

## GENERAL EXPLANATION Continued

Limited partnerships average 10.9 partners per partnership, compared with 2.4 partners per partnership for all farm partnerships. There were 1,460 limited partners or 8.2 limited partners per partnership involved in these partnerships. These partnerships averaged 8.5 households per partnership compared with 2.02 for all farm partnerships.

The concept of limited partnerships in agriculture appears to be relatively a new one. Over 92 percent of the 178 limited partnerships started farming or ranching in 1960 or later.

All of the limited partnerships responded to the contingency plan inquiry. An overwhelming majority of limited partnerships, 82 percent, indicate that they plan to continue with remaining partners, heirs, or add new partners in the event one or more of the partners withdraws or dies. Only 14 percent indicate that their operation would dissolve and their shares be distributed under such environment. Less than 4 percent of the limited partnerships are without contingency plans.

Of expected organizational changes during 1977, 1978, or 1979, 68 percent of the limited partnerships indicated that they intend to remain the same. Only 2.8 percent have plans for decreasing partners, while 7.3 percent plan to incorporate. The expected corporations will have 132 shareholders or 10.2 shareholders per corporation. However, an alarming 21.9 percent of these partnerships indicate that they plan to discontinue business.

### Partnerships by Year Began

The concept of farm partnerships is not new. Of the 80,641 farms responding to the year began inquiry, over 26,000 or 32.3 percent of these operations started

before 1960. These farms operated an average of 1,042 acres of land and had sales of over \$95,000 per farm. At the other end of the spectrum, the 44,947 farm partnerships that started after 1964, operated an average of 888 acres and had sales of almost \$77,000 per farm. More detailed data on farm partnerships by year began can be seen in table 30.

### Type of Agreement

The facsimile below shows the inquiry for type of partnership agreement. Response to this inquiry was required.

Less than 21 percent of farm partnerships have written documents drawn up by lawyers. These 17,083 partnerships account for 45,294 (23.3 percent) of the partners involved in partnerships. Over 9 percent of the partnerships have other written agreements. A major share, (69.2 percent), of farm partnerships are strictly informal, that is, the agreement is oral only. However, the larger the number of partners, the greater is the tendency to be formal. Only 27.6 percent of the partnerships with two partners have written agreements. Almost 33 percent of the

Table 5. 1976 Data on Limited Partnerships

(1974 partnerships operating in 1976)			
Limited partnerships.....	178	Contingency plans for limited partnerships:	
Partners involved.....	1,929	Continue with remaining partners.....	146
Limited partners.....	1,468	Dissolve and distribute shares.....	25
General partners:		No plans or provisions made.....	7
One or more individuals.....	144	Other.....	-
A corporation.....	29		
Other.....	5	Expected organizational changes of limited	
Limited partnerships with households.....	178	partnerships during 1977, 1978, and 1979:	
Households involved.....	1,505	No change.....	121
Limited partnerships with relatives.....	89	Add more partners.....	-
Partners involved.....	1,158	Decrease number of partners.....	5
Related partners.....	1,077	Incorporate.....	13
Partners involved in limited partnerships:		Expected number of shareholders.....	132
2 partners.....	7	Change to sole proprietorship.....	-
3 partners.....	10	Discontinue business.....	39
4 partners.....	45	Other.....	-
5 partners.....	6		
6 partners and over.....	110	Assets on limited partnerships:	
Limited partnerships by year began:		Land and buildings.....number..	178
Since 1970.....	95	Value.....\$1,000..	338,975
1965 to 1969.....	30	Average per farm.....dollars..	1,904,354
1960 to 1964.....	39	Machinery and equipment.....number..	163
1950 to 1959.....	2	Value.....\$1,000..	21,734
1940 to 1949.....	7	Average per farm.....dollars..	133,337
Before 1940.....	-	Livestock and poultry.....number..	99
Not reported.....	5	Value.....\$1,000..	39,800
		Average per farm.....dollars..	402,020

Table 6. Year Partnerships Began by Farms, Land in Farms, and Value of Agricultural Products Sold

(1974 partnerships operating in 1976)						
	Farms		Land in farms		Value of agricultural products sold	
	Number	Percent	Acres	Average per farm (acres)	Value (\$1,000)	Average per farm (dollars)
Partnerships.....	81,738	100.0	76,471,483	936	6,925,672	84,730
Since 1970.....	29,418	36.0	24,991,254	850	2,349,330	79,860
1965 to 1969.....	15,529	19.0	14,921,050	961	1,107,781	71,336
1960 to 1964.....	9,614	11.8	8,177,173	851	877,597	91,283
1950 to 1959.....	13,741	16.8	15,096,447	1,099	1,433,290	104,308
1940 to 1949.....	9,167	11.2	8,972,004	979	851,919	92,933
Before 1940.....	3,172	3.9	3,109,374	980	192,709	60,753
Not reported.....	1,097	1.3	1,204,181	1,098	113,046	103,050

### 3. What type of partnership is this?

Mark (X) ONE only

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- 1 ☐ Legal partnership (legal document drawn up by lawyers)
- 2 ☐ Other form of written agreement binding on the partners
- 3 ☐ Oral agreement only
- 4 ☐ Other arrangement - Describe