Measuring Estate-Tax Exposure and Succession Liquidity in U.S. Agriculture: A Threshold Based Framework

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Abstract

Federal estate-tax exemption thresholds shape the measurement of potential estate-tax exposure and succession-stage liquidity conditions in U.S. agriculture, where land-intensive and highly leveraged operations face distinct constraints during intergenerational transfer. In this paper, we construct threshold-based measurement tools using nationally representative Agricultural Resource Management Survey (ARMS) data from 2019–2024 to quantify how alternative exemption levels map into (i) eligible farm counts, and (ii) the shares of operated acres, agricultural production, household debt, and household assets situated within estates below specified thresholds. We also construct a static exposure index translating threshold differences into potential federal estate-tax liability, holding mortality, behavioral responses, valuation discounts, and state estate/inheritance taxes constant.

We compare the measurement outcomes across three threshold regimes: Actual Law (inflation-indexed basic exclusion amounts), a higher post-2025 statutory threshold baseline, and a lower post-TCJA benchmark. Results show substantial variation in protected shares and exposure across scenarios, with the largest movements among land-intensive operations close to threshold cutoffs. These findings provide a transparent, descriptive measurement baseline for

assessing how exemption thresholds intersect with farm balance-sheet characteristics and potential exposure at succession.

Disclaimer: The findings and conclusions in this presentation are those of the authors and should not be construed to represent any official USDA or U.S. Government determination or policy.

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Introduction

Federal estate taxation directly shapes intergenerational transfer, organizational form, and capital allocation in U.S. agriculture because farms hold large and illiquid asset bases, especially land. These structural characteristics make farm estates especially sensitive to even marginal shifts in federal exemption levels, particularly in periods of accelerated demographic transition. Furthermore, the average age of U.S. farm producers reached 58.1 years in 2022, continuing a long-term aging trend that signals a wave of intergenerational transfers over the next decade (Belasco and Glauber 2024; NASS 2024). This demographic pattern implies that a growing share of agricultural assets is approaching potential transfer, which amplifies the importance of understanding which farm households fall above or below federal estate tax thresholds. Because land values and household balance-sheet characteristics vary substantially across regions and farm types, understanding how estates cross these thresholds is directly related to the conference theme of measuring heterogeneous capital inputs and farm family financial well-being.

These issues have taken on renewed urgency as demographic turnover accelerates in agriculture and as federal tax law approaches a major scheduled transition in 2026 due to the December 31, 2025 expiration of estate, gift, and generation skipping transfer tax exemptions signed into law under the 2017 Tax Cuts and Jobs Act (TCJA). As a result, the interaction between demographic pressures and statutory tax thresholds now plays a central role in shaping planning horizons for family farm businesses. Threshold levels determine whether estates transfer without federal estate tax liability or whether heirs must obtain liquidity to satisfy obligations at death. Absent new legislation, the TCJA exemptions revert in 2026 to pre-2018 levels based on a five million dollar base indexed for inflation, which is approximately seven million dollars per individual (IRS 2026; Husch Blackwell 2024).

Producers faced a high stakes policy environment in which multi-million dollar valuation differences could determine whether estates remained solvent during transfer. The prospect of a sharp reduction in exemption levels generated significant uncertainty for longer term planning, especially among land intensive and low liquidity operations whose asset values frequently approach federal thresholds.

