

## ■ Legal Structure of U.S. Farms (Individual, Partnership, Corporation)

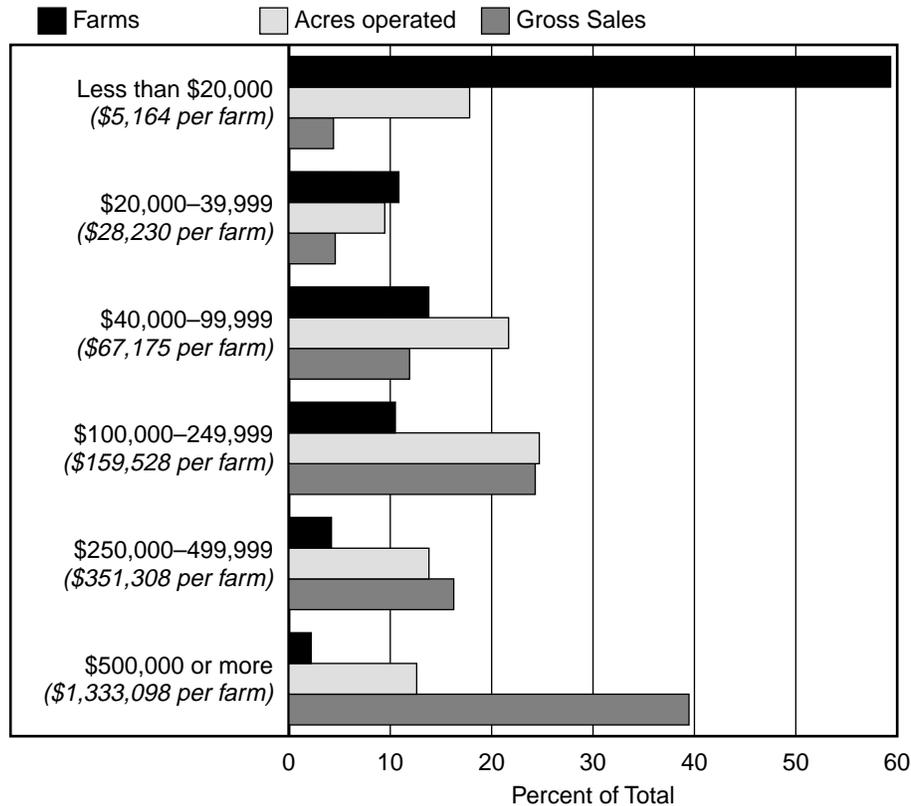
Type of organization refers to the farm's form of business organization. Farms may be broadly classified as individual or family operations, partnerships, or corporations (family and nonfamily). Farm Costs and Returns Survey data indicate that individual operations are the most common type of farm organization. Nine out of ten farms in the 1993 survey are classified as individual operations. Partnerships and corporations make up a very small share of farms. About 85 percent of farm corporations are family corporations, with more than 50 percent of the stock held by people related by blood or marriage. Individual operations, because of their large number, also account for the largest share of farmland (75 percent) and gross farm sales (64 percent).

Corporate farms have the highest average farm sales. The average value of gross farm sales by corporate farms in 1993 was \$396,000 with partnerships averaging \$197,000 or about half of corporate sales; gross farm sales for individual operations averaged \$52,000, about one-eighth of the corporate level. Average acreage is also highest for corporate farms at 1,672 acres in 1993, compared with 850 for partnerships and 362 for individuals.

Figure 2-2.

Farms, farmland, and gross farm sales, by sales class, 1993

The largest number of farms surveyed fall in the lowest sales class with less than \$20,000 of gross farm sales during the year



Source: USDA, Farm Costs and Returns Survey