate? | _____ Acres |
| g) ... in a corporation? | _____ Acres |

[IF NO ACRES in c - g, GO TO Q. 27]

26a. Does your (husband/wife) have an ownership interest in any of this land?

___ Yes

___ No (Q. 27)

- b. How many of these other acres are owned by you and your (husband/wife)?

_____ Acres

- 27a. We would also like to ask several questions about your (husband/wife).
Could you answer a few general questions about (him/her)?

___ Yes

___ No → May I speak to your (husband/wife)?

----- [SPOUSE INFORMATION] -----

28. What is _____'s birthdate?
(other owners)

____ MO ____ DAY ____ YR

- 29a. What has been _____'s principal (main) occupation most of
(other owners)
(his/her) adult life?

[IF "OTHER OWNER" IS FEMALE, ASK:]

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

___ Yes

___ No

30. (Is/Are) _____ : [READ AND CHECK ONE]
(other owner)

employed, including operating a farm _____

[FEMALES ONLY] a housewife _____

unemployed, _____

or retired? _____

31. How many years of formal education has _____ completed?
(other owner)

_____ years

32. As of July 1, 1982, did _____ have an ownership interest in any
 (other owner)
 Iowa farmland which was not owned jointly with (his/her) spouse?

___ Yes

___ No [GO TO CLOSING]

33. How many acres did _____ own ...
 (other owner)

a) ... as a sole owner? _____ Acres

b) ... in joint tenancy or tenancy in
 common with someone other than
 (his/her) spouse? _____ Acres

c) ... in a legal partnership or
 other undivided interest? _____ Acres

d) ... in a life estate? _____ Acres

e) ... in a trust? _____ Acres

f) ... in an unsettled estate? _____ Acres

g) ... or in a corporation? _____ Acres

Closing:

This completes the interview. Is there anything you would like to tell us about the ownership of farmland that may be helpful to our project?

Thank you for talking with me. We appreciate your interest in our study. Would you like a copy of the report on this research project when it is available?

___ Yes

___ No

End time _____ : _____

Name of Respondent _____

Resp. ID # _____

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Int. ID _____

Start Time _____ : _____

Date _____

LAND OWNERSHIP STUDY - Form III

SOLE OWNER

1. For the first section of the interview I would like you to think of all the Iowa farmland you owned solely on July 1, 1982. Do not include land owned in another manner. Please include land mortgaged, and land being purchased on contract as well as land owned free of debt. As of July 1, 1982, how many acres of Iowa farmland did you own solely?

_____ Total acres

2. Of these acres:

- a. How many are fully paid for? _____ acres
- b. How many are being bought under purchase contract or contract for deed? Do not include mortgaged land. _____ acres
- c. How many are mortgaged?. _____ acres
- d. How many are owned under other ownership arrangements? _____ acres

(1) Please explain those "other" ownership arrangements.

If MORE THAN ONE TYPE, LIST NO. OF ACRES FOR EACH

a + b + c + d = _____ Total acres

3. How many acres of this land were:

- a. purchased? _____ acres
- b. received as a gift from a person living at the time of the transfer? _____ acres
- c. inherited? _____ acres
- d. obtained in some other way _____ acres

Please explain "other." _____

a + b + c + d = _____ Total acres

- e. Was any of this land sold and then returned to you because of foreclosure or forfeit of an installment land contract?

Yes —> How many acres? _____
 No

4. Are you a _____?
 (type of resident)

Type of resident	Yes	No
a. U.S. citizen living in Iowa	___	___
b. U.S. citizen living in another state	___	___
c. U.S. citizen living in a foreign country	___	___
d. Non-U.S. citizen living in Iowa	___	___
e. Non-U.S. citizen living in another state	___	___
f. Non-U.S. citizen living in a foreign country	___	___

WHEN YOU GET
 A YES, GO TO
 Q. 4g

- 4g. Are you a legal resident of Iowa?

Yes
 No —> What is your legal residence? _____
 State

5. a. In 1982 did you (or your husband) farm any of this land?

Yes
 No (Q. 6)

b. In 1982, how many of these acres were you (or your husband) farming?

_____ Acres

6a. In 1982 was any of this farmland being farmed by hired laborers under your direct supervision?

Yes → b. How many acres were being farmed this way?

_____ Acres

No

c. In 1982 was any of the farmland being rented out to others either on a share basis or for cash?

Yes
 No (Q. 8)

d. How many acres were being rented out? _____ Acres

e. Of these acres, how many were ...

