Property Rights on the Farm: Five Recent Cases Every Landowner Should Understand

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Overview

Property rights are fundamental to farming and ranching. But what those rights actually include (and how secure they are) can become complicated when family disputes, government regulation, utility easements, property-tax valuation, or development agreements enter the picture.

Five recent cases illustrate different aspects of the problem. Taken together, they provide an important reminder: owning agricultural land does not necessarily mean having unlimited control over it, and the precise nature of a landowner's legal rights often depends upon the source and scope of those rights.

A Family Member May Not Have Authority to Act for the Farm

Family farm disputes can become particularly complicated when ownership of farmland is held through a corporation, trust, or other entity.

In *O'Farrell v. Grand Valley Hutterian Brethren*,[1] a South Dakota family dispute involved approximately 1,000 acres of family farmland, a family corporation, a living trust, and a disputed $3.2 million sale of farmland to a third party. One of the children challenged the transaction, alleging that his brother had improperly influenced their father and interfered with the family's estate plan.

The child attempted to assert claims not only individually, but also on behalf of the family corporation and his mother's estate. The problem was that he did not have the legal authority to represent those entities.

The South Dakota Supreme Court concluded that he could not sue on behalf of the corporation because he was not an officer, director, or shareholder. The court also determined that because he was not a party to the land-sale contract, he could not seek to rescind it.

The lesson for farm families is important. Being a family member - or even a beneficiary - does not necessarily give someone authority to act for a corporation, trust, estate, or other legal entity.

> **Observation:** Farm families using corporations, LLCs, trusts, and other structures should clearly identify who has authority to act for each entity. When a family dispute arises, that authority can become just as important as the underlying merits of the dispute.

[1] No. 31101, 2027 S.D. LEXIS 100 (S.D. Sup. Ct. Jul. 9, 2026).

An Easement Is Not Necessarily a Blank Check

Agricultural land frequently contains easements for electric lines, pipelines, roads, drainage, telecommunications, and other purposes. A landowner may accept an easement for one purpose without necessarily surrendering unlimited rights to the easement holder.

That principle was at issue in *Boerschig v. Rio Grande Electric Cooperative, Inc.*,[2] a Texas Supreme Court decision. An electric line had crossed a ranch since 1947. When the ranch was purchased, the existing line was visible. Decades later, however, the electric cooperative substantially upgraded the line, tripling the number of poles and nearly doubling the number of wires in connection with serving new customers and a new substation.

The Texas Supreme Court concluded that the cooperative had an easement by estoppel because the original landowner had represented that an easement existed and the cooperative had relied upon that representation. But the existence of an easement did not give the cooperative unlimited authority. The Court concluded that the substantial upgrade went beyond the scope of the easement and constituted a trespass. The ranch owner's knowledge of the original power line did not mean that the owner had authorized a dramatic expansion of the utility's use.

> **Observation:** For agricultural landowners, the takeaway is straightforward: an easement must be examined according to its purpose, historical use, and actual scope. When purchasing farmland, the buyer should carefully review recorded easements rather than simply noting that an easement exists. What does it permit? For whose benefit? For what purpose? Does it contain limitations on expansion or modification? An easement may provide significant rights to another party while still leaving the landowner with substantial property rights that cannot simply be disregarded.

Agricultural Land Valuation Can Affect the Property-Tax Burden

Property-tax valuation presents another dimension of agricultural property rights. In *A&P Ranch LTD, et al. v. Cochise County*,[3] the Arizona Supreme Court considered the valuation of agricultural land containing permanent crops. The county valued qualifying agricultural property using the state's statutory agricultural income approach. It then separately valued orchard trees at $12,000 per acre and vineyard vines at $8,000 per acre using standard market appraisal techniques. The landowners challenged that methodology.

The Arizona Supreme Court ruled in their favor. The Court concluded that the statutory income approach was the exclusive method for valuing qualifying agricultural property. The economic contribution of the permanent crops was already reflected in the productive income of the property. Adding a separate market value for the trees or vines effectively applied two different valuation methods to the same agricultural property.

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[2] No. 24-0213, 2026 Tex. LEXIS 455 (Tex. Sup. Ct. May 22, 2026)
[3] No. CV-25-0217-PR, 2026 Ariz. LEXIS 257 (Ariz. Sup. Ct. Jul. 24, 2026).

