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## I Have This Farm, Now What?

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What do I do with the farm I just bought? Although this sounds like a question that should be asked before you buy the farm, there may be circumstances that cause you to acquire a farm before deciding what to do with it. You may decide you want to move your family out of the city to a rural area so you buy a house and a small farm. You might inherit a farm from a family member and you do not know anything about farming. No matter the circumstance, deciding what to do with the farm requires careful consideration. In this article, we will look at several decisions that need to be made when purchasing or inheriting a farm.

What are my goals with this farm? Do I want to rent the farm out to another local farmer? Do I want to farm it myself? If you choose to rent the farm out, you need to decide whom you want to rent your farm to and whether you want to cash rent it or share crop rent it. Once these decisions are made, you and the farmer will need to sit down and come up with a rental agreement (preferably written down) that both of you can agree upon. Deciding to farm the land yourself will lead to other important decisions.

One of these decisions would be what type of farming you want to do. Regardless of your answer to this question, you will need to make sure you have the right infrastructure for the type of farming you choose. If you choose to raise livestock, you will need to make sure there are suitable fences, barns, and handling facilities for the type of livestock you plan to raise. If you want to be a crop farmer, you will need to make sure there are good storage facilities or reasonable access to storage facilities for crops.

You will also need to study what type of markets are available for your product and the distance from the farm to those markets. If there are multiple markets, you will need to determine which one fits your needs the best. In some cases, there may be no local markets for your production. In this case, you may have to go into a different type of farming. If you are willing to take a risk, you may also choose to either start-up or help organize a local market for your product. In livestock farming and specialty crop farming, there are more and more farmers trying to sell their product directly to the consumer on the farm or through a local marketing system.

Another important decision to make would be what type of equipment you will need for your farm. If you do not already have access to any equipment, this can quickly become a very expensive investment. You may need to look at buying the bare minimum equipment at first, while hiring someone else to complete other tasks for you, such as planting and spraying grain crops. Another option that may be beneficial would be leasing equipment instead of buying all of it.

There are many other critical decisions that need to be made before you decide to farm your newly purchased land. Finding the right lender and tax accountant for your operation is extremely important. There are all types of lending institutions, but you need to find one that is very familiar with agriculture because they may not understand your needs if they are not familiar with it. This is the same story with accountants. There are some very specific tax rules that farmers have to deal with that other businesses do not. Finding a tax accountant that is familiar with those rules can sometimes save some costly tax errors. Nobody likes paying taxes, but you could cause yourself to pay a lot higher tax bill if you choose an accountant who is not familiar with farming.

One final, often overlooked, decision you need to make is one involving record keeping. This is an area that many farmers fail in because they do not like “doing bookwork”. Without proper records, you will not be able to determine what type of profit, if any, the farm is making. This may also cause problems when trying to get financing or tax preparation because it will take the lender and accountant a lot more time on your operation if you do not provide them with proper records. There are many different accounting software products available for personal use. You just need to decide which one best fits your needs and then actually use it the way it is intended to be used.

Regardless of your situation, it is extremely important to examine these decisions among many others before you decide whether you want to farm. It is also very important to seek advice from others that have more knowledge on a topic than you may have. You may also consider developing a written business plan. There are business advisory centers, like the [Kentucky Center for Ag and Rural Development \(KCARD\)](#) that can help you create a business plan. Your [local extension agent](#) is also a wealth of knowledge, can help you narrow down potential enterprise options and point you toward numerous resources through the UK Cooperative Extension Service.

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