USDA Secretary Vilsack asked the Advisory Committee on Beginning Farmers and Ranchers to provide recommendations on the topics of land tenure, access to land, and farm business transitions with respect to Beginning Farmers and Ranchers. Land tenure broadly refers to the laws, rules, and customs regarding the use, control, and transfer of land.

Because these topics deal with the complex effects and interactions of Federal and State tax law, estate law, land lease structures, and other issues, the Secretary appointed a Subcommittee on Land Tenure within the Advisory Committee on Beginning Farmers and Ranchers. Drawing on the legal and technical expertise of appointed outside experts and members of the Advisory Committee on Beginning Farmers and Ranchers, the Subcommittee prepared suggestions for the full Committee to review. This report compiles specific recommendations as well as topics needing further study.

The Advisory Committee on Beginning Farmers and Ranchers (ACBFR) has defined its work and objectives to include communicating to the general public an understanding of agriculture’s significance as economic development. Beginning farmers and ranchers are important to the future of this country not only as producers of the food, fuel, fiber, and horticultural products we all consume, but also as the rural and urban entrepreneurs who assure productive economies all around them. We admit our enthusiasm for beginning farmers and ranchers as we also appreciate the need to be evenhanded. We also recognize the need for further study of land tenure informed by the results of the Tenure, Ownership, and Transition of Agricultural Land (TOTAL) study. We sincerely hope this report will provide effective input to the Secretary and potentially influence the direction and outcomes of legislative and USDA administrative actions to serve the needs of young, beginning, and small farmers.
The chart above shows the approach used in organizing the following recommendations regarding land tenure, access, and farm business transitions. These issues facing Beginning Farmers and Ranchers (BFRs) are inextricably linked to the attitudes, objectives, and actions of more senior generations of farmers and landowners from whom BFRs may obtain access to land or acquire a farm business.

The Advisory Committee clearly sees that BFRs must take responsibility for acquiring certain skills for success in farm businesses: in preparation for starting or entering into a farm business, BFRs should build their proficiencies in business management, financial skills, and retirement planning. Obtaining and demonstrating mastery of those skills to more senior family members, business partners, or lenders greatly increases the likelihood of farm business success and farm business transfers.

Policy recommendations intended to assist BFRs inevitably depend on the actions of those who now own or operate farms and ranches, which in turn depend on the perceived capabilities of BFRs to successfully marshal resources and manage farm businesses. Thus, each generation is constantly assessing the actions of the other as they often pursue divergent goals at different stages in life.

The chart illustrates the different concerns in the “life cycle” of a hypothetical farmer, who first must gain access to farmland (top, proceeding clockwise); then manage farm operations and the use of farmland; followed by the dynamics of family planning for the future of the farm business; leading to the mechanics of farm business transfers; accomplishing transitions of farmland ownership and management; and finally to create opportunities for BFRS to gain access to farmland.
This conceptual framework is abstract, progressive, and cyclical, and bears only a glancing resemblance to the complexities of the real world. The interplay of generations, roles, and goals must be understood as a constant flow that is seldom sequential, infrequently identifiable as to its present status, and often glacially slow even when ambitiously pursued. The impatience of the young will always rankle the measured considerations of the old, proving that frustration is a characteristic embedded in any life cycle chart daring to show stages of human behavior.

Standing outside of this conceptual framework and taking priority over all other recommendations is the first proposal to create a Land Tenure Commission. The Advisory Committee on Beginning Farmers and Ranchers (ACBFR) recognizes that the topics of land tenure, access to land, and farm business transfers deserve much greater research and reflection than was available during the short time allotted. All other recommendations are presented in the broad categories shown in the life cycle chart. Additional topics and observations raised by the Advisory Committee appear in separate text boxes as a guide to topics worthy of further investigation and to provide context within the life cycle conceptual framework.

1. Creating a Land Tenure Commission

Recommendation: The Secretary of Agriculture should create a Commission on Land Tenure to undertake a longer term examination of land tenure issues and the future of American agriculture (similar to the Small Farms Commission of the 1990’s). The goals of the Commission on Land Tenure should include: engaging a broad set of stakeholders involved with farmland ownership and operation; identifying keys issues presented by current trends; focusing the efforts and resources of USDA staff and programs; and involving other federal agencies, state and local governments, and citizen organizations.

Background: USDA leadership recognized the importance of land tenure by creating of the Land Tenure Subcommittee of the ACBFR, and initiating a process for examining the topic. The subcommittee study developed a broad set of recommendations for the ACBFR, as reflected in this document. The recommendations identify a set of discrete actions, which if taken by USDA will address important aspects of land tenure. However, the subcommittee believes the topic of land tenure is broad and complex, and deserves more time and resources devoted to its study. In its work the subcommittee identified a series of questions concerning the operation of USDA programs, as well as specific research needs for additional information and insights. Creating the Land Tenure Commission will give the Secretary and USDA the opportunity to answer these questions and conduct the necessary research. The subcommittee encourages the Secretary to convene meetings with key stakeholders involved with landownership, including new stakeholders involved with farmland such as institutional investors and farm management companies. The purpose of the meetings are two-fold, first to share information about USDA programs, goals, and priorities, relating to the economic viability of existing farm operations and support for BFRs and second, for USDA to better understand the motivations and actions of the stakeholders in relation to land tenure. The subcommittee encourages USDA to use creation of the Land Tenure Commission as an opportunity to examine the recommendations made in previous reports,
which relate to land tenure, including the Small Farms Commission report and the study of Heir Property completed by the Federation of Southern Cooperatives, to determine how USDA has responded to previous recommendations on the issue.

Creating a Land Tenure Commission will create a vehicle to continue the examination of land tenure, engage a broader set of stakeholders, generate timely research and answers relating to USDA programs and activities; and use a series of regional hearing so land tenure issues, experiences, and opinions of different regions are solicited and received.

2. Improving Outreach to Landowners Regarding Land Transfer Strategies

**Recommendation:** We recommend the Secretary utilize the extensive USDA customer database for outreach to existing landowners regarding how they can be a part of ensuring continued opportunities to BFRs and the benefits of land staying in agricultural production. Land owners should be provided information on land transfer strategies, such as easements, conservation strategies, and opportunities to perpetuate the benefits of working, living, and raising a family on the land.

