

CHARACTERISTICS OF SHARE RENT LEASES IN CENTRAL ILLINOIS

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This document describes characteristics of share rent leases in central Illinois based on a survey conducted by University of Illinois—Extension during 1998. Central Illinois includes the following counties: DeWitt, Logan, Macon, Marshall, Mason, McLean, Menard, Peoria, Stark, Tazewell and Woodford,

This information is useful for landlords and tenants when designing share rent leases.

Tenant’s Share of Crops and Yields

In central Illinois, we had 52 share rent leases included in the survey. Of those leases, 96 percent of the leases were 50 percent share leases where the tenant and landlord received an equal share of the crop yield. The other 4 percent were 2/3 – 1/3 leases in which the tenant received two-thirds of the crop and the landlord received one-third of the crop.

Splits of costs for the 50 percent share leases are shown in Table 1. The first column of Table 1 lists inputs and application costs that are shared. The remaining columns list tenant’s share of costs. The body of the table lists the percent of share leases that have the tenant split listed in the columns. For example, 97 percent of share leases had the tenant pay one-half of the seed costs.

Most of the leases had the tenant and landlord equally split input. Eight percent of the leases had the landlord pay all lime costs. A small portion of the leases had the tenant pay all pre-emergence herbicide, or insecticide costs.

Table 1. Cost Shares for 50% Share Leases, Central Illinois, 1998

Item	Percent Tenant’s Share of Costs:	
	½	All
---Percent of Leases---		
Inputs:		
Seed	100	
Nitrogen	98	2
Bulk Fertilizer	100	
Lime	92	
Burndown Herbicide	92	6
Pre-emergence Herbicide	92	6
Post-emergence herbicide	94	4
Insecticide	100	
Applications:		
Nitrogen	70	30
Bulk Fertilizer	84	16
Lime	90	10
Burndown Herbicide	73	27
Pre-emergence Herbicide	73	27
Post-emergence Herbicide	71	29
Insecticide	73	27

Share of application costs varied more across the leases. Between 70 and 90 percent of the leases had the tenant pay one-half of the application costs. Most of the other leases had the tenant pay all the costs.

Other Lease Characteristics

Table 2 shows other characteristics of share leases. In 1998, the best estimate of the fair market value of an acre of land was \$2,968. On average, yields were 145 bu. for corn, 47 bu. for soybeans, and 62 bu. for wheat. Only 37 percent of the share leases were written.

Summary

Most share leases are 50% share leases, with the tenant getting 50% of the crop and sharing 50% of the costs. Approximately 80% of the leases have the tenant's pay one-half of the application costs. Most of the rest have the tenant pay 100% of the application costs.

Table 2. Characteristics of Crop Share Leases, Central Illinois, 1998

Best estimate of fair market value of land	\$2968 per acre
Percent of farms using no-tillage	60
Percent of farms using conventional tillage	48
Percent of lease agreements with relatives	40
Average normal yields for:	
Corn	145
Soybeans	47
Wheat	62
Percent of leases in writing	37
Percent of tenants paying additional cash rent for tillable land	4
Percent of tenants paying additional cash rent for buildings	12
Percent of tenants charging for combining on:	
Corn	9
Soybeans	8
Small Grain	0
Percent of tenants charging for on-farm grain drying	19
Percent of tenants hauling grain to local market at no cost	89
Percent of tenants hauling grain to distant market at no cost	14
