

South Dakota State University
**Open PRAIRIE: Open Public Research Access Institutional
Repository and Information Exchange**

Department of Economics Staff Paper Series

Economics

11-1-1986

Farmland Rental Markets: Current Issues, Practices and Conditions

Bruce Johnson
South Dakota State University

Larry Janssen
South Dakota State University

Michael Lundeen
South Dakota State University

Follow this and additional works at: http://openprairie.sdstate.edu/econ_staffpaper

 Part of the [Agricultural and Resource Economics Commons](#)

Recommended Citation

Johnson, Bruce; Janssen, Larry; and Lundeen, Michael, "Farmland Rental Markets: Current Issues, Practices and Conditions" (1986).
Department of Economics Staff Paper Series. Paper 47.
http://openprairie.sdstate.edu/econ_staffpaper/47

This Article is brought to you for free and open access by the Economics at Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. It has been accepted for inclusion in Department of Economics Staff Paper Series by an authorized administrator of Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. For more information, please contact michael.biondo@sdstate.edu.

**Farmland Rental Markets:
Current Issues, Practices, and Conditions**

by

**Bruce Johnson
Larry Janssen
Michael Lundeen**

**Economics Staff Paper Series
86-8***

November, 1986

*Papers in this series are reproduced and distributed to encourage discussion of research, extension, teaching and economic policy issues. Although available to anyone on request, Economics Staff Papers are intended primarily for peers and policy-makers. Papers are normally critiqued by some colleagues prior to publication in this series. However, they are not subject to the formal review requirements of South Dakota State University's Agricultural Experiment Station and Cooperative Extension Service publications.

FARMLAND RENTAL MARKETS:

CURRENT ISSUES, PRACTICES, AND CONDITIONS^{a/}

by

Bruce Johnson, Larry Janssen, and Michael Lundeen^{b/}

Introduction

By virtually every standard, U.S. production agriculture appears in the midst of an accelerated structural change. Financial stress on the heels of the expansionary 1970s, political uncertainty over the government's future role in agriculture, technological upheaval in the form of increasing productivity in competitive nations and in the emergence of biotechnology are all currently affecting farming and shaping its future.

These changes have potentially serious implications for the use, value, and ownership of agricultural land. Consequently, debate is keen as to the aggregate impacts of these structural developments on land use (or non-use) and as to their associated affects on land values. Less attention has been focused on the implications of the current state of agriculture, economically and structurally, for the farmland rental market and its institutions.

Yet, therein lies a series of pivotal questions and concerns. For example, is it not likely that a considerable portion of agriculture's debt capital may be replaced by rental capital, particularly nonfarmer-owned real estate capital (Penson and Duncan)? From the standpoint of risk management, are not producers seeking the resource security and flexibility that responsive land rental institutions can provide? As noted by Gaffney and more recently by Reiss, such changes not only preserve the tenant's equity capital for financing required farming operations, but avoid financing the present worth of future land contributions (Gaffney; Reiss). Finally, is there not the potential for the players in the land tenure arena to change significantly? For example, the traditional pattern of the retired farmer-landlord and his

a/

Paper presented at the annual meeting of NCR-123 Committee on Agricultural Land Values, St. Louis, Missouri, October 10, 1986. It is being released simultaneously as Agricultural Economics Staff Paper 86-11 by the Department of Agricultural Economics, University of Nebraska, Lincoln.

b/

Johnson is Associate Professor and Lundeen is Research Technologist, Department of Agricultural Economics, University of Nebraska-Lincoln. Janssen is Associate Professor, Department of Economics, South Dakota State University, Brookings.

tenant down-the-road may be evolving towards non-farm and even non-person entities such as limited partnerships and owner syndicates, pension funds, financial institutions, and farm operating corporations (Scott). In short, are not times changing for the landlord, the tenant, and the leasing institutions through which they interact?

Although change in the rental market appears imminent and possibly of considerable magnitude, agricultural land leasing merits research attention for two other reasons as well. One is the historical significance of leasing; the other is the rather piecemeal research focus that has recently been allocated to this subject. Historically, agricultural land leasing has been a significant component of U.S. agriculture. Since 1900, not less than 30 percent of U.S. farmland has been leased in any given year (Table 1). This percentage climbed through the mid-1930s, reaching a peak of 45 percent in 1935. It fell thereafter until 1959. During the past three Census benchmarks, there has been evidence of an increased percentage of leased farmland.

In addition, the nature of tenancy has shifted from fifty years ago when more than four out of ten farmers were classified as full tenants (operating only on land rented from others). That ratio is one in eight today. The bulk of farmland leasing has moved into the part-owner operator class (those farming both owned and rented land). Operations in that category tend to be comprised of larger production units than tenants only or owner-operator only farms (Hottel and Harrington). In turn, the status of leasing has moved from the "low-rung" on the traditional agricultural ladder, where the goal was full ownership of the land resource, to an effective and often permanent means of acquiring control of the necessary land base for an economically-viable farming unit. The tenant who once was stereotyped as at the mercy of a wealthy and powerful landlord is now frequently a shrewd businessman renting simultaneously from several landlords. These landlords may have less financial perception and ability than the tenant.

Despite the dynamics of agricultural leasing and its historical importance, a review of economic literature concerning the leasing of agricultural land suggests much of the study of that subject has emphasized the micro-level aspects of leasing and leases. This emphasis originated largely with the watershed theoretical and empirical studies of Heady in the late 1940s and early 1950s (Heady). Many subsequent studies focused on the sin of economic inefficiency arising from inadequate shares of output or of input costs, excessive costs burdens for tenants, or the insecurity of the traditional one-year lease (Wunderlich). In recent years, there has been intense theoretical analysis of Cheung's theses regarding the inherent economic efficiency of share leases and the risk sharing advantages of such leases (Cheung; Reid; Newbery and Stiglitz).

The actual economic and institutional environment of farmland leasing often involves factors that are not considered in many abstract, theoretical analyses (Apland, et al; Atkinson). But a lack of an ongoing and comprehensive descriptive analysis of agricultural leasing in this country precludes the testing of many theories about farmland leasing with actual rental market data. The Census of Agriculture provides the only nationwide statistical benchmark on the magnitude of

agricultural land leasing. However, since 1969, the Bureau of the Census has collected no detailed statistics on leasing patterns. The 1979 Farm Finance Survey, added to the 1978 Census, provided important information about landlords and tenants. But, in addition to now being dated, it was limited in scope. Land ownership analysis, a companion aspect of leasing, is even more infrequent and imprecise with only two nationwide studies completed --- in 1946 and 1978.

The 1978 land ownership survey did provide several measures of the importance of farmland leasing to production agriculture in the U.S. It estimated that more than two million agricultural land leases exist in the U.S. and that there are many more landowners (3.9 million) than farm operators (2.5 million). Still, except for the efforts of a few states (e.g., Illinois), definitive information about the farmland leasing market does not exist.

Research Objectives

Given the above, a pilot study was initiated under contract with the Economic Research Service (ERS) of the United States Department of Agriculture entitled, "Agricultural Land Leasing and Rental Market Characteristics." Its purpose was two-fold --- to investigate the role of land leasing in production agriculture and to analyze the economic efficiency of the market through which it functions. The study focused on two states, South Dakota and Nebraska, as the initial phase of an eventual national study. Specific objectives were to:

1. Identify the relative magnitude and major characteristics of different leasing arrangements (cash, crop share, pasture, and livestock share) by state and sub-state region.
2. Analyze typical rental patterns and arrangements from the standpoints of: (a) tenant's cost of production, (b) landowner's return on investment, and (c) equity of transactions based on relative contributions.
3. Investigate the land rental market as an institution in terms of market knowledge and communication flows, barriers to entry, degree of contractual formality, stability of contracts, innovations, and relative risks.
4. Appraise agricultural land leasing within the context of present and emerging agricultural structure in terms of (a) size and organization of production units and (b) ownership and control of land.

The major source of rental market data for this study was collected from a mail survey of farm operators and non-operator landlords involved in land rental arrangements in South Dakota and Nebraska. A common survey instrument was used to query both operators and landlords. Surveying both tenants and landlords with a single questionnaire was a different approach than used in most previous rental market studies and

represents the focal point of this study.

Appropriate statistical procedures (cross-tabulations, chi-square tests, means, analysis of variance and covariance, discriminant analysis, and categorical models) are being used to summarize the data and to provide a cross-sectional analysis of various inter-relationships. This analysis will fulfill the first objective.

The second objective will be accomplished by integrating typical rental arrangements (based on survey data) with crop enterprise budgets for each region (Crop Reporting District) and then calculating tenant/landlord contributions.

The last two objectives are being accomplished using the market structure, conduct, and performance approach as a general framework. The conduct or actions of participants in the rental market have consequences for the agricultural sector and rural economies as well as for tenants and landlords. The structural characteristics of the land rental institution, as it now exists, will be identified and analyzed. The conduct phase involves the choices, decisions, or strategies that participants adopt within the opportunity set by structure. The interrelated network of incentives and disincentives for action, the established rights and obligations of participants, the barriers to new participation, and degree of security of existing participants all bear on performance.

Sample Selection Procedures

The only accessible and reasonably complete mailing list of farm operators and landlords is the Agricultural Stabilization and Conservation Service (ASCS) "producer" list. It contains the names and addresses of farmland owners and farm operators that participate, or are eligible to participate, in federal commodity programs. ASCS maintains this nationwide list at their data processing center in Kansas City. The list is organized by the state and county where a person's farmland is located. The entire list for both South Dakota and Nebraska was made available to this study by cooperative agreement with ERS and the permission of the respective state and national ASCS offices.

Discussions with several county, state, and national ASCS officials indicated that the names on the Kansas City list could not be classified by tenure status. Such information is only available at county offices, but their files are not computerized. ASCS personnel also noted that county-level mailing lists were more current than the national data set.

Therefore, the following procedures were used to obtain the sample farm operators and landlords for this study. First, the entire Kansas City list was obtained for both states. The number of ASCS "producers" was 100,141 for South Dakota and 168,027 for Nebraska (Table 2). Second, a random sample of names was selected for each county in both states. The sampling rate was five percent for each county, except for the sparsely-settled counties in south central, northwest, and western South Dakota and in north and northwest Nebraska, where an eight percent rate was used. This higher sampling rate compensated for the lower

number of landowners and operators and for the expectation there were fewer rental agreements in those regions. (It was also expected that the sample response rate would be lower in those regions.) The original sample was 5,583 names in South Dakota and 9,069 in Nebraska.

