

News Column

by Greg McClure, KSU-Riley County Extension Agriculture Agent
110 Courthouse Plaza
Manhattan, KS 66502

For Release 01/02/17
Phone: 785/537-6350
Fax: 785/537-6353

TENANTS AND TRACTORS

For some folks, a farm tenant is like an old tractor – you keep it around because you’ve had it forever, it still gets the job done,....and maybe you kind of like it.

My tractor is an old John Deere 4010 that my dad gave me about 15 years ago. It is a 1960 model that he bought well-used. I knew it had some problems when I got it, but Dad was giving it to me, so I accepted.

Like my John Deere tractor that was passed down from my Dad, farm tenants sometimes get passed down from generation to generation too. Many people inherit a tenant when they inherit a farm, and sometimes that tenancy gets passed on to another generation when the original tenant farmer gets old or dies.

While it isn’t the norm, some landowners and tenants have never met. The original deal that their parents made just got passed down to them and they either liked it, or didn’t want to rock the boat.

A recent survey of Kansas Farm Management Association members (Mykel Taylor, June 2016) determined that the average length of crop-share leasing relationships was 22.3 years, among Farm Management Association members responding to the survey. In other words, the landlord had been leasing to the same tenant for 22.3 years. For cash leases, the average length of the leasing relationship was 18.7 years.

When you look at the actual terms of the lease, the average length of time crop-share

leases spanned without re-negotiation of terms was 10.9 years. The average length of cash leases was just 4.2 years. It makes sense, if you think about it, that a crop-share lease could go longer without changing the terms because it would self-adjust with changes in prices and yields. A cash lease, on the other hand, could become out-dated quickly as grain prices either rose or fell.

The same survey revealed that 75% of crop-share leases were oral agreements, with just 25% being written. For cash leases, the percentages were 61% oral and 39% written. The low number of written leases doesn't surprise me, given that those leases are 18 to 22 years old, on average. I believe though, that the percentage of written leases will continue to increase.

A few other interesting bits of information from that survey:

- The average age of Kansas farmland owners was 72 years.
- 52% of landowners live in the same county as the tenant.
- 31% of landowners live out-of-county. 18% live out-of-state.
- 11% of leases are managed by someone other than the landowner, likely a professional land manager.
- 59.9% of leases are fixed cash rent. 40.1% are crop-share leases.

The number that probably surprises me the most is the percent of leases that are cash rent, at almost 60%. My sense is that crop-share leases still outnumber cash leases in this part of the state. However, I do believe that cash leases have been on the rise the past 10 to 20 years.

Coffee Shop Agronomy: Leases and Lease Law – January 12, 2017

The first meeting in this year's Coffee Shop Agronomy series will provide a good opportunity to learn more about leasing principles and lease law. The meeting will be held at Nelson's Landing in Leonardville, starting at 10:30 a.m. and adjourning by noon, on Thursday, January 12. Chuck Otte, Geary County Extension Agent, will be the featured speaker.

Coffee Shop Agronomy meetings are free of charge and everyone is welcome to attend. At this meeting, I expect to see both landlords and tenants. Ideally, landlords will invite their tenants, or tenants will invite their landlords, and they will come together. It's always easier to communicate when everyone is on the same page.

These meetings are intended to be informal, question and answer type sessions. The presenter usually gives an overview of the topic, then answers whatever questions come up. Don't be afraid to attend if you don't already have a list of questions though. There is always someone with questions, so it is unlikely that you will leave without learning something.

We ask that you register online at www.riley.ksu.edu by noon the day before the meeting if you plan to attend. If that doesn't work, call us anytime. We won't turn you away.

If you have questions, you can reach me at the Riley County Extension Office at 785/537-6350. Or, you can send e-mail to gmcclore@ksu.edu.

K-State Research and Extension is an equal opportunity provider and employer.