

AG 2011-2012 AG

K-State  
Ag Leasing  
Informational  
Meeting

February 7, 2012

Green Christian  
Community Center  
Green, KS

AG  
2011-2012  
Lease Workshops

Kansas State University  
Department of Agricultural Economics

## Leasing & Excel Workshop

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[www.agmanager.info](http://www.agmanager.info)



## Introduction to Rental Arrangements



### Over the years, the majority of land leasing questions we receive pertain to:

- Impact of adopting new technologies
- Cash renting (folks always want the “going rates”)
- “Non-traditional” leases
  - Net share rent
  - Flexible cash rent
  - Bushel rent
  - Combination cash/cropshare
- Terminating leases

... regardless of the topic pertaining to lease terms, method of addressing questions does not change.

### Types of leases on crop land

- Crop-share
  - Landowner receives a share of annual revenues (grain sales and government payments) and typically shares certain production costs
- Cash rent
  - Landowner receives a fixed annual cash payment in exchange for use of the land
- Numerous variations around these two

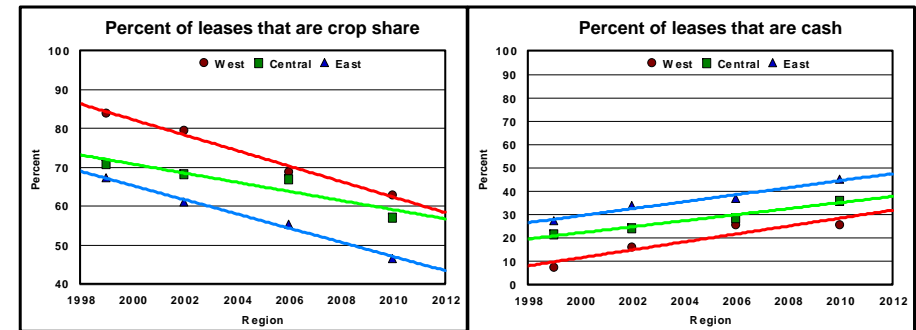
## Distribution of non-irrigated crop leases by type of lease...

Region	Cash	Share	Other
Northwest	35.2%	54.6%	10.2%
West Central	21.3	58.5	20.2
Southwest	20.8	76.1	3.1
North Central	41.3	54.8	3.9
Central	32.8	53.8	13.4
South Central	34.0	63.0	3.0
Northeast	48.7	42.4	8.9
East Central	50.9	39.6	9.5
Southeast	35.9	58.2	5.9
State	35.7	55.7	8.6

Source: Schlegel and Tsoodle -- 2010 KAS/KSU survey

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## Trend towards more cash rent...



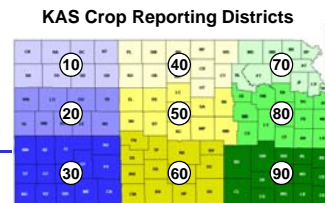
Source: KSU and KS Ag Stat – Non-Irrigated Farm Lease Arrangement Surveys

Crop share continues to be the most prevalent, but the trend has been a shift from crop share arrangements towards more cash rent leases.

- 1) What factors have been behind this trend?
- 2) Will this trend continue, stabilize, or reverse?

## Length of cropland leases...

Region	Years rented
Northwest (10)	16.7
West Central (20)	17.6
Southwest (30)	21.0
North Central (40)	17.8
Central (50)	16.0
South Central (60)	18.1
Northeast (70)	21.9
East Central (80)	20.4
Southeast (90)	18.9
State	18.6



Producers tend to lease land from the same landowner for a long time.

Long-term relationships can be good or bad...

## Determining the terms of a crop lease ...

- How are cash lease rates or the terms of crop share leases established?
  - Short answer is “the market”
- While landowners and tenants (i.e., the market) ultimately determine terms of crop share and cash leases, we use the equitable concept to arrive at a starting point for negotiations – and to better understand the market.



## Identifying “the market” established rates through the use of surveys...

- Land Use Value Project of the K-State Ag Econ Dept annually conducts one of four surveys (irrigated, non-irrigated, pasture, input costs)
- Kansas Agricultural Statistics (KAS) annually surveys landowners and producers regarding land values and cash rents
- With surveys there is often a trade-off between statistical validity and level of aggregation