1) for cash rent? _____ Acres

2) on crop share? _____ Acres

3) on livestock share? _____ Acres

4) on some other arrangement? _____ Acres

Please explain other _____

7. Of all the land rented out, how many acres are being handled through a professional farm management service?

_____ Acres

8. Thinking of all land you owned solely as of July 1, 1982, how many acres were being used for ...

- a) ... agricultural purposes, including farmsteads? _____ Acres
- b) ... industrial or commercial purposes? _____ Acres
- c) ... recreational purposes? _____ Acres
- d) ... for some other purpose? _____ Acres

Please explain other

[IF NO LAND IN 8a, GO TO Q. 11]

9. Do you think any of this land will be transferred out of agriculture to another use within the next 5 years?

____ Yes

____ No (Q. 11)

10. a. How many acres do you think will be transferred to another use?

_____ Acres

b. To what new use do you think this land will be transferred?

11. a. Some people owning land in Iowa have transferred certain rights associated with their land to others. These rights are for nonagricultural uses such as mineral rights (coal, oil, gas, etc.) or for electrical powerlines or pipelines. Such transfers may be in the form of deed, lease, easement, or option. Have any of the rights on this farmland been transferred to others?

Yes
 No (Q. 12)

[ASK b FOR EACH TYPE OF RIGHT]

- b. Have any _____ been transferred?
 (type of rights)

b Type of rights	Yes	No
mineral rights (coal, gas, oil, gravel, etc.)		
utility easements or options (electric powerlines or pipelines)		
other rights (please explain) _____ _____		

12. Next, we'd like you to think about who owned this land before you acquired it. How many acres were acquired from ...

- a) a sole owner or the estate of a sole owner? _____ Acres
- b) joint owners? _____ Acres
- 1) Was any of this jointly owned land owned by a legal partnership? _____ Yes _____ No [Q. c]
- ↓
- 2) How many acres were owned by a legal partnership? _____ Acres
- ↓
- 3) Was this a limited partnership or a general partnership? _____
- c) a trust? _____ Acres
- d) a corporation? _____ Acres
- e) a government (city, state, etc.)? _____ Acres
- f) an institution (ISU, etc.)? _____ Acres

[TOTAL ACRES SHOULD EQUAL TOTAL OWNED]

13. Was any of this land acquired from someone who had been a farm operator?

- ___ Yes —> How many acres _____
- ___ No
- ___ DK

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

a. Do you expect to _____
(type of transfer)

[IF YES TO a, ASK b]

b. To (For) whom?

Type of transfer	a		b
	Yes	No	To (For) whom?
will any of it to a family member?			
will any of it to others?			
give any of it to a family member?			
give any of it to others?			
sell any of it to a family member?			
sell any of it to others?			
put any of it in a life estate?			
put any of it in a trust?			
anything else? _____			

15. Still thinking of July 1, 1982, did you live on any of the land you own solely?

Yes

No —> Did you live on any other farmland you or your (husband/wife) own?

Yes

No

In this final portion of the interview we would like some general information about you.

16. What is your date of birth?

MO DAY YR

17. Are you: [READ AND CHECK ONE]

married,

separated,

divorced,

widowed,

or have you never been married?

18a. What has been your principal (main) occupation most of your adult life?

_____ [PROBE FOR SPECIFIC DUTIES]

[IF FEMALE RESPONDENT, ASK:]

18b. Have you ever been involved with the farming operation by doing chores, helping with planting or harvesting, keeping books or any other activities?

Yes

No

19. Are you: [READ AND CHECK ONE]

employed, including operating a farm, _____

[FEMALES ONLY] a housewife _____

unemployed or _____

retired, (include semi-retired) _____

20. How many years of formal education have you completed?

_____ years

21. Next, we'd like you to think about any land you might own with others. As of July 1, 1982, did you have an interest in any Iowa farmland other than the land we have been talking about?

___ Yes

___ No [GO TO CLOSING]

22. How many acres did you have an ownership interest in?

_____ Acres

23. How many of these did you own ...

- | | |
|--|-------------|
| a) ... in joint tenancy or tenancy in common? | _____ Acres |
| b) ... in a legal partnership or other undivided interest? | _____ Acres |
| c) ... in a life estate? | _____ Acres |
| d) ... in a trust? | _____ Acres |
| e) ... or in an unsettled estate? | _____ Acres |
| f) ... in a corporation? | _____ Acres |

24a. Is any of this land you own with others owned by you and your (husband/wife)?

___ Yes

___ No [GO TO CLOSING]

b. How many of these other acres are owned by you and your (husband/wife)?

_____ Acres

Closing:

This completes the interview. Is there anything you would like to tell us about the ownership of farmland that may be helpful to our project?

Thank you for talking with me. We appreciate your interest in our study. Would you like a copy of the report on this research project when it is available?

