

State Policies to Support Land Access & Transfer

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Project Overview

LAPI research began in 2021

- Engaging program administrators
- Interviewing stakeholders
- Surveys of:
 - FPPI farmers
 - BFTC farmers
 - BFTC landowners

Since inception:

- **BFTCs** have spent \$233 million since inception and served 1,400 beginning farmers in 2024
- **FPPIs** have spent \$21+ million since inception and served 80+ beginning farmers total



Farmland Purchase and Protection Incentives (FPPI)

History

- Relatively young programs, DE's was first in 2011
- Developed from existing Farmland Protection programs
- Historically served 50+ acre farms, but have expanded eligible farms

Benefits

- All programs facilitate transfer of farmland
- DE and MD offer direct incentives, low- or no-interest long-term loans
- WA's program is indirect, but competes more readily on the open market

Challenges

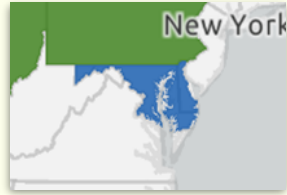
- Can only serve a handful of farmers a year
- Farmland protection priorities influences the farmland protected

Potential

- Example of PACE programs adapting to serve BFR land access needs



Survey of FPPI participants (N=70)



BFRs served

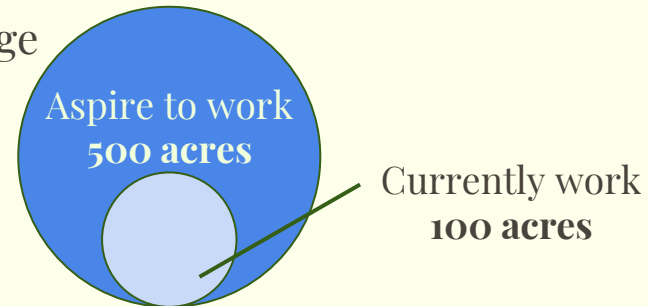
- Serving young farmers (avg age 30)
- Comparatively more diversified farms
- Mainly generational (64%) commodity grain farmers (59%)
 - 50% with integrated operations,
 - 50% selling into direct or intermediated markets
- 55% report making changes land management from the previous operator

What's working

- Almost all were first-time farmland buyers, purchasing average of 80 acres
 - 72% purchased land from someone unrelated
- Helped most operations to succeed
 - They would have needed to compromise more w/o the FPPI

Challenges

- 6+ months from application to closing
 - Washington's turn-key funding mitigates this
- Farmers are achieving permanent tenure, but they want more land - $\frac{2}{3}$ still face a land access challenge



Beginning Farmer Tax Credits (BFTC)

Defining *who* to serve

- Beginning Farmers
 - Age, net worth, experience level
- Asset owners
 - Farmers vs. non-operating landowners
- Relationships between owners and beginners
 - Intrafamily vs. unrelated transfer

Defining *how* to serve

- Leases vs. sales vs. both
- Tax Credit amounts depending on type of transaction



Survey of BFTC farmer participants (N=404)



BFRs served

- Most are under 35
- Farming average of 640 acres
 - Almost all raising grains and selling into commodity markets
 - Comparatively high %s for both BFR operations in the U.S. and for farm operations in these states

Distinctions:

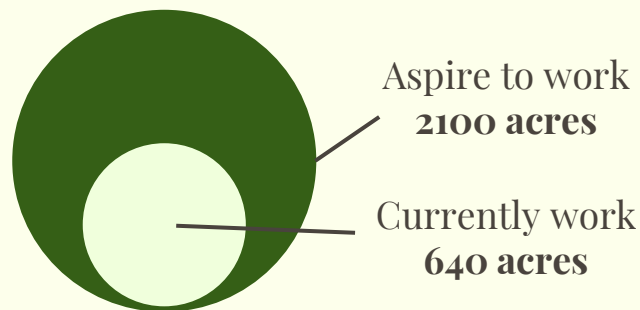
- 17% of MN's respondents purchased land
- About 1/5 MN farmers are first-gen farmers

What's working

- Helped BFRs market themselves to landowners
 - 2/3 say it helped their operation succeed
- Nearly all still farming
- Over 75% of cases, the BFR was taking over management from the former landowner or another established farmer

Challenges

- Tax Credit is relative to the amount of land leased or sold
- BFTC farmers wish to farm 30% more land than they currently farm on average, 3/4 report facing a land access challenge



Survey of BFTC asset owners (N=567)

BFTCs are helping landowners choose to lease to BFRs over established farmers

- This land access is temporary
 - 70% plan to only transfer their land through their estate
 - Most plan to only transfer their land to family

Tax Credits are serving rental agreements, serving a niche in the Corn Belt

- Farmland rental is a viable option for entering farmers
- Stepping stone toward success, but uncertainty when the land changes hands

Capital gains taxes heavily influence land transfer plans



LAPIs are meeting their goals

State legislatures are demonstrating their attention to and support of beginning farmers

Young and beginning farmers are working land that they may not have otherwise accessed

- They feel successful in their operations
- Landowners can support BFRs without potentially sacrificing stability

Programs are serving geographically relevant challenges

- BFTCs providing opportunity to rent ground to BFRs instead of established farmers
- FPPI programs providing permanent tenure for a handful of farmers and prioritizing land protection in places where highest and best use is not ag

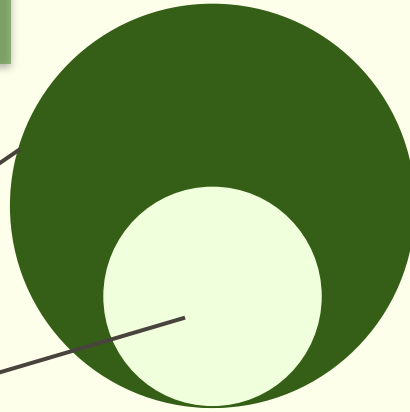
LAPI Beginning Farmer viability

96% of BFTC farmers would like to farm more land than they currently work

$\frac{3}{4}$ of BFRs in BFTCs
“continue to face a land access challenge”

Aspire to work
2100 acres

Currently work
640 acres

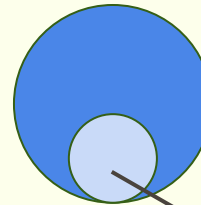


90% FPPI farmers would like to farm more land than they currently work

$\frac{2}{3}$ of BFRs in FPPIs
“continue to face a land access challenge”

Aspire to work
500 acres

Currently work
100 acres



Looking beyond BFTCs and FPPIs

BFTCs and FPPI incentives are relative to the amount of land purchased/leased

- Farms producing for local/regional food systems underserved by certain LAPIs
- LAPIs not incentivizing conservation practices, up to the individual

Programs are a stepping stone for beginning farmers, but aren't slowing processes putting land further out of reach

How can policies further support land access needs?

How can we unblock land transfer outside the family to beginning farmers?

At the same time, how can we support farmers on the land who are not beginning farmers?