The list of "producers" selected for each county was sent to the county ASCS offices for verification. County staff were asked to indicate whether each name represented: (a) a non-operator landlord, (b) a farm operator renting land to or from others, (c) full owners not renting farmland, or (d) individuals or corporations not currently active in farm ownership or farming. The last two classes were dropped from the sample survey list. A total of 4,111 South Dakota and 5,251 Nebraska farm operators and landlords were mailed questionnaires.

Survey Design, Procedures, and Response

A four-page, double-column mail questionnaire was designed to obtain farmland rental market information for each state (see Appendix). Both farm operators and landlords received the same questionnaire. It was divided into sections for obtaining: (1) general characteristics of respondents, their perceptions, and the nature of the leasing process and (2) specific information about the respondent's most important cropshare, cash, and pasture leasing agreements.

The initial mailing occurred in early April with a follow-up survey of non-respondents three weeks later. Total response rate was approximately 35 percent in South Dakota and 32 percent in Nebraska. After editing primarily for incomplete questionnaires, the usable response rate was 28 percent for South Dakota and 27 percent for Nebraska, or 1,155 usable questionnaires in the former state and 1,436 in the latter. Except for some expected variation in response rate among sub-state regions, the response was generally consistent within each state.

A telephone follow-up survey of eight percent of the non-respondents was conducted in early September to test for bias among those responding to the survey. More detailed analyses of those results for both states needs to be made, but initial findings indicate survey respondents and non-respondents were generally similar.

Empirical Results

An overview of the empirical results of the South Dakota and Nebraska Farmland Leasing Surveys is presented in this section. These results are preliminary and relate to Objectives 1, 3, and 4. Detailed statistical testing of the associated hypotheses remains to be completed. For presentation, the results have been grouped into two sections: (1) characteristics of respondents and (2) rental market dynamics. The second section includes both general and specific detail on the reported leasing practices and the relative stability of leasing arrangements. Also, the respondents' perceived satisfaction with their leases is discussed.

Characteristics of Respondents

A. Farmland and Residential Location

The proportion of farm operator respondents in each region of both states corresponds closely to the expected farm population percentage (based on Census of Agriculture statistics). More than half of South Dakota (51 percent) and Nebraska (58 percent) farm operator respondents lease and operate farmland in the eastern regions of each state (Table 3). Non-operator landlord respondents were also concentrated geographically in the east, reflecting the higher number of landowners in those regions (both farming units and ownership parcels tend to be smaller in the eastern regions).

One possible but immeasurable bias in the sub-state distribution of landlords having cropshare or cash leases may exist in the nature of the ASCS mailing lists. Landlords involved in cropshare arrangements are more likely to be included on those lists, since government payments are shared in proportion to output shares. Crop share leases are also more prevalent in the eastern regions of both states, because rangeland is the dominant land use in the western regions.

Analysis of residential and farmland locations reveals a high rate of "absentee" ownership by respondent non-operator landlords. Less than half (46 percent) of South Dakota landlords lived in the same county that their farmland was located (Table 4). Nearly one-third (33 percent) of South Dakota landlords lived in another state. Similar distributions occurred in Nebraska where 49 percent of respondent non-operator landlords lived in the same county as their farmland and 23 percent lived in another state.

For farm operators, the preponderance of their leasing activity logically occurred close to their residences. Only a small percentage reported living in a different county than their farmland. This suggests that tenant demand for land is very local in nature.

B. Gross Farm Receipts

Farm operator respondents were concentrated in the \$40,000 to \$250,000 gross farm receipts categories (Table 5). In both states, a higher percentage of respondents reported selling \$100,000 or more of farm products than estimated for the entire farm population in the 1982 Census of Agriculture. Nonetheless, the distribution of gross receipts reported by the survey respondents generally paralleled Census patterns, suggesting the survey represents that population.

C. Dependence on Farm Related Income

Farm households in South Dakota and Nebraska rely more heavily on farm income for family living expenses than farm households nationally. A higher incidence of full-time commercial farming, a lower incidence of part-time farming, and less off-farm employment for the operator or

spouse have been the major explanations.

Of the farm operator respondents, 50 percent in South Dakota and 56 percent in Nebraska reported receiving a majority of their household income from farm-related sources (crop and livestock production and farmland rental) (Table 6). About one-third of the operators received less than 30 percent of household income from farm sources. In contrast, relatively few non-operator landlords reported receiving a majority of their household income from farmland rental --- 13 percent in South Dakota and 18 percent in Nebraska. For almost two out of three landlords, farm rental earnings amounted to less than 30 percent of their total household income.

These results have several implications in the present agricultural economic environment. Should farm prices continue to decline, the household incomes of most non-operator landlords would apparently not be seriously affected by any resulting reductions in rental incomes. On the other side of the market, however, the majority of farm operators in these two states would apparently experience increased pressure on their household incomes. A second implication concerns risk and uncertainty. Irrespective of the type of lease used, these results suggest that tenants' household incomes are more vulnerable to farm income declines than landlords'. This may exacerbate any stress in landlord-tenant relations if, for example, tenants seek to minimize their payments for farmland rental.

D. Respondent Age Distribution and Tenure Status

Over 50 percent of the non-operator landlord respondents in both the South Dakota and Nebraska surveys reported they were 65 years of age or older (Table 7). Moreover, only about one in ten were less than 45 years of age. The age distribution of tenants and part-owner operators conformed closely to those in the 1982 Census of Agriculture. The majority of full tenants in both states reported they were under 35 years of age. Most part-owner operators were slightly older. Farm operators who leased out some of their farmland were older still, suggesting they were approaching retirement age and had entered the rental market to rent out land in order to reduce their farming workload.

This distribution of ages among non-operator landlords, tenants, and operator landlords suggests the role that farmland rental may play in the transition of operational control of agriculture from one generation to the next. The acquisition and dispersal of operating and landownership rights via the rental market provides security and flexibility for all participants --- from the youthful tenant who has health but little wealth to a retiring farmer-landowner who has wealth but possibly declining health. Thus a continuum exists along which landowners and tenants interact to exchange land use control and, potentially, land ownership.

Tenure status refers to a respondent's ownership and operating rights in the farmland rental market. The non-operator landlords described above own farmland and receive rental income, but do not

operate a farm (some undoubtedly share in management decisions or perform some work but, if they lease all their land to others, they were considered landlords). The respondents to these surveys were also classified according to four other tenure conditions:

1. tenants --- farm operators who lease all their operated land from others.
2. part-owner operators --- farm operators who own some of the land they operate and lease additional land from others.
3. part-owner operator landlords --- farm operators who own some of the land they operate, lease some land to others, and lease some land from others.
4. full-owner operator landlords --- farm operators who own land some of which they lease to others.

Four out of nine (44 percent) South Dakota respondents reported they were farm operators (Table 7). Ten percent of the respondents were farm operator-landlords, 8 percent were tenants, and 26 percent were part-owners. In Nebraska, about one-third of the respondents reported they were farm operators. The incidence of part-owner respondents was lower than expected (10 percent), apparently a result of a somewhat different classification scheme or verification procedure used by Nebraska county ASCS offices, that is, it appears some part-owners may have been classified as full-owners. They were, therefore, omitted from the mail sample. If further investigation confirms this, a follow-up survey will be conducted in late 1986.

Rental Market Dynamics

Since the analysis phase of this study is in its initial stage, these preliminary findings will be presented in a question-answer format.

Question 1 --- Who owns/operates/rents the most acres of farmland?

The tenant class in both states reported leasing an average of about 700 acres of land (Table 8). Non-operator landlords in South Dakota owned an average of 481 acres compared to 407 acres in Nebraska. In both states, part-owner operators leased more land on average than the full tenants. When combined with their owned land, the average size of part-owner operators' farms was much larger than the average tenant operation. Part-owner operator landlords thus have the largest number and most complex landownership and rental arrangements. On average, they leased significantly higher numbers of acres to and from others than respondents in all other tenure classes.

These findings indicate the importance in the farmland rental market of the part-owner operator class, whose members presumably lease land as add-on units to attain a larger, more efficient, or more

profitable farming operation. In so doing, these individuals typically lease from more than one landlord and may be pivotal in setting rental rates and leasing arrangements.

Question 2 --- Who are today's landlords and tenants?

The most common type of landlord in both states was someone unrelated to the tenant. Seventy percent of South Dakota respondents reported leasing land from unrelated individuals (Table 9a). About half of the total lease numbers (54 percent) and acres (47 percent) were with unrelated individuals. In South Dakota, 36 percent of the respondent tenants reported leasing some land from a parent or in-law and 32 percent from other relatives. These leases accounted for 17 percent and 12 percent, respectively, of the land leased. Tribal, state, and federal governments were also important lessors in South Dakota, especially for rangeland in the central and western regions of the state. The average number of leased acres per renter was much higher than for other landlords, as 20 percent of the leased acres were from those institutional sources.

In Nebraska, respondent tenants reported a similar landlord pattern (Table 9b). Two-thirds of the renters leased some land from unrelated individuals, accounting for the majority of leases (59 percent) and of acres rented (54 percent). Forty-five percent rented from parents or in-laws and 40 percent from other relatives. Leases from those two kinship groups represented 34 percent of total acres leased.

When asked to whom they leased land, the majority of landlords in both states reported renting to unrelated individuals (Tables 10a and 10b). In South Dakota, unrelated tenants accounted for 68 percent of all leases and 71 percent of leased acres; in Nebraska, the percentages were 64 percent and 68 percent, respectively. Fourteen to twenty percent in both states leased land to their children, in-laws, or other relatives. Leases to non-family partnerships or corporations were not common in either state.

In summary, leasing arrangements between unrelated landlords and tenants dominated in both states but intra-family leasing arrangements were also common. Since renters frequently lease from more than one landlord, many have at least one lease with a family member.

Question 3 --- How many leases do the typical landlord and farm operator have?

Farm operators who leased farmland averaged 3.1 leases in South Dakota and 3.3 leases in Nebraska (Table 11). However, 27 percent of South Dakota operators and 31 percent of Nebraska operators reported just one lease. About three of every ten operators in both states reported having four or more leasing arrangements. In contrast to farm operators, the majority of landlords had only one leasing agreement (53 percent in South Dakota and 60 percent in Nebraska). In each state, only about 17 percent of the landlords reported have three or more leases.

Thus, in today's agriculture, farm operators are more likely than landlords to have multiple leases. This is a result of: (1) the large number of part-owner operators in the farmland rental market, (2) farm expansion as a motive for leasing, (3) the dispersion of land ownership, and (4) landlords' willingness to own small parcels of land for investment or personal reasons.

