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G1486

Agricultural Land Ownership and Tenure Patterns in Nebraska

Bruce Johnson, Professor, Department of Agricultural Economics

This NebGuide provides an overview and an interpretation of land ownership and tenure patterns in Nebraska.

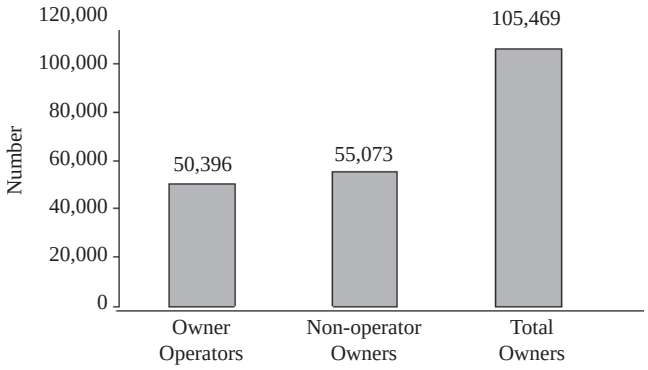
Introduction

Agricultural land in Nebraska is a significant asset of wealth and a key economic input into the state's economy. It is no mere coincidence that Nebraska consistently ranks fourth among the 50 states in total cash receipts from farm marketings while also ranking fourth in land acreage in farms and third in terms of irrigated acreage.

Consequently, it is of considerable importance to identify and understand the basic patterns of land ownership and tenure that exist within the state.

Every 10 years the U.S. Department of Agriculture conducts a national land ownership survey of landlords as well as farm operators. The most recent survey was conducted in 1999 and provides the most current perspective of land ownership and land tenure characteristics for the 50 states and geographic regions of the country.

The 1999 USDA survey is the primary source of information for this NebGuide. It provides an overview and an interpretation of Nebraska's land ownership and tenure patterns.



Source: USDA Census of Agriculture 1999 Agriculture Economics and Land Ownership Survey, Table 69.

Figure 1. Owners of agricultural land in Nebraska, 1999.

Table I. Distribution of land ownership between owner-operators and non-operator owners, Nebraska 1999.[1]

All Owners:	
Total number of owners	105,469
Acres (1,000)[2]	49,033
Owner Operators:[3]	
Total number	50,396
% of all owners	47.8%
Total acres owned (1,000)	25,543
% of total acres	52.1%
Non-Operator Owners:[4]	
Total number	55,073
% of all owners	52.2%
Total acres owned (1,000)	23,491
% of total acres	47.9%

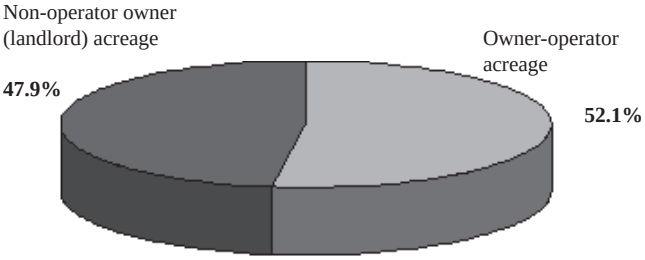
[1]Source: USDA Census of Agriculture, 1999 Agricultural Economics and Land Ownership Survey, Table 69.
[2]Note: While these acreage estimates do not correlate exactly with the more comprehensive 1997 Census of Agriculture, they are consistent.
[3]Individuals who operate themselves at least some of the land which they own.
[4]Individuals who rent out all of the land they own to others.

Who Owns The Land?

The pattern of ownership of Nebraska's agricultural land covers the full gamut of age classes, occupations, and income levels; however, there are two basic owner groups: (1) owner operators (farmers and ranchers) who operate at least some of the land they own; and, (2) non-operator owners (landlords) who rent all of the land they own to others to farm.

As of 1999, there were more than 105,000 agricultural landowners in the state, of which over 50,000 were owner operators and some 55,000 were landlords (*Figure 1* and *Table I*). Of the more than 49 million acres under private ownership, owner operators owned a slightly higher percentage of the total acreage than did landlords in 1999 *(Figure 2)*.

In addition to the landlord acreage component, about 15,000 of the owner operator class also rent out some of their owned land to others; contributing nearly 3.3 million additional



Source: USDA Census of Agriculture 1999 Agriculture Economics and Land Ownership Survey, Table 69.

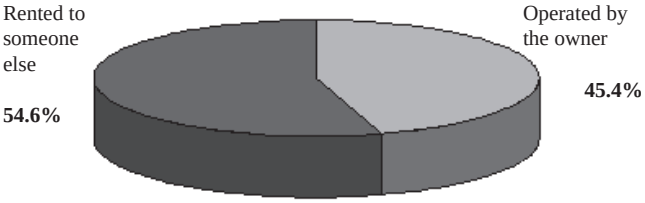
Figure 2. Ownership of Agricultural land acreage in Nebraska, 1999.

acres to the total rental pool *(Table II)*. This results in more than 26 million acres of agricultural land being rented in 1999. In effect, nearly 55 percent of all agricultural land in Nebraska was being rented out by its owner in 1999 *(Figure 3)*.

