

# 2015 River Valley Extension District Lease Survey Summary

Rapidly changing commodity prices and land values have made determining an equitable lease arrangement more challenging than ever in Kansas. Landowners and tenants frequently turn to K-State Research and Extension offices for information on the “going rates” of pasture and cropland leases.

K-State Research and Extension, River Valley District #4 (RVED) recognizes the value of local rental rate information and began conducting an annual, district-wide lease survey in the fall of 2012. The survey is sent to two landowners and/or tenants in each of the townships within the four counties that comprise the RVED to get a broad, cross-section response that represents the common terms for district leases. A total of 166 surveys were sent to this group. In addition, RVED Agriculture Program Development Committee members, RVED Governing Board members, and North Central Kansas Farm Management Association members within the district are invited to complete the survey. Forty surveys were sent out this way. In all, 207 surveys were sent out in 2015 with a return rate of thirty-five percent. While no one average value will hold true for all rental arrangements, the goal of the survey is to provide ag producers, ag lenders, and local or absentee landowners with local lease information that can be used as a basis to begin lease negotiations. The summaries that are included with this paper are a compilation from the local surveys returned and do not represent a random, scientific survey.

This Summary Paper includes sections covering:

- 2015 Survey Summary on Pasture Leasing Arrangements and Rates
- 2015 Survey Summary on Crop Leasing Arrangements and Rates
- Basic Principles for Developing an Agricultural Lease
- Overview of lease resources available



## K-STATE

Research and Extension

#### Survey Conducted Fall 2015 by:

K-State Research & Extension—River Valley District

#### Survey Sponsored by:

K-State Research and Extension-River Valley District  
Kansas Crossroads RC&D Area, Inc.

#### Paper Written January 2016 by:

Kim Larson -	District Extension Agent Crop Production
Katelyn Brockus-	District Extension Agent Livestock Production
John Forshee-	District Extension Director



Kansas State University is committed to making its services, activities and programs accessible to all participants. If you have special requirements due to a physical, vision, or hearing disability, contact John Forshee, Director, River Valley Extension District #4, 322 Grant Avenue, Clay Center, KS 67432. Phone 785-632-5335.

**Kansas State University Agricultural Experiment Station and Cooperative Extension Service**  
K-State Research and Extension is an equal opportunity provider and employer.

This page was intentionally left blank.

## 2015 River Valley District Cropland Survey Summary

The following summary contains the responses of 69 returned surveys for cropland rental rates and related topics including field map generation, cover crops, custom rates, and hunting. Within each survey, each question may not have been answered by all respondents. The specific number of responses is mentioned with each data set. The survey does not reveal the quality of land, parcel size, technology being implemented, productivity, commodity prices, or other demand factors that might affect the rate that is negotiated between a landlord and tenant for a piece of land. The responses are compiled from Clay, Cloud, Washington, and Republic counties.

**Cash Rent-** In Table 1, the low-average and the high-average are a summary of reported ranges of all the respondent's leases which would capture the range where the majority of rates fall.

**Table 1 - Cash Rental Rates**

Crop Enterprise	Average (Rent Per Acre)	Low-Average	High-Average	Minimum	Maximum	Responses
Non-Irrigated Cropland	\$75.58	\$63.26	\$105.35	\$30.00	\$250.00	46
Irrigated Cropland	\$170.00	\$160.00	\$250.00	\$120.00	\$270.00	6
Native or Brome Hayland	\$26.00	\$23.00	\$34.00	\$15.00	\$50.00	24
Corn/Milo Stalks	\$8.60	\$5.00	\$12.00	\$5.00	\$20.00	10

**Crop Share-** Table 2 expresses the percentages of crop share agreements. Most reported arrangements were paid in a 33.3%/66.6%, 40%/60%, or 50%/50% (landlord/tenant) arrangement. **Irrigated land commonly fell in the 40%/60% or 50%/50% type arrangement** (not reported in table).

Values in Table 3 give percentages of occurring shares for arrangements that share the specific mentioned cost. In most lease arrangements not all expenses are shared. There were only a few 50/50 share arrangements which were not included in the table due to space.

