

## NewsWatch

**1031 EXCHANGE:** Money from 1031 exchanges, coupled with scenery such as this in Colorado's Jackson County, have combined to create the "perfect storm" for real estate prices throughout Colorado and Wyoming.



Photos by Sue Hodgson

# Colorado, Wyoming land values skyrocket with help from 1031s

By GARY HODGSON

**O**WNERS of agricultural land in southeastern Wyoming and northeastern Colorado have seen its value skyrocket.

In Wyoming, "we've seen an escalation of ag real estate values of 30% to 40% ... caused by Colorado's front-range sales pushing into this area," says Doug Chamberlain, managing broker for Madden Brothers Frontier Realty in Torrington, Wyo.

Irrigated farmland in several northeastern Colorado counties has gone from \$2,000 per acre to \$5,000 or more in the past couple of years.

## Key Points

- Ag land values booming in parts of Wyoming and Colorado.
- Development and recreational demands drive sales.
- 1031 like-kind exchanges help seller avoid capital gains tax.

Sellers of land owned for 20 to 40 years find themselves with a lot of cash, with prices driven by development and recreational demands, plus the pursuit of water. Sellers also find Uncle Sam waiting with a 15% capital gains tax on the increased value of that land.

The 1031 like-kind exchanges allow sellers to reinvest within

180 days and avoid the tax. That simple four-digit number elicits a wide range of emotions. Sellers are thrilled to be able to keep their money together and purchase more land elsewhere. Locals express rage when they can't compete to buy the land across the road.

## 1031 woes

One young farmer attending a recent land auction, who asked to remain anonymous, remarked, "This land will bring at least 15% more than it otherwise would because of the 1031 money here today."

It appears there may be some relief in sight.

Chamberlain points out, "In the past 15 to 18 months, I have seen more sellers who were worried about the political climate and decided to pay their capital gains tax now rather than worry about it later."

Marc Reck, owner of Reck Agri Realty and Auction, Sterling, Colo., confirms, "1031s have become less of a market factor recently."

Both agree, 1031s will continue to be a valuable resource to many who previously were critical of them.

Reck describes them as "a tool landowners can use to consolidate their operations by liquidating distant holdings and using 100% of the money to purchase that place across the road."

Hodgson writes from Brush, Colo.

## They said it



"It is my belief that agriculturally oriented people from Colorado's front range will always be coming to our area looking for a location to continue their ag heritage; 1031s are an effective tool for agricultural money to remain an ag investment."

*Allyn Wind, producer and broker, Fort Morgan, Colo.*

"1031 exchanges are difficult for banks because, in most cases, the buyer doesn't need financing for their real estate purchase. Even though the bank is not able to finance the customer, it sometimes brings a potential new customer to the area and a relationship can be developed for future business."

*Ross Edwards, Premier Farm Credit loan officer in northeast Colorado*



# Workers tell of ladder injuries



**NURSE MURF**

By HELEN MURPHY

**G**REGARIO: "It was at the end of the day reaching for that last piece of fruit.

"Down I went, breaking my back. Now, I can no longer work. I lost my house, my savings, my dreams."

Ismelda: "I knew that ladder was not safe. One step was wobbly. I asked my supervisor for another, but I was too impatient to wait for it. Overstretching to get that last piece of fruit, the ladder moved. Suddenly, I was on the ground with a broken leg. Out of work, two surgeries later with 14 screws and a metal plate, I am still in pain."

These are some of the stories workers are recounting for each other over a live talk-radio show in a new initiative to encourage workers to take ladder safety seriously.

Research on ladder injuries offers a better understanding of why falls occur. Reasons include overreaching from the upper two steps, improperly placing the ladder's third leg, slipping on icy steps or missing the last two steps.

Does lack of training, older age or inexperience play a role?

Not necessarily. The younger, experienced ladder users take the most risks. While training is essential, workers tell us accidents are more an attitudinal and behavioral issue.

To tackle this subtle aspect of safety, the Pacific Northwest

Agricultural Safety and Health Center is taking a new approach to training through the use of traditional storytelling.

Why? Our Latino workforce comes from cultures that communicate information and lessons through stories. These range from fables to the more modern novellas, or soap operas.

## Stories offer good lessons

Workers' stories about ladder injuries were gathered through a contest launched by the Spanish-language public-radio station KDNA in Granger, Wash. Four winners were selected by 10 judges.

What did we learn from their stories?

■ For workers: Slow down and pay attention. The economic loss from an accident is far more costly than forgoing wages from extra fruit. Set your ladder with care. Pay attention to holes in the ground. Check your ladder and report defects.

■ For managers: It is picking that hard-to-reach fruit that puts workers at risk. Tell them to leave it rather than lose their balance and livelihood. Don't send workers out with defective ladders.

■ For owners: Pay attention to what managers are doing. Are they pressuring workers to take chances? Are they doing the proper training? Are they inspecting their ladders?

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