Table II. Agricultural land rented to others, Nebraska, 1999.*

Source	*Total Acres*
Non-Operator Land	23,491,000
Owner Operators Land Rented to Others	3,285,000
Total Rented Land Base	26,776,000
Percent of All Land in Farms	54.6%

*Source: USDA Census of Agriculture, 1999 Agricultural Economics and Land Ownership Survey, Table 69.



Source: USDA Census of Agriculture 1999 Agricultural Economics and Land Ownership Survey, Table 69.

Figure 3. Distribution of agricultural land in Nebraska between owner-operated and rented land, 1999.

Land Characteristics

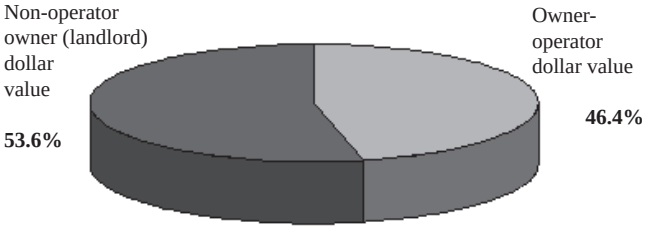
The great diversity of Nebraska in terms of soils, topography, and production capabilities is obvious in the distribution of land acreage across the various land classes (Table 3). Essentially half of Nebraska's land base was classified as cropland, with most of the remainder, nearly 46 percent, being pastureland. Only 4 percent of the total base was considered otherwise, with the majority of that being an all-other category comprised of farmsteads, roads, ditches, wastelands, etc.

Table III. Land use characteristics of land owned by owner-operators and non-operator owners, Nebraska, 1999.*

Land Class	*All Land*	*Owner-Operated Land*	*Non-Operator Land*
Total (1,000 ac)	49,033	25,542	23,491
Percentage	100%	100%	100%
Cropland (1,000 ac)	24,209	11,492	12,717
Percentage	49.4%	45.0%	54.1%
Pastureland (1,000 ac)	22,831	13,009	9,822
Percentage	46.6%	50.9%	41.8%
Forest/Woodland not Pastured (1,000 ac)	256	66	190
Percentage	0.5%	0.3%	0.8%
All other Land (1,000 ac)	1,737	976	761
Percentage	3.5%	3.8%	3.3%

*Source: USDA Census of Agriculture, 1999 Agriculture Economics and Land Ownership Survey, Table 75 and 79.

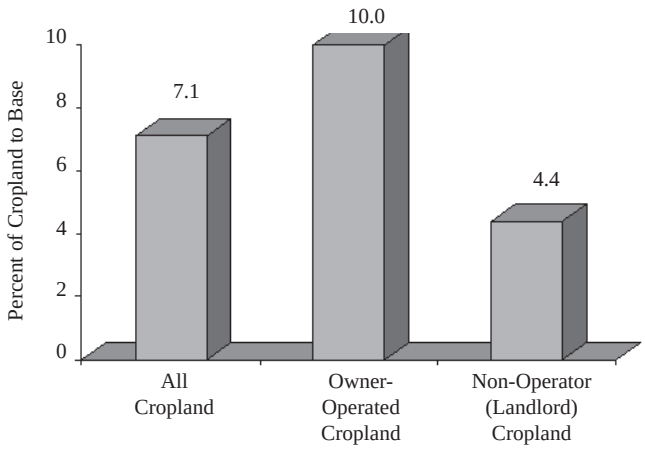
However, somewhat different land class arrays exist between the owner-operated land base and the non-operator (landlord) land. A larger proportion of land owned by landlords is cropland, about 54 percent, as contrasted to 45 percent of the owner-operated base. Conversely, over half of the owner-operated base is pasture, compared to less than 42 percent of the landlord land. As a consequence, landlords own relatively higher-valued land, and in the aggregate, held title to nearly 54 percent of the total value of agricultural real estate in Nebraska in 1999 *(Figure 4)*.



Source: USDA Census of Agriculture 1999 Agriculture Economics and Land Ownership Survey, Table 69.

Figure 4. Ownership of agricultural land in dollar value in Nebraska, 1999.

Of the cropland acreage identified in *Table III*, more than 1.7 million acres were not being cropped in 1999 since they were enrolled in either of USDA's Conservation Reserve or the Wetlands Reserve Programs. These federal programs are essentially multi-year conservation easement programs where owners receive annual payments for keeping the land out of crop production and using various conservation practices. This acreage represented over 7 percent of the state's cropland base *(Figure 5)*. Of the owner-operator portion of the cropland base, 10 percent was enrolled in these programs in 1999. Despite the fact that many landlords are particularly interested in environmental spillovers such as wildlife habitat, the portion of this group's cropland enrolled in these programs was less than 5 percent.



Source: USDA Census of Agriculture 1999 Agriculture Economics and Land Ownership Survey, Table 69.

Figure 5. Percent of cropland acreage in conservation programs by owner class, Nebraska, 1999.

