



## Life After CRP — Decisions, Decisions!

### SUMMARY

- Each year CRP contracts expire.
- Landowners have several options as the land is released.
- Resources are available to help landowners make decisions.

Each year, contracts under the Conservation Reserve Program (CRP) expire. Contract holders will have an option to extend these contracts by one year. During the course of the next ten years, nearly 2 million CRP acres in Iowa will be released.

What will happen to this land as it is released? Will it be put back into crop production? Or will it be used as forage for beef cows?

### Decisions, Decisions

Many of the owners of this land are at or near retirement age. Will they be willing to make investments necessary to bring the land back into row crop production and still meet conservation compliance requirements? Will they be willing to spend for investments in fences and water systems to make the land usable in a modern, profitable beef cow enterprise? Will they be willing to spend for the high levels of fertility and adopt the intensive grazing technology needed to make a beef cow or stocker operation economically feasible?

If landowners decide to rent their land, what kind of return can they expect on their investment? If many of them decide to sell, what effect will that have on land values?

These are but a few of the many questions landowners, operators, agribusinesses, and community leaders are pondering. Many mistakenly assume there are only a few options available to landowners as the CRP contracts expire.

The flow chart shown in figure 1 (on the next page) suggests several basic alternatives available to landowners. However, when considering the alternatives, landowners must

ask themselves a number of questions before making any decisions or commitments. Advance planning is necessary to avoid financial pitfalls. For some landowners, the time is short—less than a year.

### Questions to Consider

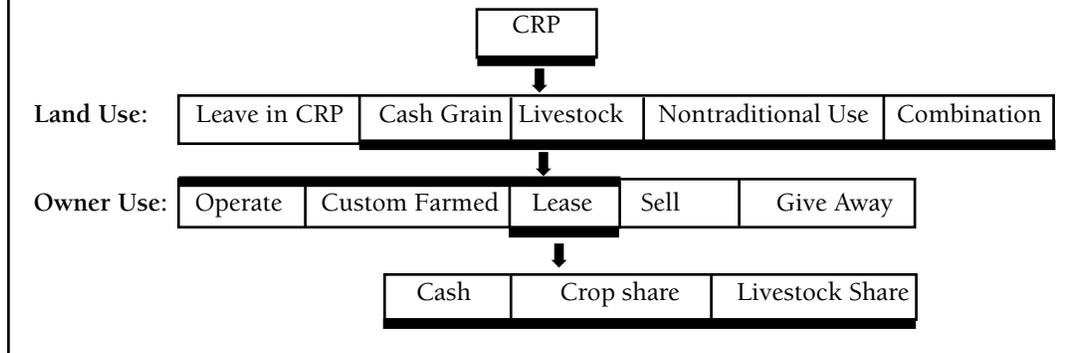
Although it is not comprehensive, the following list summarizes five important factors and related questions landowners should consider as part of the decision-making process.

1. **Age.** Are you at an age of speeding up or slowing down? In other words, are you likely to be an owner/operator, an owner/investor, or a potential seller?
2. **Personal Goals.** As an owner, do you want or need to remain involved in the farming operation? To what extent? Do you want or need to maximize returns on your land investment? Do you wish to bring a younger person (family or non-family) into the farming operation?
3. **Financial Considerations.** What are your immediate and long-term cash needs? Will continued ownership satisfy those needs? If not, what are the tax implications of selling the land? After paying taxes and other expenses, how much money will be left, and how long will it last? Is there any significant debt load against the land?
4. **Additional Investment Needs.** If the land goes back to row crop production, what investments must be made to meet conservation compliance requirements? If you intend to produce beef cattle, what is needed to bring fencing and water supply up to par? If you are considering nontraditional crops, how long before you can expect a return? What about market opportunities?

This bulletin is part of a series to help CRP contract holders assess the land-use options available to them when the contracts expire. Other bulletins in the series and additional information are available at county ISU Extension offices.

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**Figure 1. Flow Chart For Land Use and Owner Alternatives**



**5. Keep or Sell.** If you decide to keep the land but not operate, will you be able to find renters or custom operators? Are these options personally desirable or financially feasible for you? If you decide to sell, how much land will be on the market at the same time? What effect will this have on land prices? What are the personal tax implications of selling?

### Resources Available

As you analyze the land and owner use options and all the related questions, seek advice from as many sources as possible.

Every county in Iowa has an Iowa State University Extension office. Each office has a *CRP Resource Manual* to help answer common CRP-related questions. Each office also has a series of fact sheets on various CRP topics. Many other ISU Extension publications available at your county office also would be appropriate and helpful references.

ISU Extension field specialists in agricultural engineering, animal science, crop production, and farm management are available to help answer questions and offer in-depth analysis. They have access to several computerized decision-making programs. Contact these specialists through your county ISU Extension office.

Soil Conservation Service (SCS) and Agricultural Stabilization and Conservation Service (ASCS) staff in each county can provide technical assistance and answer questions related to conservation and CRP requirements.

Attend demonstration field days in your area. ISU Extension, SCS, ASCS, and other cooperating groups have received permission to use some CRP acres to demonstrate such things as intensive grazing systems, fencing and water systems, tillage methods, and weed and brush control. These demonstrations are offered at several locations around the state. Check with your county ISU Extension office for information about demonstrations near you.

If you are exploring sale or land transfer options, consult your accountant and attorney to discuss estate planning and tax implications.

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