## Example of market established crop shares...

Crop	Landlord's Percent of Crop Received (or of Costs Paid)*			
	33% Share	40% Share	50% Share	Other % Share
<b>Wheat (60 Leases)</b>	39	18	2	1
% of Total Leases in Lease Arrangement	65.0%	30.0%	3.3%	1.7%
% of Leases Sharing Fertilizer Costs	100.0%	94.4%	100.0%	0.0%
% of Leases Sharing Herbicide Costs	53.8%	72.2%	100.0%	0.0%
% of Leases Sharing Insecticide Costs	30.8%	33.3%	50.0%	0.0%
<b>Corn (14 Leases)</b>	9	5		
% of Total Leases in Lease Arrangement	64.3%	35.7%	No Responses	No Responses
% of Leases Sharing Fertilizer Costs	100.0%	80.0%		
% of Leases Sharing Herbicide Costs	55.6%	80.0%		
% of Leases Sharing Insecticide Costs	33.3%	60.0%		
<b>Sorghum (24 Leases)</b>	17	6	1	
% of Total Leases in Lease Arrangement	70.8%	25.0%	4.2%	No Responses
% of Leases Sharing Fertilizer Costs	100.0%	100.0%	0.0%	
% of Leases Sharing Herbicide Costs	52.9%	83.3%	0.0%	
% of Leases Sharing Insecticide Costs	35.3%	33.3%	0.0%	
<b>Soybeans (26 Leases)</b>	15	8	3	
% of Total Leases in Lease Arrangement	57.7%	30.8%	11.5%	No Responses
% of Leases Sharing Fertilizer Costs	100.0%	87.5%	33.3%	
% of Leases Sharing Herbicide Costs	46.7%	75.0%	33.3%	
% of Leases Sharing Insecticide Costs	6.7%	37.5%	33.3%	

\* The percentages calculated in this table represent the percent of landlords sharing the same percent of costs as they share of the crop. For example, 53.8% of landlords receiving 33% of the wheat crop paid 33% of herbicide expenses.

## Crop share percentages by region...

### Percent of Leases by Crop Share Percentage

Landlord Share	Crop Reporting District								
	NW-10	WC-20	SW-30	NC-40	C-50	SC-60	NE-70	EC-80	SE-90
20.0%	0.0%	0.0%	0.0%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%
25.0%	0.0%	3.5%	1.4%	0.0%	0.7%	0.0%	5.3%	1.0%	0.0%
33.3%	96.2%	96.5%	94.5%	62.7%	83.4%	90.8%	22.3%	70.7%	94.4%
40.0%	0.0%	0.0%	1.4%	28.9%	13.1%	6.4%	27.7%	9.1%	0.0%
50.0%	0.0%	0.0%	2.7%	6.3%	0.7%	2.1%	44.7%	17.2%	4.2%
66.7%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	1.0%	0.0%
75.0%	1.9%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%
Other	1.9%	0.0%	0.0%	0.7%	0.7%	0.7%	0.0%	1.0%	1.4%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Color coding scale	+80%	50-80%	20-50%	5-20%	< 5%
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Source: Schlegel and Tsoodle -- 2010 KAS/KSU survey (available at [www.agmanager.info](http://www.agmanager.info))

## Principles embodied in an equitable lease ...

- Profit maximization ( $MR=MC$ )
- Economic profits (expected profit = 0\*)
- Opportunity costs
- Risk across lease types
- Equal rates of return on annual investment (if economic profit = 0, then rate of return = 0)

\* On average, in the long run

**A good crop share lease should follow five basic principles ...**

1. Yield increasing inputs should be shared
2. Share arrangements should be re-evaluated as technology changes
3. Total returns divided in same proportion as resources contributed

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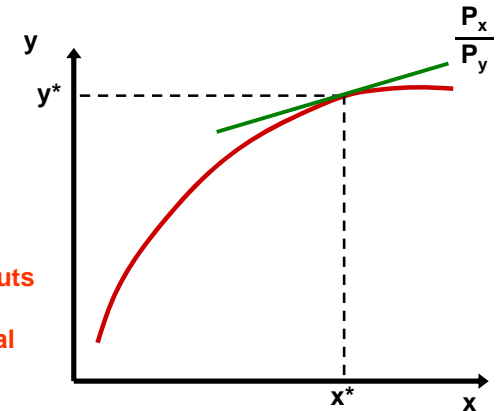
4. Compensation for unused long-term investments at termination
5. Good landlord/tenant communications

**Principle #1:  
Yield increasing inputs should be shared**

Examples of yield increasing inputs

- Fertilizer
- Irrigation water
- Herbicides ???
- Seed ???

Sharing yield increasing inputs in the same % as income provides the economic signal to both parties to apply the optimal amount of the input.



**Principle #2:  
Technology may affect share arrangements**

Examples of technological change

- Reduced-/no-till
- New crops/rotations (e.g., double crop)
- Center pivot irrigation
- Hybrid seed
- Bio-technology
- Precision agriculture (GPS, autoswath)



**Impact of new technologies ...**

- Why do people adopt new technologies?
- What happens as “new” technologies become common practice?
- How does this impact relative contributions?