Question 4 --- Are most leases oral or written, annual or multi-year and have these characteristics changed in recent years?

Forty-four percent of South Dakota respondents and 35 percent of Nebraska respondents reported oral, annual leases, that is, comparatively informal leasing arrangements (Table 12). Approximately 12 percent of the respondents in South Dakota and in Nebraska reported highly formalized leases --- written and multi-year. Overall, a majority of respondents reported oral leases and nearly two-thirds annual leases. About one-fourth of respondents were involved in written or multi-year leases.

Very few respondents reported changes in their leasing arrangements during the past five years. But the changes that were reported suggest a switch to more formal leasing agreements (written, multi-year). These changes also tended to be associated with a change in the tenant or landlord. It should be noted again, however, that in the vast majority of cases the respondents indicated no change in their leasing agreements.

Question 5 --- What is the relative importance of the various leasing arrangements?

As noted earlier, the cropshare lease is the most common in both states surveyed. In South Dakota, respondents reported that about 39 percent of total lease acres were under cropshare and, of total cropland/hayland leased, 60 percent was leased on a share basis (Table 13a). Nearly three of every five reported (59 percent) Nebraska leases was cropshare, accounting for 50 percent of the total leased acreage (Table 13b). Of the cropland/hayland acreage, more than 70 percent was reported under cropshare leases.

With few exceptions, pasture leases in both states involved a fixed cash payment --- either on a per acre or per animal-unit-month basis. Generally, the average rental parcels associated with pasture leases were larger than the cropland tracts and located primarily in the central, northern, and western areas of each state. It should also be noted that a small percentage of cropshare leases (8 to 12 percent) included a cash payment for pastureland or hayland on the leased tract. These occurred with greater frequency in eastern South Dakota and Nebraska, where cropland is dominant but many cropland tracts include a small area of pasture or hayland.

The distribution of lease types among farm operators and landlords varied between South Dakota and Nebraska respondents. In the former

state, 58 percent of the farm operators and 42 percent of the landlords reported having cash leases (Table 14). In Nebraska, those percentages were 39 percent and 24 percent, respectively. Cropshare leases dominated in that state with 79 percent of the farm operators and landlords reporting share leases. The average acres leased under each leased type also varied between the states. South Dakota farm operators reported leasing an average of 401 acres under cash agreements, 550 acres under cropshare, and 898 acres in pasture. Nebraska farm operators reported an average of 548 acres under cash, 470 acres under cropshare, and 566 acres in pasture.

A relatively high percentage of respondents were involved in a combination of crop share, cash crop/hay, or pasture leases (Table 15). For example, 58 percent of South Dakota respondents reported more than one leasing agreement and 43 percent reported combinations of crop share, cash, and pasture leases (Tables 11 and 15). In Nebraska, 48 percent had multiple leases and 31 percent were involved in various leasing combinations.

On the basis of information collected for specific leases, further analysis of the three leasing types can be made. One factor is the average length of tenancy associated with each lease type. Respondents in both states reported shares leases had existed an average of about 13 years and cash leases 10 years (Table 16). The average length of pasture leases was 11 years in South Dakota and 12 years in Nebraska. This suggests security of tenure is relatively high, even though most lease agreements are annual. Generally and logically, the incidence of written leases was more common with cash arrangements than with crop share.

Question 6 --- What are the typical crop share proportions?

Crop output shares were highly regional, crop, and technology (irrigated vs. dryland) specific. In South Dakota, the typical share lease had a $2/3$ tenant - $1/3$ landlord output share (Table 17a). This $2/3$ - $1/3$ arrangement was dominant in all regions except the East Central and Southeast. In those regions, a $3/5$ (60 percent) tenant share was most common, followed by $2/3$ or $1/2$ tenant's share. The $3/5$ and $1/2$ tenant share arrangements were most common for corn-soybean land, while $2/3$ shares dominated small grain and wheat tracts. A significant minority of respondents in the spring wheat areas of North Central and Northwest South Dakota reported $3/4$ - $1/4$ tenant-landlord output shares.

In Nebraska, 44 percent of the respondents reported $3/5$ - $2/5$ tenant-landlord shares for dryland cropland and gravity-irrigated cropland (Table 17b). A majority (53 percent) of those leasing center-pivot irrigated tracts reported $1/2$ - $1/2$ tenant-landlord shares. Regional differences were evident for the various cropland groups. For dryland cropland, the $3/5$ tenant's output share dominated in the eastern third of the state. The $2/3$ tenant's share was more common for dryland elsewhere. This reflected the dryer climate in those regions and, thus, the more variable yield.

Whether these dominant share arrangements indicate the relative

contributions of landlords and tenants will be investigated in detail later. It would seem, however, that such arrangements were generally perceived to be equitable or negotiated changes would have occurred during the recent years of economic stress. Also, the outlier output shares reported suggest that in special production circumstances output shares at variance with traditional or typical shares are negotiated.

Question 7 --- What variable inputs are shared in cropshare leases?

A premise of a "fair" cropshare lease is that variable input expenses should be based on an evaluation of the tenant's and landlord's relative contributions to fixed and variable costs and that variable inputs should be shared in the same proportion as output.

Similar to output shares, the sharing of inputs is regional, crop, and input specific. Fertilizer and herbicide expense were the only inputs shared in a majority of the cropshare leases in South Dakota (Tables 18a). More than a quarter of crop share respondents reported sharing insecticide, chemical application, and drying expenses. Variable inputs were more likely to be shared under 3/5-2/5 and 1/2-1/2 tenant-landlord output shares than under other share arrangements. Again, most of those leases were corn-soybean leases. In most instances (94 percent of the reported cases), shared inputs were shared in the same proportion as crop output.

In Nebraska, the shared inputs associated with dryland cropland were similar to those in South Dakota (Table 18b). Fertilizer expenses were often shared and, in the eastern third of the state, most landlords shared in herbicide and insecticide expenses. In areas where irrigation was common, additional input costs often shared included seed, drying, and irrigation energy. When respondents did report the sharing of an input expense, the proportions were usually the same as the output shares.

Question 8 --- What changes are occurring in leasing agreements?

Considering the recent upheaval in production agriculture, one would expect that changes have occurred in rental market agreements and institutions. Consequently, respondents were asked to complete a series of questions concerning any changes during the past five years in their most important lease, or in that lease during the time it has existed if less than five years.

The responses suggest that most leasing arrangements have been comparatively stable, particularly if there has been no change in the landlord or tenant (Table 19). In both states, less than 20 percent of the respondent landlords reported a different tenant had assumed their most important cropshare, cash, or pasture lease. Other modifications of those leases were even less frequent.

One interesting result was the relative lack of movement from cash to cropshare arrangements or share to cash. Recently, much attention has been focused on the increased preference of tenants (and their

lenders) to reduce risk by converting cash leases to cropshare. Respondents to this survey indicated that, if there has been any shift at all, it has more frequently been from cropshare to cash. The survey results also showed that cash rents declined between 1985 and 1986. These results suggest the initial response to recent troubles has been a lowering of cash rents, but not significant modification of existing share arrangements.

Question 9 --- How do tenants and landlords perceive the relative securing and fairness of their leases?

Farm management economists use the tenant's and landlord's relative contributions approach to evaluate a lease's equity. Attorneys assume leases are "fair" if a contract is legally made between two willing and competent parties. The data generated by these survey allows evaluation of the fairness of the reported leases using either approach. But further analysis is needed before reaching any conclusions based on the relative contributions approach.

However, all respondents were asked to complete a question concerning their perceptions of the fairness of their reported leases overall. In both states, about two-thirds reported their leasing arrangements were "good" or "excellent" (Table 20). Less than one in eight classified their leases as only "fair" or "poor." There was no significant difference between the responses of landlords and tenants. In short, the farmland rental market participants in South Dakota and Nebraska appear generally satisfied with their leases.

Tenants were asked, in addition, to evaluate the certainty of continuing with their most important lease for the next five years. More than 80 percent reported they were either reasonably certain or very certain that that lease would continue. So, even though most leases are year-to-year, tenants appear quite comfortable with and certain about their principle leases.

Landlords were asked for their perceptions of the ease of finding acceptable tenants. Again, a large majority in both states (79 percent in South Dakota and 78 percent in Nebraska) reported it was generally easy or very easy to locate such tenants. Only one in twenty reported it was quite difficult to find acceptable tenants.

Conclusions and Implications

On the basis of (1) a representative sampling of rental market participants in South Dakota and Nebraska and (2) an in-depth survey instrument, a comprehensive picture of agricultural land leasing has been developed. Several findings appear noteworthy from the preliminary analysis:

First, absentee ownership is common, with less than half of the landlords living in the same county as their owned land. One in three landlords in South Dakota and nearly one in four in Nebraska lived out-of-state. A rather sizable geographic separation of owner and operator

thus often exists, possibly increasing in the years ahead the need for more formal leasing arrangements.

Second, farm rental income for landlords tends to be a modest portion of their household income. In contrast, farm operators are generally heavily dependent upon farm returns. There is therefore a dichotomy between the rental market participants in terms of ability to withstand difficult economic conditions.

Third, age of market participants varies widely. Full tenant operators tend to be young while non-operator landlords are often of retirement age. Between these extremes are various groupings of part-owners and full-owner operator landlords, which indicates the importance of rental market institutions in the life-cycle process in agriculture.

Fourth, the majority of land leased involves a leasing contract between unrelated individuals. Nevertheless, tenants often lease at least some land from a relative and many landlords lease to relatives. This incidence of kinship between landlords and tenants may limit competition in the farmland rental market.

Fifth, multiple leasing (farm operators leasing land from more than one landlord) is the rule rather than the exception. Also, operators are frequently using a combination of leasing arrangements. In short, today's tenant is often carrying out a sophisticated process of land operatorship via the rental route. In so doing, the risk of losing access to any one parcel is reduced.

Sixth, despite the degree of landlord absenteeism and multiple leasing among tenants, most leasing arrangements continue to be verbal, year-to-year agreements. This suggests that patterns of leasing are well-established in localities and that therefore there may be little desire for more formal arrangements. However, the data also suggest some change toward more formal leasing arrangements.

Seventh, cropshare leasing continues to be the predominant form of lease, with substantial regional variation in tenant/landlord shares existing. Correspondingly, the array of variable inputs shared varies from region to region. This variation reflects the different cropping patterns, yield risk, and cultural practices. The incidence of change in the details of leases is apparently rare. Moreover, the average reported lease has been in existence for more than a decade suggesting a hesitation by both the landlords and the tenants to modify their leases.