**Background:** Farmland is owned by many types of people and organizations with different motivations for what they do with their land. In some regions 30% are non-operator land owners (NOLOs) who may or may not live in the community. Their choices regarding how to manage their farmland are often based solely on financial return. However when surveyed, many landowners have indicated that they retain their land for sentimental reasons. If alternatives were made known and assistance was available to implement land transfer strategies benefitting BFRs, then many landowners might be willing to undertake more purposeful land transfers. A number of states and organizations have developed programs to match retiring farmers with beginners and most rely on the landowner or retiring farmer to sign into a public web page to gain information. USDA has an extensive database of land owners and BFRs which could be used in partnership with other organizations to disseminate educational material on alternative land transfer strategies and methods.

3. Improving the Conservation Reserve Program Transition Incentives Program (CRP-TIP)

**Recommendation:** The Conservation Reserve Program-Transition Incentive Program (CRP-TIP) should be authorized for use in transfers between related family members and also to create incentives to favor
the sale of land to eligible landowners rather than leasing. Additional funding should be made available to accommodate the anticipated increase in participation in CRP-TIP.

**Background:** The CRP-TIP is one of the only USDA programs designed to encourage the transfer of land through long-term leases or sales by landowners exiting the CRP to create opportunities for BFRs. The program offers landowners nearing the end of existing CRP contracts with two years of payments as a financial incentive to lease or sell the farmland to BFRs. The program has proven popular in many states and routinely utilizes all the funds budgeted to it.

Improvements could make CRP-TIP more significant and widely used. First, CRP-TIP is not available for related family members to transfer land between generations. FSA is currently examining the impact of this change. Such a change could allow the use CRP-TIP by one family member to help purchase “heir property” from other family members participating in the CRP program, helping reconsolidate heir land with current farm operators. Second, an examination of current utilization of CRP-TIP may indicate the majority of transactions involve long-term leases of land as opposed to actual sales or transfers. While appreciating the value of enhanced leasing opportunities, the program can more effectively support BFRs if incentives are created to encourage sales rather than leases. FSA should develop enhanced incentives and program implementation scoring to encourage the leasing, sale, and transfer of land between participants.

### 4. Examination of the Conservation Reserve Program (CRP)

**Recommendation:** We recommend the Secretary examine the CRP program to determine the effect that taking land out of production has on the availability of land for BFRs versus the stated goals for CRP in protecting environmentally sensitive or marginal land and enhancing wildlife habitat.

**Background:** Access to land is one of the most challenging obstacles for BFRs. Available land to rent or purchase is in short supply. Available land may be either obtained by the highest bidder or put into CRP at a higher rate than the rental market might support. CRP, while important in the protection of environmentally sensitive or marginal land, is sometimes in direct competition with BFRs’ efforts to find land. When CRP rates are so high that it incentivizes a landowner to put land in CRP rather than rent to a BFR, the interests of the BFR obtaining land outweighs the interests of CRP for less environmentally sensitive or marginal land.

The CRP program has been in existence for 30 years and has enrolled millions of acres. Land going to CRP is often marginal and/or environmentally sensitive, but there are cases where land that was accepted into CRP (or rehabilitated after years in CRP) is appropriate for productive farmland use. Such land could be useful in building a land base for BFRs and should not be accepted back into CRP. This should not be construed to encourage inappropriate use of marginal lands, but rather to recognize that lands formerly labeled marginal may be farmed with methods that enhance the qualities of the land.
5. Incentives for Landowners to Sell to BFRs

Recommendation: Federal tax law should provide income tax credits as incentives for landowners to sell land to BFRs through long-term lease/purchase agreements.

Background: State programs in Nebraska and Iowa now provide such incentives through their respective State income taxes. Expanding this approach to federal income tax law would create a uniform incentive to transfer land to BFRs for all types of farmland owners, whether they are farmers unrelated to the BFR, are family members of the BFR, or are non-operating landowners. The rationale for lease/purchase incentives is that BFRs can better deploy limited capital through a lease/purchase structure that allows lower lease payments to assure immediate use of the land on which the BFR farms, combined with the long-term purchase of the land. The seller of the land is rewarded with favorable tax credits for entering into a lease/purchase with a BFR who may present a greater risk in a straightforward sale of the land rather than a purchase structured as lease-to-own.

Provisions for higher rates of tax credits can be established for approaches that are more beneficial to protecting BFR cash flow, such as crop share leases as opposed to cash leases, or where the BFR is a military veteran. Income tax credits could also be expanded to include custom work contracts with a mechanism similar to the asset lease/purchase except that it would be only for the amount of the custom operation contract.

6. Incentives for Asset Sales to BFRs

Recommendation: Federal tax law should provide incentives to encourage existing asset owners to sell assets to a BFR. This is a variation of the leasing programs described above, but instead of a lease there would be a sale of assets such as machinery, equipment, or breeding livestock. This approach would substitute partial forgiveness of capital gains tax as opposed to an income tax credit (as in the case of lease/purchases). Incentives to sell productive capital assets, machinery, equipment, or breeding livestock could be at a different tax forgiveness level relative to land.

Background: The concept is to provide incentives for the transfer to BFRs of productive farm business assets such as used equipment or livestock that are more appropriately purchased than leased due to the potential for loss of asset value through mismanagement. As a condition of eligibility, BFRs should be required to satisfactorily complete financial management classes, for which they receive a tax credit equal to the cost of the approved financial management program. In cases where the tax relief occurs as a result of transfers between family members then they must complete intergenerational succession planning sessions and a succession plan must be included in their application for the tax credit.
7. Incentives for Leasing to BFRs

**Recommendation:** The subcommittee recommends USDA create a rental voucher program for BFRs that would provide the BFR with a $50-$100 per acre 3 year voucher that can be used to compete with established farmers and ranchers to rent available land. Participating BFRs must have completed certified financial training as described in the Financial Literacy recommendation below, and made application for assistance based on the eligibility and need requirements for FSA loan programs.

**Background:** Competition for rental land in most states is intense and BFRs typically do not have the resources to compete with established farmers and ranchers who have stronger financial statements or cash. Providing a BFR with a voucher allows them to compete with other prospective renters for available land. As a matter of policy, such up-front voucher payments to BFRs are easier to administer and less likely to cause unintended consequences than less direct approaches through the tax code.

8. Scholarships for Farm Management and Financial Skills Courses Required for FSA BFR Loans

**Recommendation:** Reimbursement scholarships should be established with the discretion of FSA to pay up to 75% of BFR tuition for required farm management and financial skills training courses. The reimbursement would only be for USDA approved courses and only be paid upon successful completion of the course.

