

CHARACTERISTICS OF SHARE RENT LEASES IN NORTHWEST ILLINOIS

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This document describes characteristics of share rent leases in northwest Illinois based on a survey conducted by University of Illinois—Extension during 1998. Northwest Illinois includes the following counties: Bureau, Carroll, Henry, Jo Daviess, Lee, Mercer, Ogle, Putnam, Rock Island, Stephenson, Whiteside, and Winnebago.

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

Tenant’s Share of Crops and Yields

In northwest Illinois, we had 30 share rent leases included in the survey. All these leases were 50 percent share leases in which the tenant and landlord equally shared the crop.

Splits of costs for these solo 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, bulk fertilizer, herbicide, and insecticide costs. For limestone, tenants paid one-half of the lime costs in 82 percent of the leases while the tenant paid all lime costs in 7 percent of the leases (see Table 1). On the remaining 11%, the landlord paid all lime costs.

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

Item	Percent Tenant’s Share of Costs:	
	½	All
Inputs:		
Seed	100	
Nitrogen	100	
Bulk Fertilizer	100	
Lime	82	7
Burndown Herbicide	100	
Pre-emergence Herbicide	100	
Post-emergence herbicide	100	
Insecticide	100	
Applications:		
Nitrogen	73	27
Bulk Fertilizer	73	27
Lime	87	13
Burndown Herbicide	83	16
Pre-emergence Herbicide	70	30
Post-emergence Herbicide	70	30
Insecticide	67	33

Share of application costs varied more across the leases. Between 70 and 83 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 \$2,267. On average, yields were 137 bu. for corn, 48 bu. for soybeans, and 63 bu. for wheat. Only 25 percent of the share leases were written.

Summary

Most leases are 50% share leases, with the tenant getting 50% of the crop and sharing 50% of the costs. Approximately 70% 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, Northwest Illinois, 1998

Best estimate of fair market value of land	\$2267 per acre
Percent of farms using no-tillage	53
Percent of farms using conventional tillage	75
Percent of lease agreements with relatives	41
Average normal yields for:	
Corn	137
Soybeans	48
Wheat	63
Percent of leases in writing	25
Percent of tenants paying additional cash rent for tillable land	3
Percent of tenants paying additional cash rent for buildings	3
Percent of tenants charging for combining on:	
Corn	12
Soybeans	18
Small Grain	9
Percent of tenants charging for on-farm grain drying	15
Percent of tenants hauling grain to local market at no cost	70
Percent of tenants hauling grain to distant market at no cost	18