Finally, the general perceptions by market participants of their leasing arrangements are favorable. Likewise, the degree of certainty of maintaining a favorable leasing situation is also high for both landlords and tenants. Whether their perceptions are realistic on the basis of sound economics will be determined with further analysis. Yet, even if significant modification in leasing is merited, their generally favorable perceptions at this time may suggest very slow adaptation of market institutions to suggested changes.

Table 1. Acres and percentage of land in farms and leased land in the United States, 1900 to 1982, by year.

Year	Total Acres in Farms	Land in Farms Rented		Total Acres Rented	Percent of Land in Farms Leased	Percent Tenancy ^{a/}
		Acres of land rented by: Tenants	Part-owners			
----- Millions of Acres -----						
1900	841.2	195.1	71.1 ^{e/}	266.2	31.6	35.3
1910	878.8	225.5	51.3 ^{f/}	277.8	31.6	37.0
1920	958.7	265.0 ^{g/}	54.7 ^{g/}	319.7	33.3	38.1
1925	924.3	264.9	96.3	361.2	39.0	38.6
1930	990.1	307.3	125.2	432.5	43.6	42.4
1935	1,054.5	336.8	134.3	471.1	44.6	42.1
1940	1,065.1	313.2	155.9	469.1	44.0	38.8
1945	1,141.6	251.6	178.9	430.5	37.7	31.7
1950	1,161.4	212.2	196.2	408.4	35.2	26.9
1954	1,158.2	192.6	212.3	404.9	34.9	24.4
1959	1,123.5	166.8	234.1	400.9	35.7	20.5
1964	1,110.2	144.9	248.1	393.0 ^{h/}	35.4	17.1
1969	1,063.3	137.6	241.8	379.4	35.7	12.9
1974	1,017.0	122.3	258.4	380.7	37.4	11.3
1978	1,029.7 ^{b/}	125.6 ^{d/}	285.3	410.9	39.9	12.6
1982	986.8	113.6	269.9	383.5	38.9	11.6

^{a/}

Percentage of farm operators who operate only land rented from others.

^{b/}

Columns (3) and (4) are as comparable as possible between part owner and tenant in the same year but series definitions change over time.

^{c/}

1922 Census of Agriculture, Vol. VI, Part I, Table 5, p. 19.

^{d/}

The 1978 figure is all farm "land rented from others."

^{e/}

Assumes same proportion of owner and part owner as in 1910. 1920 Census of Agriculture, Table 5, p. 19 (23 percent of acres are part owner, p. 23 (636.8) = 142.6 million acres of which same 38.4% is leased = 54.7 million acres).

^{f/}

Computed as total acreage from the difference in size of full owners and part owners. FO = 138.6, PO = 225.0; 86.4 acres per PO farm or 51.3 million acres. 1910 Census of Agriculture, Chapter. II, Table 1, 3, pp. 97 & 99.

^{g/}

Sum of part owners and owner/tenant, 1900 Census of Agriculture, Table 20, p. 308.

^{h/}

"It is estimated that partowners and tenants operate 393 million acres of land leased from others," 1964 Census of Agriculture, Vol. II, Chapter 8, p. 757.

Sources: 1969 Census of Agriculture, Table 5, p. 14; 1974 Census of Agriculture, Table 3, p. I-6; 1978 Census of Agriculture, Vol. 1, Part 51, Table 5, pp. 124-127; 1982 Census of Agriculture, Vol. 1, Part 51, Table 5, p. 173.

Table 2. Population, sample size, and usable response statistics for South Dakota and Nebraska Farmland Leasing Surveys, 1986, by state and Crop Reporting District.

State/ Region	Total Number on ASCS List	Original Sample Size ^{a/}	Number of Surveys Mailed ^{b/}	Number of Usable Surveys	Percent Usable Surveys
South Dakota	100,141	5,853	4,111	1,155	28.1
Southeast	20,888	1,093	840	269	32.0
East Central	19,470	1,055	736	218	29.6
Northeast	15,889	822	620	171	27.6
North Central	14,106	733	514	154	30.0
Central	10,136	533	372	105	28.2
South Central	6,536	543	438	105	24.0
Western	6,612	538	301	66	21.7
Northwest	6,504	536	290	67	23.1
Nebraska	168,027	9,069	5,251	1,436	27.4
Central	17,371	865	429	121	28.2
East	43,112	2,148	1,366	415	30.4
North	9,601	760	242	59	24.4
Northeast	28,707	1,430	805	208	25.8
Northwest	14,152	1,126	714	194	27.2
South	13,583	674	426	117	27.5
Southeast	27,687	1,381	949	248	26.1
Southwest	13,814	685	320	74	23.2

^{a/}

Original sample size is the number of names sent to county ASCS offices for identification and verification.

^{b/}

Number of surveys mailed is the number of questionnaires mailed out after county ASCS offices had identified tenants and landlords.

Table 3. Operator status of respondents to the South Dakota and Nebraska Farmland Leasing Surveys, 1986, by state and Crop Reporting District.^{a/}

State/ Region	Percent Farm Operators	Percent Landlords Only	Percent of Total Sample
SOUTH DAKOTA			
Southeast	19.4	26.4	23.3
East Central	16.8	20.5	18.7
Northeast	14.4	15.1	14.8
North Central	13.2	13.4	13.3
Central	10.5	8.0	9.1
South Central	9.7	8.6	9.1
Western	7.7	4.2	5.7
Northwest	8.3	3.8	5.8
	-----	-----	-----
	100.0	100.0	100.0
N =	506	649	1,155
NEBRASKA			
Central	7.1	8.9	8.4
East	27.8	29.5	29.0
North	5.2	3.7	4.1
Northeast	13.0	15.1	14.5
Northwest	16.0	12.5	13.5
South	8.9	7.8	8.1
Southeast	17.2	17.3	17.3
Southwest	4.9	5.3	5.2
	-----	-----	-----
	100.0	100.0	100.0
N =	407	1,029	1,436

^{a/} Landlord only refers to non-operator landlords. Farm operator may be a tenant, part-owner operator, part-owner operator landlord, or full-owner operator landlord.

Sources: 1986 South Dakota and Nebraska Farmland Leasing Surveys.

Table 4. Operator status of respondents to South Dakota and Nebraska Farmland Rental Surveys, 1986, by location of residence.

Location of Residence	South Dakota			Nebraska		
	Farm Operator	Landlord Only	Sample Total	Farm Operator	Landlord Only	Sample Total
	----- Percent of Column Totals -----					
Same County	89.9	45.6	65.0	83.1	48.6	58.4
Other County in State	6.2	21.9	15.0	16.0	28.1	24.7
Out-of- State	3.9	32.5	20.0	1.0	23.3	17.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
N =	506	649	1,155	407	1,029	1,436

Sources: 1986 South Dakota and Nebraska Farmland Rental Surveys.

Table 5. Distribution of annual gross farm receipts for farm operator respondents to South Dakota and Nebraska Farmland Leasing Surveys, 1986 and for farm operators reported in Census of Agriculture, 1982, by state and data source.^{a/}

State/ Data Source	Gross Farm Receipt Categories				Totals
	<\$40,000	\$40,000- \$99,000	\$100,000- \$249,000	>\$250,000	

- - - - Percent of Farm Operators - - - -					
SOUTH DAKOTA					
Sample operators	26.3	36.9	27.2	9.6	100.0
<u>Census of Ag</u>	42.5	36.2	17.0	4.3	100.0
Sample N =	415				
<u>Census N =</u>	22,300				
NEBRASKA					
Sample operators	30.4	33.1	24.6	11.9	100.0
<u>Census of Ag</u>	35.5	33.2	23.1	8.2	100.0
Sample N =	329				
<u>Census N =</u>	35,393				

^{a/} Farm operators refers to part-owners and tenants in both surveys and the Census of Agriculture, 1982.

Sources: 1986 South Dakota and Nebraska Farmland Rental Surveys and 1982 Census of Agriculture, Vol. 1, South Dakota, and Vol. 1, Nebraska.

Table 6. Distribution of net farm income as percent of total household income for respondents to the South Dakota and Nebraska Farmland Rental Surveys, 1986, by state and operator status.

State/ Operator Status	Net Farm Income as Percentage of Total Household Income				Totals
	<30%	30%-49%	50%-79%	80% or more	

- - - - Percent of Farm Operators - - - -					
SOUTH DAKOTA					
Farm operator (N = 477) (Not reporting = 29)	35.6	14.3	13.0	37.1	100.0
Landlord only (N = 561) (Not reporting = 88)	70.2	16.9	9.1	3.8	100.0
Sample total (N = 1,038) (Not reporting = 117)	54.3	15.7	10.9	19.1	100.0
Chi-square = 212.0 Degrees of freedom = 3 p = 0.0001					
NEBRASKA					
Farm operators (N = 374) (Not reporting = 33)	30.2	14.2	19.8	35.8	100.0
Landlord only (N = 896) (Not reporting = 133)	66.2	16.3	11.1	6.4	100.0
Sample total (N = 1,270) (Not reporting = 166)	55.6	15.7	13.7	15.0	100.0
Chi-square = 228.8 Degrees of freedom = 3 p = 0.0001					

Sources: 1986 South Dakota and Nebraska Farmland Rental Surveys.

Table 7. Distribution of tenant, part-owner, full-owner, and landlord respondents to the South Dakota and Nebraska Farmland Rental Surveys, 1986, by state, age, and tenure status.

State/ Age	Tenure Status					Sample Totals
	Tenant	Partowner Operator	Partowner Operator Landlord	Fullowner Operator Landlord	Non- Operator Landlord	
SOUTH DAKOTA						
Age of Respondent						
<35 yrs	59.1%	18.4%	5.1%	3.7%	2.3%	11.1%
35-44 yrs	19.8	27.6	10.2	18.6	8.1	14.7
45-54 yrs	9.3	24.2	27.1	11.1	12.9	16.3
55-64 yrs	10.5	23.1	37.3	33.3	22.3	22.9
65 or more	2.3	6.8	20.3	33.3	54.4	35.0
Totals	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
N =	86	294	59	54	619	1,112
Tenure status N = 1,155	7.7%	26.0%	5.4%	4.7%	56.2%	100.0%
NEBRASKA						
Age of Respondent						
<35 yrs	52.9%	26.1%	12.2%	3.9%	3.3%	11.5%
35-44 yrs	24.8	22.5	18.4	11.5	6.8	11.0
45-54 yrs	10.5	26.7	26.5	19.2	12.6	14.6
55-64 yrs	5.9	22.5	22.5	30.8	23.5	21.7
65 or more	5.9	2.1	20.4	34.6	53.8	41.4
Totals	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
N =	153	142	49	52	992	1,388
Tenure status N = 1,436	11.1%	10.0%	3.6%	3.6%	71.7%	100.0%

Sources: South Dakota and Nebraska Farmland Rental Surveys, 1986.