**Background:** In some cases the tuition cost for farm management and financial skills courses are more than the savings in cost of interest from FSA loans obtained by BFRs (even with lower interest rates). Such courses are important for the success of the BFR, and reimbursable scholarships encourage participation as well as completion of the course.

9. Financial Literacy

**Recommendation:** We recommend the Secretary establish uniform standards for BFR financial literacy along with culturally and linguistically relevant methods to certify BFRs in such skills. USDA would take the lead on accepting the financial literacy certification as part of its lending eligibility and encourage the other agricultural lenders to do the same. This would create an expectation that the financial literacy certification would provide the BFR with increased access to both USDA and non-USDA programs that may provide interest rate reductions or other incentives.

**Background:** Financial literacy courses are numerous but many do not focus on agriculture nor are they recognized as valuable by the larger the agricultural community. In preparation for starting or entering into a farm business, BFRs should build their proficiencies in business management, financial skills, and retirement planning. Obtaining and demonstrating mastery of those skills to more senior family
members, business partners, or lenders greatly increases the likelihood of farm business success and farm business transfers. Having a uniformly accepted curriculum provides the BFR with the skills needed to compete for credit, land, and support.

In addition, the agricultural community receives the benefit of knowing that the holder of a financial literacy certificate has demonstrated their willingness to “do the work” and has the demonstrated ability to understand the basics of the business of agriculture.

10. Emphasizing the Economic Impact of Agriculture within the Communities

Recommendation: We recommend USDA assign a beginning farmer coordinator to assist rural and urban communities and encourage the formation of strategic partnerships to educate states and communities regarding the economic benefits provided by agriculture, and specifically how agriculture benefits each community. These partnerships will work through state, county and local community offices, using an educational information toolkit to communicate economic impact and other benefits of agriculture. This designed effort intends to reach local policy makers and inform regulatory functions related to agriculture such as zoning, food safety, and worker housing regulations.

Assistance provided by this initiative should include, but not be limited to:

- understanding and quantifying the importance of agriculture to local economies
- developing strategies to encourage new farm and ranch businesses to locate in their communities by offering access to land and financial incentives
- utilizing the Ag-SCORE model where a group of retired local agricultural, lending, legal, agribusiness, Extension, and other professionals serve as mentors and advisors for beginning farmer and ranchers.

Background: USDA has employees in most counties in the nation, and they are well positioned to assist communities to understand what resources they have to attract and keep new farm and ranch business. Many rural communities now make it a practice to offer financial and land incentives to non-agricultural businesses to relocate in their communities. Unfortunately communities rarely see or understand the economic benefits of individual farming and ranching operations, or the local wealth of experience and knowledge in the retired citizens of their community that can be utilized to provide the kind of technical assistance many BFRs need.

Finding available land for farming presents an especially difficult barrier for BFRs that are attempting to get started in urban farming. Decisions on the appropriate use for land and infrastructure are made at a local level, and local policy makers often choose other types of development over agriculture. By having models to quantify the economic benefits that agriculture provides, policy makers can see the positive impacts of agriculture, such as: local food production, employment on- and off-farm, local purchase of supplies, stimulation of farm-related businesses, and an overall increase in local commerce.
A method to clearly illustrate the positive impact of agriculture must be included in the toolkit for local communities that will be utilized by the beginning farmer coordinator or others that work with the state and local governments.

11. Reduction in FSA Loan Guarantee Origination Fees for BFRs

**Recommendation:** Loan origination fees for FSA guaranteed loans to BFRs should be reduced to .25% of the original principal loan amount, down from the current level of 1.5% of the current loan amount. This may be accomplished by FSA directly reducing such fees or by lenders paying such fees on behalf of BFRs.

**Background:** The cost of obtaining credit for new loans can become burdensome for anyone, but especially for BFRs lacking adequate equity or working capital. The 1.25% savings in the origination fee for guaranteed loans can be used by the BFR towards their farm management training requirement or other business needs that contribute to their success. Encouraging other lenders (other than FSA) to pay such fees will lower the burden on BFRs as well as reduce the budget impact on FSA lending.

Variations on this concept include reduction of the guaranteed loan origination fee by .1% for each of the following:

- The BFR having a will
- The BFR having completed a farm management course through a USDA approved farm management training program prior to obtaining a new FSA loan
- If purchasing within a family structure, the seller has a will and/or estate transition plan supporting the BFR purchasing the collateral
Related topics for further consideration:

- It should be recognized in all programs for BFRs that there is an appropriate balance to be made as far as altering the competitive balance with respect to established farmers.
- In terms of delivery of services, the needs of BFRs are not homogeneous as to language, culture, region, size and type of farm operation and other characteristics, and this must be recognized to assure adequate and effective delivery of services.
- BFRs need basic education in obtaining and managing capital such as understanding sources of credit, protecting one’s credit score, the use of collateral to secure a loan, and appropriate uses of grants.
- Business planning skills education would benefit from a USDA program modeled after the Small Business Administration’s Senior Corps of Retired Executives (SCORE) program. Such a program should seek to help BFRs assemble initial business advisor teams to assist in farm business planning. Part of building business savvy for BFRs is to encourage familiarity with tax and legal issues.
- FSA could require/encourage a BFR to have a will to obtain a USDA loan, such as by conferring extra points to BFR applications that demonstrate transition-readiness.
- Incentives for purchasing / Incentives to sell could include BFR tax credits or incentives for purchasing Land development rights/easements
- Many appropriate approaches can incentivize longer term leases for BFRs, such as livestock leases to build equity or leasing to own.
- Nontraditional land owners such as states, cities, churches, federal agencies, schools or others could be incentivized to lease property to BFRs.
- Incentives to encourage leasing of farmland by BFRs must include ideas aimed at existing land owners or organizations to create access to land.
- We encourage USDA to be mindful of cross agency interaction in the case of developing ag opportunities in urban and suburban areas
- Incentivizing Mentor/Protégé relationships between BFRs and established farmers would be beneficial when connected with tangible land transfer opportunities.
- All such incentive programs for access to land must provide for appropriate adaptive training to assure the readiness of BFRs with respect to financial literacy and business skills and experience.
- Further refinements to Individual Development Account (IDA) uses may consider providing equity for BFRs to buy property or begin a farm business, further improving incentives for savings by BFRs.
12. Land Tenure and Participation in Conservation Programs

**Recommendation:** We recommend that the Natural Resources Conservation Service (NRCS) study the impact on BFR land tenure of participation in conservation programs that promote stewardship to identify how land tenure relations are considered in conservation program design; to identify obstacles for landowner participation; to identify educational tools for outreach to non-operator and other regarding the benefits of conservation program participation; and to identify recommendations of possible interest to the USDA land tenure commission.