On July 4, 2025, the One Big Beautiful Bill Act permanently set the Basic Exclusion Amount at fifteen million dollars per individual beginning January 1, 2026, with portability and indexing. This eliminated sunset related uncertainty and established a higher benchmark for long horizon planning (Kaufman 2025; Constantine, Koss, and Rosenstock 2025; Gale et al. 2026). The economic stakes intensified as capital costs surged. Prices of new farm machinery increased by more than twenty percent between 2021 and 2023, and farmland values increased at rates near four to five percent per year in the recent period (Schnitkey et al. 2025; USDA ERS 2026). Because the Basic Exclusion Amount determines the boundary below which estates face no federal estate tax, even small changes in its level can sharply alter families' liquidity needs at transfer (KPMG 2025; Baker Tilly 2025). This boundary is particularly consequential in agriculture, where farm real estate comprises the majority share of total farm assets and is difficult to liquidate without operational disruption (USDA ERS 2026). These structural features mean that federal estate-tax thresholds effectively serve as measurement boundaries for the distribution of agricultural wealth and liquidity. This connects directly to the NBER's emphasis on measuring the valuation of land as a capital input, the liquidity constraints facing farm households, and the financial conditions that shape the continuity of farm operations.

In addition, because ARMS data incorporate substantial cross-sectional variation in land values, production practices, and household finances, our threshold-based measurement provides insight

into how spatial and structural heterogeneity in the agricultural sector maps into farm succession liquidity risks—reinforcing several core themes highlighted in the NBER call for papers.

Measurement contributions of the study

Understanding how alternative thresholds shift farms and agricultural wealth across eligibility boundaries is critical for evaluating sector-wide exposure to federal estate taxation. In this context, our paper makes three main contributions to the literature. First, we develop a measurement oriented empirical baseline that maps alternative estate tax exemption thresholds to the coverage of U.S. family farms and their resource base. Second, we quantify changes in eligible farm counts and protected shares of operated acres, value of production, household debt, and household assets across policy scenarios. Third, we construct a static exposure index that translates threshold differences into sector level potential federal estate tax risk.

Data scope and overview of results

The empirical baseline is constructed using Agricultural Resource Management Survey data for 2019 through 2024. The sample begins in 2019, which is the first year following implementation of the 2018 Farm Bill, and extends through 2024, which is the most recent year for which ARMS data are available. This period spans the full post 2018 Farm Bill environment and captures the most recent asset and debt distributions prior to the scheduled 2026 federal tax transition. ARMS is the primary federal source for national measurement of farm household finances and production practices, and the 2024 update has been released and documented by the Economic Research Service (USDA ERS 2026a; USDA ERS 2026b). Our key findings indicate that higher estate tax exemption thresholds increase the shares of farms, assets, acreage, production, and debt that are shielded from estate taxation, whereas lower thresholds reduce the shares of protected wealth and increase potential estate tax exposure. These effects are most pronounced

among larger farms near exemption cutoffs, where threshold changes substantially affect eligibility and exposure.

By linking alternative exemption thresholds to farm household characteristics and financial resources, our analysis provides a transparent measurement of the extent to which farm wealth and liabilities are shielded under competing threshold regimes. These measures offer a benchmark for evaluating how thresholds intersect with the sector's illiquid assets and leverage, and they offer a reference for farmers, advisors, and other stakeholders who seek to anticipate succession stage liquidity conditions.

Alignment with the NBER measurement agenda

The focus on threshold-based measurement connects directly with the conference emphasis on measuring farm family well-being, valuation of land as a capital input, and the challenges that arise due to heterogeneity in products, spatial price dispersion, and differences in growing practices. The measurement of protected shares and static exposure contributes to the broader agenda of quantifying sector size and the productivity of inputs using nationally representative data and carefully defined metrics (NBER 2026 CFP).

Moreover, because estate-tax thresholds determine whether land and other illiquid assets must be encumbered or liquidated at transfer, these measures speak directly to farm household well-being. The ARMS data also capture regional variation in land values, asset composition, and farm size—features emphasized in the call for papers as key measurement challenges in the agricultural economy. Our framework therefore provides a consistent measurement baseline for linking federal tax thresholds to underlying spatial and structural disparities in agricultural wealth.

The next section builds on this motivation and discusses the research relevance in the tax policy context. The following section describes the ARMS data and the threshold scenarios and presents comparative estimates of coverage and exposure across major components of farm household balance sheets. We then summarize the findings and discuss measurement implications.

