CPA Practice **Advisor**

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

are well-built and totally functional, and aren't as complicated or expensive to repair as more recent models that run on sophisticated software.

Jan. 08, 2020



Kris Folland grows corn, wheat and soybeans and raises cattle on 2,000 acres near Halma in the northwest corner of Minnesota, so his operation is far from small. But when he last bought a new tractor, he opted for an old one — a 1979 John Deere 4440.

He retrofitted it with automatic steering guided by satellite, and he and his kids can use the tractor to feed cows, plant fields and run a grain auger. The best thing? The tractor cost \$18,000, compared to upward of \$150,000 for a new tractor. And Folland doesn't need a computer to repair it. "This is still a really good tractor," said Folland, who owns two other tractors built

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

recent models that run on sophisticated software.

"It's a trend that's been building. It's been interesting in the last couple years, which have been difficult for ag, to see the trend accelerate," said Greg Peterson, the founder of Machinery Pete, a farm equipment data company in Rochester with a website and TV show.

"There's an affinity factor if you grew up around these tractors, but it goes way beyond that," Peterson said. "These things, they're basically bulletproof. You can put 15,000 hours on it and if something breaks you can just replace it."

BigIron Auctions, a Nebraska-based dealer that auctioned 3,300 pieces of farm equipment online in two days last month, sold 27 John Deere 4440 tractors through 2019.

The model, which Deere built between 1977 and 1982 at a factory in Waterloo, Iowa, was the most popular of the company's "Iron Horse" series of tractors, which used stronger and heavier internal components to support engines with greater horsepower. The tractors featured big, safe cabins, advancing a design first seen in the 1960s that is now standard.

A sale of one of those tractors in good condition with low hours of use — the tractors typically last for 12,000 to 15,000 hours — will start a bidding war today. A 1980 John Deere 4440 with 2,147 hours on it sold for \$43,500 at a farm estate auction in Lake City in April. A 1979 John Deere 4640 with only 826 hours on it sold for \$61,000 at an auction in Bingham Lake in August.

"Those older tractors that had good care and good maintenance, that's good property," said Mark Stock, co-founder of BigIron.

The tractors have enough horsepower to do anything most farmers need, and even at

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

There are some good things about the software in newer machines, said Peterson. The dealer will get a warning if something is about to break and can contact the farmer ahead of time to nip the problem in the bud. But if something does break, the farmer is powerless, stuck in the field waiting for a service truck from the dealership to come out to their farm and charge up to \$150 per hour for labor.

"That goes against the pride of ownership, plus your lifetime of skills you've built up being able to fix things," Peterson said.

The cheaper repairs for an older tractor mean their life cycle can be extended. A new motor or transmission may cost \$10,000 to \$15,000, and then a tractor could be good for another 10 or 15 years.

Folland has two Versatile 875s manufactured in the early 1980s in Winnipeg and bought a John Deere 4440 last year with 9,000 hours on it, expecting to get another 5,000 hours out of it before he has to make a major repair.

"An expensive repair would be \$15,000 to \$20,000, but you're still well below the cost of buying a new tractor that's \$150,000 to \$250,000. It's still a fraction of the cost," Folland said. "That's why these models are so popular. They've stood the test of time, well built, easy to fix, and it's easy to get parts."

He also said the modifications to newer diesel engines on tractors can cause mechanical problems, and the carbon footprint of an older tractor can be mitigated by using biodiesel, which is produced from soybeans grown in Minnesota and extends the life of an engine because it includes better lubricants than conventional diesel fuel.

Combine all that with nostalgia for the tractors of a farmer's youth, and 30- or 40year-old tractors are in high demand. That's a shift from 30 years ago, Peterson said. In 1989, 30-year-old tractors really were antiques. A 1959 tractor at that point would

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

"The main reason we do this is to make money," Folland said. "Older equipment is a way to reduce your cost per bushel to become more profitable."

©2020 Star Tribune (Minneapolis)

Visit the Star Tribune (Minneapolis) at www.startribune.com

Distributed by Tribune Content Agency, LLC.

Small Business • Technology

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

 \odot 2024 Firmworks, LLC. All rights reserved