

Crop Leases

River Valley District

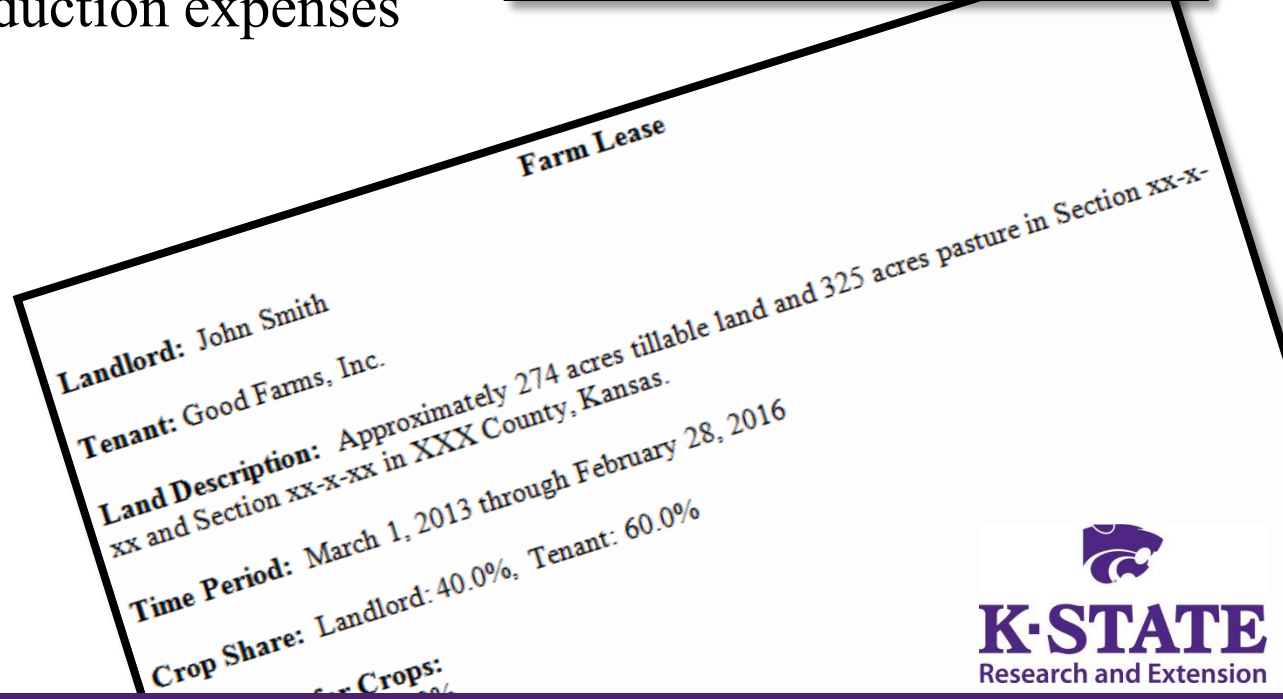
Clay, Cloud, Republic, Washington Counties

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Factors that Play into Lease Rates

- Land Capability
- Rainfall / Irrigation Capacity
- Income (commodity prices)
- Taxes & other production expenses
- Competition



River Valley Extension District Crop Leases 2014 Summary



Year 4 for the RVED Lease Survey!

Our goal is to provide information, allowing for a beginning point for landowners and tenants in developing lease agreements in our local district.

Fixed Cash Rent



Let's take a look at the numbers...

Crop Enterprise	Average (Rent Per Acre)	Low- Average	High- Average	Minimum	Maximum	Response
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

Fixed Cash Rent

17 out of 51 said they will renegotiate cash rent prices due to lower crop prices.

Estimated Trend for 2016 CROP LEASES

1 Higher; 30 No Change; 16 Lower; 6 Unsure of Trend

How often do you revisit or renegotiate your lease rate and terms?

20 every year; 7 every two; 6 every three years; 10 every ten; 7 other

What is the trend in your area regarding the use of CASH RENT or CROP SHARE leasing arrangements?