## Impact of increasing cropping intensity to increase returns ...

- ... “profit” associated with new technology is bid out of the market over time.
- ... as profit is bid out of the market (typically through higher land costs), relative contributions change.
- ... equitable lease is “dynamic” as market adjusts to new technologies.

## What is the impact of planting a double crop?

- If “initial lease” is equitable, then all added expenses should be shared in the same percentage to maintain the equitable shares
- If “initial lease” is not equitable, doing something different might make sense. But, more important to fix the inequitable lease issue first...
- Increases the need to communicate so both parties know what is going on and do not feel like they are being taken advantage of

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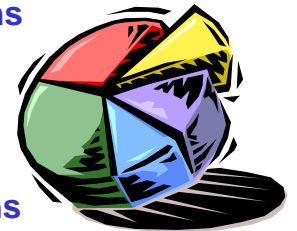
## Adoption of new technologies ...

- ... tends to cause problems because traditional arrangements or rules-of-thumb are often not appropriate.
- ... should not be a problem if we follow basic principles of a good lease.
- ... if problems persist as to what is equitable, can lead to alternative leasing arrangements (e.g., cash lease).

**Principle #3:**  
Returns divided in same proportion as resources contributed.

This requires annual contributions of both parties to be identified (budgeting type approach).

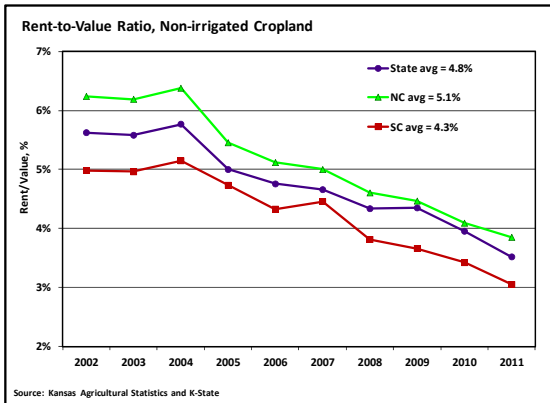
Base input values on expectations consistent with the time-frame of the lease (if expectations end up being significantly off, be willing to make adjustments).



## Land contribution ...

The land contribution has typically been based on an “average market value” for the land along with an historical average return to land.

As cash leases become more common, the land contribution can be set equal to the cash rent. However we still often struggle with what the “right” number is.



## Machinery contributions ...

Machinery contribution should be based on average costs. Two methods for estimating the machinery contribution:

1. Machinery investment approach - annual contribution is based on depreciation, interest, repairs, fuel and oil, and labor.
2. Custom rates approach - annual contribution is based on reported custom rates and the typical operations.



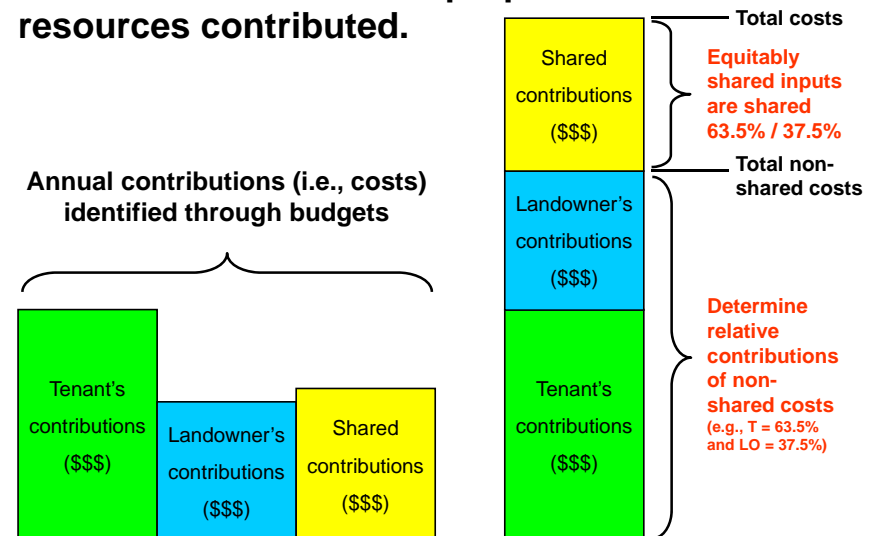
## Crop production input contributions ...

The value of contributions for input expenses such as seed, herbicides, insecticides, fertilizer, etc. are generally valued at current market prices and represent “typical” production practices.

How do we deal with input prices if they deviate significantly from historical averages (e.g., fertilizer, fuel)?

