

Crop-Share Leasing Provisions

Although a farm tenant and landowner are free to include whatever provisions they wish in a lease contract, many people want to know what practices are customary or common in their region. Practices that are widely followed are usually considered to treat landowner and tenant fairly. However, individual circumstances may justify arrangements that are different from the majority of cases. Any lease must be evaluated as a whole, not by its individual parts. The general principle to follow is to divide the crop (and other income) in the same proportion as total costs are shared.

Although leasing practices tend to be stable, changes do occur because of changes in agricultural technology and economic conditions. A 2012 survey by the Department of Economics at Iowa State University was conducted to find out more about current leasing practices in Iowa. Responses

were received from a representative sample of over 500 landowners throughout the state.

Of all acres in Iowa, 12 percent were reported to be under a crop share agreement. The majority of the responses (81 percent) reported a 50-50 division of both the corn crop and the soybean crop between the landowner and tenant. Table 1 below shows how the various costs were divided. For the most part, the typical 50-50 crop share is still the predominant form of crop share leased acres. The notable exceptions to the rule are for custom applications, lime, and drying.

Table 2 shows how grain hauling is divided on crop share leased acres. Notice that almost one-fifth (19 percent) of the time the tenant hauls the landlord's share of the grain only from the field to the farm. In just 4 percent of the acres, the tenant does not haul the landlord's grain.

Table 1. Distribution of Crop Share Acres Based on the Portion of Yield Received or Percent of Costs Paid by the Owner, 2012

	0%	25 to 49%	50%	51 to 99%	100%	Not Used/ Reported
Yield*	---	7%	81%	6%	---	6%
Seed	5%	5%	80%	---	6%	4%
Fertilizer	3%	3%	82%	---	6%	6%
Custom fertilizer application	17%	2%	56%	---	2%	23%
Herbicides	5%	4%	77%	---	8%	6%
Insecticides	5%	3%	76%	---	6%	9%
Custom pesticide application	16%	4%	52%	---	2%	26%
Liming	5%	3%	61%	---	15%	16%
Drying	8%	2%	67%	4%	7%	12%
Custom combine	23%	---	20%	---	---	57%

* Yield is percent received, all others are costs paid by owner.

Table 2. Distribution of Crop Share Acres Based on Hauling of the Landowner's Grain, 2012

From field to farm only	19%
From field directly to elevator	42%
From field to farm and later to elevator	30%
Not at all	4%
Other	5%

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