

Land Investment Monthly - May 2021

Published on May 1, 2021 by Steve Bruere



*Photo credit: Soybeans are harvested from a field on Hodgen Farms in Roachdale, Indiana on Nov. 8, 2019
Bryan Woolston/Reuters*

Iowa farm fetches price of \$18,800 per acre

There was a full crowd in attendance last Thursday evening, April 15, at the KC Hall in Cascade, Iowa. The event was the sale of 200 acres of farmland in nearby Jones County. The attendees got to take in the emotions often generated from a public land auction venue, while also enjoying a cold beer, soft drink or refreshment of choice. Since the sale only took 20 minutes, some even joked about sticking around to play bingo afterward.

In a [radio interview](#), the auctioneer said the sale was the biggest in his 44-year career. He dropped the final hammer at \$18,800 per acre after fast and active bidding which began at \$8,500 per acre. A local lender was there representing a farm client who was prepared to bid to \$12,000 per acre, but they hardly had a chance to take a sip of coffee before the bidding blew past their limits. [Read More](#)

Elimination of Stepped-up Basis Poses Hazards to Family Farms

Currently, the top capital gains tax rate is 20%. To reduce the capital gains tax, farmers and ranchers use stepped-up basis, which provides a reset for the basis during intergenerational transfers. In effect, upon the transfer of assets following a death, the basis is reset to the market value at the date of death. Following the adjustment, taxes can be levied only on gains realized by the individual during his or her ownership, not on gains realized prior to the step up in basis.

Any change in capital gains tax policy that eliminates or scales back stepped-up basis could result in a massive tax burden on the agricultural sector. The magnitude of the burden depends on the change in the asset value, but it would likely significantly exceed the annual income generated by the assets. [Read More](#)

Rural Bankers: Farmland Prices Hit Highest Level Since 2012

“Strong growth in grain prices, the Federal Reserve’s record-low interest rates and growing exports have underpinned the Rural Mainstreet Economy,” reports Ernie Goss, who chairs Creighton’s Heider College of Business and leads the RMI. “Even so, current rural economic activity remains below pre-pandemic levels.”

The highlight of the report is the farmland price index. For a seventh straight month, it has advanced above growth neutral. The April reading climbed to 78.6 — the highest level since 2012, and up from 71.9 in March. This is first time since 2013 that farmland price index has posted seven straight months of above-neutral growth. [Read More](#)

Corn Planting and Emergence to Resume as Warmer Weather Arrives

Cold, and even snowy, conditions in the week-ending April 25th brought planting activities to a halt in the Corn Belt. As we look to the end of April and beginning of May, temperatures will turn warmer, although the eastern Corn Belt may be dodging rain drops at times to get work done.

According to data from [WeatherTrends360](#), the third week of April, week-ending April 25th, was the coldest and snowiest third week of April for the Corn Belt in 30+ years. Snow fell from the northern Plains, as far south as northwestern Arkansas, and up into interior New England. Soil temperatures, which had warmed nicely early in April, plunged slowing down germination for planted seeds. As warmer weather arrives to close out April and begin May 2021, germination should get back on track but wetter weather in the eastern Corn Belt may cause planting delays. [Read More](#)

New Carbon Market Pays Southern Pine-Growers Not to Cut

Here is a new way for Southern pine growers to get paid for their timber: Leave it standing.

Companies eager to offset their emissions are paying Southern timberland owners not to cut more than a million acres of mill-bound pine trees until next year.

The idea is that the longer the timber stands, the more carbon the trees can sponge from the atmosphere before becoming two-by-fours and telephone poles.

The companies are credited with socking away carbon in wood, measured in metric tons and documented with tradable assets called carbon offsets. Companies buy offsets [to scrub emissions from the carbon ledgers](#) they keep to show investors and customers their pollution-reduction efforts. Landowners get a check as long as their trees remain standing. [Read More](#)

Big Agriculture Is Best

In some ways, it is not surprising that many of the best fed, most food-secure people in the history of the human species are convinced that the food system is broken. Most have never set foot on a farm or, at least, not on the sort of farm that provides the vast majority of food that people in wealthy nations like the United States consume.

In the popular bourgeois imagination, the idealized farm looks something like the ones that sell produce at local farmers markets. But while small farms like these account for close to half of all U.S. farms, they produce [less than 10 percent](#) of total output. The largest farms, by contrast, account for about 50 percent of output, relying on simplified production systems and economies of scale to feed a nation of 330 million people, vanishingly few of whom live anywhere near a farm or want to work in agriculture. It is this central role of large, corporate, and industrial-style farms that critics point to as evidence that the food system needs to be transformed. [Read More](#)

Farmers have more mouths to feed. Bring in the robots.

Robots are shouldering more responsibility at Church Brothers Farms in Gonzalez, Calif.

From sunrise through sundown, rows of lettuce, broccoli, and cauliflower are planted, tended to and harvested on the thousand-acre ranch — partially by humans, increasingly by machines.

The products are then packaged and shipped to major grocery store chains and restaurants nationwide. You might have seen their products in the frozen food aisle under the Green Giant brand at Walmart, Target or virtually every other major supermarket.

But what you probably haven't seen is how much more work autonomous machines and drones are doing on the farm as the minimum wage ticked up a dollar in California this year, heading toward \$15 an hour for larger employers across the Golden State, effective 2022. [Read More](#)

All About Milwaukee's Sustainable Grocery Delivery Service

You may have heard of Instacart or Amazon shopping, but there is a new service in town that connects you directly with local farmers and businesses. It's called [MarketWagon](#), and the company's founder Nick Carter is using it to get back to his Wisconsin farming roots by helping out the little guy and making shopping for groceries more sustainable. With hubs in almost every major city in the U.S., it is a fast-growing company, and you don't need a subscription.

Through the service, you can take your pick of food and peruse the vendors. If there is a farmer or artisan you prefer, just click on their profile and shop their products. The idea is to take the knowledge of where

your food comes from to the next level. “If you ask a question, there’s a farmer on a tractor somewhere and they are going to chat back with you,” Carter said. [Read More](#)