Yes

No

End time _____ : _____

[TYPE OF OWNERSHIP - CIRCLE ONE]

LIFE ESTATE TRUST OTHER ESTATE JOINT TENANCY OR TENANCY IN COMMON -
NOT WITH SPOUSE

Respondent Name _____

Resp. ID # _____

Int. ID ____

Start Time ____ : ____

Date _____

LAND OWNERSHIP STUDY - Form IV
OTHER JOINT OWNERS

Hello, this is _____ calling from Iowa State University at Ames.
(your name)

May I please speak to _____. [IF NOT RESP., REPEAT INTRO.]
(selected respondent)

Recently you should have received a letter about the land ownership study being conducted by the Department of Economics. Did you receive this letter?

Yes
 No
 DK

} [EXPLAIN PROJECT OR READ LETTER]

From our information you own land _____. You were selected
(type of ownership)

to participate in our research project and I would appreciate a few moments of your time to provide some information about this land you own

(type of ownership)

1. First, how many people had an ownership interest in this land as of July 1, 1982? _____ owners

2. For the first section of the interview I would like you to think of all the Iowa farmland you owned _____ on July 1, 1982. Do not (type of ownership)

include land owned in another manner. Please include land mortgaged, and land being purchased on contract as well as land owned free of debt. As of July 1, 1982, how many acres of Iowa farmland did you own _____

Total acres

(type of ownership)

3. Of these acres:

- a. How many are fully paid for? _____ acres
- b. How many are being bought under purchase contract or contract for deed? Do not include mortgaged land. . _____ acres
- c. How many are mortgaged?. _____ acres
- d. How many are owned under other ownership arrangements? _____ acres

(1) Please explain those "other" ownership arrangements.

If MORE THAN ONE TYPE, LIST NO. OF ACRES FOR EACH

a + b + c + d = _____ Total acres

4. How many acres of this land were:

- a. purchased? _____ acres
- b. received as a gift from a person living at the time of the transfer? _____ acres
- c. inherited? _____ acres
- d. obtained in some other way _____ acres

Please explain "other." _____

a + b + c + d = _____ Total acres

e. Was any of this land you own ¹⁰⁶ _____ sold and then
 (type of ownership)
 returned to you (or the owners) because of foreclosure or
 forfeit of an installment land contract?

___ Yes —→ How many acres? _____
 ___ No

[IF ONE OWNER, GO TO 5c AND RECORD IN COLUMN c]

5a. How many of these owners are _____?
 (type of residents)

[IF ALL OWNERS ARE THE SAME TYPE OF RESIDENTS, GO TO Q. 6a]

b. What percent of the land is owned by _____? [GO TO Q. 7]
 (type of resident)

c. Are you a _____?
 (type of resident)

Type of resident	(a) No. of owners	(b) (%) Owner- ship share	c FOR ONE OWNER	
			Yes	No
U.S. citizens living in Iowa	_____	_____ %		
U.S. citizens living in another state	_____	_____ %		
U.S. citizens living in a foreign country	_____	_____ %		
Non-U.S. citizens living in Iowa	_____	_____ %		
Non-U.S. citizens living in another state	_____	_____ %		
Non-U.S. citizens living in a foreign country	_____	_____ %		

Total = 100 %

6. Are you a legal resident of Iowa?

Yes

No —> What is your legal residence? _____
State

[IF ONE OWNER, GO TO Q. 8]

7a. How many owners are legal residents of Iowa?

_____ [IF ALL, GO TO 8]

b. Thinking of the owners who are not legal residents of Iowa, would you tell me the state(s) in which they have their legal residence?

[IF ONLY ONE STATE IN b, GO TO Q. 8]

c. How many are residents of _____?
State

b	c
State	Number
_____	_____
_____	_____
_____	_____

8. Still thinking of July 1, 1982, did you (or any other owners) live on any of the land you own _____?
(type of ownership)

Yes

No

9a. In 1982 was any of this land being farmed by you (or any of the other owners)?

Yes

No (Q. 10)

a. How many acres were being farmed by you (or the other owners)?

_____ Acres [IF ALL, GO TO Q. 12]

10a. In 1982 was any of this farmland being farmed by hired laborers under your direct supervision (or the direct supervision of the other owners)?

Yes —> b. How many acres were being farmed this way?

_____ Acres

No

c. In 1982 was any of the farmland being rented out to (people who are not owners of this land) either on a share basis or for cash?

Yes

No (Q. 12)

d. How many acres were being rented out? _____ Acres

e. Of these acres, how many were ...