Measurement context and statutory reference

Several features of the federal estate tax environment are central to interpreting our scenarios. Under the Tax Cuts and Jobs Act, the doubled Basic Exclusion Amount applied through tax year 2025 and otherwise reverts in 2026 to pre-2018 levels indexed for inflation, which is approximately seven million dollars per individual. The One Big Beautiful Bill Act permanently sets the Basic Exclusion Amount at fifteen million dollars beginning in 2026, retains portability, and maintains the forty percent rate. The permanency and expansion of the exclusion have distinct implications for estate tax measurement across the distribution of farm households (Kaufman 2025; Constantine, Koss, and Rosenstock 2025; Gale et al. 2026; KPMG 2025; Baker Tilly 2025; IRS 2026). Together, these statutory provisions define the federal landscape within which farm succession decisions unfold.

These threshold dynamics intersect with longstanding structural challenges in farm succession, where barriers to continuity have persisted for decades (Liu, Maule, and Zhang 2023; Haws, Just, and Price 2024). Recent data provide a contemporary complement to these long run patterns. Evidence shows that engagement in estate and succession planning declined between the 2017 and 2022 Censuses of Agriculture, and participation increases systematically with farm size and sales (Giri, Subedi, and Callahan 2026). Strategic risk syntheses position succession planning as integral to long run risk management, complementing savings behavior, off farm income, and

insurance which instead help to mitigate intra-annual fluctuations in farm income (Baldwin, Miller, and Todd 2026).

Beyond household level financial planning, research increasingly highlights the operational consequences of succession identification. Empirical work shows that identified successors influence management strategies and long run investment behavior, which underscores the economic stakes of successful transitions (Bertolozzi Caredio 2024).

Federal estate tax thresholds interact directly with these organizational and behavioral factors by influencing the liquidity required for intergenerational transfer. Policy initiatives such as the Heirs' Property Relending Program, which was authorized in the 2018 Farm Bill and implemented in 2021, aim to reduce succession frictions by financing the resolution of title issues and succession plans. These efforts reinforce the centrality of transitions in farm viability (USDA Farmers.gov 2026; USDA FSA 2021). Such programs address administrative bottlenecks, while federal exemption level determine the financial feasibility of transfers once title and succession structures are in place.

The Economic Research Service (ERS) report that expiration of temporary provisions would raise federal income and estate tax liabilities with heterogeneous effects across farm sizes (McDonald and Durst 2024). These insights highlight the need for transparent and nationally representative benchmarks that link threshold scenarios to concrete measures of estate tax exposure across farms of varying size and structure. Our analysis directly addresses this need by quantifying how alternative federal thresholds reallocate farms and resources across eligibility boundaries using ARMS data and published ERS releases and revisions (USDA ERS 2026a; USDA ERS 2026b).

Data

We use the USDA's annual Agricultural Resource Management Survey (ARMS) data from 2019 through 2024. ARMS provides data on both farms and farm households on farm-level financials, production, and household demographics. ARMS is also the Federal government's primary source of data for farm household finance and production practices and underpins policy simulations (USDA ERS 2026a). ARMS is a nationally representative data set, and our analysis starts from 2019 to incorporate both changes in tax laws as well as capture the implementation period of the current Farm Bill, which was passed in 2018. The most recent year for which ARMS data is available is 2024. Prior studies on farm household finance and tax policy widely rely on ARMS data, and the ARMS data product itself is the standard reference for farm finance and production practices.

Method

To assess how alternative federal estate tax exemption thresholds affect potential estate tax exposure, we construct policy-specific threshold scenarios and corresponding coverage metrics. The estate tax exemption thresholds are set at the household level and adjusted for marital status to reflect portability. The following three scenarios are evaluated:

i. Actual Law (2019–2024): IRS inflation-indexed BEA for each year (e.g., $11.40M in 2019 and $13.61M in 2024), doubled via portability.

ii. OBBBA scenario (counterfactual): $15M BEA ($30M for married via portability) effective 2026, applied to pre-law ARMS data (2019–2024) to quantify baseline coverage under higher thresholds.

iii. TCJA sunset scenario (counterfactual): BEA reverts in 2026 to pre-2018 levels, indexed (≈$7M single, ≈$14M married).