**Table 2 - Crop Share Leasing**

Dryland Crop Enterprise	Percentage of Share Arrangements		Responses (Count)
	40/60	33.3/66.6	
Wheat	56%	44%	48
Grain Sorghum	56%	44%	45
Corn*	62%	38%	37
Sunflowers	50%	50%	10
Soybeans**	60%	38%	50
Alfalfa**	48%	38%	21
Crop Insurance Proceeds	60%	36%	25
Govt. Program Payments	59%	41%	37

\*3% had 50/50 share, \*\*2% had 50/50 share, \*\*\*10% had 50/50 share

**Table 3 - Crop Share Lease: Production Expenses**

Types of Crop Production Expenses 50 Respondents	Occurrence of Share Arrangement (%)				Types of Crop Production Expenses (Continued)	Occurrence of Share Arrangement (%)			
	100% pd by landlord	40/60	33.3/66.6	100% pd by tenant		100% pd by landlord	40/60	33.3/66.6	100% pd by tenant
Seed *	0	2	2	96	Harvesting Costs *	0	0	2	98
Fertilizer *	0	56	42	0	Hauling Grain to Storage 0 responses				
Fertilizer Application *	0	22	10	66	Drying Costs 7 responses		71	29	
Herbicides *	0	42	34	24	Crop Insurance Costs 33 responses		56	44	
Herbicide Application *	0	16	6	78	Other Production Costs 2 responses		50	50	
Insecticides *	0	26	32	42	Annual Terrace Maint. 14 responses	64	14	7	
Insecticide Application *	0	24	14	60	Long-term Terrace Maint. 38 responses	97	0	3	
Fungicides *	0	30	20	50	Irrigation (Repairs/Maint.) 7 responses	14	29	14	
Fungicide Application *	0	28	12	56	Irrigation (Investment) 9 responses	100	0	0	

\*no response was interpreted tenant assumed full cost

**Flex Rent-** Flex rent is largely unused in the district. There were a couple more flex rent arrangements reported over last year. Our total response was low with only 7 individuals who stated they were in a flex lease agreement. Base rent ranged between \$50-140/acre. Half of the reported flex rents flexed only up and the other half flexed both up and down. What determined the flex was yield and grain price in all but one case where it was yield only. Trigger example: *APH x Price*. Here are two comments from those who use flex rent: “This gives landlord approximately what they would receive in a share crop arrangement only with no expenses, marketing, or paperwork required of them..”

“Determined by close of the Dec corn board on January 1st. Renter has also increased the rent when yields were high.”

**Field Maps-** Out of the 54 individuals who responded, 43% use field maps in their operation. Of these, 70% use soil maps and 57% use yield maps. A couple others used field maps for spraying, fertilizing, or planting. The tenant most often provides this service without assistance from the landowner and uses maps for management decisions. The tenant retains access to the generated maps with 46% also sharing access with the landowner and 46% sharing access with a consultant. Variable rate technology, validation of hybrid selections, and locating problem areas are some of the uses of field maps.

**Cover Crops-** Cover crops are becoming more popular in cropping systems, especially for grazing. Of 58 that responded, 41% state they are planting cover crops. Eighty-four percent of the time, the tenant has complete responsibility for all expenses involving cover crops as well as having total rights for grazing. In the case where the landowner shares in the cost for the cover crops, the cover crops are generally not grazed. The reasoning for planting cover crops includes nutrient retention, soil structure, grazing, and wild-life habitat.

**Custom Work-** Many producers have some sort of custom work performed on their operation. Many times the harvesting custom rate charge is not a flat fee per acre, but consists of a base with additional charge over a set yield and may include a hauling charge. The following is an example of a custom corn harvesting arrangement: \$26.00 per acre with an additional \$.20 per bushel for any yield exceeding 75 bushels per acre, with a hauling charge of \$.20 per bushel.

**Table 5 - Custom Operation Rental Rates**

Operation	Average Price	Count
Swathing	\$11.75/acre	2
Baling	\$11.66/bale	3
Drilling	\$14.17/acre	3
Planting	\$15.25/acre	4
Fertilizer application	\$9.23/acre	5
Spraying	\$6.00/acre	10
Wiping cane	\$180/ hour	1
Harvesting	\$26.85/acre	13
Hauling Grain	\$0.15/bushel	1
Disc/Field Cultivate	\$8/acre	2
Deep Chiseling	\$16/acre	1
Equipment Leasing	\$70/acre	1
Dirt Moving with Scraper	\$100/hour	1

**Hunting Rights-** Most often the renter and/or landowner had rights for hunting. Only 13 out of 56 reported that hunting rights were specified in the lease. Rental rates by the acre ranged from \$1 to \$10. Under Kansas Lease Law, the landowner cannot hunt leased ground without permission from the tenant, unless those rights are retained in a written lease.

