Business & AgLife
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LIZ WESTON
ASK LIZ

Tax pro needed to assess property

Dear Liz: My mother, who will be 101 later this year, is leaving me real estate in her trust. The value of it is $4.5 million. She has other assets that will put her estate over $5 million when she passes. I currently have an offer from someone who wants to buy the real estate. Is it better for her to sell it now and reduce the value of her estate? What are the tax implications if it remains in her estate until she passes?

Answer: Since 1998, taxpayers have been able to exempt as much as $250,000 of capital gains from the sale of their primary residence as long as they owned and lived in the home at least two of the prior five years. Taxpayers can use this exemption as often as every two years.

Clearly, your mom needs to find a source of good tax advice, such as a CPA or other tax professional. If you have the authority to act on your mother's behalf through a power of attorney or legal conservatorship, then you should seek the tax pro's advice as her fiduciary.

Under current law, if she retains the real estate it would get a "step up" to the current market value as of her death. That means all the appreciation that happened during her lifetime would never be taxed. If she sells now, on the other hand, she probably would owe a substantial capital gains tax bill, even if she uses the exclusion. The tax pro will calculate how much that's likely to be.

That tax bill has to be weighed against the possibility that her estate could owe taxes. The current estate tax exemption limit is $11.7 million, an amount that will continue to be adjusted by inflation until 2025. In 2026, the limit is scheduled to revert to the 2011 level of $5 million plus inflation. President Biden has proposed lowering the limit to $3.5 million and modifying the step up, but those ideas face stiff opposition in Congress.

An estate planning attorney could discuss other options for reducing her estate if she's still with us as 2025 approaches. The tax pro probably can provide referrals.

Liz Weston, Certified Financial Planner, is a personal finance columnist for NerdWallet. Questions may be sent to her at 3940 Laurel Canyon, No. 238, Studio City, CA 91604, or by using the "Contact" form at asklizweston.com.

Sierra Dawn McClain/Capital Press

Mt. Hood is the backdrop for pear orchards in bloom near Hood River, a popular agritourism destination. Agritourism is on the rise, which many Oregon farmers say is an opportunity to make additional income and expose urbanites to farm life.

Saddled with risks

Agritourism enterprises are increasing across the state, but may face zoning, land use challenges

By SIERRA DAWN McCLAIN
Capital Press

SALEM — Agritourism is on the rise, which many Oregon farmers say is an opportunity to make additional income and expose urbanites to farm life.

But agritourism carries risks. Experts say land use violations, intentional or not, are common, resulting in unhappy neighbors and escalating to litigation: "the ugly side of agritourism."

"For every farmer or landowner that wants to do agritourism, there are 10 farmers that don't want to be next door," said Jim Johnson, land use and water planning coordinator at the Oregon Department of Agriculture.

Land use violations may frustrate neighbors, give operations an unfair advantage over competitors, raise land prices and expose farmers to lawsuits.

In a 2020 study on recent agritourism-related litigation, citing several major Oregon lawsuits, Ohio State University researchers Peggy Hall and Ellen Essman wrote that there's a need for farmers to better understand "how local land use laws define and regulate agritourism before proceeding with an activity, so as not to end up in a land use lawsuit."

Land use cases typically center on zoning compliance and varying interpretations of "agritourism," according to the National Agricultural Law Center.

Broadly, agritourism is the crossroads of tourism and agriculture. Examples include pumpkin patches, cut-your-own Christmas tree farms and dude ranches. But what about weddings? Wineries? Goat yoga?

Johnson, of ODA, said he thinks "agritourism" is not defined clearly enough in Oregon statute.

Counties also create rules, adding to the complexity.

In Oregon, common complaints include concerns about tourists and their cars blocking crucial roadways, loud events and proposed recreation areas that would restrict neighbors from spraying pesticides. Courts typically rule in favor of right-to-farm laws, meaning agritourism operations often have to shut down or scale back certain activities.

Hood River County, a top agritourism destination, exemplifies land use conflicts.

Heather Staten, a flower grower and policy director at Thrive Hood River, a nonprofit land use advocacy organization, said she sees "growing conflict" between agriculture and tourism.

Producers need to operate without disruptions, she said; cars blocking a driveway can limit a farmer's ability to deliver goods on time.

Another common complaint pertains to food and beverage sales.