For each scenario and year, we compute (i) eligible farm counts, (ii) farm characteristics: acres, value of production, household debt, and household assets held by covered estates, and (iii) a static exposure measure that aggregates 40% of taxable excess over thresholds. Estimates use reported household assets as proxies for estate value; they do not incorporate valuation discounts, step-up basis, mortality, behavioral responses, or state-level estate/inheritance taxes.

Mathematically, let A_{it} denote household assets and T_{it} the applicable threshold for the farm i in year t. The eligibility indicator and coverage shares become:

$$\mathbb{1}_{it}(T) \equiv \mathbf{1}\{A_{it} \leq T_{it}\} \qquad (1)$$

The share of the sector's metric m (count, acres, output, debt, assets) covered under the scenario T is represented as:

$$S_t^{(m)}(T) \equiv \frac{\sum_i \mathbb{1}_{it}(T)\, M_{it}^{(m)}}{\sum_i M_{it}^{(m)}} \qquad (2)$$

Farm-level static estate-tax exposure under scenario $T$is

$$e_{it}(T) \equiv 0.40 \cdot \max(A_{it} - T_{it}, 0) \qquad (3)$$

where the static exposure aggregates 40% of the weighted taxable excess over thresholds.

Then, the aggregate exposure index is

$$E_t(T) \equiv \sum_i e_{it}(T) \qquad (4)$$

Finally, the percent change relative to the Actual Law (ϵ_t) can be obtained as:

$$\epsilon_{it}(T_a, T_b) \equiv \frac{E_{it}(T_b) - E_{it}(T_a)}{E_{it}(T_a)} \qquad (5)$$

where $E_{it}(T_b)$ and $E_{it}(T_a)$ are the static exposure thresholds for the baseline (Actual Law) and alternative scenarios.

Results

Table 1 shows the number of farms eligible under each threshold scenario, along with the percent of all farms in parentheses. The table indicates that eligible farm counts shift only modestly across threshold scenarios, suggesting that the distribution of household asset values places most farms either well below or well above the thresholds. Even modest differences in eligibility, however, imply important differences in the composition of farms included within protected estates, particularly when considering the size of operations.

Table 1 shows that OBBBA slightly expands eligibility relative to Actual Law, while the TCJA sunset scenario lowers eligibility. For example, in 2019, OBBBA added about 2,170 eligible farms compared with Actual Law (1,471,616 vs. 1,469,446). In contrast, the sunset scenario reduces eligibility by 11,207 farms (1,458,239 vs. 1,469,446). In 2024, OBBBA increases eligible farms by 1,167 relative to Actual Law (1,334,861 vs. 1,333,694), while the sunset scenario reduces eligibility by 23,870 farms. These patterns show that even small count differences matter, because farms moving in and out of eligibility differ substantially in their land, production, debt, and asset holdings.

Table 1. Eligible farms under alternative threshold scenarios, 2019–2024

Year	Actual Law	OBBBA	Sunset	All farms
2019	1,469,446 (72.9%)	1,471,616 (73.0%)	1,458,239 (72.4%)	2,015,068
2020	1,448,123 (72.1%)	1,450,700 (72.1%)	1,440,028 (71.7%)	2,010,664
2021	1,451,933 (72.5%)	1,454,959 (72.6%)	1,436,364 (71.7%)	2,003,754
2022	1,410,551 (74.6%)	1,413,451 (74.7%)	1,395,380 (73.7%)	1,892,301
2023	1,376,175 (72.9%)	1,379,635 (73.0%)	1,355,912 (71.8%)	1,889,800
2024	1,333,694 (70.9%)	1,334,861 (71.0%)	1,309,824 (69.7%)	1,880,021

Notes: Units are counts; share of all farms in parentheses.
Source: USDA, Economic Research Service calculations using USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2019–2024 Agricultural Resource Management Survey data.

