

Conversations Conferences



on Nebraska
Environment
and Sustainability

White Paper: Land

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Agricultural and rural real estate is of significant importance to the citizens, businesses, and institutions of the state and Great Plains region. The value of Nebraska's land resources, particularly agricultural land, ranks among the top in the United States. It is the basis for much of the wealth produced in Nebraska and its use and development is closely interlinked with other key issues confronting the state such as water, alternative energy production, urban development, conservation, recreation and wildlife. Increasing populations and demand for land will only increase the value of this resource and it is worthy of focus. Decisions from the individual and firm level up through the societal and policy level must factor in a sound understanding of the associated land economics. It is important to think about land using a systems approach as it connects with other key resources and its use affects many other parts of the environmental, economic and social systems.

Facts About Nebraska Land

- Nebraska is a key agricultural state, consistently ranking 4th in the nation in terms of annual cash receipts from agricultural commodities.
- The state also ranks 4th in terms of land acreage in farms and ranches with nearly 45.5 million acres in 2007.
- 93% of Nebraska's land is privately owned.
- As of 2007, Nebraska ranks #1 in irrigated acreage, having more than 8.5 million acres under irrigation in 2007, and accounting for nearly 40% of the cropland acreage in the state.
- Nearly three out of every four irrigated acres in the state are under center-pivot irrigation, which is relatively more efficient than most other forms of irrigation.
- Of human use land in Nebraska, 95.7% was in agricultural use as of 1990, the highest percentage of any state in the nation.
- "Diversity" is extreme in Nebraska's natural resource endowment, with some 21.5 million acres of cropland and nearly 23 million acres in rangeland and pasture.
- Nebraska's agricultural real estate assets were valued at \$67.4 billion as of February 2009.
- Agricultural land accounts for about 21% of the state's assessed value for property tax purposes, with percentages in excess of 50% in many of Nebraska's 93 counties.
- Increasingly over time, the nonagricultural uses of rural lands have taken on a growing importance as market forces have recognized the associated special amenities of rural lands.
- Dramatic increased in agricultural real estate values have occurred in recent years, with more than a doubling occurring since the beginning of the current decade.

Some Current and Emerging Issues

- Agricultural and rural land assessment under Nebraska Green Belt Law.
- Irrigation acreage valuation issues associated with land taken out of irrigation for compliance purposes.
- Tax policy issues, with particular focus on property taxation of agricultural land.
- Patterns of land ownership transfer as the age cohorts of owner-operators advance.
- Analysis of leasing for conventional agricultural production.
- Analysis of leasing for alternative agricultural production.
- Economics and legal aspects of carbon sequestration on agricultural and rural lands.
- Wind power development on agricultural and rural lands. Leasing property for wind farms.
- Assessment of conservation easements.
- Transfer of wealth portfolios for philanthropic purposes.
- Corporate production agriculture.
- Land use and long-term sustainability in a changing energy economy.
- Water marketing and implications for property owners
- Combining agricultural and non-agricultural enterprises on rural land
- Compliance with Endangered Species Act
- Understanding property rights in today's setting
- Valuing rural amenities
- Management to meet competing demands for food, energy, water and nonagricultural uses.
- Long term anticipated population growth globally and its impact on the demand for land.
- Roughly half of Nebraska's land is operated by someone other than the owner.

For Discussion

The recent debate about the natural gas pipeline which is proposed to run across the Sandhills of Nebraska raises questions about land use and the potential for contamination of land and water in the event of an accident. There are inevitable trade-offs between environmental and economic benefits when it comes to making choices about land use. How should the level of risk be evaluated for any proposed development that will affect land use and related resources? What is an acceptable level of risk?

Given the list of potential issues listed above what regulatory questions about land use do you anticipate in the next twenty years?

Nebraska has abundant productive land with over 90% of its land area in private hands. As populations grow in urban areas how restrictive should laws be to limit the conversion of agricultural land to urban uses? Should it be a high priority for the state to devote tax money to acquiring more land for public recreation? Should more zoning be required and if so how would you convince the public it is important?

Assume climate change and climate variability may reduce the current level of productivity of land in various areas across the globe, how might this trend impact Nebraska's economy, land ownership and land use?