

CHARACTERISTICS OF SHARE RENT LEASES IN SOUTHWEST ILLINOIS

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This document describes characteristics of share rent leases in southwest Illinois based on a survey conducted by University of Illinois—Extension during 1998. Southwest Illinois includes the following counties: Alexander, Clinton, Jackson, Johnson, Monroe, Perry, Pulaski, Randolph, St. Clair, Washington, Williamson and Union.

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

Tenant’s Share of Crops and Yields

In southwest Illinois, we had 41 share rent leases included in the survey. Of those leases, 92 percent of the leases 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 2/3-1/3 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, 3 percent of share leases had the tenant pay two-thirds of the seed costs while 97 percent paid all seed costs.

Most of the leases have the tenant pay all the seed costs. Many of the leases had the tenant pay two-thirds of the nitrogen, fertilizer, and lime costs. Leases are equally split whether the tenant pays two-thirds or all of the herbicide costs.

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

Item	Percent Tenant’s Share of Costs:	
	2/3	All
Inputs:		
Seed	3	97
Nitrogen	79	21
Bulk Fertilizer	84	16
Lime	96	4
Burndown Herbicide	50	50
Pre-emergence Herbicide	50	50
Post-emergence Herbicide	48	52
Insecticide	60	40
Applications:		
Nitrogen	35	65
Bulk Fertilizer	46	52
Lime	73	26
Burndown Herbicide	42	58
Pre-emergence Herbicide	42	58
Post-emergence Herbicide	40	60
Insecticide	57	42

Share of application costs varied more across the leases. Between 35 and 57 percent of the leases had the tenant pay two-thirds of the application costs. The remainder had the tenant pay all application costs.

Other Lease Characteristics

Summary

Table 2 shows other characteristics of share leases. In 1998, the best estimate of the fair market value of an acre of land was \$1,458. On average, yields were 106 bu. for corn, 37 bu. for soybeans, and 49 bu. for wheat. Only 15 percent of the share leases were written.

Most share leases are 2/3 – 1/3 share leases.

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

Best estimate of fair market value of land	\$1458 per acre
Percent of farms using no-tillage	78
Percent of farms using conventional tillage	49
Percent of lease agreements with relatives	20
Average normal yields for:	
Corn	106
Soybeans	37
Wheat	49
Percent of leases in writing	15
Percent of tenants paying additional cash rent for tillable land	0
Percent of tenants paying additional cash rent for buildings	0
Percent of tenants charging for combining on:	
Corn	0
Soybeans	0
Small Grain	0
Percent of tenants charging for on-farm grain drying	5
Percent of tenants hauling grain to local market at no cost	83
Percent of tenants hauling grain to distant market at no cost	22
