

FILE COPY
DO NOT REMOVE

FIELD RENTAL RATES IN MICHIGAN

COOPERATIVE EXTENSION SERVICE • MICHIGAN STATE UNIVERSITY

By L. J. CONNOR, W. A. TINSLEY, AND R. E. HEPP
Department of Agricultural Economics

MICHIGAN FARMLAND RENTERS AND OWNERS face a continuing problem in negotiating satisfactory rental arrangements. Contracts and rates negotiated vary from area to area and depend upon such factors as the amount of land for rent, the number of potential renters, the quality of the land, type of crops grown, historical rental arrangements, and other alternatives.

To assist renters and owners in negotiating satisfactory agreements, a questionnaire survey of Michigan Telfarm farm records cooperators was conducted to determine current field rental arrangements. Three hundred forty cooperators returned questionnaires. This publication presents a summary of the results of the survey. The results are shown by major areas of the state (see Figure 1). These areas were delineated on the basis of major soil resources, type of farming, and nearness to major urban centers.

The rental rates contained herein are not set forth as those which *should* be charged for renting Michigan farmland, but are intended to serve as a guide to renters and owners in negotiating field rental arrangements.

CASH RENTAL RATES

Table 1 contains the rate range and most common rate or rates reported for cash rental arrangements in Michigan by major areas. No rates are shown for crops

in some areas because they are not commonly grown in the area, or there was an insufficient number of responses to establish rates. A wide variation in rates was noted both between areas and within areas for many crops. Differences in rates for some crops are due to tiling of land. Whole farm rental rates varied because of different proportions of cropland. Pasture

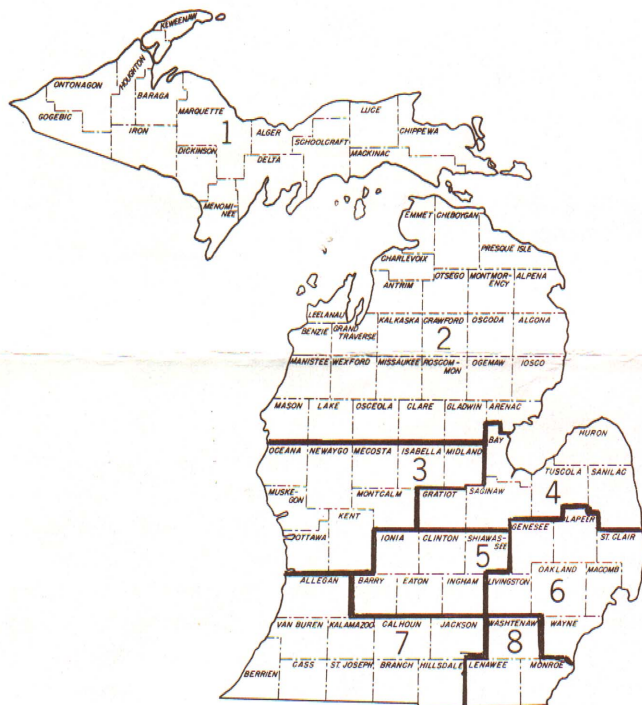


Table 1. Field Cash Rental Rates in Michigan

Crop or land	Area of State a/							
	1 Upper Peninsula		2 North		3 West Central		4 Saginaw Valley & Thumb	
	(Dollars Per Acre)							
	Most Common	Range	Most Common	Range	Most Common	Range	Most Common	Range
Rental of a whole farm	NA b/	4.00-5.00	10.00	2.00-30.00	10.00, 15.00	4.00-28.50	35.00	5.00-45.00
Pasture	NA	.50-4.50	2.00	1.50-10.00	10.00	2.00-10.00	5.00	1.00-6.00
Corn	NA	NA	10.00	5.00-30.00	15.00	6.00-25.00	22.50, 30.00	8.00-38.00
Soybeans	NA	NA	NA	20.00-30.00	NA	NA	20.00	10.00-30.00
Field beans	NA	NA	20.00	11.00-30.00	15.00	10.00-20.00	35.00	10.00-45.00
Hay	NA	1.50-4.00	4.00-10.00	3.00-30.00	10.00	5.00-25.00	10.00	10.00-30.00
Wheat	NA	NA	6.00	6.00-30.00	10.00	9.00-20.00	25.00, 32.50	9.00-32.50
Sugar beets	NA	NA	NA	NA	NA	NA	40.00, 50.00	10.00-50.00
Potatoes	NA	NA	30.00	10.00-30.00	20.00	20.00-50.00	NA	37.50-50.00

a/ See Figure 1 for location of areas.

b/ Figures not available.

rates varied because of native and improved pasture differences.

SHARE RENTAL RATES

Table 2 contains the rate range and most common rate or rates reported for share rental arrangements in Michigan by areas. Again, no rates are shown for crops in some areas because they are not commonly grown, or there was an inadequate number of responses. The 50-50 share basis was most common for hay, and for crops in southern Michigan (Areas 7 and 8). The $\frac{2}{3}$ - $\frac{1}{3}$ share basis was most common for crops in other areas of the state. An 80-20 basis was the most common arrangement for sugar beets.

The renter's share of costs varied according to the share arrangement for the crop. The following discussion summarizes the usual sharing arrangements reported for various cost items.