15 More cash rent; 8 More crop share; 3 More flex rent; 20 No change

What is the percentage of WRITTEN and of ORAL farmland leases among those you are involved in? Written leases: 46 %; Oral leases: 54 %

- “Rents that have closely followed the upward explosion. Due to crop prices those will be those subject to downward adjustments. It's a hard sell to get sympathy from landowners when you drive into their yard with a "new" pickup!”

Crop Share Leasing

Dryland Crop Enterprise	Percentage of Share Arrangements		Response (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

All reported arrangements were paid in a 33.3%/66.6%, 40%/60%, or 50%/50% (landlord/tenant) arrangement.

Irrigated land commonly fell in the 50%/50% type arrangement.

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

Crop Share Leasing

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

Comments on Crop Shares

- “Dryland is 40% landowner share. (corn, sorghum, soybean and wheat) Irrigated is 50% landowner share (corn and soybeans).”
- “Application costs- If we apply with our equipment, land owners pay 0%. If it's custom applied, landowner pays their share.”
- “The old crop shares are a little antiquated with high priced bio-tech seed it is costing tenant considerably more for inputs.”
- “Landowner shares application only when plane is required.”
- “Landowners take care of their own insurance.”
- “Me and landlord own a dozer together, I run it, we share repairs. Works great, I use it like my own and maintain all our structures.”
- “Still the only fair, sustainable way to rent land. For those who don't want any bills, reduce their share to say 25%. If they don't want to sell grain, sell over the scale or offer to help on this. If the landowner doesn't "trust" the tenant, find a new farmer.”



Flex Rent



FLEX RENT		
Base Cash Rent: \$_____ / acre		
Flex Direction (<i>Circle</i>):	Up/and Down	Up
Cash Rent Flexing on:	Yield only_____	Price Only_____ Revenue (YxP)_____
What is the “trigger” for flexing rent based on (e.g., actual yield, county-average yield, futures price, crop insurance price, local cash price, etc.)? _____		

- Base rent ranged between \$50-140/acre
- Half flexed only up and the other half flexed both directions
- What determined the flex was yield and grain price (revenue) in all but one case where it was yield only.
- Trigger example: APH x Price

“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

57 Individuals Responded

43% of Respondents Use Field Maps

Of these...

70% use soil maps

57% use yield maps

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.
- Comment: “yield maps tenant can generate - soil maps require more cost and results benefit both should share; it is a long term investment”

Cover Crops

58 responses

- 41% of producers state they are planting cover crops.
- 84% of the time, the tenant has complete responsibility for all expenses involving cover crops as well as having total rights for grazing.



Custom Work

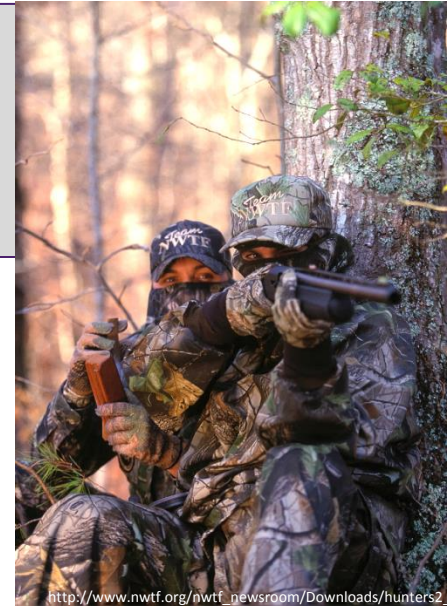
- Many times the harvesting custom rate charge is not a flat fee per acre, but consists of a base with additional charge over a set yield and may include a hauling charge.
- Example of a custom corn harvesting arrangement: \$26.00 per acre with an additional \$.20 per bushel for any yield exceeding 75 bushels per acre, with a hauling charge of \$.20 per bushel.

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



Who Has Hunting Rights?

- Under Kansas Lease Law, the landowner cannot hunt leased ground without permission from the tenant, unless those rights are retained in a written lease.
- Only 13 of 56 reported that hunting rights were specified in the lease.
- Rental rates by the acre ranged from \$1 to \$10.



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

25 responses

Questions



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TWEETS	FOLLOWING	FOLLOWERS
981	541	637

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