

The extent and impact of trust ownership on the sustainability and resiliency of Iowa's agricultural landscape

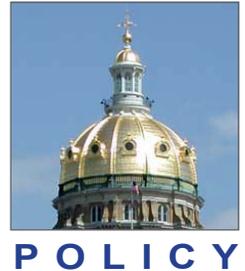
Abstract: The popularity of trusts as a land management tactic has been increasing. Using survey results, an attorney and economics professor examined the kinds of trust arrangements that exist in Iowa and how they might be used to encourage conservation practices and sustainable agricultural management.

Investigators:

Edward Cox
(formerly)
Drake University Agricultural Law Center
Des Moines

Michael Duffy
(retired)
Iowa State University
ISU Extension
Economics

Trust ownership continues to increase, though the majority of trusts are revocable trusts that exist with the owner creating the trust as the trustee, thus not providing a significant change in decision-making authority. However, irrevocable trusts, while constituting a minority of those in place, also are expected to increase with greater likelihood of dispersed management and fractionated ownership. In order to address conservation concerns raised by this fractionation, the project investigators researched trust provisions as well as legal rights and remedies of the various parties to a trust.



What was done and why?

Trusts are the fastest growing form of ownership of Iowa farmland. In 1982 trusts owned 1 percent of Iowa's farmland and by 2012 17 percent of Iowa's farmland was owned by a trust. This significant increase called for further investigation of trust ownership of farmland and its impact on the sustainability of Iowa agriculture.

The project had three primary components:

1. An online survey of Iowa Trust Association (ITA) members, an organization of the professional trustees in the state of Iowa. The ITA distributed the online survey to its members.
2. A series of questions related to trusts was added to the Iowa Farm Land Ownership survey. This telephone survey attempts to contact all owners on a selected 40-acre plot. By surveying the unit of land, the survey can more accurately describe what is happening on land as opposed to the landowners.
3. Legal research of Iowa trust statutes and case law establishing the trustee's fiduciary duties as well as the settlor's ability to control sustainable trust asset management. This included examination of legal precedents in Iowa and comparison with those in other states for monitoring and enforcing a trustee's compliance with legal duties and trust provisions by settlors and beneficiaries, specifically in relation to ensuring sustainable and resilient land management practices.

What did we learn?

With a clearer understanding of why land is placed within a trust and under what conditions, sustainability and resilience can be enhanced. This will help guide policy decisions regarding Iowa's Trust Code and court decisions. Recognition of land and soil as a trust asset that is subject to the duties that are mandatory for all trustees encourages redress for waste of soil assets and creates resources for advisors and courts to rely upon when addressing such situations.