$\frac{2}{3}$ - $\frac{1}{3}$ Share Basis

In this share lease, the renter receives two-thirds of the crop. He commonly furnishes the labor, power, machinery, seed, weed and insect control harvesting and hauling, and two-thirds of the fertilizer. The owner usually furnishes one-third of the fertilizer. However, some reports indicated the owner might also be responsible for one-third of the harvesting and hauling expense.

50-50 Share Basis

In this share lease, the renter receives half of the crop. He commonly furnishes the labor, power, machinery, and half of the seed, fertilizer, weed and insect control, and harvesting and hauling expenses. The owner receives half of the crop and furnishes the other half of the expense items previously listed.

Table 1. Field Cash Rental Rates in Michigan

Crop or land	Area of State a/							
	5 Central		6 East Central		7 Southwest		8 Southeast	
	(Dollars Per Acre)							
	Most Common	Range	Most Common	Range	Most Common	Range	Most Common	Range
Rental of a whole farm	20.00	7.00-30.00	10.00	5.00-30.00	20.00	7.00-35.00	20.00, 30.00	10.00-42.50
Pasture	10.00	1.00-10.00	10.00	4.00-15.00	5.00, 10.00	2.50-18.00	10.00	10.00-30.00
Corn	20.00	12.00-30.00	10.00	4.00-25.00	10.00	9.00-30.00	25.00	13.50-40.00
Soybeans	20.00	15.00-30.00	10.00	10.00	12.00, 15.00, 20.00	9.00-20.00	25.00, 30.00	12.00-32.50
Field beans	20.00	20.00-30.00	10.00	10.00-16.00	10.00	7.00-27.50	20.00	10.00-25.00
Hay	12.00, 20.00, 25.00	6.00-27.00						
Wheat	20.00	12.00-20.00		4.00-15.00	10.00	2.00-20.00	30.00	10.00-32.50
Sugar beets	NA b/	NA	NA	NA	NA	NA	50.00	30.00-50.00
Potatoes	NA	NA	NA	NA	NA	NA	NA	NA

a/ See Figure 1 for location of areas.

b/ Figures not available.

3/4 — 1/4 Share Basis

With this share arrangement, the renter receives three-fourths of the crop and furnishes the labor, power, machinery, seed, weed and insect control, harvesting and hauling, and fertilizer. The owner receives one-fourth of the crop and does not share in any of the expense items previously listed.

Hay

Hay was usually reported as being harvested on a 50-50 basis. The renter receives half of the hay, and usually pays for all the harvesting and hauling expenses.

Sugar Beets

Some variation was noted in usual share rates for

sugar beets. The most common share arrangement is an 80-20 basis. The renter is responsible for all expense items (other than land) and receives 80 percent of the crop.

SHARING GOVERNMENT PAYMENTS

Field rental arrangements may occasionally stipulate sharing provisions of government payments among renters and owners. One-third of the farmers responding reported sharing government program payments for corn, wheat, and sugar beets under cash rental arrangements. Ninety-two percent of the farmers responding reported sharing these payments under crop share arrangements. The manner in which the payments were shared varied according to the various renting arrangements. Of course, rental arrangements involving government payments must conform to any program regulations.

Table 2. Tenant's Share Under Cropland Share Rental Arrangements in Michigan

Crop	Area of State a/							
	1 Upper Penin.		2 North		3 West Central		4 Saginaw Valley And Thumb	
	Most Common	Range	Most Common	Range	Most Common	Range	Most Common	Range
Corn	NA <u>b/</u>	NA <u>b/</u>	2/3	1/2-2/3	2/3	2/3 <u>c/</u>	2/3	9/20-2/3
Field beans	NA	NA	NA	NA	2/3	2/3 <u>c/</u>	2/3	9/20-2/3
Soybeans	NA	NA	NA	NA	NA	NA	2/3	9/20-2/3
Wheat	NA	NA	NA	NA	2/3	1/2-2/3	2/3	9/20-2/3
Hay	NA	NA	2/3	1/2-2/3	1/2	1/2-2/3	1/2	9/20-2/3
Sugar beets	NA	NA	NA	NA	NA	NA	4/5, 1/2	9/20-4/5

Crop	Area of State a/							
	5 Central		6 North Central		7 Southwest		8 Southeast	
	Most Common	Range	Most Common	Range	Most Common	Range	Most Common	Range
Corn	2/3	1/2-3/4	2/3	2/3 <u>c/</u>	1/2	1/2-2/3	1/2	2/5-2/3
Field beans	2/3	1/2-2/3	2/3	2/3 <u>c/</u>	1/2	1/2-3/4	1/2	2/5-1/2
Soybeans	2/3	1/2-2/3	NA <u>b/</u>	NA <u>b/</u>	1/2	1/2-3/4	1/2	2/5-3/5
Wheat	2/3	1/2-3/5	2/3	2/3 <u>c/</u>	1/2	1/2-2/3	1/2	2/5-3/5
Hay	2/3,1/2	1/2-2/3	NA <u>b/</u>	NA <u>b/</u>	1/2	1/2-3/4	1/2	1/2 <u>c/</u>
Sugar beets	NA	NA	NA	NA	NA	NA	NA	NA

a/ See Figure 1 for location of areas.

b/ No reports.

c/ Only value reported.