**Background:** USDA conservation programs create long-term direct relations with landowners and operators regarding land tenure, land ownership, and farming practices. Examples of long term impacts include: conservation efforts like the CRP may extend beyond the lifetime of the enrolling landowner; all siblings who are tenants in common must agree to sign a permanent agricultural easement such as the WRO; and participants in the CSP must be able to show control of the property for 3 years. It is important to understand the effect of long-term conservation programs in promoting stewardship by BFRs.

13. USDA Program Influence

**Recommendation:** USDA and the Office of General Counsel should review all USDA programs to determine how they deal with land tenure, looking for gaps and inconsistencies of effect on BFRs.

**Background:** Awareness of multiple program effects and interrelations may lead to better understanding of how best to recommend program enrollment and management by BFRs. The following programs should specifically be addressed: Farm Ownership Loans, Down Payment Loan Program, Loan requirements (such as term of loan, control of land, noting that longer tenure requirements reduces the supply of available land to other BFRs), Grow a Farmer Program (transfer assistance), Crop Insurance, and the Contract for Deed Program.
14. Whole Farm Revenue Program Crop Insurance

Recommendations:
A. Consider the “loss of established market due to adverse weather conditions” as a covered peril. Current policy requires the adjuster to value the un-sold/un-harvested crop production and place a value on this production. This value counts as revenue against their claim. Because of the loss of established market due to adverse weather conditions, this proposal seeks a change such that the value of the un-sold/un-harvested production will not count as revenue in a producer’s claim. The un-sold or un-harvested crop will not be considered production to count. For Pick-Your-Own growers this would only be considered lost revenue if the potential income would be greater than harvest costs.

Background: Direct Marketers may be unable to sell all their crops due to adverse weather conditions at the time of sale (market days) when the public is not willing to patronize their businesses. Further, for Pick-Your-Own growers a similar situation exists where the crop remains un-harvested and would be counted as production in the event of a claim. The underlying risk for farm producers who sell direct-to-retail is that the crop is harvested but not sold, and there is no alternative market so the crop must be disposed of due to perishability.

B. Acknowledge practical recordkeeping constraints by grouping crops into categories. Recordkeeping by groups, such as herbs, vegetables, cut flowers, etc., would allow effective tracking of sales and income. Since premium ratings are now set by crop, premiums would have to change to premium ratings by group.

Background: Whole Farm Revenue crop insurance recordkeeping requirements are burdensome for highly diversified producers. It is extremely difficult to track sales quantity and revenue independently for each crop. Most producers can track production efficiently, but point of sale tracking required for whole farm revenue insurance purposes is nearly impossible.

C. The current Whole Farm Revenue Policy calls for contemporaneous records to be available. Changing this policy language to strike “contemporaneous” and simply requiring an accounting for the year of sales with some possible estimation by crop would greatly reduce the administrative burden. The Whole Farm Revenue Policy does not have to conform to the Crop Insurance Handbook (CIH) definition of “acceptable records,” which has its own definition that would need some modification.

Background: This would create some difficulty for establishing diversity discounts and additional premium subsidy since the number of groups is limited. This difficulty could be reduced by having a simple diversity discount based strictly on a weighted number of crops grown, such as over 40 crops having the highest discount, 30 to 40 crops having a lower tier of discount, 20 to 30 crops having a still lower discount, etc.
D. Create an exception for BFRs based on intended acres and crops grown—almost a “T-Yield” situation—that would encourage BFRs to purchase Whole Farm Revenue Policies sooner in their careers.

**Background:** Beginning farmers, unless taking over an existing operation, are not eligible for a Whole Farm Revenue Policy. Such producers are most at risk just as they are starting out, and would benefit the most from policy changes that would bring coverage sooner in their careers.

E. Allow a CAT policy but do not offer a premium discount. CAT is 100% subsidized and a producer should not unfairly benefit by having a reduced Whole Farm Revenue Policy premium. This would allow more effective loss coverage for producers.

**Background:** A producer cannot have a catastrophic crop insurance (CAT) policy with a Whole Farm Revenue Policy. Having the ability to maintain a CAT policy will provide underlying protection as well as a source to capture production and acreage history in an acceptable RMA format. Also, a diversified operation that has a CAT policy on eligible crops may have an indemnity payment on a specific crop, but may not have a revenue loss great enough where the Whole Farm Revenue Policy will respond with an indemnity payment.

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**Related topics for further consideration:**

- Effective farm management is necessary to assure that existing farm businesses are profitable and resilient in the face of production or marketing disasters. Effective farm management includes the use of appropriate risk mitigation tools, the design of which must consider the unique needs of BFRs.
- Characteristics that make a state, county, or municipal area more “friendly” toward BFRs farm business ownership and operation should be identified, including scenarios that make previously unavailable land accessible and available to farm.
- Technical assistance should include an overview of relevant state, county, and municipal regulations that effect BFR farm business ownership and operation.
- Property tax and temporary easements allowed or encouraged under State law are an important component of making land available to BFRs for purchase or lease.
- Local Land Trusts may also accommodate the needs of BFRs by assuring agriculture is an approved use on protected lands.
15. Family Communication and Intergenerational Issues

Recommendation: We recommend that USDA perform a state by state assessment to identify existing programs offering services to help farmers plan transitions, and to make available existing resources for duplicating successful programs in concert with other organizations on the state and local levels. Additionally, we recommend that FSA offer lower interest rates as incentives to farmers to complete comprehensive succession plans.

Background: Often there is an assumption that farmland and farm businesses will simply pass from one generation to the next and it is never discussed. Succession planning discussions must deal with problems including: conflict that disrupts family harmony, viability of the farm operation, equal vs. fair treatment of heirs, heirs involved in active farm roles versus those who are not, estate tax considerations, future control and ownership of the farm, retirement income and debt, timing of the transition, in-laws and potential divorce, management capabilities of the next generation, and reluctance or refusal to discuss all of these topics. There is a need for outreach and education, as well as additional methods, to encourage families to discuss these topics and address the correct issues.

