

Alternative Agricultural Enterprises

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Like any good business owners, farmers and ranchers are always looking for new ways to increase their earnings. While some simply plant rows or raise more steers, others are looking for different avenues and new markets. These are today's "alternative agricultural enterprises." This section provides a brief overview of types and examples of these pioneering ideas.

Income opportunities on the farm

Fee-based Outdoor recreation

Farms can offer recreation services on the farm to generate additional income through the following activities: archery, bird watching, swimming, rock climbing, canoeing, camping, ice-skating, sledding, hunting and fishing (among others).

Example: Half Moon Ranch, Lewiston, Montana:
www.hmradventures.com.

Alternative Goods and Value Added Products

Many farms grow non-traditional crops or raise specialty livestock to generate supplemental income: Alternative livestock products include goats (milk, meat, cheese, soap) and bees, as well as Christmas tree, nursery products (shrubs, annuals, nursery stock), and others.

Example: Heritage Belle Farm, Calhan, Colorado:
www.heritagebellefarms.com.

Alternative Marketing

Farmers can also market their crops differently in order to capture more value added. Options include: letting buyers pick and cut fruits, vegetables and Christmas trees; farmer's markets; direct sales to schools and restaurants, and others.

Example: Roadrunner Park Farmer's Market, Phoenix, Arizona:
www.arizonafarmersmarkets.com/pageRoadrunner/roadrunner.htm.

Public Event and Participant Exercises

Farms can organize local fairs, and other interesting events in the farm field or the ranch: organize festivals and fair (music festival, harvests festival, cultural festivals), farm school for children and adults, tours of wildlife and fish habitat conservation projects, haying or harvesting exercise, tractor ride and others.

Example: Venetucci Farm, Colorado Springs, Colorado:
www.ppcf.org/Venetucci.

Hospitality Services

Providing food and lodging on the farm.

Example: Anchorage Farm, A Bed and Breakfast Inn, Pine, Colorado: www.anchoragefarm.com/.

Tourism

Farmers can impose an entrance fee, and offer farm tours, food, crafts and souvenirs for sale. Tours can be offered of the farm/ranch buildings, food processing facilities, historic sites or buildings, bird/wildlife preserves, hydroponics operations (the cultivation of plants by placing the roots in liquid nutrient solutions rather than in soil) and others.

Example: Vermejo Park Ranch, Raton, New Mexico:
www.vermejoparkranch.com.

Conservation Easements:

Another option for farmers is to transfer development rights to minimize tax through a conservation easement. A conservation easement is a legal, voluntary agreement between a landowner and a land trust or government agency that restricts the development or use of property. The United States Department of Agriculture provides funds for the purchase of conservation easements through the Farm and Ranch Lands Protection Program and the Forest Legacy Program. Such funds are used to pay the landowner for retiring the land and to share the cost of conservation practices on that land. In addition, a conservation easement brings significant property and income tax benefits for the landowner. It lowers property taxes by decreasing the assessed value of the land for which easement is granted. Conservation easements also are sometimes viewed as donations from the owner and, thus, qualify for federal tax income benefits. In 2007, the USDA budgeted \$1.7 million in conservation payments to farmers, which amounts to \$5,000 on average for each recipient farm.

Example: Vickers Complex, Basin Ranch, and McKee Ranch in Wyoming.

Carbon Offsets

Such policy instruments provide funding for farmers who, for instance, install methane capture systems over animal-waste lagoons, or use no-till farming techniques so that the land can absorb more carbon dioxide from the atmosphere. A study by the USDA estimates that, by selling carbon offsets farmers can generate \$1 billion to \$2 billion a year in income from 2012 to 2018.¹

Example: National Carbon Offset Coalition, based in

Montana helps farmers and ranchers sell their carbon offsets.²

Wind power generator projects

Farmers can lease land for power generation activity. Vast agricultural land is sometimes a viable site for wind or solar power projects. Ranchers in Wyoming, for instance, actively engage in associations to market their land to wind developers.³ This new movement creates concerns for farmers as it raises farmland prices, increase property taxes, and may reduce land available for farming. During construction, each turbine disrupts three to four acres of farmland. After construction, a wind turbine occupies a quarter to a half of acre. Farmers and ranchers are additionally compensated for the disruption period of construction by developers.