## Principle #3:

Returns divided in same proportion as resources contributed.



## Principle #4: Compensation for unused long-term investments at lease termination.

It is generally recommended that landowners make long-term investments such as terraces, irrigation well, lime, alfalfa seed, etc.

If the tenant pays for long-term investments, or shares their cost, he should be compensated for his share of any value that remains when the lease is terminated

Lime, soil fertility (P), alfalfa stands, even no-till soil building (organic matter)

## Principle #5: Good communications between the landlord and the tenant.

Because so many of the terms of a lease are based on negotiation between the landowner and the tenant, good communications are critical.

A lease is a legal contract in Kansas, thus it is suggested that terms of the lease agreed upon by both parties be put in writing. This becomes more important as the complexity of leases increases – or as the volatility of crop and input prices increases.

## Legal Issues with Leasing Land in Kansas

Publication C-668 available at [www.AgManager.info](http://www.AgManager.info)

**Kansas Agricultural Lease Law**  
Department of Ag Economics C-668 Ag Law

**Author's Note:** Each case and controversy involving the subject matter of this publication requires consideration of unique facts and laws. This publication is intended to provide general information only. It is not, and must not be used as, a substitute for legal counsel. Information contained in this brochure is limited by considerations of space and the laws and statutes that exist at the time of its publication. Our laws are subject to change yearly through legislative procedure and judicial determination. Accordingly, this publication is not a complete analysis of all the laws or case decisions and their effects and exceptions. If you have specific questions, you should contact an attorney. Otherwise, you may jeopardize your legal rights.

**Kansas Agricultural Lease Law**  
It is estimated that more than 50 percent of Kansas farmland and pastureland is rented. In some areas, the rental rate is higher. Many problems in a stable business without lease arrangements. Leases are becoming more common and will play an increasingly important role in agriculture as fewer farmers and operators own their own land.

Parties to a lease are presumed to know of laws existing at the time the lease is entered. Provisions of statutes, ordinances, and regulations are read into and become a part of the contract by implication as though they were expressly written into the contract, except where the parties have shown a contrary intention. For example, if a written lease says the lease will terminate December 31 and Kansas law states oral leases on farm and pastureland will terminate March 1, the lease will terminate December 31 under the written agreement. When a court construes a lease agreement, it will consider the lease agreement, the negotiations, and communications between the parties to determine their intent. However, if the terms of a lease are clear, plain, and unambiguous, the intent of the parties will be determined solely by the contents of the lease. Further, when asked to interpret a lease, a court does not just consider individual provisions of the lease but considers and construes the lease in its entirety.

Lease agreements that cannot be performed within 1 year from the time the lease agreement is made must be in writing to be legally enforceable. For example, if a landowner and tenant orally agree to a 2-year lease of property, the agreement is unenforceable if either party decides to back out. Other legal agreements that can be raised that might require the parties to fulfill their agreement. However, to avoid the problem of an unenforceable contract, the parties are best advised to put the lease in writing.

If a farm or pastureland tenant decides to improve the leased land or sow perennial crops, the tenant should have a written, long-term lease in order to reap the future benefits of his or her labor. Otherwise, the tenant may lose the improvements.

University Agricultural Experiment Station and Cooperative Extension Service

Title	Author	Publication Date	HTML	PDF
Frequently Asked Questions on Pasture Leases in Kansas	Donna Chappell	October 21, 2011	10K	10K
Frequently Asked Questions on Crop Leases in Kansas	Donna Chappell	May 29, 2011	10K	10K
2008 Pasture Leasing Arrangements in Kansas	Scott and Jacob	February 22, 2011	2008	2008
2008 Pasture Leasing Arrangements in Kansas	Scott and Jacob	December 1, 2008	2008	2008
2008 Pasture Leasing Arrangements in Kansas	Scott and Jacob	January 20, 2008	2008	2008
2007 Non-irrigated Crop-Share Leasing Arrangements in Kansas	Scott and Jacob	November 22, 2007	2007	2007
2007 Non-irrigated Crop-Share Leasing Arrangements in Kansas	Scott and Jacob	November 26, 2007	2007	2007
2007 Non-irrigated Crop-Share Leasing Arrangements in Kansas	Scott and Jacob	July 20, 2007	2007	2007
2006 Irrigated Crop-Share Leasing Arrangements in Kansas	Scott and Jacob	November 1, 2006	2006	2006
2006 Irrigated Crop-Share Leasing Arrangements in Kansas	Scott and Jacob	2006	2006	2006
2006 Irrigated Crop-Share Leasing Arrangements in Kansas	Scott and Jacob	2006	2006	2006
Consolidated Leasing Principles and Legal Issues in Kansas	Donna	January 16, 2008	PDF	PDF
Principles of Leasing Agricultural Land	Walters, Chappell	September 2006	Download	Download
Kansas Farm Lease Law	Walters	C-668 (2006)	Download	Download
Leasing Principles and Background	Walters	December 2002	Download	Download
Leasing Contract	Chappell, Walters	December 2002	Download	Download
Leasing Leases	Donna	December 2002	Download	Download
Leasing Leases	Donna	December 2002	Download	Download
Farm Leasing Leases	Donna, Chappell	December 2002	Download	Download