The broader issue is significant for agricultural landowners. The valuation methodology used by a taxing authority can be just as important as the final number appearing on the assessment.

> **Observation:** Farmers should understand the statutory basis for agricultural valuation in their state and determine whether the assessor is applying the required methodology. When special agricultural valuation rules apply, a landowner should not automatically assume that every component contributing to farm productivity can be separately added to the taxable value of the land. The Arizona case demonstrates why the methodology itself deserves scrutiny.

Can Government Change the Rules After You Have Invested?

Farmers and ranchers routinely make long-term investments based upon existing land-use regulations, zoning classifications, development agreements, permits, and other governmental representations. But what happens when the government later changes course?

That question arose in *Campbell Farming Corporation v. Town of Edgewood,*[4] involving approximately 1,288 acres in New Mexico. More than two decades earlier, a farming corporation and the town had entered into an annexation and development agreement governing development of the property.

The corporation later sought to divide the property into five parcels. The town's Planning and Zoning Commission initially approved the subdivision but subsequently reversed course, citing concerns that included water resources. The farm challenged that reversal, claiming that it relied upon the agreement and the development rules then in effect when it invested substantial resources in planning the property. The farm argued that the government should not be permitted to enter into a binding development agreement, allow the landowner to rely upon it, and then later change the rules when development became politically unpopular. The case, however, was dismissed on procedural grounds.

The case therefore does not establish a broad substantive rule that governmental development agreements can never be changed. But it does highlight a significant issue for agricultural landowners: long-term property investments can be affected by changes in governmental policy and regulation.

> **Observation:** Farmers and ranchers contemplating development, subdivision, commercial uses, or other major changes to agricultural property should carefully document the governmental approvals and agreements upon which they are relying. They should also understand the legal nature of those governmental commitments and what remedies may exist if the government later changes position.

Property Ownership Does Not Guarantee Future Development Rights

The Campbell Farming dispute also connects with another recent case, *Warren Livestock, LLC v. Board of County Commissioners*,[5] from Wyoming. There, county officials adopted new regulations designed to protect an aquifer

[4] No. 1:25-cv-01088-KWR-GBWm 2026 U.S. Dist. LEXIS 162310 (D. N.M. Jul. 22, 2026)
[5] 2026 WY 76 (Wyo. Sup. Ct. 2026).

supplying drinking water to the area. Among other things, the regulations imposed a 35-acre minimum lot size within a designated zone. Affected ranchers and other landowners challenged the regulations, arguing that the restrictions interfered with their ability to subdivide and develop their property.

The Wyoming Supreme Court rejected the challenge. The Court concluded that counties have broad zoning authority to protect public health, safety, and welfare, including groundwater resources. Importantly, the Court also concluded that an expectation of being able to subdivide or develop property in the future does not constitute a vested property right.

That distinction is critical. A landowner may own the land today and have substantial rights to use it in its present manner. But that does not necessarily mean the landowner has a vested right to every potential future use of the property. For farmers and ranchers, this means that future development potential should not automatically be treated as a guaranteed property right.

> **Observation:** Before purchasing land with plans for subdivision, development, additional residences, commercial activities, or other changes in use, a purchaser should investigate not only the current zoning classification but also comprehensive plans, groundwater regulations, subdivision requirements, environmental restrictions, and other governmental controls.

Summary

These five cases involve very different legal issues, but they share a common theme: property rights must be defined with precision. A family member may have an economic interest in a farm but lack authority to sue for the corporation or estate. A utility may have an easement but lack authority to expand its use beyond the scope of that easement. A landowner may qualify for a favorable agricultural valuation methodology that limits how the assessor can value components of the property. A landowner may have relied upon governmental development rules without necessarily having an absolute right to future development. And owning agricultural land does not necessarily create a vested right to every conceivable future use.

For farmers and ranchers, these issues emphasize the importance of due diligence and documentation. Before purchasing agricultural land, examine the title, easements, zoning, governmental restrictions, development agreements, and valuation rules. When land is held through an entity or trust, identify exactly who owns the property and who has authority to act. When substantial investments are made in reliance upon governmental approvals, preserve the documentation demonstrating what was promised and what the landowner relied upon.

Agricultural land is more than an economic asset. It is also a bundle of legal rights - and those rights may be narrower, broader, or different from what a landowner initially assumes.

Understanding exactly what those rights are is essential for protecting the farm and ranch property for the future.