

CHARACTERISTICS OF SHARE RENT LEASES IN NORTHEAST ILLINOIS

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This document describes characteristics of share rent leases in northeast Illinois based on a survey conducted by University of Illinois—Extension during 1998. Northeast Illinois includes the following counties: Boone, Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, LaSalle, McHenry and Will.

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

Tenant’s Share of Crops and Yields

In northeast Illinois, we had 33 share rent leases included in the survey. Of those leases, 90 percent of the leases were 50 percent share leases where the tenant and landlord received an equal share of the crop yield. The other 10 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, 100 percent of share leases had the tenant pay one-half of the seed costs.

All share leases had the tenant and landlord equally split seed, nitrogen and bulk fertilizer costs. A small portion of the leases had the tenant pay all lime, burndown herbicide, or insecticide costs.

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

Item	Percent Tenant’s Share of Costs:	
	1/2	All
---Percent of Leases---		
Inputs:		
Seed	100	
Nitrogen	100	
Bulk Fertilizer	100	
Lime	87	2
Burndown Herbicide	97	6
Pre-emergence Herbicide	100	
Post-emergence Herbicide	100	
Insecticide	96	3
Applications:		
Nitrogen	80	20
Bulk Fertilizer	90	10
Lime	90	10
Burndown Herbicide	90	10
Pre-emergence Herbicide	86	14
Post-emergence Herbicide	80	20
Insecticide	93	7

Share of application costs varied more across the leases. Between 80 and 93 percent of the leases had the tenant pay one-half of the application costs. 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 \$3,407. On average, yields were 144 bu. for corn, 46 bu. for soybeans, and 70 bu. for wheat. Only 26 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. The rest have the tenant pay 100% of the application costs.

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

Best estimate of fair market value of land	\$3407 per acre
Percent of farms using no-tillage	49
Percent of farms using conventional tillage	66
Percent of lease agreements with relatives	29
Average normal yields for:	
Corn	144
Soybeans	46
Wheat	70
Percent of leases in writing	26
Percent of tenants paying additional cash rent for tillable land	---
Percent of tenants paying additional cash rent for buildings	---
Percent of tenants charging for combining on:	
Corn	17
Soybeans	19
Small Grain	9
Percent of tenants charging for on-farm grain drying	22
Percent of tenants hauling grain to local market at no cost	69
Percent of tenants hauling grain to distant market at no cost	33