## “Non-traditional” leases ...

- Cash rent
- Net share rent
- Bushel rent
- Flexible cash rent
- Combination cash and crop share rent

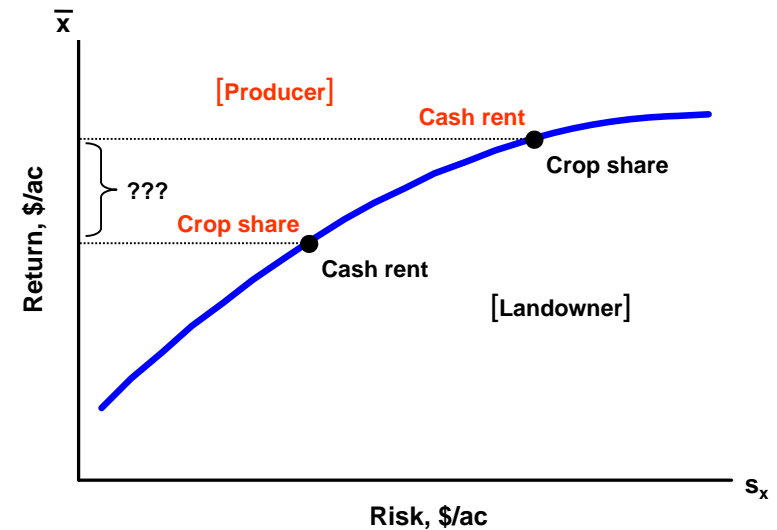
Because there is currently much interest in these types of leases, there must be good reasons to use them ...

## Cash rents ...

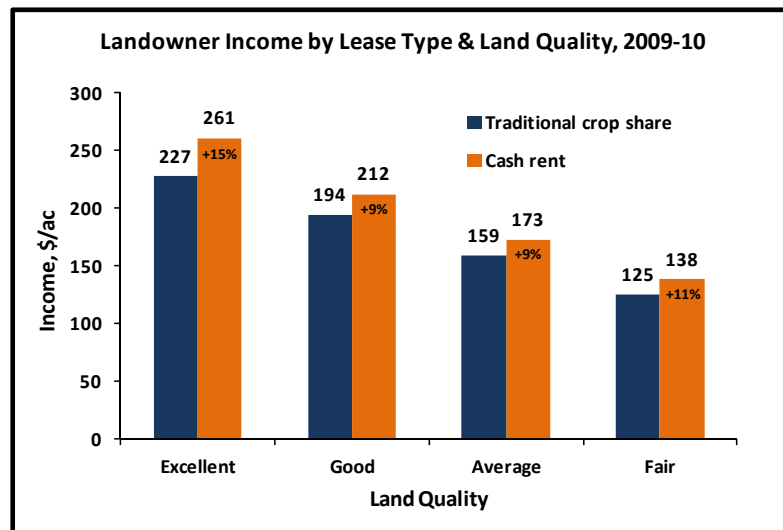
Numerous good reasons to go to cash rent, but landowners and producers need to recognize several things when doing so ...

- Land tends to change hands more often
- Relative risks change

## Landowner/producer risk-return tradeoff



## Comparison of landowner income by lease type...



Source: Schnitkey, G. University of Illinois

## Why might producers pay a higher rent with a cash lease than crop share?

- Lower costs (easier to manage)
- Increased production flexibility
- Ability to manage risk with crop insurance
- Easier method of expansion
- Timing of when rates were negotiated
- Other???

## Methods of establishing cash rent values ...

- Market going rate (if available)
- Crop share equivalent (adjusted for risk)
- Landowner's cost
- Amount tenant can afford to pay



The last three require yield, price, and government payment projections (as well as cost information used for crop share).

## KAS surveyed market rates ...

**2011 Kansas Farmland Value Up 14 Percent**

The average value of all farmland and buildings for 2011 in Kansas is estimated to be \$1,250 per acre. This compares with \$1,100 in 2010 and \$1,020 in 2009. Kansas' average value of all farmland and buildings increased 14 percent from 2010 to 2011. Irrigated cropland values rose 13 percent from 2010 while non-irrigated cropland increased 14 percent in value from last year. The value of Kansas pasture land increased 3 percent from 2010 to \$410 per acre.