Leasing Patterns

Given that nearly 55 percent of Nebraska's agricultural land is being leased each year, the pattern of leases being used is particularly noteworthy. In 1999, there were an estimated 114,317 agricultural land leases of which 41.9 percent were cash leases, 41.7 percent were share leases–essentially equal. The preponderance of the remainder were cash/share combination leases *(Table IV)*. Over time, the general trend has been a gradual shift from share leases to cash leases due to preferences of both landlords and tenants; although definitive historical data is not available to document this in detail.

Table IV. Agricultural land rented by type of lease, 1999.*

Type	*Lease*		*Acreage*		
	No.	*Percent Distribution*	*1,000 Acres*	*Percent Distribution*	*Average Size (Acres)*
All Leases	114,317	100.0%	26,539	100.0%	232
Cash Leases	47,872	41.9%	13,720	51.7%	287
Share Leases	47,735	41.7%	7,943	29.9%	166
Cash/Share Leases	17,230	15.1%	3,648	13.7%	212
All Other Leases	1,480	1.3%	1,228	4.7%	830

*Source: USDA Census of Agriculture, 1999 Agricultural Economics and Land Ownership Survey, Table 99.

Cash leases account for the largest share of total acres leased, largely due to the fact the average size of pasture/rangeland leases is much larger than the cropland average. In addition, cash leasing, rather than livestock share leasing, is the predominant form of pasture/rangeland leasing; which also contributes to the greater proportion of leased acreage under cash arrangement.

As for the leasing patterns for cropland only, the 1999 Agriculture Economics and Land Ownership Survey does not provide such a breakdown. However, based on a University of Nebraska 1996 leasing study in Nebraska which involved a survey of nearly 1,000 tenant operators, the distribution of cropland leases reported by this representative, statewide sample was: cropshare, 58 percent; cash, 41 percent; and other, 1 percent. Moreover, the cropland acreage distribution across these lease types was similar to this array.

Rental Market Participants

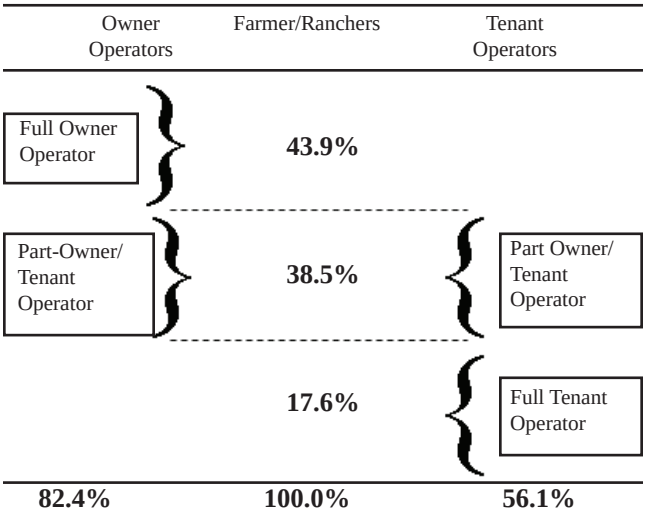
Participants in Nebraska's 1999 rental market for agricultural land included more than 63,000 landlords and 34,000 tenants *(Table V)*. In addition to the conventional landlords who rent out to others all of the land they own, the landlord class also includes those owner-operators who also rent out (to others) at least some of the land they own. Together, they leased out an average of 419 acres of agricultural land per landlord in 1999, and were involved in an average of 1.81 leases.

Table V. Nebraska's agricultural land rental market participants, 1999.[1]

Total Number of Landlords.[2]	63,292
Average Acreage Leased Out Per Landlord	419 acres
Average Number of Leases Per Landlord	1.81 leases
Total Number of Tenants.[3]	34,041
Average Acreage Leased Per Tenant	780 acres
Average Number of Leases Per Tenant	3.36 leases

[1]Source: USDA Census of Agriculture, 1999 Agricultural Economics and Land Ownership Survey, Table 99 and tenure data from the 1997 Census of Agriculture.
[2]Includes those owner-operators who rent out some land.
[3]Includes part owners who rent at least some of the land they operate as well as full tenants who only operate land rented from others.

On the tenant side of the market, this group is comprised of two of the three tenure classes of farmer/ranchers *(Figure 6)*. In addition to the full tenants who only operate land rented from others, it also includes part-owner operators who farm at least some rented agricultural land as well as land



Source: 1997 Census of Agriuclture: Nebraska.

Figure 6. Distribution of farmers/ranchers in Nebraska by tenure classification, 1997.

that they own. Using these farmer/rancher tenure pattern configurations from the 1997 Agricultural Census and integrating them with the data base from the 1999 land ownership survey, it was estimated that just over 34,000 tenants were renting agricultural land from others in 1999. Moreover, these tenants were leasing an average of 780 acres which were contracted through an average of 3.36 leases per tenant.

The above implies that multiple leases, as well as multiple landlords, is the norm rather than the exception for tenants in Nebraska. In fact, it is not uncommon for tenants to contract with as many as eight to 10 different landlords simultaneously as they configure a land base sufficient for a viable operation. Moreover, given the continuing structural trends towards fewer and larger farming/ranching operations, this pattern probably will become more pronounced in the years ahead.

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