

CHARACTERISTICS OF SHARE RENT LEASES IN EAST SOUTHEAST ILLINOIS

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This document describes characteristics of share rent leases in east southeast Illinois based on a survey conducted by University of Illinois—Extension during 1998. East southeast Illinois includes the following counties: Clark, Clay, Coles, Crawford, Cumberland, Douglas, Edgar, Effingham, Fayette, Jasper, Lawrence, Marion, Moultrie, Richland and Shelby.

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

Tenant’s Share of Crops and Yields

In east southeast Illinois, we had 52 share rent leases included in the survey. Of those leases, 62 percent of the leases were 50 percent share leases where the tenant and landlord received an equal share of the crop yield. Thirty-two 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.

50% Share Leases

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, 100 percent of share leases had the tenant pay one-half of the seed costs.

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

Item	Percent Tenant’s Share of Costs:		All
	½		
---Percent of Leases---			
Inputs:			
Seed	100		
Nitrogen	100		
Bulk Fertilizer	100		
Lime	92		
Burndown Herbicide	94	6	
Pre-emergence Herbicide	96	3	
Post-emergence herbicide	96	3	
Insecticide	94	6	
Applications:			
Nitrogen	60	40	
Bulk Fertilizer	84	16	
Lime	100		
Burndown Herbicide	65	35	
Pre-emergence Herbicide	72	28	
Post-emergence Herbicide	68	32	
Insecticide	72	28	

Most of the leases had the tenant and landlord equally split seed, nitrogen, bulk fertilizer, lime, and insecticide costs. Eight percent of the leases had the landlord pay all lime costs. A small portion of the leases had the tenant pay all herbicide and insecticide costs.

Share of application costs varied more across the leases. Between 60 and 100 percent of the leases had the tenant pay one-half of the application costs.

2/3 – 1/3 Share Leases

Splits of costs for the 2/3 – 1/3 share leases are shown in Table 2. All leases had the tenant either pay two-thirds or all of the various cost categories. Splits varied across input and application items.

Table 2. Cost Shares for 2/3 - 1/3 Share Leases, East Southeast Illinois, 1998

Item	Percent Tenant's Share of Costs:	
	2/3	All
Inputs:		
---Percent of Leases---		
Seed	15	85
Nitrogen	55	45
Bulk Fertilizer	60	40
Lime	20	80
Burndown Herbicide	61	39
Pre-emergence Herbicide	50	50
Post-emergence herbicide	45	55
Insecticide	45	55
Applications:		
Nitrogen	35	65
Bulk Fertilizer	35	65
Lime	100	
Burndown Herbicide	55	45
Pre-emergence Herbicide	30	70
Post-emergence Herbicide	35	65
Insecticide	35	65

Other Lease Characteristics

Table 3 shows other characteristics of share leases. In 1998, the best estimate of the fair market value of an acre of land was \$2,507. On average, yields were 134 bu. for corn, 43 bu. for soybeans, and 56 bu. for wheat. Only 23 percent of the share leases were written.

Table 3. Characteristics of Crop Share Leases, East Southeast Illinois, 1998

Best estimate of fair market value of land	\$2507 per acre	
Percent of farms using no-tillage		60
Percent of farms using conventional tillage		71
Percent of lease agreements with relatives		48
Average normal yields for:	Corn	134
	Soybeans	43
	Wheat	56
Percent of leases in writing		23
Percent of tenants paying additional cash rent for tillable land		0
Percent of tenants paying additional cash rent for buildings		8
Percent of tenants charging for combining on:	Corn	4
	Soybeans	13
	Small Grain	9
Percent of tenants charging for on-farm grain drying		18
Percent of tenants hauling grain to local market at no cost		85
Percent of tenants hauling grain to distant market at no cost		20