Table 2 shows the number of acres operated by eligible farms, along with the percent of all operated acres in parentheses. The table demonstrates that differences in threshold levels produce large differences in the amount of land situated inside protected estates. The OBBBA scenario consistently increases the share of the nation's farmland included under the threshold, while the sunset scenario reduces it substantially.

The values in Table 2 suggest that land-intensive operations are disproportionately sensitive to threshold changes. For example, in 2019, OBBBA expanded covered acres by 12.4 million (552.7 million vs. 540.3 million under Actual Law), while the sunset scenario reduced coverage by 35.1 million (505.2 million vs. 540.3 million). In 2021, OBBBA covers 531.9 million acres,

9.8 million more than Actual Law, whereas the sunset scenario includes only 481.6 million, 40.5 million fewer than under Actual Law. By 2024, the sunset reduction reaches 83.5 million acres (490.3 million vs. 573.8 million). These numbers highlight how threshold levels alter the land base that can transfer without the possibility of tax-induced liquidation.

Table 2. Acres operated by eligible farms, 2019–2024

Year	Actual Law	OBBBA	Sunset	All farms
2019	540.3 (67.8%)	552.7 (69.4%)	505.2 (63.4%)	796.5
2020	552.6 (66.4%)	562.6 (67.6%)	526.6 (63.3%)	832.1
2021	522.1 (59.6%)	531.9 (60.7%)	481.6 (55.0%)	875.8
2022	532.1 (63.5%)	544.7 (65.0%)	493.5 (58.9%)	838.8
2023	532.1 (59.5%)	545.6 (61.1%)	482.9 (54.0%)	893.8
2024	573.8 (65.1%)	579.1 (65.7%)	490.3 (55.6%)	881.8

Notes: Units are million acres; share of all acres in parentheses.
Source: USDA, Economic Research Service calculations using USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2019–2024 Agricultural Resource Management Survey data.

Table 3 shows the value of agricultural production associated with eligible farms, along with the percent of total production in parentheses. The table demonstrates that OBBBA consistently increases the proportion of national agricultural output produced by farms falling under the threshold, while the sunset scenario decreases it by considerable margins. These differences illustrate how threshold levels influence not just land and assets but also annual agricultural activity.

In 2019, OBBBA raises covered production by $6.9 billion (225.1 vs. 218.2 billion), increasing the share from 64.4% to 66.4%, while the sunset scenario reduces covered production by $17.7

billion (200.5 vs. 218.2 billion). In 2022, one of the highest-output years, OBBBA expands covered production by $9.3 billion (288.5 vs. 279.2 billion), while the sunset scenario excludes $27.9 billion relative to Actual Law. In 2024, OBBBA covers 318.5 billion, compared with 314.8 billion under Actual Law; the sunset scenario covers 273.4 billion, a reduction of $41.4 billion. These patterns show that OBBBA incorporates more production-oriented farms into protected status, whereas sunset provisions shift large volumes of output outside the threshold.

Table 3. Value of production associated with eligible farms, 2019–2024

Year	Actual Law	OBBBA	Sunset	All farms
2019	218.2 (64.4%)	225.1 (66.4%)	200.5 (59.2%)	339.0
2020	223.7 (60.7%)	231.5 (62.8%)	205.1 (55.6%)	368.9
2021	240.9 (59.1%)	248.0 (60.9%)	218.5 (53.6%)	407.5
2022	279.2 (61.9%)	288.5 (64.0%)	251.3 (55.8%)	450.7
2023	303.3 (61.5%)	307.0 (62.2%)	269.6 (54.7%)	493.4
2024	314.8 (62.4%)	318.5 (63.1%)	273.4 (54.2%)	504.7

Notes: Units are billions of dollars; share of all production in parentheses.
Source: USDA, Economic Research Service calculations using USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2019–2024 Agricultural Resource Management Survey data.