Table 8. Distribution of respondents' average acres owned, leased, and operated and number of usable responses to South Dakota and Nebraska Farmland Rental Surveys, 1986, by state and tenure status.

Item	Number Usable Responses	Average Number of Farmland Acres			
		Owned	Rented to Others	Rented from Others	Operated
SOUTH DAKOTA					
State	1,142	567	324	380	631
Tenure Status					
1. Tenant	87			718	718
2. Partowner operator	298	811		1,009	1,820
3. Partowner operator-landlord	62	1,238	630	1,167	1,607
4. Fullowner operator-landlord	53	706	423		297
5. Nonoperator landlord	642	481	481		
NEBRASKA					
State	1,436	465	416	788	990
Tenure Status					
1. Tenant	160			714	710
2. Partowner operator	144	492		767	1,228
3. Partowner operator-landlord	51	1,507	612	1,110	2,021
4. Fullowner operator-landlord	52	511	314		238
5. Nonoperator landlord	1,029	407	412		

Sources: South Dakota and Nebraska Farmland Rental Surveys, 1986.

Table 9a. Number and percentage of rental sources, leases, and acres reported on South Dakota Farmland Leasing Survey, 1986, by type of landlord.

Type of Landlord	Renters		Average per Renter		Proportion of Total Rented	
	Number of Rental Sources	Percent Reporting Source ^{a/}	Number of Leases	Number of Acres Rented	Number of Leases ^{b/}	Acres Rented From ^{c/}
Parents or In-laws	152	36.1	1.2	460	16.3	17.1
Other Relatives	135	32.1	1.4	360	16.9	11.9
Unrelated Individuals	296	70.3	2.0	644	54.1	46.7
Financial Institutions	10	2.4	1.1	317	1.0	0.8
State Government	16	3.8	1.2	765	1.8	3.0
Tribal Government	26	6.2	1.7	1,946	4.1	12.4
Federal Government	12	2.8	1.0	1,635	1.1	4.8
Other	13	3.1	3.9	1,042	4.7	3.3
Subtotal	660	156.8			100.0	100.0

Summary: Number of renters with completed reports = 421
Average (mean) number of leases per renter = 2.6
Total number of leases reported = 1,087
Average (mean) number of acres leased per renter = 970
Total number of reported acres leased from others = 408,400

^{a/} Percentage of 421 renters with completed responses to landlord questions. Total exceeds 100% because many renters lease farmland or ranchland from more than one landlord.

^{b/} Percentage of total leases (1,087) falling into each landlord classification.

^{c/} Percentage of total leased acres (408,400) falling into each landlord classification.

Source: 1986 South Dakota Farmland Rental Survey.

Table 9b. Number and percentage of rental sources, leases, and acres in Nebraska Farmland Leasing Survey, 1986, by type of landlord.

Type of Landlord	Renters		Average per Renter		Proportion of Total Rented	
	Number of Rental Sources	Percent Reporting Sources ^{a/}	Number of Leases	Number of Acres Rented	Number of Leases ^{b/}	Acres Rented From ^{c/}
Parents or In-laws	152	44.8	1.3	444	18.2	24.5
Other Relatives	94	39.8	1.4	288	12.6	9.8
Unrelated Individuals	224	66.1	2.8	668	59.2	54.3
Financial Institutions	13	3.8	1.8	691	2.2	3.3
State Government	14	4.1	1.1	593	1.5	3.0
Tribal Government	4	1.1	9.8	851	3.7	1.2
Federal Government	3	0.9	1.3	1,685	0.4	1.8
Other	21	3.8	1.1	277	2.2	2.1
Subtotal	525	164.4			100.0	100.0

Summary: Number of renters with completed reports = 339
Average (mean) number of leases per renter = 3.1
Total number of leases reported = 1,055
Average (mean) number of acres leased per renter = 813
Total number of reported acres leased from others = 275,581

^{a/} Percentage of 339 renters with completed responses to landlord questions. Total exceeds 100% because many renters lease farmland or rangeland from more than one landlord.

^{b/} Percentage of total leases (1,055) falling into each landlord classification.

^{c/} Percentage of total leased acres (275,581) falling into each landlord classification.

Source: 1986 Nebraska Farmland Rental Survey.

Table 10a. Number and percentage of landlords' leases and landlords' acres in South Dakota Farmland Leasing Survey, 1986, by type of tenant.

Type of Renter	Landlords		Average per Landlord		Proportion of Total Rented	
	Number of Rental Sources	Percent Reporting Sources ^{a/}	Number of Leases	Number of Acres Rented	Number of Leases ^{b/}	Acres Rented ^{c/}
Children or In-laws	90	13.8	1.1	460	9.6	13.8
Other Relative	135	20.8	1.1	339	15.1	15.3
Unrelated Individual	439	67.5	1.6	459	70.7	67.3
Nonfamily Partnership	13	2.0	1.2	458	1.6	2.0
Nonfamily Corporation	3	0.4	1.0	174	0.3	0.2
Other	23	3.5	1.2	185	2.7	1.4
Subtotal	703	108.0			100.0	100.0

Summary:	Number of landlords with completed reports	=	650
	Average (mean) number of leases per landlord	=	1.6
	Total number of leases reported	=	1,016
	Average (mean) number of acres leased per landlord	=	461
	Total number of reported acres leased to others	=	299,400

^{a/} Percentage of 650 landlords with completed responses to landlord questions. Total exceeds 100% because many landlords lease farmland or ranchland to more than one tenant.

^{b/} Percentage of total leases (1,016) falling into each renter classification.

^{c/} Percentage of total leased acres (299,400) falling into each renter classification.

Source: 1986 South Dakota Farmland Rental Survey.

Table 10b. Number and percentage of landlords' leases and landlords' leased acres in Nebraska Farmland Leasing Survey, 1986, by type of tenant.

Type of Renter	Landlords		Average per Landlord		Proportion of Total Rented	
	Number of Rental Sources	Percent Reporting Sources ^{a/}	Number of Leases	Number of Acres Rented	Number of Leases ^{b/}	Acres Rented ^{c/}
Children or In-laws	159	15.9	1.2	361	10.7	13.5
Other Relative	214	21.4	1.2	192	14.8	9.7
Unrelated Individual	634	63.5	1.9	470	68.2	70.1
Nonfamily Partnership	18	1.8	1.3	594	1.3	2.5
Nonfamily Corporation	15	1.5	1.2	328	1.0	1.2
Other	49	4.9	1.4	265	3.9	3.0
Subtotal	1,089	108.1			100.0	100.0

Summary:	Number of landlords with completed reports	=	998
	Average (mean) number of leases per landlord	=	1.7
	Total number of leases reported	=	1,724
	Average (mean) number of acres leased per landlord	=	426
	Total number of reported acres leased to others	=	425,022

^{a/} Percentage of 998 landlords with completed responses to landlord questions. Total exceeds 100% because many landlords lease farmland or ranchland to more than one tenant.

^{b/} Percentage of total reported leases (1,724) falling into each renter classification.

^{c/} Percentage of total leased acres (425,022) falling into each renter classification.

Source: 1986 South Dakota Farmland Rental Survey.

Table 11. Landlord, farm operator, and total respondents to South Dakota and Nebraska Farmland Leasing Surveys, 1986, by average number of leases and distribution of leases.

	South Dakota			Nebraska		
	Farm Operator	Landlord Only	Total	Farm Operator	Landlord Only	Total
Average number of leases	3.1	2.1	2.5	3.3	2.0	2.3
Number of leases per respondent						
1	27.2%	53.3%	42.2%	30.7%	60.4%	52.0%
2	23.1	30.3	27.1	25.3	25.3	25.3
3	16.9	9.5	12.7	14.7	7.9	9.8
4-5	20.9	4.4	11.6	17.7	4.2	8.0
6-10	10.6	1.5	5.5	9.3	2.3	3.8
11 or more	0.8	1.0	0.9	2.3	0.2	0.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
N =	498	641	1,139	407	1,029	1,436

Sources: 1986 South Dakota and Nebraska Farmland Rental Surveys.

Table 12. Formality and stability of leasing arrangements reported in South Dakota and Nebraska Farmland Leasing Surveys, 1986, by state and lease characteristic.

	Percent of Respondent's Leases Are:			Row Totals
	Annual	Multi-Year	Both	
SOUTH DAKOTA				
Oral	43.5	12.1	1.6	57.2
Written	14.4	11.8	1.8	28.0
Both	6.2	2.4	6.2	14.8
Totals	64.1	26.3	9.6	100.0

N = 1,096

NEBRASKA				
Oral	34.5	13.7	1.7	52.4
Written	22.6	11.8	1.6	36.2
Both	6.0	1.4	3.6	11.1
Totals	63.3	26.9	6.8	100.0

N = 1,381

For respondents with:	Over the past five years, have any of your leases changed from?	Percent Response		
		Yes	No	Not Reported
SOUTH DAKOTA				
Written leases	Verbal to written	10.8	66.5	22.7
Oral leases	Written to oral	7.4	77.7	14.9
Annual leases	Multi-yr to annual	4.2	70.2	25.6
Multi-yr leases	Annual to multi-yr	9.6	70.1	20.2
NEBRASKA				
Written leases	Verbal to written	6.5	73.6	19.9
Oral leases	Written to oral	4.5	78.6	16.9
Annual leases	Multi-yr to annual	3.0	66.3	30.6
Multi-yr leases	Annual to multi-yr	3.0	66.8	30.2

Sources: 1986 South Dakota and Nebraska Farmland Rental Surveys.

Table 13a. Distribution of total reported leases and average reported acres in South Dakota Farmland Leasing Survey, 1986, by type of lease.

Type of Lease	Number of Leases		Acres	
	Number Per Type	Percent of Total	Average Per Type	Percent of Total
Cash	1,033	35.1	354	26.2
Cropshare	1,175	39.9	414	39.1
Pasture	717	24.3	647	33.7
Livestock share	20	0.7	454	1.1
Totals	2,945	100.0		100.0

Summary:	Total number of respondents	=	1,155
	Average number of leases per respondent	=	2.6
	Total number of leases	=	2,945
	Average number of acres leased	=	685
	Total number of acres leased	=	790,800

^{a/} Cash leases include cash crop or cash hay; share leases include crop share or hay share.

