

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

For Release 01/15/18  
Phone: 785/537-6350  
Fax: 785/537-6353

## LAND PRICES AND LEASING

I'm not afraid!

That's what I keep telling myself. I'm not afraid! And it would probably be true if there weren't other people affected by the decisions I make regarding the family farm in Phillips County.

Nervous. Apprehensive. Ill-at-ease. Maybe those are better descriptors of the feelings going through my mind as I've taken over management of the farm,....and I'm trying to figure out how to make it just break even. No. I'm not even trying to pencil a profit in 2018. I'm shooting for zero. I just want to avoid losing money on a farm that has no debt.

It sounds like it should be easy to break even when your land is paid for and you don't have to give away a portion of the crop as rent. Our challenge though is that we don't have the option to give away our labor, and we can't live off of depreciation like some are doing. It is all custom farmed. Our labor and equipment charges are real. Seed, herbicide, planting, harvesting, and spraying all add up.

So, what are the options? The first option that comes to mind is a cash rent. Some like cash rents because they provide a set income every year. It doesn't matter if it is a good year for growing crops, or a bad year, the income is the same.

Personally, I'm not a fan of cash rents because they don't get adjusted very often. Usually that means the landowner set the rent 20 years ago and never raised it, but the last 3 years are

different. Maybe some cash rents are too high now?

A crop-share arrangement is probably what we would do if we chose to rent the farm out. In that part of the state (northcentral/northwest Kansas) the common share is 1/3 to the landlord and 2/3 to the tenant, with herbicides and fertilizer shared in the same manner. That might work, but there's one other option I want to explore first. We might look at a net share arrangement.

In a net share arrangement, the tenant would pay 100% of the bills and the landlord would get a percent of the crop, but something less than the 1/3 they would get if sharing herbicide and fertilizer. I haven't done all the math, but the net share would probably be somewhere between 20-25% in that part of the state. Probably closer to 20%, but I'm on the landlords side of this deal, so I'm not admitting that yet until I run the numbers.

The thing I like about a net share agreement is that it allows landlords who don't want to be bothered with bills throughout the growing season to receive a rent that adjusts with the farming climate. In good times, the landlord reaps the benefits right along with the tenant. And, in bad times, the landlord feels the pain too.

If we decide to make a change on our Phillips County farm, we could probably still work something out up until planting time because it isn't currently rented out. However, if it were rented, then decision time would be now, assuming an oral lease falling under Kansas law.

Oral leases in Kansas run for one year, starting on March 1. Changes or terminations are required to be made at least 30 days prior to March 1, so we're looking at about January 29.

Landlords and tenants alike need to remember three points when terminating an oral crop land lease. The termination notice must be in writing. Notice must be given at least 30 days prior to March 1. And the notice must state the termination date as March 1.

Give me a call if you have questions about Kansas lease law.

## Land Prices and Leasing – January 25

If you're interested in exploring the details of various types of leasing arrangements, or if you are intrigued by land price trends, then the January 25 Coffee Shop Agronomy meeting will be worth your time.

Dr. Mykel Taylor, K-State Agriculture Economist, is scheduled to lead a discussion about land prices and leasing, starting at 10:30 a.m. and continuing until noon on Thursday, January 25 at Nelson's Landing in Leonardville.

If you've heard Mykel speak before, you know she is always entertaining, and doesn't hold back – she'll tell you what she thinks.

I promise. You won't be disappointed.

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](mailto:gmcclore@ksu.edu).

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