1) for cash rent? _____ Acres

2) on crop share? _____ Acres

3) on livestock share? _____ Acres

4) on some other arrangement? _____ Acres

Please explain other _____

11. Of all the land rented out, how many acres are being handled through a professional farm management service?

_____ Acres

12. Thinking of all land owned _____ as of July 1, 1982,
(type of ownership)

how many acres were being used for ...

a) ... agricultural purposes, including farmsteads? _____ Acres

b) ... industrial or commercial purposes? _____ Acres

c) ... recreational purposes? _____ Acres

d) ... for some other purpose? _____ Acres

_____ [IF NO LAND IN 12a, GO TO Q. 15]
Please explain other

13. Do you think any of this land will be transferred out of agriculture to another use within the next 5 years?

Yes

No (Q. 15a)

14. a. How many acres do you think will be transferred to another use?

_____ Acres

b. To what new use do you think this land will be transferred?

15. a. Some people owning land in Iowa have transferred certain rights associated with their land to others. These rights are for nonagricultural uses such as mineral rights (coal, oil, gas, etc.) or for electrical powerlines or pipelines. Such transfers may be in the form of deed, lease, easement, or option. Have any of the rights on this farmland been transferred to others?

Yes

No (Q. 16)

[ASK b FOR EACH TYPE OF RIGHT]

b. Have any _____ been transferred?
(type of rights)

b		
Type of rights	Yes	No
mineral rights (coal, gas, oil, gravel, etc.)		
utility easements or options (electric powerlines or pipelines)		
other rights (please explain)		

16. Next, we'd like you to think about who owned this land before you (and the other owners) acquired it. How many acres were acquired from ...

- a) a sole owner or the estate of a sole owner? _____ Acres
- b) joint owners? _____ Acres
- 1) Was any of this jointly owned land owned by a legal partnership? _____ Yes _____ No (Q. c)
- ↓
- 2) How many acres were owned by a legal partnership? _____ Acres
- ↓
- 3) Was this a limited partnership or a general partnership? _____
- c) a trust? _____ Acres
- d) a corporation? _____ Acres
- e) a government (city, state, etc.)? _____ Acres
- f) an institution (ISU, etc.)? _____ Acres

[TOTAL ACRES SHOULD EQUAL TOTAL OWNED]

17. Was any of this land acquired from someone who had been a farm operator?

- ___ Yes —> How many acres _____
- ___ No
- ___ DK

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

a. Do you expect to _____ ...
(type of transfer)

[IF YES TO a, ASK b]

b. To (For) whom?

Type of transfer	a		b
	Yes	No	To (For) whom?
will any of it to a family member?			
will any of it to others?			
give any of it to a family member?			,
give any of it to others?			
sell any of it to a family member?			
sell any of it to others?			
put any of it in a life estate?			
put any of it in a trust?			
anything else? _____			

In this final portion of the interview we would like some general information about you.

19. What is your date of birth?

MO DAY YR

20. Are you: [READ AND CHECK ONE]

married, _____

separated, _____

divorced, _____

widowed, _____

21a. What has been your principal (main) occupation most of your adult life?

_____ [PROBE FOR SPECIFIC DUTIES]

[IF FEMALE RESPONDENT ASK:]

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

___ Yes

___ No

22. Are you: [READ AND CHECK ONE]

employed, including operating a farm, _____

[FEMALES ONLY] a housewife _____

unemployed or _____

retired, (include semi-retired) _____

23. How many years of formal education have you completed?

_____ years

24. Next, we'd like you to think about any land you might own which is not owned _____ . As of July 1, 1982, did you have
(type of ownership)

an interest in any Iowa farmland other than the land we have been talking about?

_____ Yes

_____ No [GO TO CLOSING]

25. How many acres did you have an ownership interest in?

_____ Acres

26. How many of these other acres did you own ...

- | | |
|---|-------------|
| a) ... as a sole owner? | _____ Acres |
| b) ... in joint tenancy or tenancy in common (with someone other than those we've talked about)? | _____ Acres |
| c) ... in a legal <u>partnership</u> or other undivided interest (with someone other than those we've talked about) | _____ Acres |
| d) ... in an (other) <u>life estate</u> ? | _____ Acres |
| e) ... in a <u>trust</u> (with someone other than those we've talked about) | _____ Acres |
| f) ... or in an (other) <u>unsettled estate</u> ? | _____ Acres |
| g) ... in a corporation? | _____ Acres |

[TOTAL ACRES = ACRES IN Q. 25]

Closing:

This completes the interview. Is there anything you would like to tell us about the ownership of farmland that may be helpful to our project?

Thank you for talking with me. We appreciate your interest in our study. Would you like a copy of the report on this research project when it is available?