**Table 6 - Hunting Rights (25 responses)**

Renter	Renter and Landowner	Landowner	Third-Party	No Hunting
48%	20%	20%	12%	0%

## 2015 River Valley District Pasture Survey Summary

All survey recipients were provided a pasture survey with a total of sixty-five pasture lease surveys returned and compiled this year. However, individual questions may not have been answered by all respondents. Therefore, when reporting survey results, the “count” will also be reported to capture the certainty of the statistic.

For pasture rent paid by the acre, the average across the district was \$27.22 up from \$26.43 in 2014. Numbers ranged from \$11 to \$55 per acre. While this seems like a really wide range, keep in mind that arrangements can vary significantly by the type of soil and grass in the pasture, type of cattle pastured, availability of water, who maintains the fence, who manages the brush and weeds, etc. This is why it is hard to establish any one “going rate”. We also recognize that there are many “old” rents out there that have not been renegotiated in a number of years. Therefore, the going market rate for new leases would be more accurately reflected by the “high average”. It is worth noting that this high average was \$32.79 up \$1.08 per acre from 2014 while the average was up only \$0.79 indicating new leases have taken a significant increase.

Full results for pasture rented by the acre are:

County	Average	Low-Average	High-Average	Minimum	Maximum	Count
All Counties	\$27.22	\$20.37	\$32.79	\$11.00	\$54.00	57

Respondents were asked the range of rates that they pay or charge on different pastures, so the low-average and the high-average are a summary of these reported ranges which would capture the range where the majority of rates fall. For example even though the average was \$27.22 for all counties, the low average was \$20.37 and the high-average was \$32.79, so most leases would fall in this range.

The average lease begins April 30th, and the average lease ends October 11 for an average grazing season of 164 days for roughly 5 ½ months. However, the end of the grazing season varied from September 1 to November 15 with the majority of leases ending either October 1 or November 1.

When asked how often lease rates were renegotiated, 59 responded with the highest at 54% for renegotiating every year, 22% every five years, and 12% every 2 and 3 years. When asked how often other lease terms were renegotiated, 19 responded with the highest at 37% for renegotiating every year, 26% every 3 years, 21% every 2 years, and 16% every 5 years.

Rent per cow/calf pair was reported by 20 surveys and averaged \$168.05 up \$10.13 from 2014. The rates ranged from \$40 to \$280. Most values fell within \$150 to \$200.

Across the district in 2015, the average stocking rate was 6.16 acres per cow/calf pair (standardized to a 1300 pound cow). This ranged from 3.43 acres up to 10 acres within 50 responses. Stocking rates vary considerably depending on the historical management and productivity of the pasture, but most experts would agree the average value for the River Valley Extension District should be much more than 6 acres per cow/calf pair for a six-month grazing season. For stocker cattle, 14 surveys reported an average 3.18 Acres/animal, ranging from 2.0 to 5.0 acres.

Water sources were reported by 56 respondents and while most had multiple sources, the majority of the pastures still relied on a pond, stream, and well. In 70 percent of the leases, it was reported that the tenant was responsible for maintaining the water source. The high percentage of livestock drinking from ponds and streams has implications for water quality and provide opportunities for livestock producers to take advantage of cost share assistance.

Sources of Water in a Pasture					
Transporting	Pond	Stream	Well	Rural Water	Spring
8.93%	100%	41.07%	41.07%	5.36%	8.93%

Labor for fencing was the responsibility of the tenant in over 84% of the leases while in over 67% of the leases the landowner provided the materials. A common arrangement is for the tenant to provide the yearly upkeep on the fence and the landlord to provide any new construction of fence that is needed.

FENCING RESPONSIBILITY		
	Labor	Materials
<b>Tenant</b>	84.21%	33.33%
<b>Landlord</b>	15.79%	66.67%
<b>Shared</b>	3.51%	3.51%

Over 31% of respondents listed thistles as the most critical problem in their pastures with cedar trees coming in second at 30%. Other listed problematic species were hedge, locust, brush, blackberry, ragweed, mullen, dogwood, and sericea lespedeza. Controlling problematic plant species in a pasture has very mixed arrangements throughout the district. In 30% of the leases the tenant is responsible for weed and tree control, in 35% the landlord is responsible, and in 35% it is a shared responsibility. Like fencing, many respondents shared that the chemical cost was covered by the landowner but the labor of spraying was provided by the tenant. Control methods varied considerably across the district and most respondents listed multiple control methods. Seventy-four percent of respondents spot sprayed their pasture an average of every 1.06 years (so typically almost every year). Fifty-one percent mechanically cut trees, brush, or weeds on an average of every 2.18 years (every 2 years). Prescribed burns were conducted by over 41.5% of respondents on an average of every 3.41 years. Aerial spraying was done by 31% of respondents every 3.85 years on average. The majority of pastures (77%) were warm season with over 96% being upland, as would be expected in the district.