Source: 1986 South Dakota Farmland Leasing Surveys.

Table 13b. Distribution of total reported leases and average reported acres in Nebraska Farmland Leasing Survey, 1986, by type of lease.

Type of Lease	Number of Leases		Acres	
	Number Per Type	Percent of Total ^{a/}	Average Per Type	Percent of Total
^{b/} Cash	732	21.7	221	20.8
Cropshare	1,975	58.5	199	50.8
Pasture	610	18.1	332	26.1
Livestock share	10	0.3	728	0.9
Totals	3,327	98.6		98.6

Summary:	Total number of respondents	=	1,436
	Average number of leases per respondent	=	2.4
	Total number of leases	=	3,376
	Average number of acres leased	=	230
	Total number of acres leased	=	775,585

^{a/} Column does not total to 100 percent because 48 leases fell into the "other" category.

^{b/} Cash leases include cash crop or cash hay; share leases include crop share or hay share.

Source: 1986 Nebraska Farmland Leasing Surveys.

Table 14. Number of farm operator and landlord respondents reporting cash, cropshare, pasture, and livestock share leases and average acres per lease for farm operators and landlords for South Dakota and Nebraska Farmland Leasing Surveys, 1986, by state and by type of lease.

State/ Type of Lease	Respondent				Average (Mean) of Acres Leases by Type	
	Farm Oper.		Landlord		Farm Oper.	Landlord
	No.	Percent Total ^{a/}	No.	Percent Total ^{a/}		
SOUTH DAKOTA						
Cash	295	58.3	275	42.3	401	302
Cropshare	312	61.7	419	64.6	550	311
Pasture	216	42.7	195	30.0	898	368
Livestock share	13	2.6	5	0.8	478	392
Totals	836	165.3	894	137.7		
NEBRASKA						
Cash	159	39.1	245	23.8	548	566
Cropshare	321	78.9	818	79.5	470	297
Pasture	155	38.1	242	23.5	566	475
Livestock share	5	1.2	5	0.5	421	1,034
Totals	640	157.3	1,310	127.3		

^{a/} Percentage statistics based on number of farm operators and number of non-operator landlords in South Dakota and Nebraska surveys (see Table B).

Sources: 1986 South Dakota and Nebraska Farmland Leasing Surveys.

Table 15. Distribution of leases reported on South Dakota and Nebraska Farmland Leasing Surveys, 1986, by state and leasing combination.

State/ Leasing Combination	Responses		Average (Mean) Number of Acres		
	Number	Percent of Totals ^{a/}	Cash	Share	Pasture
SOUTH DAKOTA					
Cash only	225	19.5	374		
Cropshare	377	32.6		339	
Pasture	52	4.5			1,589
Cash & Share	121	10.5	315	591	
Cash & Pasture	122	10.6	436		704
Share & Pasture	132	11.4		395	460
Cash, Share, & Pasture	118	10.2	264	500	368
Totals	1,147	99.3			
NEBRASKA					
Cash only	197	13.7	384		
Cropshare	745	51.8		275	
Pasture	42	2.9			1,121
Cash & Share	85	5.9	320	362	
Cash & Pasture	46	3.2	711		904
Share & Pasture	233	16.2		474	283
Cash, Share, & Pasture	76	5.3	341	626	631
Totals	1,424	99.0			

^{a/} Percentage figures based on total responses of 1,155 for South Dakota and 1,436 for Nebraska. Eight leases in South Dakota survey and 12 leases in Nebraska survey fell into livestock share category.

Sources: 1986 South Dakota and Nebraska Farmland Leasing Surveys.

Table 16. Crop, cash, and pasture leases reported in South Dakota and Nebraska Farmland Leasing Surveys 1986, by state and characteristics.

State/ Characteristic	Type of Lease		
	Share	Cash	Pasture
SOUTH DAKOTA			
Average number of acres	282	273	416
Average length in years	13.1	10.3	11.3
Number of respondents	699	579	441
Percent of Respondents Per Lease Type			
The lease is:			
1. oral	67.2	48.4	58.7
written	28.0	45.4	36.1
not reported	4.7	5.9	5.2
2. annual	63.2	59.4	63.3
multi-year	29.6	33.5	31.3
not reported	7.1	7.1	5.4
Cash lease payment is:			
Annual		37.5	
Twice per year		51.3	
Quarterly		1.0	
Other		3.0	
Not reported		7.2	
NEBRASKA			
Average number of acres	219	206	347
Average length in years	13.6	10.2	12.0
Number of respondents	1,060	369	414
Percent of Respondents Per Lease Type			
The lease is:			
1. oral	62.8	36.3	59.2
written	35.2	61.2	38.4
not reported	2.0	2.5	2.4
2. annual	63.2	66.7	72.9
multi-year	32.3	29.8	22.2
not reported	4.5	3.5	4.9
Cash lease payment is:			
Annual		38.2	
Twice per year		53.1	
Quarterly		4.1	
Other		3.3	
Not reported		1.3	

Sources: 1986 South Dakota and Nebraska Farmland Leasing Surveys.

Table 17a. Tenants share of dryland crop output for respondents to South Dakota Farmland Leasing Survey, 1986, by state and Crop Reporting District.

State/ Crop	Number of Responses	Tenant's Share of Crop Output					Total
		<50%	50%	60%	67%	70-75%	
----- Percent of Responses -----							
State	628	2.4	9.6	24.2	60.3	3.5	100.0
Southeast	170	3.5	12.9	44.2	39.4		100.0
East Central	130	0.8	8.5	53.0	36.9	0.8	100.0
Northeast	97	1.0	8.3	7.2	82.5	1.0	100.0
North Central	75	1.3	10.7	1.3	70.7	16.0	100.0
Central	45	4.5	6.7		84.4	4.4	100.0
South Central	56	1.8	8.9		87.5	1.8	100.0
West	32	6.2	9.4		84.4		100.0
Northwest	23	4.3			74.0	21.7	100.0

Source: 1986 South Dakota Farmland Rental Survey.

Table 17b. Tenants share of dryland and gravity and sprinkler irrigated crop output for respondents to Nebraska Farmland Leasing Survey, 1986, by crop, state, and Crop Reporting District.

Item	Number of Responses	Tenant's Share of Crop Output						Total
		<50%	50%	60%	67%	70-75%	>75%	
----- Percent of Responses -----								
State Dryland	635	5.4	19.1	44.3	30.6	0.6	0.2	100.0
Central	26	7.7	7.7	7.7	76.9			100.0
East	197	4.1	23.4	68.5	3.6	0.5		100.0
North	9	11.1	11.1		67.7	11.1		100.0
Northeast	99	4.0	25.3	67.9	3.0			100.0
Northwest	93	9.7	3.2	3.2	81.7	1.1	1.1	100.0
South	38		2.6	10.5	86.8			100.0
Southeast	140	5.7	30.0	49.3	14.3	0.7		100.0
Southwest	33	6.1	3.0	3.0	87.9			100.0
State Gravity	274	5.5	26.3	44.2	19.7	4.0	0.4	100.0
Central	47	4.3	17.0	51.1	23.4	4.2		100.0
East	89	4.4	43.8	47.2	2.3		1.1	100.0
North	3		100.0					100.0
Northeast	8		50.0	50.0				100.0
Northwest	39	12.8	5.1	7.7	51.3	23.1		100.0
South	44	2.3	6.8	61.4	29.6			100.0
Southeast	33	6.1	33.3	45.5	15.2			100.0
Southwest	11		18.2	54.6	27.3			100.0
State Sprinkler	168	4.2	53.0	22.6	16.7	2.4	1.2	100.0
Central	17	5.9	52.9	17.7	17.7	5.9		100.0
East	53	5.7	54.7	35.9	3.8			100.0
North	7		100.0					100.0
Northeast	24		75.0	16.6	8.3			100.0
Northwest	15	6.7	13.3	6.7	60.0	13.3		100.0
South	13		23.1	38.5	30.8		7.7	100.0
Southeast	28	7.1	42.9	32.1	14.2	3.6		100.0
Southwest	11		54.6		36.4		9.1	100.0

Source: 1986 Nebraska Farmland Rental Survey.

Table 18a. Proportion of respondents reporting shared inputs on dryland crop shares, by South Dakota Crop Reporting District.^{a/}

Region	Number of Usable Responses	Seed	Fertilizer	Herbicide	Insect.
- - Percent Reporting Input Cost Shared - -					
Southeast	170	17.6	87.6	58.2	52.9
East Central	130	10.8	85.4	64.2	61.5
Northeast	98	6.1	78.6	63.3	43.4
North Central	75	9.3	61.3	46.7	32.1
Central	45	4.4	62.2	35.6	26.7
South Central	56	12.5	57.1	46.4	39.3
Western	32	18.8	31.3	25.0	18.8
Northwest	24	8.3	29.2	12.5	12.5

Region	Number of Usable Responses	Chem. Appl.	Harvesting	Drying	Other
- - Percent Reporting Input Cost Shared - -					
Southeast	170	22.4	4.7	32.3	4.7
East Central	130	33.1	3.1	33.8	3.8
Northeast	98	24.5	9.2	35.7	2.0
North Central	75	40.0	10.7	36.0	2.7
Central	45	22.2	6.7	35.6	4.4
South Central	56	25.0	5.4	16.1	1.8
Western	32	15.6	12.5	9.4	3.1
Northwest	24	12.5		4.2	

^{a/}

Based on 630 usable responses.

Source: 1986 South Dakota Farmland Leasing Survey.

Table 18b. Number of responses and percentage of inputs reported shared in each Nebraska Crop Reporting Districts, by dryland, gravity irrigated, and sprinkler irrigated.