Table 4 shows the amount of household debt carried by farms meeting eligibility criteria, along with the share of all farm household debt in parentheses. The table demonstrates that maintaining higher threshold levels substantially increases the portion of total farm debt situated within protected estates. Because debt is central to succession-stage liquidity risks, these increases have direct implications for the likelihood of forced asset sales.

Values from Table 4 show that OBBBA consistently raises covered debt by $3–$6 billion per year. For example, in 2019, the debt covered increased by $3.5 billion (335.5 vs. 332.0 billion) and raised the share from 78.5% to 79.4%. In 2022, OBBBA expanded its covered debt by $5.9 billion (337.6 vs. 331.7 billion), while the sunset scenario reduced it by $21.6 billion (310.1 vs. 331.7 billion). In 2024, the sunset scenario reduces covered debt by $32.7 billion (306.6 vs. 339.3 billion), lowering the share from 75.7% to 68.4%. These changes illustrate how threshold levels affect the degree to which debt-heavy operations are shielded from tax exposure.

Table 4. Household debt carried by eligible farms, 2019–2024

Year	Actual Law	OBBBA	Sunset	All farms
2019	332.0 (78.5%)	335.5 (79.4%)	318.1 (75.2%)	422.7
2020	302.4 (76.7%)	306.6 (77.7%)	290.0 (73.6%)	394.4
2021	307.3 (76.7%)	312.5 (78.0%)	291.4 (72.8%)	400.4
2022	331.7 (77.7%)	337.6 (79.1%)	310.1 (72.7%)	426.7
2023	321.2 (78.1%)	325.6 (79.2%)	302.5 (73.5%)	411.4
2024	339.3 (75.7%)	341.0 (76.1%)	306.6 (68.4%)	448.1

Notes: Units are billions of dollars; share of all household debt in parentheses.
Source: USDA, Economic Research Service calculations using USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2019–2024 Agricultural Resource Management Survey data.

Table 5 shows the amount of household assets held by eligible farms, along with the percent of all farm household assets in parentheses. The table shows that threshold levels yield the largest changes in asset coverage compared with other metrics. OBBBA materially increases the share of total farm wealth under protected status, whereas the sunset scenario sharply contracts it,

indicating that threshold changes have substantial implications for the estate values likely to be exposed to federal taxation.

The magnitude of these effects is most clearly seen in the 2022 and 2024 values. In 2022, OBBBA covers $3.5 trillion, compared with $3.4 trillion under Actual Law, a difference of $0.1 trillion, while the sunset scenario covers $3.1 trillion, $0.4 trillion less than Actual Law. By 2024, OBBBA covers $3.8 trillion, compared with $3.8 trillion under Actual Law but with a higher share due to changes in the distribution of asset holdings across the sample. The sunset scenario covers $3.3 trillion, with a covered share of 61.0%, compared with 69.0% under Actual Law. These declines reflect the substantial wealth that transitions from protected to potentially taxable status under lower thresholds.

Table 5. Household assets covered by eligible farms, 2019–2024

Year	Actual Law	OBBBA	Sunset	All farms
2019	$2.8T (73.7%)	$2.9T (75.2%)	$2.6T (68.5%)	$3.8T
2020	$2.7T (71.5%)	$2.8T (73.4%)	$2.5T (67.7%)	$3.8T
2021	$3.2T (70.3%)	$3.3T (72.0%)	$2.9T (64.5%)	$4.5T
2022	$3.4T (71.8%)	$3.5T (73.5%)	$3.1T (66.1%)	$4.7T
2023	$3.4T (68.1%)	$3.5T (70.0%)	$3.1T (61.1%)	$5.0T
2024	$3.8T (69.0%)	$3.8T (69.7%)	$3.3T (61.0%)	$5.5T

Notes: Units are trillions of dollars; share of all household assets in parentheses.
Source: USDA, Economic Research Service calculations using USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2019–2024 Agricultural Resource Management Survey data.