Related topics for further consideration:

- Within the context of a family farm operation, land purchases can have an outsized impact on all parties involved. Land, equipment, or asset purchases should be considered in light of: business structure, operating agreements, roles and responsibilities, leadership development, goal setting, family employment policy, buy-sell agreements, contingency planning, operating agreements, and long-term business planning.
- BFRs and their families need to plan for communication about intergenerational issues among family members, yet not all families talk. There is a need for conscious efforts to discuss farm business strategies (not over a cup of coffee) that relies on facilitators, mediators, or family financial counselors.
- There should be a separation between family finances, business finances, and personal decisions – and strategies for each.
- Many of the problems facing BFRs are family human resources challenges, especially as they pertain to wills and heirs. Solutions to such problems are difficult to address as matters of public policy since resolution rests in the need for communication between family members regarding intergenerational issues.
- Lack of education about succession planning has presented serious problems with properties ending up in probate.
- No clear designation of who is supposed to take over management of the farm operation often leads to disagreements and divisions among the family that can prevent the farm business from continuing.
**16. Farm Business Transfers and Standards for Succession**

**Recommendation:** USDA should provide incentives that encourage agricultural producers and succession planners to create complete and comprehensive plans for succession, based on the following principles:

- **Financial Security** – Current and projected cash flow is the key to planning success.
- **Management Continuity / Ownership Transition** – Transferring ownership may be as simple as identifying tomorrow’s leaders, establishing a time frame for transition and defining the transfer methodology.
- **Leadership Development** – Leadership Development, including people management, team development, project coordination, business design and professional growth, is critical to continuing growth and lasting success.
- **Estate Planning** – An efficient estate plan is designed to maintain the family’s financial security, plan for equitable distributions and mitigate the estate tax liability.

**Background:** Agripreneurs know success is no accident, just as failure is never the intent. Many farm business owners spend a lifetime building the business, yet invest little effort planning for a smooth ownership transition. Farm business transition planning promotes preparedness, fortifies the business, improves satisfaction and may maximize value for a retiring farmer. Successful transitions are a result of careful planning, leading to financial stability and long term viability. Both the BFR and the senior farmer should reach an agreement that fulfills their respective long-term needs, where the BFR understands the financial obligations of ownership, the responsibility of management, provisions for adequate capital/cash flow to fulfill obligations, and expectations for a reasonable lifestyle while the retiring farmer is assured that retirement needs are met, payments will be made, and the farm and land remain in good hands.
Farm Business Transfers

Related topics for further consideration:

- Farm Business transfers are a different issue than estate planning. Farm business transfers must begin with an assessment of the economic viability of the operation and its ability to continue into the future.
- Owning a farm as a retirement plan (source of income) is likely at odds with a farm business transfer. It is preferable to have a continuing plan for growing or developing a farm business that is economically viable, with separate off farm investments for funding retirement.
- Farm business transfers to the next generation should be in line with the best business practices expected by lenders or business advisors in a rational assessment of talent, management skills, and likelihood of successful continuing operations.
- Blending family structures and business structures is even more difficult when there is more than one family. The more complex a business or management structure, the more likely it will fail under stress.
- Off-farm employment (such as custom work, welding, jobs in town) is a prudent and respectable way to assure earnings during farm business transitions where the farm business cannot adequately support all generations.
- Transitioning a farm business does not have to depend on expanding the land base of the farm business. Investment for the future can be infrastructure, value-added production, improved information or other technology assets that serve to create additional income or retain wealth.
- Businesses don’t stay the same, and transitions can drive those changes. The idea of bridging across generations with a specific plan for profitability is preferable to the strategy of get big or get out. A farm business can get bigger or smaller (or change the nature of the business) in order to afford the transition. This amplifies the importance of business planning.
- BFRs need access to professionals who can help them plan their own business, and they need to start early in their careers.
17. Extending the Knowledge of Land Tenure

Recommendations:
A. USDA and NIFA must do a thorough and comprehensive examination of its land grant and extension system investment in the human resource and technical assistance capacity it has on such interrelated topics as estate planning, farm business planning and management, tax education, land tenure, and legal education.
   a. Such a comprehensive examination should be led by the Extension Risk Management Education Centers as their funding mechanisms have been the ones most heavily engaged in the most comprehensive way in providing funding for training and technical assistance in these areas.
   b. Those faculty and professionals within the land grant and extension system whose professional expertise resides in these substantive topic areas should be encouraged to realign their resources and redesign program delivery to create topical “centers of excellence” in these areas related to successful farm transition.
   c. The land grant and extension system should be required to greatly expand its financial investment in these topical areas as soon as possible.
B. USDA must prioritize its funding throughout NIFA and the rest of USDA for the next 10 years on the related topics of Beginning Farmers and Ranchers, Land Tenure, Land Transition, Farm Financial Management, Tax and Legal Education for Resiliency and Sustainability.
C. USDA must seek additional appropriations for the next 10 years that would double the amount of funding in all relevant USDA funding authorities related to Land Tenure topics and prioritize those additional funds to address critical land tenure concerns.
D. USDA should use administrative discretion at the level of the Office of the Secretary to provide increased and targeted funding at the level of at least 5-7% across each funding authority to provide a focus within each funding authority in the priority topics surrounding effective land tenure and farm transition (i.e., estate planning, farm business planning and management tax education, land tenure, and legal education).
E. USDA should take steps to develop a consolidated technical and content expertise clearinghouse accessible to all extension, land grant, nonprofit, and community organizations.
F. USDA should seek statutory authority to create “Centers of Excellence” in the land grant and extension system to focus on the substantive content surrounding effective land tenure, farm
succession and related areas, with 20% of these centers’ funding focused solely on on-the-ground program delivery, and guided by advisory bodies of nonprofit organizations, community colleges, government agencies; and with delivery mechanisms, train the trainer and content delivery and deployment coordinated in such a way that it meets regional needs.

G. USDA should take steps to improve the ability of online educational tools to provide key substantive resources usable by landowners and their advisors to provide effective land tenure, land transition, and farm business succession.
   a. The current eXtension system is ineffective in this area and is disconnected with key farm advocates that have face-to-face skills critically needed in this area. Online education must be carefully constructed due to the highly personal and private subject matter involved in successful farm transition and online, static information is not effective in this area. A new model of online delivery that is interactive across geographies is more appropriate than a static eXtension approach.