Certain farm stands and wineries, under Oregon statute, are supposed to source ingredients primarily from the farm, but officials say establishments often exceed permit limitations and sell too much food from outside sources.

Critics include restaurants in nearby towns that are subject to higher taxes and more regulations.

"Commercially zoned restaurants may not be able to compete," said Johnson.

Some agritourism site operators, in response, say they are already over-regulated and the rules are arbitrary.

Experts say farmers and ranchers seeking to diversify their operations under the umbrella of "agritourism" should do their research before implementing new ideas.

Despite drawbacks, many industry leaders say agritourism's benefits outweigh its negatives.

"Agritourism is a wonderful way to educate people and bring them into the world of farming," said Susan Richman, board president of Friends of Family Farmers.

Chamber of Commerce seeking marketing proposals

Photographers, artists and others are invited to contribute ideas to promote Union County

By CARLOS FUENTES
The Observer

LA GRANDE — The Union County Chamber of Commerce and Union County Tourism Promotion Advisory Committee are requesting proposals for the creation and development of visual marketing assets — such as photography and videography — highlighting Union County and the surrounding area.

The purpose of these assets is to increase tourism and support local businesses.

Proposals will be accepted until Aug. 25.

Moore-Hemann

"We just want to make sure that we have a good catalogue, and it'll streamline our workflow, because we can focus on promoting the area instead of finding ways to do it," said Suzannah Moore-Hemann, executive director of the Union County Chamber of Commerce.

The organizers are calling for proposals from photographers and artists to develop a year-long project to create this portfolio, which would be placed on the Chamber of Commerce's new website and printed on marketing materials.

The project will be assigned to one or several creators who send in proposals.

Some of the tasks in the project will include capturing landscape and scenery, others will showcase Union County individuals and events.

According to Moore-Hemann, the chamber and tourism committee are eager to receive proposals from local artists.

"We're prioritizing local people," she said. "If someone came in from somewhere else and they were amazing, we probably wouldn't say no, but there's a lot of amazing local talent."

They also hope to receive multiple submissions in order to diversify the content that is created.

"If we get 20 proposals back,

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Cattle inventory numbers declining nationwide

Total inventory of all U.S. beef, dairy cattle on July 1 was down 1.3%

By CAROL RYAN DUMAS
Capital Press

SALEM — USDA's mid-year cattle inventory and cattle on feed reports were both bullish for cattle producers, showing year-over-year declines in cattle numbers.

Total inventory of all U.S. beef and dairy cattle on July 1 was down 1.3% to 100.9 million head. The number of cattle being fed for slaughter in large feedlots was also down 1.3% to 11.3 million.

The inventory report also suggests tighter supplies ahead. While the 2021 calf crop is projected to be only slightly lower year over year, the number of beef cows was down 2% and replacement beef heifers were down 2.3%.

The report also estimated feeder cattle supplies outside of large feedlots at 1.6% lower than a year earlier, with the total inventory in all feedlots, not just large ones, down 1.5%.

Both of the reports were positive in direction, and both were bullish in what was expected, said Don Close, senior animal protein analyst with Rabobank. The industry was anticipating the right direction, but the decline in numbers was more aggressive than the market anticipated.

"We actually got positive news for a change," he said.

The decline in cattle on feed showed the market is finally working through the backlog of COVID cattle. The decline in overall inventory was more of an indication of drought in the West, with producers unwilling to buy hay at high prices, he said.

Every category in the inventory report was on the low side, but the 2% decline in beef cow numbers was a big surprise, Close said.

Cattle markets are already starting to see some recovery, with fed cattle trending toward $130 per hundredweight by year's end. That price could rally to $135 in the spring, he said. Given the price of feeder cattle, there's a slug of calculated feed yard breakevens at $135 to $140, even as high as $150 from some auction prices out there, he added.

"The prices these guys are willing to pay for feeder cattle looks like they're betting it all to me," Close said.

The Chicago Mercantile Exchange feeder cattle index on 850-weight steers is in the $152 to $154 slot. Fall future prices are in the low to mid $160 level, according to Close.

"I think the market's ahead of itself, particularly with the feeding uncertainty and vulnerability in the corn market," he said.

Given the drought, Close thinks calves and feeder cattle are both going to move earlier this year. The bulk of those cattle could already have moved by October and early November. Farther out, a smaller calf crop and additional cow liquidation could bring a sizable decline in feeder cattle outside feed yards a year from now, he said.

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