Rates on grazing crop residues were reported by 25 respondents as follows:

	Rate per Acre			Rate per Head per Day		
	Average	Minimum	Maximum	Average	Minimum	Maximum
<b>Corn Residue (14)</b>	\$8.86	\$3.50	\$15.00	\$0.41	\$0.25	\$0.50
<b>Sorghum Residue (17)</b>	\$9.00	\$2.00	\$15.00	\$0.81	\$0.40	\$2.00
<b>Cover Crops (4)</b>	\$12.50	\$10.00	\$15.00	\$0.45	\$0.40	\$0.50

Stocking rates on corn residue averaged 2.17 acres per cow per 40 days. Sorghum residue averaged 2.75 acres per cow per 50 days. Two respondents reported grazing alfalfa with rates averaging \$5.00 per acre and \$1.50 per head per 18 days.

Forty-seven respondents replied to the hunting portion of the questions. Of those 34 or 72% did not have hunting as a part of their lease agreement. Four respondents stated that both the renter and landowner has hunting rights but only two addressed this in the lease. Three respondents stated that the renter has hunting rights and it is leased to a third party. Sixteen respondents indicated the tenant had the hunting rights. (Note: Kansas lease law would indicate hunting rights go to the tenant unless otherwise specified in the lease agreement.) Nine of the surveys indicated that landlords retained the rights to hunting but only 6 addressed this in the lease. The 3 that retained hunting rights without an agreement would technically be trespassing while hunting on land they own but lease out. Finally, two did not allow hunting of any sort but again, this was not formally addressed in the lease and therefore the landlord could likely not keep the tenant from hunting if they chose to do so.

Other general comments from the survey were:

- The cows did not clean up volunteer corn; so cover crops will be strip grazed, forcing them to work stalks.*
- We graze our own residues and cover crops.*
- This data provided can vary from landlord to landlord and grazing period varies with weather conditions.*
- Corn and milo stalks are rented at \$12/acre if landowner fences the stalks with his own material.*
- Many operators are paying too much and stocking too hard.*

Good pasture management is definitely a critical issue for long-term sustainability and both tenants and landlords need to work together to achieve this goal.

## Basic Principles for Developing an Agricultural Lease

Determining an equitable lease arrangement for agricultural land can be challenging but working through the process can be a key factor in building and maintaining a good working relationship between landowners and producers. Changing production practices over time, changes in cow size, commodity prices that change significantly from year to year, changes in input costs, and changes in landowner or tenant family or financial situation can challenge even the most long-term and stable leasing relationship to make the necessary adjustments to reflect these changes.

Dr. Mykel Taylor, K-State Ag Economist, suggests four general rules for a good ag lease: 1) Share the costs of yield-increasing inputs; 2) Divide total returns in the same proportion as inputs are contributed; 3) Compensate the tenant for unused long-term inputs; and 4) maintain landowner-tenant communications.

As with any relationship, communication is probably the most critical element and yet it is often the one factor that is overlooked. At a minimum, landowners and tenants should meet annually to discuss broad goals of each party and to negotiate terms for the upcoming year. Just as there is not “one size fits all” lease, there is probably no “right time” to hold this meeting. However, winter often provides a bit of down time from the farming operation and as producers wrap up their year-end tax planning or begin tax preparations in January they may be in a good position to analyze the results of last year’s lease agreement. From a landowner perspective, completing this meeting prior to the “thirty days prior to March 1” notification deadline may offer some advantages. Broad goals to be discussed could include: what are our yield targets; soil conservation practices to be implemented; water or fencing improvements desired; converting from crop share to cash rent; timing of rental payments that help each party achieve other goals in life.

Beyond this annual meeting, on-going communication is critical to long-term success. However, it is vital to establish what this communication looks like. One landlord might appreciate a quick text message that would allow them to drop by and watch harvest. The next may prefer information emailed on a spreadsheet while a third may not have computer access and prefer hard copies by mail. In Kansas, we know that weather is a critical factor in production and input and crop prices fluctuate. A tenant can certainly reduce the “shock factor” at harvest or bill-time with quick communications such as: “we have not had any rain for 45 days, crops are stressed and looks like yields will be off this year” or “fertilizer prices are running 15% above last year so input costs look to be up”. Likewise, losing a rented property that sells can be devastating to an operation. Landlords can certainly help this situation by communicating long-term plans for the farm land ownership. Tenants considering any succession in operation may want to begin cultivating a landlord-tenant relationship with the next generation.