H. USDA must take immediate steps to build an "Ag-SCORE" program that utilizes retired land grant, extension, and USDA program employees as volunteers to focus intently on farm business succession and land tenure planning, as well as the other interrelated substantive content areas uniquely aligned with addressing land tenure problems. USDA should pursue partnerships with similarly skilled professionals in the private sector.
   a. These professionals are leaving the systems in large numbers and their skills could be highly utilized in very effective ways during this period of intergenerational land tenure shift.
   b. The "Ag-SCORE" program should draw from any successes of the general business SCORE program administered by SBA, but should be housed within the FSA agency at USDA
   c. USDA should pilot this program in at least 5 regional locations and obtain ongoing input and advice from other agencies of the department, such as NRCS, RD, NIFA, NASS, ERS and others.
   d. The purpose of the "Ag-SCORE" program should to enhance the business skills, financial planning, estate planning, business mentoring, risk management, legal education, tax education and related skills important to transitioning current landowners and BFRs and ranchers.

I. USDA should attach a special priority funding area in the interrelated areas related to land tenure concerns use land tenure issues and concerns for the next 10 years across all funding authority areas of the Department.

J. USDA REE Mission Area must immediately identify and house a "Land Tenure Senior National Program Leader" within the Office of the Under Secretary to work across all REE mission area agencies to coordinate research, education, extension and data management concerns and staff a Land Tenure commission.

K. USDA should create a priority for funding youth financial literacy, farm financial management, land tenure and related issues education in the K-12 grades and post-secondary grades.
   a. Youth must understand the intricate issues involved in successful land ownership for farming and ranching and related business and legal planning skills earlier than adulthood. Young people can absorb these issues earlier and can provide additional impetus within their own families to grapple with complex family issues. In addition, by focusing on youth
education in these complex areas, USDA can do more to ensure career development is planned earlier in a young person’s life.

b. Creating dedicated resources and approaches to addressing land tenure issues and concerns in youth populations is critical. Stable funding for 4-H, FFA, and alternative approaches to engaging youth is essential along with the creation of more robust educational materials, and engaging of youth audiences in these areas early as possible will build more resilient and educated adults.

L. USDA should provide more focus on creating and sustaining Ag and Rural Land Leadership Development programs, which can be powerful advocates at the state, local and tribal levels in addressing land tenure and related concerns.

M. USDA should immediately commission a series of case studies that profile success stories and tools that have been or are being used or developed in the land tenure areas, to more fully understand the breadth and scope of land tenure implications on food, society, rural community, food security and related issues.

N. USDA should more effectively engage Community Colleges to improve their role in land tenure and related concerns.
   a. Many knowledge opportunities for education and training on farm financial matters currently reside at community colleges or are fragmented between large land grant institutions and community colleges.
   b. USDA should support and fund an annual or biannual gathering of land tenure faculty from across the country in order to foster and encourage interchange and sharing of ideas.

O. USDA should seek the resources to fund a “farm advocate/mediator/mentor” program, through federal funds or in partnership with private funders, foundations, and others in order to fully support a national infrastructure of farm advocates who have strong knowledge of the programs related to land tenure and farm succession.

**Background:** Perhaps the most important area of attention and focus that would improve the situation surrounding land tenure, successful farmland and farm business transitions, and the related substantive professional and content areas necessary to ensure these goals are met is in the area uniquely residing within the historic purview of the land grant colleges and education, extension and research communities. Because the land grant system has become disjointed and uncoordinated in these related areas, there is not now the will or capacity within the system to address these concerns. The focus of these areas is not in the realm of hard sciences—it resides almost entirely within the realm of one-on-one, personal impact and interface with current and future farmers and ranchers in some of the most private areas related to their enterprises and lands.

Over time, the once strong and comprehensive faculty and professional community within the land grant and extension system has dwindled and weakened. There are exceptions such as the Extension Risk Management Education system which functions on a relatively small appropriation. The national program leadership within NIFA is insufficiently focused on this area. In order to turn this ship around, USDA must insist that formula funds received by the land grant and extension system effectively address these interrelated concerns and provide or cause to be provided more effective, more modern, but also
more personal assistance to the farming and ranching communities in these centrally important areas. The recommendations identified above are centrally important to improving the ability of USDA and its land grant and extension partners along with the related nonprofit and community level organizations interested in and working in these areas to respond to ongoing concerns.

18. Access to Farm Transition Professionals

Recommendations:

A. USDA should provide or facilitate the creation of more robust continuing education for farmland and land transition professionals such as certified public accountants and legal professionals to ensure they are fully aware of the complex issues facing agriculture in today's environment.

B. USDA should provide or facilitate a means to attract legal professionals and certified public accountants into the farm transition field of study and practice in rural areas.

C. USDA should provide or facilitate with other interested national organizations such as the national legal professional communities, legal educational communities, and the national accounting professional communities a special national focus on building capacity in the legal and accounting professions within rural and remote communities in order to bring attention to the needs of farmers, ranchers and rural landowners in accessing such services. Such special programming or initiatives would bear similarity to the rural health manpower efforts within the medical professions.

D. USDA should provide or facilitate a global search and referral mechanism similar to a professional directory for professionals meeting basic skills levels appropriate to those who specialize in farmland and land transition practices. Such a directory should contain basic information concerning the types of professional skills necessary for those designing and executing transition documents and planning for individual landowners.

Background: Technical assistance and outreach to farmers and ranchers for succession planning and farm business transition suffers from the lack of enough properly trained professionals. Those desiring wills, trusts, transition, or other estate planning often do not have access to professionals properly trained and provided with continuing education in the legal and certified public accountancy fields. Compounding the lack of trained professionals is the propensity of many farmers and ranchers to draft their own complex documents to accomplish succession planning goals, or more often to avoid the task altogether.
19. Establish a Farm Land Capital Gains Tax Exclusion

**Recommendation:** Establish a Farmland Capital Gains Tax Exclusion similar to the ‘home sale tax exemption’ for a portion of the sale of farmland to a BFR in conjunction with a federal income tax credit for retiring farmers or landowners to rent or sell to related or non-related BFRs.

**Background:** As applied, the capital gains tax is a disincentive for landowners who may want to sell, but do not immediately need to for retirement or financial security. Such “land rich yet cash poor” landowners often hold property until death and pass it on as part of an estate plan designed to avoid the estate tax and provide a step-up in basis.

A Farmland Capital Gains Tax Exclusion is revenue neutral. Properties held until death and transferred by an estate plan often avoid capital gains taxes and also receive a step-up in basis. Allowing capital gains exclusion for sales or transfers of land to BFRs will encourage landowners to sell during their lifetime and also provide them both tax efficiency and financial security.

