



GAUGING FARM LIFE

Latest census shows growing diversity

By Cole Ehmke

Does it seem there are more people involved in agriculture these days? Visiting a farmers' market in central Wyoming recently, it was easy to be struck by the observation many people are producing and selling who are new to agriculture.

Recently released information from the U.S. Department of Agriculture's (USDA) *2007 Census of Agriculture* seems to back this up.

The nation and Wyoming

At the national level, findings show:

- A 4-percent increase in total farm numbers from 2002 (most of the growth came from small operations where sales of no specific commodity accounted for more than 50 percent of total value of production)
- The number of farms with sales less than \$1,000 rose by 118,000 compared to 2002
- Growing ethnic and racial diversity among farm operators
- The percentage of women operators has risen



More information

There are two outstanding sources of information about Wyoming agriculture. The first is the *2007 Census of Agriculture*. Conducted every five years by the U.S. Department of Agriculture, it is a complete accounting of the nation's farms and ranches and the people who operate them. Results are at www.agcensus.usda.gov.

The *Wyoming Agricultural Statistics* is an annual report with excellent current and historical information. It is at www.nass.usda.gov/Statistics_by_State/Wyoming.

Findings in Wyoming show the number of farms jumped from 9,422 in 2002 to 11,069 in 2007, an increase of 17 percent. Most of these are small farms. Thirty-five percent of them are "residential/lifestyle farms" that produce less than \$5,000 in annual sales, and another 16 percent are "retirement farms." Many of the smaller operations are not large enough to support a family (as a commercial farm would). In fact, only about 7 percent are what the USDA considers a large or very large family farm. About 34 percent are less than 100 acres (the average farm has 2,726 acres, a number that has fallen over time, along with the total acreage in farms).

Increasing diversification

In an article in *The New York Times* earlier this year, Secretary of Agriculture Tom Vilsack encouraged diversification as a means to make small farms sustainable – focusing on such things as energy production, carbon sequestration, conservation, and ecotourism aside from crops and livestock, which he referred to as the "new rural economy."

Traditionally, Wyoming agriculture has been very heavily focused on cattle and hay. These are by far Wyoming's top products today, but other areas are on the rise, and they are increasing the diversity of agriculture. For instance, look at these increases:

- Grape producers, up to seven in 2007 from four in 2002,
- Herb growers, up to three from none,
- Honey producers, up to 77 from 52,
- Rabbit producers, up to 30 from 10, and
- Orchard managers, up to 25 from 16.

Remember, these are just the producers the USDA knows about. If you have an ag venture, be sure the USDA knows to include you in its future efforts. You can request to be a part of the next ag census (at www.agcensus.usda.gov) or report your ag income on your taxes. If you report ag income, you can take advantage of the

opportunities to deduct the expenses associated with ag ventures you aim to make a profit on (see sidebar below), and likely to be included in future censuses. About 42 percent of Wyoming farms showed a profit in the survey in 2007.

A focus on food

As a culture, we are becoming more concerned about the quality and origin of the things we eat and the effect our food choices have on our community and environment. People who are responding to these interests with farm production are part of the new face of agriculture.

Many of the intrepid producers of grapes or rabbits may be this type of farmer, and some may be exploring

production methods, such as organic. We already know that, in Wyoming, there are 37 organic farms with sales of less than \$50,000 and 13 with higher sales. We'll know more about this topic after the USDA releases results from its special organic survey toward the end of the year.

Demographic characteristics

Demographically, the age of the principal agriculture operator is 57 (up from 54 in 2002). Naturally, this is a concern for the future of farming; however, those who are new to farming are more diverse. For instance, the number of female operators has grown by 21 percent from 2002. Farmers increasingly rely on off-farm employment as a source of income.



The number of Wyoming farms rose 17 percent from 2002-2007. Most were small farms.

More than 87 percent of Wyoming farms are operated by someone whose principal occupation is off the farm.

Information is exceptionally important for managers of agricultural enterprises. Sixty-six percent of farmers have Internet access (43 percent have a high-speed connection). Another interesting statistic is that 373 Wyoming farms and ranches generate electricity.

Future opportunities

Wyoming farmers are hardworking and innovative in contending with challenges and making the best of opportunities. The agriculture we see across the state is more diverse and smaller than in recent decades. Yet, it affects millions of acres and the quality of life of each community and resident. As we place greater value on a diverse selection of agricultural products, we'll see opportunities to benefit ourselves and help our state and region grow.

What is a farm?

For the census, a farm is any place from which \$1,000 of agricultural products were produced and sold, or normally would have been sold, during the year.

Many people on acreages may not consider themselves farmers; however, if you are going into an enterprise with a profit motive, then the tax code provides many benefits. On your taxes, you would use Schedule F of Form 1040 to report profit or loss from farming activities. If you did that, then you would be able to deduct expenses associated with the enterprise – fuel, fertilizer, office supplies, seeds, veterinarian and legal/professional bills, conservation, phone and electrical bills, etc. Any losses could be used to offset other income. A special expense election under Section 179 of the tax code generally allows producers to deduct the full purchase price of qualifying machinery or equipment in the year of the purchase (up to \$250,000).

If the business doesn't have a profit aim (generally, profitable ventures make money in three of the last five years – or two of the last seven for a horse farm) or if the Internal Revenue Service (IRS) determines the owners are not really trying to make it profitable, it may conclude it is an "activity not engaged in for profit." As a hobby farmer, you would be expected by the IRS to put your hobby deductions on Form 1040 with itemizations on Schedule A. You cannot offset other income with hobby losses.

Information on taxes for farmers can be found in the *Farmer's Tax Guide*, IRS Publication 225. It is available at www.irs.gov/publications/p225/index.html.

Cole Ehmke is the agricultural entrepreneurship and personal financial management specialist with the University of Wyoming Cooperative Extension Service. He can be contacted at (307) 766-3782 or cehmke@uwyo.edu.