**2011 Cash Rents Up from Previous Year**

The 2011 average cash rent farmers pay for non-irrigated cropland in Kansas was \$44 per acre, up from \$43.50 in 2010. The cash rent rate for non-irrigated cropland ranged from a low in the Southwest District of \$30.50 per acre to the high in the Northwest District of \$64.50 per acre. Following the Northwest District was the East Central with \$48.50, down \$1.50 from 2010, and the North Central with \$47.50 per acre.

The 2011 cash rental rate for irrigated cropland in Kansas averaged \$105 per acre, up from \$95 per acre in 2010. The Northwest District had the highest rent with \$120 per acre, followed by the North Central at \$112 and the Northeast at \$110 per acre. The Southwest District had the lowest irrigated rent with \$65 per acre, followed by the Central District with \$85.50 and East Central with \$84 per acre.

The pasture cash rent averaged \$10 per acre in 2011, up from \$10.50 in 2010. The rent for pasture in Kansas ranged from \$9.00 per acre in the Southwest District for a low to \$21.50 per acre in the Northeast District for the high. The Northwest District was followed by the East Central with \$21 and the North Central with \$14.50. Douglas County has the highest average cash rental rate at \$33 per acre, up \$1 from last year.

Year	Irrigated		Non-Irrigated		Pasture and Rangeland	All Farmland and Buildings	
	Value	Rent	Value	Rent		Value	Rent
2009	1,020	43.5	410	10.5	10.5	1,020	43.5
2010	1,100	43.5	410	10.5	10.5	1,100	43.5
2011	1,250	44.0	440	10.0	10.0	1,250	44.0

**Kansas Land Values and Cash Rental Rates**

The Kansas State University Agricultural Experiment Station and Cooperative Extension Service reports Kansas land prices and cash rents for 1995-2010. These data are useful to farm managers in determining cash rental rates, to landowners in calculating values for making lease adjustments in land prices, and to landowners and investors who have expectations on historical price and rental levels for farmland. The average prices for the public ownership percentage of land that vary widely by productivity. Thus, these data are more appropriate for analyzing trends than for establishing market value or rental rates for specific tracts of farmland.

**Kansas Land Prices**

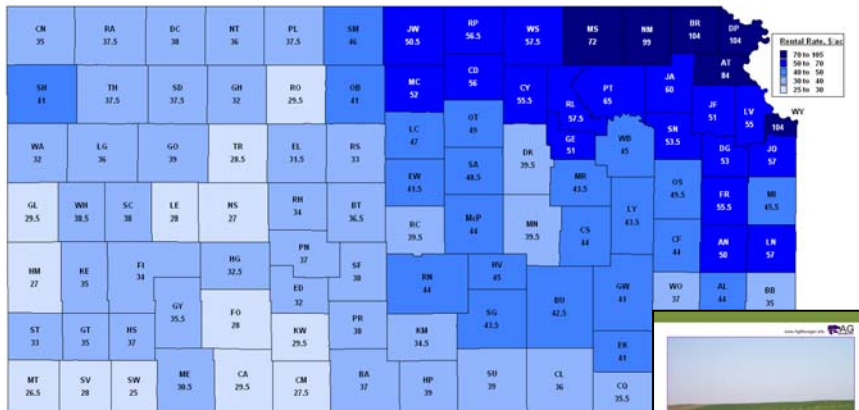
Tables 1 through 5 show average prices of land for various uses. Table 1 shows district and county averages for the state for the most recent 20 years reported. Data are shown for each of the five land groups: all land in farms, all cropland, nonirrigated cropland, irrigated cropland, and pasture. The annual data are based on surveys conducted by Kansas Agricultural Statistics in base of each year using a random sample of land-owning cropland, irrigated cropland, and pasture. This information is combined in two additional groupings: all cropland and all land in farms. The all cropland land values represent an average weighted average of irrigated and non-irrigated cropland. Although these two groupings do not represent a particular class of land (i.e., non-irrigated cropland), they provide a broader classification of interest.

The land value for all land in farms reported also includes the value of any buildings that map to be on the land. The value of the buildings represents a small portion of the total value, on average, and thus this reporting method does not significantly affect the accuracy of land values reported.