With increased mechanization farmers are physically able to farm longer. The age of farm operators continues to increase coinciding with increased life expectancy. Research has shown a majority of farmers either intend to partially retire or not retire at all. These factors may create problems for BFRs seeking to obtain farmland.

Additional studies show that the majority of landowners plan to transfer the land to the family, divided equally among the family members. Similarly, if the land is divided equally among farming and non-farming heirs the potential for conflict arises and the opportunities for the farming heirs could be diminished.

Public policy incentives can encourage a proper and complete planning process that will encourage aging/retiring landowners to sell land for continued farming use, prepare BFRs for leadership of the family farm business, and create pathways for BFRs to establish new operations.

20. Engaging Large Landholders

**Recommendation:** The Secretary should convene farm management organizations and farmland investment companies to discuss land tenure and creating equal or better-than-equal opportunities for BFRs to gain access to this land.

**Background:** Farm management and farm land investment companies can provide significant opportunities for BFRs and guiding farm transitions. They have control of a significant amount of land and are often in a position of helping guide landowners who don’t plan to operate a farm business,
including those who inherit farm land. Farm management and farm land investment companies can provide information on land transitions to non-operating landowners (NOLOs) who may want to sell their land. This could include information to support BFR opportunities with their investments such as tools outlined elsewhere in these recommendations that provide tax incentives or lease/purchase agreements.

21. Heir Property

Recommendations:

A. USDA should establish effective partnerships to provide specific outreach and training materials concerning the importance of transitioning heir property to the next generation.

B. USDA should provide funding for specific programs focusing on the challenging task of addressing high levels of land fractionation due to generational intestate succession (heir property) within the rural southeastern portion of the United States.

C. USDA should partner and collaborate with the legal education community (including Community Based Organizations) to offer clinics to landowners in areas where high levels of heir property can be found, focused on taking curative measures either within or outside the judicial system to correct incidence of high levels of heir fractionated interests.

D. USDA should ensure that its farmland ownership programs are clearly capable of being used for the purpose of buying fractionated interests held by heir property co-owners.

E. USDA should consider seeking statutory authority to offer a special loan fund available to those impacted by heir property and intestate succession in the rural South so that those individuals could seek financial resources to reconsolidate ownership interests to build a viable land base directly linked to ongoing farming and ranching activities.

Background: In the comprehensive report entitled “The Impact of Heir Property on Black Rural Land Tenure in the Southeastern Region of the United States” by the Emergency Land Fund, a report now over 30 years old, the problems associated with high levels of land loss in the rural southeastern US by primarily black landowners was thoroughly documented and comprehensively described. That report has consistently been presented to multiple administrations since its development in order to continue bringing attention to this issue and hopefully addressing or stemming these continuing problems. In short, the report cited the growing acreages in this region held by those without marketable title due to intestate succession, or the phenomenon of passing without a will.

In many cases those involved do not execute wills or other transfer documents because they are unaware of the need to do so; often the individuals do not have access to legal or professional services.
to assist them in doing so; and many times the individuals’ claims to the land are tied to previous and multiple generational intestate succession. The very large personal costs associated with bringing these disparately held land interests into conformity with applicable land ownership laws that would thereby allow the owner/occupier to use the land for collateral to build their farm or ranch operation are quite high. Many of these landowners do not have the financial capacity to undertake such expensive legal proceedings to cure the land ownership and title situations.

In addition, these circumstances have been occurring since, and despite being comprehensively discussed in the referenced report over 30 years ago, such circumstances have likely not substantially improved over time. The mature adults of 30 years ago are now approaching the final years of their lives and those who were becoming elderly at the release of the report decades ago may have passed without taking steps to write a will or other steps to prevent intestate succession of the property they owned at the time. Without a sustained approach in multiple areas, the phenomenon of heir property will only continue to grow by each generation. However, in many cases it should be noted that the land itself may be disconnected from any remaining member of a family in the immediate or extended area seeking to farm or seeking to enlarge or expand a working farm or ranch operation.

By focusing on multiple fronts to implement measures designed to simultaneously stem the tide of the continuing heir property phenomenon along with deploying professional resources to assist existing heir property owners, some efforts can help address these concerns. The multiple goals of ensuring current working lands are retained as working lands, along with ensuring currently living individuals whose lack of marketable title are encouraged and supported in creating wills and other legal instruments to address their approaching heir property problems, should be at the center of efforts to address this long-standing concern.

22. Unique Challenges of Land Tenure in Indian Country

Recommendations:
A. USDA and the Bureau of Indian Affairs and Office of Special Trustee at the Department of Interior should begin effectively coordinating their programs and funding authorities to ensure greater resources are deployed in Indian Country to effectively address land tenure and farm transition concerns.
B. USDA has never implemented the FSA Highly Fractionated Land Loan Program authorized several farm bills ago within the Farm Services Agency. New revisions to the Loan Program contained within the Agriculture Act of 2014, which will greatly improve the ability of the program to provide loan funding to address land consolidation of highly fractionated lands, must be placed on a high priority implementation schedule.
C. USDA should redirect educational and extension resources to provide additional funding to those within the land grant and extension institutions, particularly the FRTEP program and the Extension Risk Management Education Program, to deliver essential estate planning, land tenure, and related services to those living and farming within the jurisdictional boundaries of Indian Country.
D. USDA should work closely with the Bureau of Indian Affairs and Office of Special Trustee to deploy more resources into the farm financial management, legal education, tax education, and related areas centrally important to land transition and successful farm and ranch business management for those American Indian and Alaska Native farmers, ranchers and fishers to ensure their success during the transition of lands to the next generation.

E. USDA should do a thorough and comprehensive examination of its land grant and extension system investment in the human resource and technical assistance capacity on such interrelated topics as estate planning, farm business planning and management, tax education, land tenure, and legal education, specifically in Indian Country where the legal, jurisdictional, land base and land tenure is entirely different from the remainder of the country.

   a. A comprehensive examination of land tenure in Indian Country and USDA’s related responsibilities to address these areas should be led by the Intertribal Agriculture Council, the Indian Land Tenure Foundation, the Indigenous Food and Agriculture Initiative, and the Extension Risk Management Education Centers and other key players with specialization in these unique legal areas.

F. USDA should continue its cooperative partnership agreement with the Intertribal Agriculture Council that supports a comprehensive Technical Assistance Network in Indian Country in order to ensure continued focus on farm financial management, land tenure, agriculture legal education and related issues are not allowed to lag as in previous administrations. These services are critical to the success of current and transitioning future farms and ranches in Indian Country.

