Sustainable Agricultural Land Tenure: The legal rights and duties of entity ownership of Iowa farmland and the next generation of landowners

Abstract:
Present landowners need tools to pass on relevant information about current land uses and best management practices to their heirs. This project provided guidance and tools for landowners and their advisors on the development of estate and succession planning documents that address sustainability and resilience for the natural resources involved.

What was done and why?
Sustainable Agricultural Land Tenure (SALT) Initiative research has focused on the impact of private legal arrangements and documents on sustainable and resilient land use. Research and interviews with farmers, landowners, and their advisors show a strong inclination to transfer land to family members, regardless of whether they’re currently farming or how knowledgeable they are about agriculture. This project addressed two critical issues in relation to this trend. First, the challenges and opportunities presented by increased entity ownership of Iowa farmland, and second, increasing off-farm landowner knowledge and appreciation of the land and resilient farm practices.

Project objectives were to:

1. Reveal the legal rights, duties, and remedies of interest holders in entities that possess management control of Iowa farmland.
2. Identify existing documents, including trusts, corporate bylaws, and partnership agreements that contain language addressing management of assets and prevention of waste.
3. Establish a “Legacy Report” pilot project for farmers seeking to pass on information about the sustainable management of their farmland to potential heirs.
4. Increase landowner understanding of their capacity to address sustainability and conservation as part of their estate and business succession planning.
5. Increase knowledge of legal remedies available to individuals with an interest in farmland assets, whether as a joint-owner, beneficiary, member, or shareholder, in order to prevent mismanagement and waste of the land and its resources.
6. Increase the confidence of those with interests in Iowa farmland to enforce their rights and protect soil assets through legal remedies.

What did we learn?
The farm Legacy Reports show the potential for sharing knowledge of the land with future non-farming landowners. There was significant interest in the project from current farming landowners, who expressed a desire to participate and then pass on the information to their potential heirs. The impact of the reports on heirs inheriting land remains to be seen. The sample Legacy Report and the document, “How to Create a Legacy Report,” will be valuable in assessing the long-term use and impact.