KAS report (switched to county-level in 2009 for rent, dropped CRD-level land values in 2011)

KSU report – basically a repackaging of KAS data (show more history and estimate “missing values”)

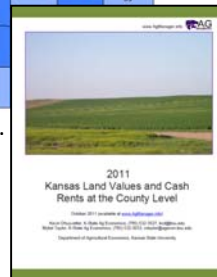
## Kansas Nonirrigated Cash Rents, 2011\*



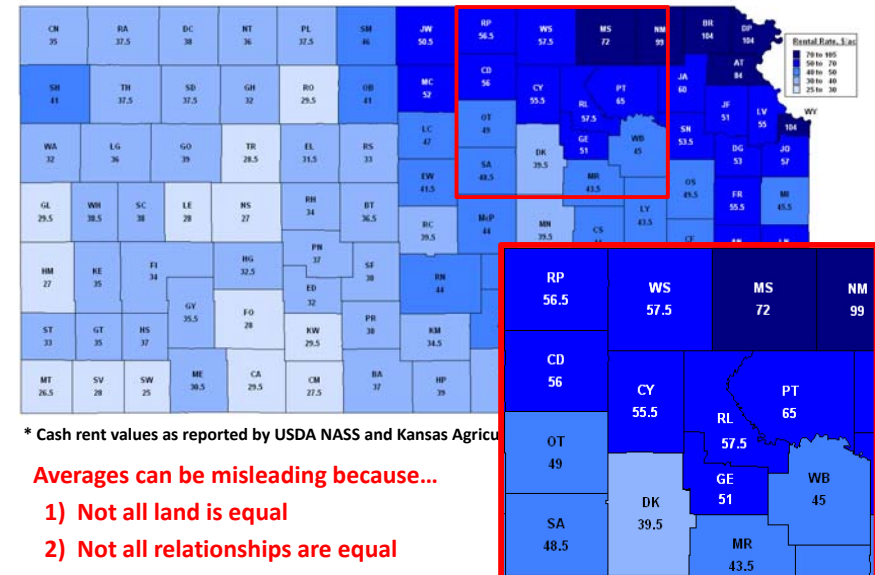
\* Cash rent values as reported by USDA NASS and Kansas Agricultural Statistics (KAS).

KAS did not report values for BR, DP, GT, KE, RA, TH and WY counties – values for these counties were filled in with multi-county averages.

State average = \$44.00 compared to \$43.50 in 2010 (+1.1%)



## Kansas Nonirrigated Cash Rents, 2011\*

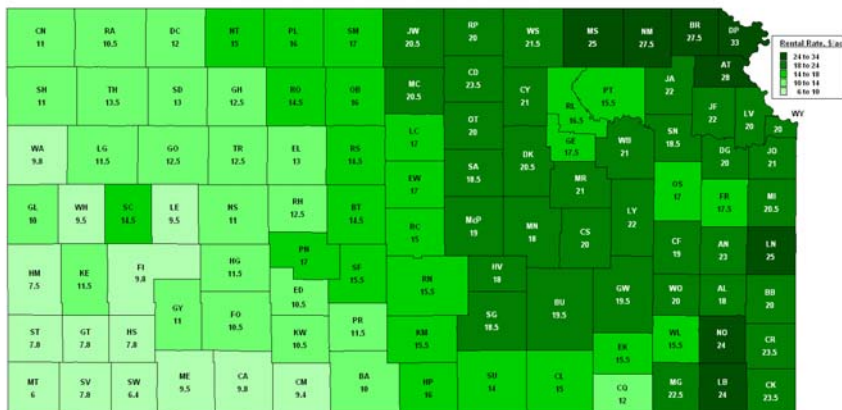


\* Cash rent values as reported by USDA NASS and Kansas Agricultural Statistics (KAS).

Averages can be misleading because...

- 1) Not all land is equal
- 2) Not all relationships are equal

## Kansas Pasture Cash Rents, 2011\*



\* Cash rent values as reported by USDA NASS and Kansas Agricultural Statistics (KAS).

KAS did not report values for ED, GT, HS, KW, LV, ST, SV and WY counties – values for these counties were filled in with multi-county averages.

**State average = \$16.00 compared to \$15.50 in 2010 (+2.4%)**

## Methods of establishing cash rent values ...

- **Crop share equivalent (adjusted for risk)**

- Converts equitable crop share rent to an expected dollar amount per acre

- **Landowner's cost**

- Based on the premise of landowner's continuing to receive comparable returns to what has been received in the past

I focus on these two

- **Amount tenant can afford to pay**

- Residual approach – after tenant pays all expenses, whatever income is left represents cash rent

## Flexible Cash Rents

## Flexible Cash Rents – WHAT?

- Flexible cash rents simply refer to land rental arrangements where the amount of cash rent paid (received) can vary based upon some pre-determined formula (i.e., formalizes bonus rents)
- Methods of “flexing” rental rates, i.e., formulas are based on:
  - Yield (actual for producer, county average, etc.)
  - Price (harvest, season average, actual)
  - Revenue (yield x price, crop insurance, residue)
  - Costs (e.g., fertilizer price)
  - Other...