Example: Bordeaux Wind Energy Association in Wyoming brings farmers and ranchers together to market their land and negotiate prices. Glenrock Wind Energy Project is a 99-megawatt wind project in Wyoming by Pacific Power.

Educational Activities

Farmers can charge fees to instruct and demonstrate how to make crafts, and some other traditional rural activities such as cattle roping, wine-making, cooking, cow or goat milking, gardening, identifying plants, sheep herding, and others.

Example: Wheeler Farm, Salt Lake City, Utah:
www.wheelerfarm.com.

Equipment Rental

Offering rental services in areas where outdoor recreation is popular: Rent binoculars, boats, swimming, snow shoes, and cross-country skiing equipment.

Example: Wolff Farms, Circle, Montana:
www.visitmt.com/categories/moreinfo.asp?IDRRRecordID=12134&SiteID=1.

Patronage dividends and refunds from cooperatives

Farmers may deliver their crops to a cooperative for storage, milling, transportation, and marketing. They may also purchase fertilizer, seed, and fuel from a cooperative. Most cooperatives distribute profits by making patronage payments to those farmers who used the cooperative's facilities during the year. The remaining portion of the patronage distribution can be retained by the cooperative by issuing qualified notices of allocation, often called certificates of equity, to the farmer. Certificates may earn annual interest. This interest is taxable upon receipt. Current federal and state laws require farmers to pay income taxes on the value of the certificates during the year they are received. Therefore, farmers do not pay taxes on the cash received when certificates are redeemed at their face amount.

Example: The Rocky Mountain Farmers Union (RMFU) Cooperative and Economic Development Center:
www.rmfu.org/co-op/.

Delivery Debentures

A delivery debenture is a funding instrument which cooperatives have used to raise money for facility expansions and to control deliveries. A farmer can purchase these registered notes as an investment and buy or sell them subject to approval of the boards of directors. The notes pay annual interest; they do not represent equity ownership of the cooperative, but are debt instruments that the cooperative must eventually retire.

Example: The RMFU Cooperative and Economic Development Center.

Custom farming

A farm operator agrees to work on another farmer's land in exchange for a fee. The farm operator also receives payment for all inputs.

Example: Hilltop Ranching And Custom Farming, Cody, Wyoming.

Income opportunities off the farm

Major occupation other than farming

Farms whose operators reported having a major occupation other than farming represented 36 percent of all farms in the U.S. in 2007 and 34 percent in the Rockies region.

Off-farm income:

Many farmers also depend on part time off-farm jobs to supplement their income.⁴ The number of farm operators who worked for 200 days or more during 2007 off the farm was around 40% of all operators for both the U.S. and the Rockies region. This number increased by 23% in the Rockies region compared to one percent in the U.S. between 1997 and 2007.⁵ According to the ERS, off-farm work is more prevalent among small scale farmers, who compensate for the scale disadvantages of their farm business.⁶

¹ Korosec, Kirsten. "Carbon Offsets: The Next Cash Crop for Farmers?" BNET Energy (July 23, 2009). <http://industry.bnet.com/energy/10001735/carbon-offsets-the-next-cash-crop-for-farmers/> (Accessed August 13, 2009).

² Ogburn, Stephanie Paige. "Climate cash-in: Western farmers and ranchers use crops - and cows - to tap into the carbon market." *High Country News*. (May 26, 2008), <http://www.hcn.org/issues/371/17713> (Accessed August 13, 2009).

³ Goss, Addie. "Wind Farms Could Bring Wyoming Ranchers Windfall." National Public Radio, (December 26, 2008). <http://www.npr.org/templates/story/story.php?storyId=98741271> (Accessed August 13, 2009).

⁴ United States Department of Agriculture. Economic Research Service.

⁵ United States Department of Agriculture. 2007 *Census of Agriculture*. Geographic Area Series, Table 1. 2009.

⁶ United States Department of Agriculture. Economic Research Service.