- Yes
 No

End time _____ : _____

ID # _____

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LAND OWNERSHIP STUDY
Corporate Questionnaire

Name of Corporation _____ Int. ID. _____

Name of Respondent _____ Date _____

Start Time _____ : _____

Hello, this is _____ calling from Iowa State University at Ames.
(your name)

May I please speak to _____.
(respondent) [IF NOT RESPONDENT, REPEAT INTRO
WHEN RESPONDENT COMES TO PHONE]

Recently you should have received a letter about the land ownership study being conducted by the Department of Economics. Did you receive this letter?

- _____ Yes
 - _____ No
 - _____ DK
- } Explain project to respondent

You, as a member of the _____, were selected to
(name of corporation)

participate in our research project and I would appreciate a few moments of your time to provide some information regarding the land owned by this corporation.

The questions concern farm land owned in Iowa as of July 1, 1982. We are interested in all Iowa farmland that is owned by the corporation. Do not include land that is not part of the corporation.

1. In what year was this corporation formed?

19 ____

2. How much longer do you expect this corporation to exist?

_____ Years

3. Is this corporation a ... [READ CHOICES]

_____ 20 year corporation

_____ 30 year corporation

_____ Perpetual corporation or

_____ something else? (explain) _____

4a. In what year did this corporation first acquire Iowa farm land?

19 ____

[ASK SUPPLEMENTAL QUESTIONS IF INDICATED]

5. In this section of the interview, we want you to think of all the Iowa farmland owned by the corporation on July 1, 1982. Please include land mortgaged or on contract, land in which only part interest is owned as well as land owned free of debt.

As of July 1, 1982, how many acres of Iowa farmland did the corporation own?

[]
Total acres

6. Of these acres:

a. how many are fully paid for? _____ acres

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

c. how many are mortgaged? _____ acres

d. how many are owned under other ownership arrangements? _____ acres

(1) Please explain those "other" ownership arrangements.

IF MORE THAN ONE
TYPE, LIST NO.
OF ACRES FOR EACH

a + b + c + d =

[]
Total acres

7. Now we would like to know how the corporation acquired this land. How many acres of this land were:

a. purchased by the corporation? _____ acres

b. transferred from members of the corporation to the corporation when it was formed? _____ acres

c. received as a gift from a non-corporate member living at the time of transfer? _____ acres

d. inherited by the corporation from the estate of a deceased person? _____ acres

e. other? _____ acres

Please explain "other." _____

a + b + c + d + e =

[]
Total acres

8a. How many shareholders are there in this corporation?

_____ shareholders

b. How many of these shareholders are _____?
(type of resident)

[ASK c FOR EACH ENTRY IN b]

c. What percent of the shares are owned by _____?
(type of resident)

b) Type of resident	c) Percent of shares owned
U.S. citizens living in Iowa ___	_____ %
U.S. citizens living in another state ___	_____ %
U.S. citizens living in foreign country ___	_____ %
Non-U.S. citizens living in Iowa ___	_____ %
Non-U.S. citizens living in another state ___	_____ %
Non-U.S. citizens living in a foreign country ___	_____ %
Total = No. in Q. 8a	Total = 100%

IF 100%,
GO TO Q. 9

d. How many of the corporation members are legal residents of Iowa?

_____ [IF ALL, GO TO Q. 9a]

e. How many of the corporation members are legal residents of other states?

f. Which states?

[ASK g FOR EACH STATE]

g. How many are legal residents of _____ ?
State

9 a. In 1982 was any of the corporation's Iowa farmland being farmed by a member or members (shareholder) of the corporation?

___ Yes

___ No (Q. 10)

b. How many acres were being farmed by corporation members (shareholders)?

_____ Acres

c. Are these corporate members paid a salary for operating this land?

___ Yes (Q. 10)

___ No

d. How are these members reimbursed for operating this land?

[PROBE FOR A COMPLETE ANSWER]

[IF ALL LAND IS ACCOUNTED FOR IN b, GO TO Q. 12]

10a. In 1982 was any of the corporation's Iowa farmland rented out on either crop share or for cash to a non-corporation member (non-shareholder)?

Yes

No (Q. 11)

b. How many acres were being rented to non-corporation members? _____ Acres

c. Of these acres, how many were ...

1) on crop share? _____ Acres

2) for cash rent? _____ Acres

3) on livestock share? _____ Acres

4) on some other arrangement? _____ Acres

Please explain other _____

d. Of all the land rented out, how many acres are being handled through a professional farm management service?

_____ Acres [IF ALL LAND IS ACCOUNTED FOR IN 10c, GO TO Q. 12]

11. In 1982 was any of the corporation's Iowa farmland being farmed by employees who are not shareholders in the corporation and are under the direct supervision and management of the corporation?