	Crop Reporting District							
	Central	East	North	North-east	North-west	South	South-east	South-west
DRYLAND								
No. of Responses	26	197	9	99	93	38	140	33
Seed	11.5	26.9	22.2	26.2	3.2	15.8	34.2	18.1
Fertilizer	73.1	92.4	55.6	88.9	59.1	84.2	89.3	87.9
Herbicide	34.6	68.5	55.6	57.6	17.2	47.4	66.4	42.4
Insecticide	34.6	67.5	55.6	56.5	10.7	47.4	58.6	42.4
Chemical applications	15.4	34.0	22.2	27.3	18.3	26.3	37.1	36.4
Harvesting	3.9	9.6	11.1	10.1	4.3	5.3	15.0	3.0
Drying	26.9	39.1	44.4	24.2	2.2	34.2	37.8	18.2
GRAVITY								
No. of Responses	47	89		8	39	44	33	11
Seed	17.0	51.7		50.0	5.1	9.1	30.3	27.3
Fertilizer	91.5	91.0		87.5	83.2	93.2	90.1	100.0
Herbicide	78.7	84.3		62.5	15.4	72.7	75.8	72.7
Insecticide	74.5	85.4		75.0	23.1	84.1	81.8	81.8
Chemical applications	42.6	37.1		62.5	12.8	43.2	30.3	54.6
Irrigation energy	31.9	65.0		75.0	33.3	61.4	57.6	100.0
Harvesting	6.4	19.1		12.5	5.1	2.3	15.1	18.2
Drying	46.8	68.5		62.5	15.4	72.7	57.6	62.3
SPRINKLER								
No. of Responses	17	53	7	24	15	13	28	11
Seed	35.3	60.4	57.1	70.8	26.7	30.7	42.9	45.5
Fertilizer	76.5	86.8	85.7	77.5	93.3	92.3	78.6	90.9
Herbicide	76.5	84.9	71.4	73.3	53.3	84.6	78.6	81.8
Insecticide	70.8	86.8	71.4	87.5	46.7	84.6	75.0	81.8
Chemical applications	35.3	41.5	14.3	37.5	20.0	38.5	17.9	54.6
Irrigation energy	53.0	79.2	71.4	87.5	60.0	61.5	53.6	90.1
Harvesting	17.7	15.1		12.5	6.7	7.7	10.7	9.1
Drying	76.5	64.2	71.4	58.3	20.0	76.9	46.4	54.6

Source: 1986 Nebraska Farmland Leasing Survey.

Table 19. Percentage of responses to questions concerning changes in leasing arrangements reported on South Dakota and Nebraska Farmland Leasing Survey, 1986, by cropshare, pasture, and cash leases and by question.^{a/}

Lease Type/ Question	South Dakota		Nebraska	
	Yes	No	Yes	No
Crop/Hay Share Leases				
During the past five years, (or the time you have leased this tract, if shorter), has:				
1. land ownership changed?	4.0	96.0	5.7	94.3
2. there been a different tenant?	12.5	87.5	14.9	85.1
3. the share of inputs changed?	5.1	94.9	6.7	93.3
4. the number of shared inputs changed?	3.2	96.8	5.2	94.8
5. the leased changed from cash to share rent?	6.2	93.8	3.9	96.1
6. the landlord's crop share increased?	3.4	96.6	1.9	98.1
7. the landlord's crop share decreased	1.7	98.3	4.0	96.0
Pasture Leases				
During the past five years, (or the time you have leased this tract, if shorter), has:				
1. land ownership changed?	6.5	93.5	6.5	93.5
2. there been a different tenant?	14.0	86.0	19.1	80.9
Cash Leases				
During the past five years, (or the time you have leased this tract, if shorter), has:				
1. land ownership changed?	5.8	94.2	6.7	93.3
2. there been a different tenant?	5.6	94.4	18.3	81.7
3. the lease changed from share to cash rent?	12.9	87.1	16.6	83.4

^{a/}

The number of respondents by lease type is the total number of respondents that completed answers to one or more questions concerning a specific leasing arrangement. Approximately 8 percent of the respondents classified by type of lease did not complete this section of the survey.

Source: 1986 South Dakota Farmland Rental Survey.

Table 20. Total number of and percentage of responses to three subjective questions regarding leasing arrangements by respondents to South Dakota and Nebraska Farmland Leasing Surveys, 1986, by question, state, and operator status.

Item	Number of Responses	Possible Responses and Percentage of Responses				
From the standpoint of fairness, how would you classify your leasing arrangements?						
		<u>Poor</u>	<u>Fair</u>	<u>Adequate</u>	<u>Good</u>	<u>Excellent</u>
SOUTH DAKOTA						
Farm operator	480	2.7	10.4	23.1	37.5	26.3
Landlord only	616	0.8	11.8	20.0	43.0	24.4
All respondents	1,096	1.6	11.2	21.4	40.6	25.2
NEBRASKA						
Farm operator	385	2.1	8.6	21.3	40.3	27.8
Landlord only	994	1.2	9.0	18.8	40.2	30.8
All respondents	1,379	1.5	8.9	19.5	40.3	30.0
How would evaluate the opportunity for continuing to lease your most important tract for the next five years?						
		<u>Very Uncertain</u>	<u>Uncertain</u>	<u>Reasonably Certain</u>	<u>Very Certain</u>	
SOUTH DAKOTA						
Renters only	426	6.5	11.3	53.6	28.6	
NEBRASKA						
Renters only	342	7.3	9.9	44.4	38.3	
Securing acceptable tenants is?						
		<u>Quite Difficult</u>	<u>Somewhat Difficult</u>	<u>Generally Easy</u>	<u>Very Easy</u>	
SOUTH DAKOTA						
Landlords only	612	5.1	15.8	49.2	29.9	
NEBRASKA						
Landlords only	948	4.7	17.6	47.4	30.3	

Sources: 1986 South Dakota and Nebraska Farmland Leasing Surveys.

Appendix

1986 SOUTH DAKOTA STATE UNIVERSITY FARMLAND LEASING SURVEY

Farmland leasing is an important part of today's production agriculture. Yet, it is often difficult for tenants and landlords to gain a clear understanding of leasing practices within their locality and the state. By completing this questionnaire, you will be helping to compile that market information for 1986.

This survey is being sent to a random sample of both tenants and landlords. Some questions may not apply to you, but please respond as completely as possible. Your answers will be kept confidential and used only in compiling total and average responses.

GENERAL INFORMATION

1. Are you a farm or ranch operator in South Dakota in 1986?
 Yes
 No
2. Are you a landowner leasing farmland to others in 1986?
 Yes
 No
3. How many acres of farmland, if any, do you:

a. own?	_____	acres
b. lease to others?	_____	acres
c. lease from others?	_____	acres
d. farm yourself?	_____	acres
4. In what county or counties is your leased land located?
 a. _____
 b. _____
5. The number and total acres of all your leases by type are:

	Number	Acres
a. crop share	_____	_____
b. cash rent (crop or hay)	_____	_____
c. cash rent (pasture only)	_____	_____
d. livestock share	_____	_____
e. other _____	_____	_____
6. How many of your leases are:

a. written _____	
b. oral _____	
7. How many of your leases are:

a. annual? _____	
b. multi-year? _____	
8. Over the past five years, have any of your leases changed:

	Yes	No	If "Yes," Number
a. from written to verbal?	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	_____
b. from verbal to written?	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	_____
c. from annual to multi-year?	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	_____
d. from multi-year to annual?	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	_____

CROP SHARE LEASE SECTION

9. Are you a tenant or landlord in any **CROP SHARE** leases for cropland or hayland?
 (1) Yes If "Yes," go to Question 10.
 (2) No If "No," go to Question 21.

10. What are your:

a. number of crop share leases?	_____
b. total cropland acres share leased?	_____ acres
c. total hayland acres share leased?	_____ acres
d. total irrigated acres share leased?	_____ acres
e. total dryland acres share leased?	_____ acres

Even though you may have more than one lease, please answer Questions 11 to 20 for just one crop share lease agreement — either your **MOST IMPORTANT OR MOST TYPICAL** crop share lease.

11. How many acres are under this lease agreement? _____
12. How many years have you leased these acres? _____
13. For this agreement, (check one for each question)

a. you are?	(1) tenant <input type="checkbox"/>	(2) landlord <input type="checkbox"/>
b. the lease is?	(1) oral <input type="checkbox"/>	(2) written <input type="checkbox"/>
c. the lease is?	(1) annual <input type="checkbox"/>	(2) multi-year <input type="checkbox"/>
14. The tenant's share of the output is? (complete all that apply)

	Tenant's Share of Total
Cropland:	
a. dryland	_____
b. irrigated	_____
Hayland:	
c. alfalfa	_____
d. tame hay (brome)	_____
e. native hay	_____
15. Is there a cash payment in addition to this share rent?

<input type="checkbox"/> (1) Yes If "Yes," go to Question 15a. <input type="checkbox"/> (2) No If "No," go to Question 16.	
a. How much is that added rent?	
	\$ _____ total
or	
	\$ _____ per acre
16. The major income-producing crop(s) grown on these acres is(are)? (check all that apply)

<input type="checkbox"/> a. corn <input type="checkbox"/> b. soybeans <input type="checkbox"/> c. sorghum <input type="checkbox"/> d. wheat <input type="checkbox"/> e. oats <input type="checkbox"/> f. barley <input type="checkbox"/> g. other (specify) _____	
---	--

17. For this lease, does the tenant have forage use (grazing on stocks or harvesting hay) after the grain is harvested?

- (1) Yes If "Yes," go to Question 17a.
- (2) No If "No," go to Question 18.

a. Does the tenant pay an additional fee?

- (1) Yes
- (2) No

18. Of any **CROP INPUT** costs that are shared, what are the tenant's and landlord's shares? (complete all that apply)

	Tenant's (Share of Total)	Landlord's
a. seed	_____	_____
b. fertilizer	_____	_____
c. herbicide	_____	_____
d. insecticide	_____	_____
e. application of chemicals	_____	_____
f. irrigation energy	_____	_____
g. harvesting	_____	_____
h. drying	_____	_____
i. other (specify)	_____	_____
_____	_____	_____

19. Of any **HAY PRODUCTION INPUT** costs that are shared, what are the tenant's and landlord's shares? (complete all that apply)

	Tenant's (Share of Total)	Landlord's
a. seed	_____	_____
b. fertilizer	_____	_____
c. baling	_____	_____
d. hauling	_____	_____
e. other (specify)	_____	_____
_____	_____	_____

20. During the last five years (or the time you have leased this tract, if shorter), has:

	Yes	No
a. land ownership changed?	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>
b. there been a different tenant?	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>
c. the share of inputs changed?	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>
d. the number of shared inputs changed?	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>
e. the lease changed from cash to share rent?	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>
f. the landlord's crop share increased?	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>
g. the landlord's crop share decreased?	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>

CASH LEASE SECTION

21. Are you a tenant or landlord in any **CASH** lease agreements for cropland or hayland?

- (1) Yes If "Yes," go to Question 22.
- (2) No If "No," go to Question 31.

22. What are your:

- a. number of cash leases? _____
- b. total crop acres cash leased? _____ acres
- c. total hayland acres cash leased? _____ acres
- d. total irrigated acres cash leased? _____ acres
- e. total dryland acres cash leased? _____ acres

Even though you may have more than one lease, please answer Questions 23 to 30 for just one cash lease agreement — either your **MOST IMPORTANT OR MOST TYPICAL** cash lease.