## Flexible Cash Rents – WHY?

- Method of allowing rents to vary from year-to-year without having to renegotiate rents annually (avoid mental anguish associated with rental rate negotiation)
- Way of sharing/managing risks associated with volatile markets (without hassles of crop share lease)
- More transparent than ad hoc “bonuses”
- A good way (requirement?) of working with the “new breed” of landowners?
- Somewhat “force” a higher level of communication relative to fixed cash rent (poor/lack of communication is often an issue with problem lease arrangements)

## Flexible Cash Rents – WHY NOT?

- Complex!
- Theory and intuition guide conceptual design, but little help with specific details
- Not needed if cash rents are renegotiated frequently (every year?)
- Hard to think of everything, which means we might need to be “tweaking” arrangement regularly
- If designed wrong, might increase risk
- Appealing for certain situations, but not appropriate in all cases (depends on why you are considering cash rent)

Kansas State UNIVERSITY  
Department of Agricultural Economics

NORTH CENTRAL RISK MANAGEMENT EDUCATION CENTER

**Ethics of Leasing**  
*(thoughts from Kevin and Terry)*

AG MANAGER.INFO  
Kansas State Research & Extension  
www.agmanager.info

## Rental Ethics . . . Our Perceptions

- Tenants have the information (power)
- Cash rents tend to rise over time
- Manna-from-heaven payments often should be shared
- Foot-in-door high rents often inappropriate
- Landowners need money just like tenants
- Landowners are sometimes unethical too
- Family situations often are the worst
- Ethical behavior more profitable in long run

## Tenants have the power!

- Landowners often:
  - Are generations and geographically removed
  - Are unaware of current farming practices/technology
  - Are old and easily taken advantage of
  - View the arrangement with a tenant as a long-term commitment handed down from their parents
  - Think that farming is a low-income business and so want to “do their part” in aiding it
  - Believe there are few potential tenants and so are beholden to the existing tenant
- Tenants take advantage of the situation
  - Unintentionally (may be poor managers)
  - Intentionally (“she never asked me to raise rent”)
- Only occasionally do we see a landowner shafting a tenant

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Many of these points are the result of the fact that a number of landowners are landowners “by inheritance” as opposed to investing in land intentionally. Thus, returns are often viewed as “money I never had before” as opposed to “what I expect from my investment.”

## Cash rents rise over time

- Although cash rents do fall about 25-30% of the years, on average they rise 2-3% annually
  - Unusual to see a 3-year contract rate that shouldn't be higher than the previous contract
- Landowners & tenants who see stable crop-share terms for years think that translates to stable cash rent
  - We see cash rental rates that haven't changed for years and decades
    - Landowner: “We didn't know.”
    - Tenant: “She never asked for a higher rent.”

## Manna-from-heaven payments

- Unexpected payments, typically from the government, should be shared according to parties' costs
  - Examples: CRP, CSP, EQIP
- If tenant does nothing to earn payment it should go to the land, i.e., the landowner
- Such payments should be discussed between landowner & tenant (especially the relative associated costs)

## Foot-in-door high rental payments

- High rent payments on new contracts often are followed by stagnant rates for many years, which could be:
  - A) Tenant overbids to get land, then realizes he's not profitable so rationalizes stagnant rents
  - B) Tenant uses this as a strategy to acquire land and pay lower-than-market rents over time
    - This is the least ethical outcome of the two
- Some tenants who do this actually beg for lower rents in near future, realizing that landowners are reluctant to change tenants
  - This is really unethical!

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## Landowners need money too

- Tenants often make the argument that “she doesn't need the money”
  - This is completely irrelevant!
- Admittedly, landowners sometimes foster this perception
  - ... which tends to change when investment-minded heirs acquire land being rented

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## Landowner ethics

- Landowners may use their land for non-ag purposes and yet expect the same rent
  - Utility poles, oil leases
  - Lease hunting
- Landowners think if they paid too much for land it should bring a higher rent
  - This is completely irrelevant!
- Landowners might demand certain farming practices yet expect market rent
  - e.g., no fertilizer; conventional tillage, no double cropping
- Landowners make demands on current tenants to “fix” problems of past tenants

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## Family situations often are the worst

- “Sweat-equity” parent-child relationships lead to unrealistic expectations across generations
- Family members have trouble believing their own parents, children, or siblings would cheat them
  - Backlash then goes overboard
- Family members often are “always around” and so the pain always resurfaces
  - Hard to “forget and move on”

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**Questions**  
**Comments**  
**Discussion**



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