G. USDA should prioritize its funding throughout NIFA and the rest of the Department for the next 10 years on the related topics of Beginning Farmers and Ranchers, Land Tenure, Land Transition, Farm Financial Management, Tax and Legal Education for Resiliency and Sustainability.

H. USDA should create a priority for funding Indian Country youth financial literacy, farm financial management, land tenure and related agriculture issues education in the K-12 grades and post-secondary grades.

   a. Youth must understand the intricate issues involved in successful land ownership for farming and ranching and related business and legal planning skills earlier than adulthood. Young people can absorb these issues earlier and can provide additional impetus within their own families to grapple with complex family issues. In addition, by focusing on youth education in these complex areas, USDA can do more to ensure career development is planned earlier in a young person’s life.

   b. Creating dedicated resources and approaches to addressing land tenure issues and concerns in youth populations is critical. Stable funding for 4-H, FFA, and alternative approaches to engaging youth is essential along with the creation of more robust educational materials, and engaging of youth audiences in these areas early as possible will build more resilient and educated adults.

      i. FFA and 4-H have never been fully funded in Indian Country and in some Bureau of Indian Education schools FFA classrooms are prohibited from access key Perkins Act funds available to support such resources. Steps must be taken to address this inequity.
Background: The level of land fractionation in Indian Country is at critical levels and has been the subject of ongoing concern at the federal level and the focus of litigation against the federal government. USDA does not have primary authority in the areas of land tenure in Indian Country, nor in the related probate jurisdiction that affects land in Indian Country in a unique way not applicable to any other lands in the United States. The authority of tribal governments interrelated with the authority of the Bureau of Indian Affairs and the Office of Special Trustee (both at the Department of Interior) are the primary authorities in these areas. However, the role USDA can and should play is essential in the areas of providing funding for farmland ownership and farm operation, education and training, technical assistance and support for improving the growing presence of vibrant farms and ranches in Indian Country. Congress has recognized the important role USDA has to play in this area by granting authority to administer separate loan funds for the distinct purposes of land consolidation and highly fractionated land loan purposes and by creating separate educational and extension efforts designed to address these unique land bases and needs. However, these programs have either never been fully implemented by USDA, or are grossly underfunded. By implementing the recommendations as outlined, critical attention can be paid to the growing importance of Indian Country in farming and ranching and food security for the nation.
Related topics for further consideration:

- Sale of a conservation easement on real property subject to special use valuation triggers recapture under IRS Section 2302A(c)(8) which may hinder the permanent protection of productive agricultural land for use by BFRs.
- Altering the method of farmland appraisal in IRS Code 2032a regarding land passed on to a family member may benefit BFRs, as might an extension of eligibility based on the continuous agricultural use of the land by a BFR regardless of the owner of the farmland.
- Human resources challenges pertaining to wills and heirs should be presented as a result of improper (or lack of) succession planning. This speaks to the need for education and outreach regarding the importance of estate planning.
- The lack of education about and activity to resolve succession planning issues by farmers and ranchers has led to serious problems with properties ending up in probate.
- The substance of the overall farm transition plan needs to be communicated widely and repeatedly among all concerned parties. It is difficult to guide expectations once the will is being read.
- All farm transitions need a plan and a sense that there can be a path to success that moves from initial discussions to real plans and solutions (and not just consequences).
- Expanding farm family business mediation capacity will allow non-profits and succession planning professionals to explain processes and appropriate approaches to help bring transition plans to fruition.
- Off farm investments and investment in non-farm enterprises are valuable risk management strategies for farm business owners. Ownership of non-farm related assets may improve the chances of successful generational transfers by providing a source of wealth to be transferred to non-farming siblings, thereby allowing the intact transfer of the farm business.
- The business structure(s) of a farm enterprise should be selected with both near-term operating management structures and long-term ownership transition in mind.
- Farm purchase agreements that allow BFRs to buy into existing farm businesses over a reasonable amount of time should be encouraged. Such agreements may or may not include separate agreements for land purchase. Favorable tax treatment should be given to such structured farm business or farmland purchases.
- Farmland ownership transfers to BFRs offer opportunities for creative land transfer agreements, which should benefit from policies that mitigate the effects of property, capital gains, basis step-up, and income taxes. Public policy incentives should be particularly directed towards transfers of farmland from Non-Operating Land Owners (NOLOs, or landowners who own farmland but do not operate a
Non-operating land owners (NOLOs) should be targeted for communication and education about their options regarding leasing, sales, or structured sales to BFRs so as to learn of options that may benefit both the seller and the BFR buyer.

NOLOs, landowner investor groups, or other landowners have different resource needs, and therefore require multiple approaches for education and assistance.

The impact of NOLOs on land ownership and leasing reflects regional land values, customary practices, and State law.

Treatment of a step-up in basis is an essential part of land transfers to BFRs and must be considered in all circumstances.

Further study is warranted on the issues of non-traditional land access, the impact of technology, and potential emerging land pressures including climate variability that may impact BFR’s access to land, particularly among unique communities such as Indian country, African Americans, new immigrants, and urban agriculture.

Communications between lessors and lessees could be improved by identifying conservation, stewardship, and other topics of interest to both parties so as to distinguish intent, commitment, and ability to carry out certain practices among renters. We note that the frequency of use of short term conservation practices is the same whether the land is leased or owned land. However, there are fewer long-term structural conservation investments made on leased land as compared to owned land. BFRs short of capital are less likely to make the same long term strategic decisions and investments, yet BFR operators could respond to reimbursements for investments in conservation practices when leases are broken.

Creative solutions may involve packaging of micro-ownership loans + guarantees + TIP. TIP may be used as a bridge from business to business generations.

BFRs should be better able to access USDA Programs as minority owners within larger operations, especially in eligibility standards.

By increasing eligibility for CSP, available funding may be shifted away from new farmers without farm families, which could be addressed through prioritization ranking.

USDA programs should be structured to avoid forcing new farmers to go out on their own instead of remaining part of larger operations. to avoid causing fractionation of structure and ownerships.

The appropriate public policy role of encouraging senior farmers to retire so as to make room for BFRs may be related to the test of being “actively engaged” in a farm business. Incentives to retire such as tax credits have been established at the state level, yet they aren’t being used as much as anticipated. While there is evident creation of benefit for the young farmer as part of the package, it is more difficult to discern why senior farmers are less inspired to participate. Further research in this area is appropriate.