Static Estate-Tax Exposure

Table 6 shows the aggregate static estate-tax exposure for all farms, along with the percent change relative to Actual Law in parentheses. The table demonstrates that higher thresholds substantially reduce the index of potential liability, while lower thresholds increase it sharply. These results highlight how threshold levels map into sector-wide exposure risks, reflecting the aggregate consequences of household-level differences observed in assets, debt, and land holdings.

Quantitatively, the OBBBA scenario reduces exposure by $12.9 billion in 2019 (26.8 vs. 39.7 billion), a 32.4% decrease, and by $14.8 billion in 2022 (49.6 vs. 64.4 billion), a 23.0% decrease. Meanwhile, the sunset scenario increases exposure by $37.5 billion in 2019 (77.2 vs. 39.7 billion), a 94.5% increase, and by $77.0 billion in 2024 (134.2 vs. 57.2 billion), a 134.8% increase. These values illustrate how threshold reductions would expose significantly larger shares of sector wealth to potential taxation.

Table 6. Static estate-tax exposure, 2019–2024

Year	Actual Law	OBBBA	Sunset
2019	39.7	26.8 (–32.4%)	77.2 (+94.5%)
2020	22.7	14.9 (–34.4%)	51.6 (+127.3%)
2021	41.5	30.2 (–27.1%)	83.4 (+101.1%)
2022	64.4	49.6 (–23.0%)	119.0 (+84.8%)
2023	104.9	92.8 (–11.5%)	179.4 (+71.0%)
2024	57.2	50.7 (–11.3%)	134.2 (+134.8%)

Notes: Units are billions of dollars; percent change vs. Actual Law in parentheses.

Source: USDA, Economic Research Service calculations using USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2019–2024 Agricultural Resource Management Survey data.

Conclusion

This paper provides a national measurement baseline for understanding how federal estate tax exemption thresholds intersect with farm balance sheet characteristics in U.S. agriculture. Using ARMS data from 2019 through 2024, we measure how alternative threshold regimes shift the shares of farms, acres, agricultural production, household debt, and household assets situated below federal exemption levels. We also construct a static exposure index that translates threshold differences into potential federal estate tax liability.

The results show that threshold variation produces systematic and economically meaningful differences in measured exposure, with land intensive operations near cutoff points exhibiting the largest movements across scenarios. These measurement patterns reflect the structural role of land values, debt, and asset heterogeneity in the farm sector, together with demographic pressures associated with an aging producer population (Belasco and Glauber 2024; NASS 2024). The findings complement recent evidence on declining engagement in succession planning and research on how succession identification shapes managerial strategies and investment behavior (Giri, Subedi, and Callahan 2026; Bertolozzi Caredio 2024).

Interpretation of these measurements should consider several limitations in the approach. The analysis uses household assets as proxies for estate value, which may not fully capture actual estate valuations. It also excludes behavioral responses, which could influence how farms plan for taxes and succession. Mortality patterns are not modeled, so the timing of transfers is not incorporated. In addition, state-level estate or inheritance taxes are not included, even though they can significantly affect total tax exposure.

Future research can strengthen this measurement framework by adding mortality risk, valuation adjustments, and interactions between federal and state threshold regimes. Despite these limitations, the results help advance the measurement of farm household financial conditions and exposure risk using nationally representative data. They provide a clear view of how federal estate-tax thresholds shape potential exposure for U.S. farm estates. This reinforces the broader measurement agenda of quantifying how structural heterogeneity, land valuation, and liquidity constraints interact within the agricultural economy—key priorities identified in the NBER conference call.

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