

# **1995 FARM BILL**

## **Its Impact on Land Value**

by

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Presented at

Federal Farm Policy Forum  
for  
Agricultural Lenders and Appraisers

Findlay, Ohio  
May 25, 1995

## EFFECT OF CURRENT FARM PROGRAM

### Corn Deficiency Payments and Acreage Participating Corn Base Ohio 1991-1994

Year	Acres*	% of Planted Acres	Deficiency Payments	
			Total	Per Acre
	--Million--		--Million--	
1991	2.71	69	\$89	\$33
1992	2.64	67	\$163	\$62
1993	2.87	75	\$65	\$23
1994	2.88	78	\$145	\$50
4-Year Ave.	2.78	73	\$116	\$42

\* Planted and set-a-side

## EFFECT OF CURRENT FARM PROGRAM

### Corn Deficiency Payments and Acreages All Corn Ohio 1991-1994

Year	Acres*	Deficiency Payments	
		Total	Per Acre
	--Million--	--Million--	
1991	3.92	\$89	\$23
1992	3.94	\$163	\$41
1993	3.82	\$65	\$17
1994	3.70	\$145	\$39
4-Year Ave.	3.85	\$116	\$30

\* Planted and set-a-side

## EFFECT OF CURRENT FARM PROGRAM

### Deficiency Payments and Acreages Corn, Soybeans, Wheat Ohio 1991-1994

Year	Acres*	Deficiency Payments	
		Total	Per Acre
	--Million--	--Million--	
1991	8.99	\$111	\$9
1992	8.95	\$176	\$18
1993	9.02	\$85	\$7
1994	8.90	\$158	\$16
4-Year Ave.	8.97	\$133	\$15

\* Planted and set-a-side

Long Term Interest Rates  
Farm Real Estate Loans  
U.S. 1991-1994

Year	Commercial Banks	Farm Credit System
	%	%
1991	10.76	9.85
1992	9.45	8.25
1993	8.64	7.83
1994	9.11	8.57
4-Year Ave.	9.49	8.63
weight	0.6	0.4
weighted 4-year ave.		9%

## EFFECT OF CURRENT FARM BILL

### Land Value Attributable to Deficiency Payments Ohio 1991-1994

Land Description	Cap Rate			20-year*
	6	8	10	9% Loan
----- \$ per Acre -----				
Participating Corn	700	525	420	384
All Corn	500	375	300	274
All C/S/W	250	188	150	137

\* Annuity Factor 0.1095

## EFFECT OF CURRENT FARM BILL

### Land Value Attributable to Defficiency Payments Land 90% Tillable Ohio 1991-1994

Land Description	Cap Rate			20-year* 9% Loan
	6	8	10	
----- \$ per Acre -----				
Participating Corn	636	477	382	349
All Corn	455	341	273	249
All C/S/W	227	171	136	125

\* Annuity Factor 0.1095

## EFFECT OF 1995 FARM BILL

### Assume

Same Acreages  
Same interest rate  
Same 90% tillable

Change in Land Value  
Reduced Deficiency Payments

Land	Reduction in Deficiency Payments					
	1/4		1/3		1/2	
	Cap	Loan	Cap	Loan	Cap	Loan
	----- \$ per Acre -----					
Participating Corn	-159	-87	-212	-116	-318	-174
All Corn	-114	-62	-152	-83	-228	-124
All C/S/W	-57	-31	-76	-42	-114	-61

Cap Rate = 6%

Loan = 20 years @ 9%