Yes —> How many acres were being farmed this way?
_____ Acres

No

12. Thinking of all this land owned by the corporation, as of July 1, 1982, how many acres were being used for ...

a) agricultural purposes, including farmsteads? _____ Acres

b) industrial commercial purposes? _____ Acres

c) recreational purposes? _____ Acres

d) for some other purpose? _____ Acres

_____ Please explain other

e) As of July 1, 1982, did any corporation members live on any of this land owned by the corporation?

Yes

No

13. Was any of this land sold and then returned to the corporation because of foreclosure or forfeit of an installment land contract?

Yes —> How many acres? _____

No

14. Do you think any of the Iowa land owned by the corporation will be transferred out of agriculture to another use within the next 5 years?

Yes

No (Q. 16)

15. a. How many acres do you think will be transferred to another use?

_____ Acres

- b. To what new use do you think this land will be transferred?

16. a. Some corporations owning land in Iowa have transferred certain rights associated with their land to others. These rights are for nonagricultural uses such as mineral rights (coal, oil, gas, etc.) for electrical powerlines or pipelines. Such transfers may be in the form of deed, lease, easement or option. Have any of the rights on the farmland owned by the corporation been transferred to others?

Yes

No (Q. 17)

[ASK b FOR EACH TYPE OF RIGHT]

- b. Have any _____ been transferred?
(type of rights)

b		
Type of rights	Yes	No
mineral (coal, gas, oil, gravel, etc.)	___	___
utility (electric powerlines or pipelines)	___	___
other rights (please explain)	___	___

17. Next, we'd like you to think about who owned this land before the corporation acquired it. How many acres were acquired from ...

- a) a sole owner or the estate of a sole owner? _____ Acres
- b) a trust? _____ Acres
- c) a corporation _____ Acres
- d) a government (city, state, etc.)? _____ Acres
- e) an institution _____ Acres
- f) joint owners? _____ Acres

1) Was any of this jointly owned land owned by a legal partnership? _____ Yes _____ No [Q. 18]

2) How many acres were owned by a legal partnership?

_____ Acres

3) Was this land a limited partnership or a general partnership? _____

[TOTAL ACRES SHOULD EQUAL TOTAL OWNED BY CORPORATION]

18. Was any of this land acquired from someone who had been a farm operator?

- _____ Yes —> How many acres _____
- _____ No
- _____ DK

19. Next, we'd like you to think about the corporation's plan for the use of its Iowa farmland during the next 20 years. We know these plans may change in the future, but we'd like you to let us know how the corporation currently expects to use this land.

a. Does the corporation plan to maintain ownership of this land for the next 20 years?

- _____ Yes (Go to Q. 20)
- _____ No

b. Does the corporation plan to sell any of this land in the next 20 years?

Yes → How many acres does it plan to sell? _____

No

[IF ALL ACCOUNTED FOR, GO TO Q. 20]

c. Does the corporation plan to transfer this land in any other way?

Yes → How does the corporation plan to transfer the land?

[PROBE FOR AN EXPLANATION OF PLANS]

No

In this final portion of the interview we would like some general information about you.

20. What is your date of birth?
MO DAY YR

21. Are you currently [READ AND CHECK ONE]

married, _____

separated, _____

divorced, _____

widowed, _____

or never been married? _____

22a. What has been your principal (main) occupation most of your adult life?

[IF FEMALE, RESPONDENT, ASK]

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

Yes

No

23. Are you: [READ]

employed, including operating a farm, _____
 (FEMALE ONLY) a housewife _____
 unemployed or _____
 retired? (include semi-retired) _____

24. How many years of formal education have you completed?

_____ years

25. Next, we'd like you to think about any land you might own which is not owned by the corporation. As of July 1, 1982, did you own any other Iowa farmland?

_____ Yes

_____ No (Q. 28a)

26. How many acres did you own?

_____ Acres

27. How many of these do you own ...

a) ... as a sole owner _____ Acres

b) ... in joint tenancy or tenancy in common _____ Acres

c) ... in a legal partnership or
 other undivided interest _____ Acres

d) ... in a life estate _____ Acres

e) ... in a trust _____ Acres

f) ... or in an unsettled estate _____ Acres

28a. As of July 1, 1982, were you a shareholder of any other corporation which owns Iowa farmland?

Yes —> What is the name of that corporation?

No (Go to Q. 29a)

b. Are you the largest shareholder of this corporation?

Yes

No

c. How many shareholders are there who own 10 percent or more of the stock in this corporation?