Dr. Taylor sums up the leasing relationship well. “When both parties are satisfied with the outcome of the leasing arrangement then there is stability. This stability is important to landowners wanting to manage their assets and to tenants who want to make long-term production and financing decisions.”

Principal one of sharing costs of yield-increasing inputs applies to crop share leases and provide incentive for both parties to utilize resources to maximize profits. Dr. Taylor suggests that to arrive at an equitable return share in principle two it is important that landlords and tenants work together to input all costs of production into a budget framework and then allocate those according to the percentage paid by each party.

The third principle Dr. Taylor suggests encourages the tenant to work toward long-term goals such as conservation, nutrient maintenance, and soil health as if they owned the property themselves. A lease whether crop-share or cash that provides compensation to the tenant at the end of the lease period for unused, long-term improvements will encourage the conservation and development of the resources.

Beyond these basics, it is vital to consider factors that may be indirect to the operation. A landowner that desires to maintain hunting and fishing rights must outline this in the lease. Cover Crops have provided additional considerations such as how to place value on the benefits of the various cover crops and whether the tenant plans to graze the cover crops.

In the end it comes back to the principle #4. Sound communication helps maintain a sense of realistic expectations in the lease relationship.

# Overview of Lease Resources Available

The following resources are available to help in almost any lease situation:

[www.AgManager.info](http://www.AgManager.info) - This K-State Ag. Econ website has information on Agribusiness, Crops, Farm Management, Livestock and Meat, and Policy, as well as many Decision Tools that include tools related to crop, pasture, livestock and machinery leasing. These are a few of the publications and decision tools available on this extensive website:

- ⇒ “Projected Custom Rates for Kansas” and the “2010 Fence Material and Construction Cost Survey” are helpful companion pieces to the lease publications.
- ⇒ “Kansas Agricultural Lease Law” (C-668) provides an excellent overview and summary of some key elements of Kansas Agricultural Lease Law, including proper termination notification.
- ⇒ Farm Management Guides provide up-to-date K-State Budget information on livestock and crop enterprises that are helpful in determining costs of production.
- ⇒ Decision Tools such as KSU-Lease, KSU-Graze, FlexRent, and many other Microsoft Excel based spreadsheets are available for producers to input farm data for customized analysis and decision making.

[www.aglease101.org](http://www.aglease101.org) - This website is a product of the North Central Farm Management Extension Committee and contains a library full of the North Central Regional lease publications and lease forms that have been popular resources available at local extension offices for years. The publications provide a great background on each form of leasing from fixed and flexible cash rent, to crop share, to pasture rental arrangements, to farm buildings and livestock facilities, to beef cow-herd arrangements. Each publication has an associated fill-in-the blank lease form that can be used as a template in developing leases. In addition, there are excel spreadsheet worksheets for pasture leases and beef cow leases.

[www.ksre.k-state.edu/kams/](http://www.ksre.k-state.edu/kams/) - Kansas Agricultural Mediation Service is an officially certified agricultural mediation program helping Kansas farmers facing financial adversity through problem solving and dispute resolution. KAMS is a confidential program with fees based upon the client’s ability to pay. KAMS services include mediation, legal assistance, family farm transition planning services, and financial counseling through the KSRE Farm Analyst Program. The free initial consultation is available by calling 1-800-321-3276.

[www.kcare.k-state.edu](http://www.kcare.k-state.edu) - The Kansas Center for Agricultural Resources and the Environment (KCARE) was established to coordinate and enhance research, extension, and teaching activities pertaining to environmental issues related to agriculture. The website has a wealth of resources including drought management information.

[www.ksre.k-state.edu](http://www.ksre.k-state.edu) - the home page of K-State Research and Extension is your on-line link to any and all services offered by KSRE and Kansas State University. The mission of KSRE: “We are dedicated to a safe, sustainable, competitive food and fiber system and to strong, healthy communities, families and youth through integrated research, analysis, and education.

[www.rivervalley.k-state.edu](http://www.rivervalley.k-state.edu) - is the website for the River Valley Extension District #4. The district has offices in each of the four counties and may be contacted at:

- Belleville, 1815 M Street, Belleville, KS 66935 or phone 527-5084,
- Clay Center, 322 Grant Avenue, Clay Center, KS 67432 or phone 632-5335,
- Concordia, 811 Washington, Suite E, Concordia, KS 66901 or phone 243-8185,
- Washington, 214 C Street, Washington, KS 66968 or phone 325-2121.

Call our Washington Office to receive our monthly RVED Newsletter.

Like us on Facebook: <https://www.facebook.com/RVED4>