23. How many acres under this lease agreement? _____

24. How many years have you leased these acres? _____

25. For this agreement, (check one for each question)

- a. you are? (1) tenant (2) landlord
- b. the lease is? (1) oral (2) written
- c. the lease is? (1) annual (2) multi-year

26. What were/are the 1985 and 1986 per acre cash rent and your estimate of the 1986 per acre market value of this **leased** land?

Crop Type	Cash Rent		Estimated Market Value
	1985	1986	
a. irrigated crops/ grains	\$ _____	\$ _____	\$ _____
b. dryland crops/ grains	_____	_____	_____
c. alfalfa	_____	_____	_____
d. tame hay (brome)	_____	_____	_____
e. native hay	_____	_____	_____

27. The major income-producing crop(s) grown on these acres is(are)? (check all that apply)

- a. corn
- b. soybeans
- c. sorghum
- d. wheat
- e. oats
- f. barley
- g. other (specify) _____

28. Payments on this cash lease are made? (check one)

- (1) annually
- (2) twice yearly
- (3) quarterly
- (4) other

29. Are there lease provisions that vary the amount of cash rent due to changes in yields or prices?

- (1) Yes If "Yes," go to Question 29a.
- (2) No If "No," go to Question 30.

a. Is rent adjusted for changes in: (check one)

- (1) yields?
- (2) prices?
- (3) both?

30. During the last five years (or the time you have leased this tract, if shorter), has:

- | | Yes | No |
|---|------------------------------|------------------------------|
| a. land ownership changed? | (1) <input type="checkbox"/> | (2) <input type="checkbox"/> |
| b. there been a different tenant? | (1) <input type="checkbox"/> | (2) <input type="checkbox"/> |
| c. the lease changed from share to cash rent? | (1) <input type="checkbox"/> | (2) <input type="checkbox"/> |

PASTURE/RANGE LEASE SECTION

31. Are you a tenant or landlord in any leases for permanent **PASTURE or RANGE**?

- (1) Yes If "Yes," go to Question 32.
 (2) No If "No," go to Question 43.

32. What are your total:

- a. number of pasture/range leases? _____
 b. acres pasture/range leased? _____ acres

Even though you may have more than one lease, please answers Questions 33 to 42 for just one pasture/range lease agreement — either your **MOST IMPORTANT OR MOST TYPICAL** pasture/range lease.

33. How many acres under this agreement? _____

34. How many years have you leased these acres? _____

35. For this agreement, (check one for each question)

- | | | |
|------------------|-------------------------------------|---|
| a. you are? | (1) tenant <input type="checkbox"/> | (2) landlord <input type="checkbox"/> |
| b. the lease is? | (1) oral <input type="checkbox"/> | (2) written <input type="checkbox"/> |
| c. the lease is? | (1) annual <input type="checkbox"/> | (2) multi-year <input type="checkbox"/> |

36. The rental price for this tract in 1985 and 1986 was/is:

- | | 1985 | 1986 |
|--------------------------|----------|----------|
| a. per acre | \$ _____ | \$ _____ |
| or | | |
| b. per animal unit month | _____ | _____ |

37. What is the 1986 stocking rate? _____ acres per animal unit

38. What is the usual grazing season length in months? _____

39. You are leasing this pasture/range from or to: (check one)

- (1) individual, partnership, or corporation
 (2) government agency
 (3) tribal government
 (4) other (specify) _____

40. Which party is responsible for: (check all that apply)

- | | Tenant | Landlord | Both |
|---|------------------------------|------------------------------|------------------------------|
| a. checking livestock | (1) <input type="checkbox"/> | (2) <input type="checkbox"/> | (3) <input type="checkbox"/> |
| b. salt and minerals | (1) <input type="checkbox"/> | (2) <input type="checkbox"/> | (3) <input type="checkbox"/> |
| c. fencing materials | (1) <input type="checkbox"/> | (2) <input type="checkbox"/> | (3) <input type="checkbox"/> |
| d. fencing labor | (1) <input type="checkbox"/> | (2) <input type="checkbox"/> | (3) <input type="checkbox"/> |
| e. livestock damage liability insurance | (1) <input type="checkbox"/> | (2) <input type="checkbox"/> | (3) <input type="checkbox"/> |
| f. fertilizer cost | (1) <input type="checkbox"/> | (2) <input type="checkbox"/> | (3) <input type="checkbox"/> |
| g. other (specify) | | | |

41. The water source(s) is (are): (check all that apply)

- a. stream
 b. pond
 c. well
 d. rural water system
 e. other (explain) _____

42. During the last five years or the time you have leased this tract if shorter, has:

- | | Yes | No |
|-----------------------------------|------------------------------|------------------------------|
| a. land ownership changed? | (1) <input type="checkbox"/> | (2) <input type="checkbox"/> |
| b. there been a different tenant? | (1) <input type="checkbox"/> | (2) <input type="checkbox"/> |

GENERAL RENTAL MARKET AND RESPONDENT INFORMATION

This last section contains three sets of questions, please answer only those that apply to you.

IF YOU LEASE FROM OTHERS, answer Questions 43 through 49. If not, go to Question 50.

43. Please indicate the number and total acres you lease from each of the following landlords.

	Number	Acres
a. Parents or in-laws	_____	_____
b. Other relative	_____	_____
c. Unrelated individual	_____	_____
d. Financial institution	_____	_____
e. State government	_____	_____
f. Tribal government	_____	_____
g. Federal government	_____	_____
h. Other	_____	_____

44. How did you typically first learn your leased land was available to rent? (check one)

- (1) From landowner directly.
 (2) From a relative.
 (3) From neighbor or other individual.
 (4) From newspaper or other media ad.
 (5) Other (explain) _____

45. At the time of your original agreement(s), were you aware of competition from others?

- (1) Yes
 (2) No

46. When you renew leases, are you usually in competition with others?

- (1) Yes
 (2) No

47. How would you evaluate the opportunity for continuing to lease your most important tract for the next five years? (circle one)

- | | | | |
|-------------------|-----------|-----------------------|-----------------|
| 1 | 2 | 3 | 4 |
| Very
Uncertain | Uncertain | Reasonably
Certain | Very
Certain |

48. Do you operate your farm business as: (check one)

- (1) an individual proprietorship?
 (2) a partnership?
 (3) a corporation?

49. Your annual gross receipts from farming average? (check one)

- (1) Less than \$39,999
- (2) \$40,000 to \$99,999
- (3) \$100,000 to \$249,999
- (4) \$250,000 or more

IF YOU LEASE TO OTHERS, answers Questions 50 through 52. If not, go to Question 53.

50. Please indicate the number and total acres you lease to each of the following tenants.

	<u>Number</u>	<u>Acres</u>
a. Son, daughter, or in-laws	_____	_____
b. Other relative	_____	_____
c. Unrelated individual	_____	_____
d. Non-family partnership	_____	_____
e. Non-family corporation	_____	_____
f. Other	_____	_____

51. Securing acceptable tenants is: (circle one)

1	2	3	4
Quite Difficult	Somewhat Difficult	Generally Easy	Very Easy

52. Who handles the management of your leases? (check one or more)

- a. Myself
- b. Relative
- c. Estate executor
- d. Professional farm manager
- e. Other (specify) _____

Questions 53 through 58 are for **ALL RESPONDENTS**.

53. From the standpoint of fairness, how would you classify your leasing arrangement(s)? (circle one)

1	2	3	4	5
Poor	Fair	Adequate	Good	Excellent

54. On average, net income from crop and livestock production or farmland rental contributes what percentage of your total household income? (check one)

- (1) Less than 30%
- (2) 30% to 49%
- (3) 50% to 80%
- (4) More than 80%

55. Your age is? (check one)

- (1) Less than 25 years
- (2) 25 to 34 years
- (3) 35 to 44 years
- (4) 45 to 54 years
- (5) 55 to 64 years
- (6) 65 or more years

56. Your sex is?

- (1) Male
- (2) Female

57. Your residence is:

- a. _____ county
- b. _____ state

58. We thank you for completing this questionnaire. If you have any additional comments, please provide them below.

References

- Apland, Jeffrey, et al., "The Farm Lease: An Analysis of Owner-Tenant and Landlord Preferences Under Risk", American Journal of Agricultural Economics, vol. 66, no. 3 (August 1984), pp. 376-384.
- Atkinson, J.H., "Adapting 50-50 Crop Share Leases to Different Levels of Land Productivity", Journal of the American Society of Farm Managers and Rural Appraisers, vol. 47, no. 1 (April 1983), pp. 43-48.
- Cheung, Steven, The Theory of Share Tenancy: With Special Application to Asian Agriculture and the First Taiwan Land Reform, University of Chicago Press, 1969.
- Gaffney, Mason, "Ground Rent and The Allocation of Land Among Firms", In Rent Theory, Problems and Practices, North Central Regional Research Bulletin 810, August, 1962.
- Heady, Earl, "Economics of Farm Leasing Systems," Journal of Farm Economics, vol. 29, no. 3 (August 1947), pp. 659-678.
- Hottel, Bruce and David Harrington, "Tenure & Equity Influences on the Incomes of Farmers", Structural Issues of American Agriculture, USDA, Agricultural Economics Report 438, 1979, pp. 99-107.
- Newbery, David and Joseph Stiglitz, "Sharecropping, Risk Sharing and the Importance of Imperfect Information", Risk, Uncertainty and Agricultural Development, SEARCG & Agricultural Development Council, New York, 1979, pp. 311-399.
- Penson, J.B. and Marvin Duncan, "Farmers' Alternatives to Debt Financing", Agricultural Finance Review, vol. 41, (July 1981), pp. 83-91.
- Reid, Joseph, "Sharecropping in History and Theory", Agricultural History, vol. 49, no. 2 (April 1975), pp. 426-440.
- Reiss, Franklin, "The Future of Farmland Leasing", Rents and Rental Practices in U.S. Agriculture: Proceedings of Workshop on Agricultural Rents, Farm Foundation & Economics Research Service, USDA, 1983.
- Scott, John T. "Implications of Current Conditions on Land Rent and Tenure Pattern in The Years Ahead", Department of Agricultural Economics, University of Illinois, AE-4605, October, 1985.
- Wunderlich, Gene, "The Facts of Agricultural Leasing", Rents & Rental Practices in U.S. Agriculture: Proceedings of workshop on Agricultural Rents, Farm Foundation & Economic Research Service, USDA, 1983.