[CHECK RECORDS FOR SECOND CORPORATION MEMBER - IF SOMEONE OTHER THAN RESPONDENT, ASK:]

29a. We would also like to ask several general questions about _____ . Could you answer questions about him/her?
(name of shareholder)

Yes (Q. 31)

No

30. Do you have _____ 's address and phone so that we might
(other shareholder)
contact him/her?

Address

_____ - _____ - _____

Phone number

31. What is _____ 's birthdate?
(other shareholder)

MO

DAY

YR

32. Is _____: [READ AND CHECK ONE]
 (other shareholder)

married, _____
 separated, _____
 divorced, _____
 widowed, _____
 or never been married? _____

[IF LESS THAN 18 YEARS OLD, GO TO Q. 33b]

33a. What has been _____'s principal (main) occupation most of
 (other shareholder)
 his/her adult life?

33b. [IF FEMALE, ASK:]

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

___ Yes
 ___ No

34. Is _____ currently: [READ]
 (other shareholder)

employed, including operating a farm _____
 [FEMALES ONLY] a housewife, _____
 unemployed, _____
 retired, _____
 or a student or too young? _____

35. How many years of formal education has _____ completed?
 (other shareholder)

_____ years

36a. Is _____ a legal resident of Iowa?
(other shareholder)

Yes

No —> b) What is his/her legal residence?

State

37. As of July 1, 1982, did _____ own any farmland in Iowa
(other shareholder)

which was not owned in the corporation?

Yes

No (Go to Q. 39a)

38. How many acres did _____ own ...
(other shareholder)

a) ... as a sole owner? _____ Acres

b) ... in joint tenancy or tenancy in common _____ Acres

c) ... in a legal partnership or
other undivided interest? _____ Acres

d) ... in a life estate? _____ Acres

e) ... in a trust? _____ Acres

f) ... or in an unsettled estate? _____ Acres

39a. As of July 1, 1982, was _____ a shareholder of any other
(other shareholder)
corporation which owns Iowa farmland?

Yes —> What is the name of that corporation?

No (Go to closing)

b. Is _____ the largest shareholder of this corporation?
(shareholder)

Yes

No

- c. How many shareholders are there who own 10 percent or more of the stock in this corporation?

Closing:

This completes the interview. Is there anything you would like to tell us about the ownership of farmland that may be helpful to our project?

Thank you for talking with me. We appreciate your interest in our study. Would you like a copy of the report on this research project when it is available?

___ Yes

___ No

End time _____

ID # _____

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LAND OWNERSHIP STUDY
Corporate Questionnaire II

Name of Corporation _____ Int. ID. _____

Name of Respondent _____ Date _____

Start Time _____ : _____

Hello, this is _____ calling from Iowa State University in Ames (Iowa)
(your name)

May I please speak to _____.
(respondent) [IF NOT RESPONDENT, REPEAT INTRO
WHEN RESPONDENT COMES TO PHONE]

Recently you should have received a letter about the land ownership study being conducted by the Department of Economics. Did you receive this letter?

- _____ Yes
 - _____ No
 - _____ DK
- } Explain project to respondent

You, as a representative of the _____, were
(name of corporation)

selected to participate in our research project and I would appreciate a few moments of your time to provide some information regarding the Iowa agricultural land owned by this corporation.

First we would like some general information about the corporation.

1. In what year was this corporation formed?

19 _____

2. How much longer do you expect this corporation to exist?

_____ Years

3a. Is this corporation a ... [READ CHOICES]

- _____ 20 year corporation
- _____ 30 year corporation
- _____ Perpetual corporation or
- _____ something else? (explain) _____

3b. Is this a nonprofit corporation?

Yes

No

4a. Is any of the stock in this corporation owned by a trust?

Yes —> b. What percent of the corporation's stock is
owned by a trust? _____ %

No

[DON'T KNOW]

5a. Is any of the stock in this corporation owned by another corporation?

Yes —> b. Is that corporation a nonprofit corporation?

Yes

No

c. What percent of the corporation's stock is owned
by another corporation? _____ %

No

6. In what year did this corporation first acquire Iowa farm land?

19 _____

7. In this section of the interview, we want you to think of all the Iowa farmland owned by the corporation on July 1, 1982. Please include land mortgaged or on contract, land in which only part interest is owned as well as land owned free of debt. As of July 1, 1982, how many acres of Iowa farmland did the corporation own?

--

Total acres

8. Of these acres:

- a. how many are fully paid for? _____ acres
- b. how many are being bought under purchase contract or contract for deed? Do not include mortgaged land. _____ acres
- c. how many are mortgaged? _____ acres
- d. how many are owned under other ownership arrangements? _____ acres

(1) Please explain those "other" ownership arrangements.

If MORE THAN ONE
TYPE, LIST NO.
OF ACRES FOR EACH

a + b + c + d =

Total acres

9. Now we would like to know how the corporation acquired this land. How many acres of this land were:

- a. purchased by the corporation? _____ acres
- b. transferred from members of the corporation to the corporation when it was formed? _____ acres
- c. received as a gift from a non-corporate member living at the time of transfer? _____ acres
- d. inherited by the corporation from the estate of a deceased person? _____ acres
- e. other? _____ acres

Please explain "other." _____

a + b + c + d + e =

Total acres

10. How many shareholders are there in this corporation?

_____ shareholders

11a. In 1982 was any of the corporation's Iowa farmland rented out on either crop share or for cash?

___ Yes

___ No (Q. 12)

b. How many acres were being rented out? _____ Acres

c. Of these acres, how many were ...

1) on crop share? _____ Acres

2) for cash rent? _____ Acres

3) on livestock share? _____ Acres

4) on some other arrangement? _____ Acres

Please explain other _____

d. Of all this land rented out, how many acres are being handled through a professional farm management service?

_____ Acres [IF ALL LAND IS ACCOUNTED FOR IN 11b, GO TO Q. 13]

12. In 1982 was any of the corporation's Iowa farmland being farmed by employees, such as a hired manager, who are under the direct supervision and management of the corporation?

___ Yes —> How many acres were being farmed this way?
_____ Acres

___ No

13. Thinking of all this land owned by the corporation, as of July 1, 1982, how many acres were being used for ...

a) agricultural purposes, including farmsteads? _____ Acres

b) industrial commercial purposes? _____ Acres

c) recreational purposes? _____ Acres

d) for some other purpose? _____ Acres

_____ Please explain other

14. Was any of this land sold and then returned to the corporation because of foreclosure or forfeit of an installment land contract?

Yes —> How many acres? _____

No

15. Do you think any of the Iowa land owned by the corporation will be transferred out of agriculture to another use within the next 5 years?

Yes

No (Q. 17)

16. a. How many acres do you think will be transferred to another use?

_____ Acres

- b. To what new use do you think this land will be transferred?

17. a. Some corporations owning land in Iowa have transferred certain rights associated with their land to others. These rights are for nonagricultural uses such as mineral rights (coal, oil, gas, etc.) for electrical powerlines or pipelines. Such transfers may be in the form of deed, lease, easement or option. Have any of the rights on the Iowa farmland owned by the corporation been transferred to others?

Yes

No (Q. 18)

[ASK b FOR EACH TYPE OF RIGHT]

- b. Have any _____ been transferred?
(type of rights)

b		
Type of rights	Yes	No
mineral (coal, gas, oil, gravel, etc.)	_____	_____
utility (electric powerlines or pipelines)	_____	_____
other rights (please explain)	_____	_____

18. Next, we'd like you to think about who owned this land before the corporation acquired it. How many acres were acquired from ...

a) a sole owner or the estate of a sole owner? _____ Acres

b) a trust? _____ Acres

c) a corporation _____ Acres

d) a government (city, state, etc.)? _____ Acres

e) an institution _____ Acres

f) joint owners? _____ Acres

1) Was any of this jointly owned land owned by a legal partnership? _____ Yes _____ No [Q. 19]

2) How many acres were owned by a legal partnership?

_____ Acres

3) Was this land a limited partnership or a general partnership? _____

[TOTAL ACRES SHOULD EQUAL TOTAL OWNED BY CORPORATION]

19. Was any of this land acquired from someone who had been a farm operator?

_____ Yes —> How many acres _____

_____ No

_____ [DON'T KNOW]

20. Next, we'd like you to think about the corporation's plan for the use of its Iowa farmland during the next 20 years. We know these plans may change in the future, but we'd like you to let us know how the corporation currently expects to use this land.

a. Does the corporation plan to maintain ownership of this land for the next 20 years?

_____ Yes (Go to Closing)

_____ No

b. Does the corporation plan to sell any of this land in the next 20 years?

Yes —> How many acres does it plan to sell? _____

No

c. Does the corporation plan to transfer this land in any other way?

Yes —> How does the corporation plan to transfer the land?

[PROBE FOR AN EXPLANATION OF PLANS]

No

CLOSING:

This completes the interview. Is there anything you would like to tell us about the ownership of farmland that may be helpful to our project?

Thank you for talking with me. Iowa State appreciates your interest in our study. Would you like a copy of the report on this research project when it is available?

Yes —> Would you give me your exact address so that you can be assured of receiving the report?

No

End time _____