




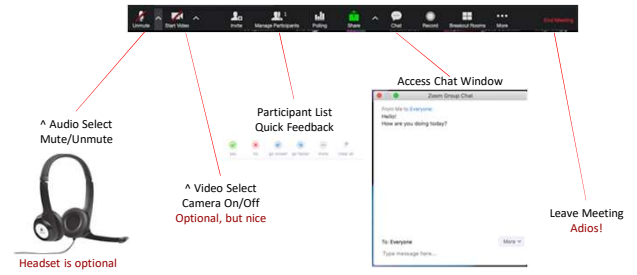
Sauk County Absentee Landowners Webinar Series

Hosted by:
Extension Sauk County & Sauk County Land Conservation Department

Check your speakers. Can you hear music in the background?



Interaction




Headset is optional

Please log in with your first and last name so we know who is joining us!




Breaking Down The Pieces Of Your Leases

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Common Questions

- What is agriculture land worth?
- What is the rental rate for my property at XXXXX?
- Is this rental rate price "fair" for me? For the Renter?
- Is it better per acre or per head for renting out my pasture?




The USDA National Agricultural Statistics Service (NASS)



2020 County Averages
Sauk County
Non-irrigated Crop land- \$129.00
Irrigated Cropland - \$236.00
Pastureland - \$37.00

av-er-age
noun
a number expressing the central or typical value in a set of data, in particular the mode, median, or (most commonly) the mean, which is calculated by dividing the sum of the values in the set by their number.

https://www.nass.usda.gov/Statistics_by_State/Wisconsin/Publications/County_Estimates/



Determining a Rental Rate

- Potential Crop Returns
- Land Quality
- Slope & Erosion Potential or Wetlands
- Previous Crops, Herbicides, and Fertility
- Use of Facilities & Services Provided
- Previous History
- Area Demand
- Rental Income Pay the Property Taxes

<https://farms.extension.wisc.edu/articles/wisconsin-cash-farm-land-lease-example/>

Table 1. 2020 Crop Budgets, Northern Illinois.

	Com- after- Scope	Com- after- Corn	Staple- after- Corn	Staple- after- Two Years Corn	Wheat
Yield per acre	212	202	62	64	70
Price per bu	\$3.30	\$3.30	\$8.30	\$8.30	\$5.00
Crop revenue	\$700	\$667	\$515	\$531	\$375
AGC/PLC	30	30	30	30	30
Crop insurance proceeds	0	0	0	0	0
Gross revenue	\$730	\$697	\$545	\$561	\$405
Fertilizers	\$125	\$135	\$31	\$31	\$76
Pesticides	50	58	36	36	27
Seed	112	112	73	73	50
Drying	16	14	1	1	1
Storage	10	10	4	4	1
Crop insurance	23	23	16	16	3
Total direct costs	\$340	\$360	\$160	\$160	\$164
Machine hire/lease	\$28	\$28	\$22	\$22	\$19
Utilities	6	6	5	5	7
Machine repair	27	27	23	23	33
Fuel and oil	17	17	14	14	20
Light vehicle	2	2	2	2	0
Mach. depreciation	50	50	50	50	43
Total power costs	\$136	\$136	\$122	\$122	\$129
Interest	\$23	\$23	\$20	\$20	\$19
Building repair and rent	9	9	4	4	3
Building depreciation	17	17	8	8	7
Insurance	10	10	10	10	5
Misc.	9	9	9	9	9
Interest (non-land)	20	20	22	22	14
Total overhead costs	\$64	\$64	\$72	\$72	\$66
Total non-land costs	\$576	\$596	\$358	\$352	\$349
Operator and land return	\$155	\$157	\$190	\$209	\$59

Prepared by: Gary Schnitzky, University of Illinois, schnitzk@uiowa.edu, 217 244-0595.
Available in the management section of FarmDoc: www.farmdoc.uiowa.edu.
Revised: January 2020.

https://farmdoc.illinois.edu/assets/management/crop-budgets/2020_crop_budgets.pdf

Leases in Wisconsin

704.01 Definitions. In this chapter, unless the context indicates otherwise:

(1) "Lease" means an agreement, whether oral or written, for transfer of possession of real property, or both real and personal property, for a definite period of time. A lease is for a definite period of time if it has a fixed commencement date and a fixed expiration date or if the commencement and expiration can be ascertained by reference to some event, such as completion of a building. A lease is included within this chapter even though it may also be treated as a conveyance under ch. 706. An agreement for transfer of possession of only personal property is not a lease.

<https://docs.legis.wisconsin.gov/statutes/statutes/704>

Leases "Do's" and Leases "Don'ts"

- Well written agreements
 - Defines limits
 - Clarifies expectations
 - Done beforehand
- Both parties are satisfied with the contract & have a copy
- Typed is preferable
- Oral agreements
- Poorly written agreements
 - No limits determined
 - Gaps in contract
 - Not done beforehand

Damage to Property

704.07 Repairs; untenability.

(3) DUTY OF TENANT.

(a) If the premises are damaged, including by an infestation of insects or other pests, due to the acts or inaction of the tenant, the landlord may elect to allow the tenant to remediate or repair the damage and restore the appearance of the premises by redecorating. However, the landlord may elect to undertake the remediation, repair, or redecoration, and in such case the tenant must reimburse the landlord for the reasonable cost thereof; the cost to the landlord is presumed reasonable unless proved otherwise by the tenant. Reasonable costs include any of the following:

<https://docs.legis.wisconsin.gov/statutes/statutes/704>

Rental Agreement Checklist

- ☐ Contracting Parties and Date
- ☐ Property Description
- ☐ General Terms of the Lease
- ☐ Land Use
- ☐ Payments and Due Dates
- ☐ Termination/Amendment of Agreement
- ☐ Signatures

<https://farms.extension.wisc.edu/articles/wisconsin-cash-farm-land-lease-example/>

Contracting Parties and Date

This section of the contract should state:

- Starting date
- Ending date
- Who the contract will be between
 - The landlord will be the person or persons who own the land
 - The renter will be the person or persons who will rent the land

Property Description

This section can be a detailed or a general description that clearly identifies the property.

- A legal description of the land
- A map of the property showing the actual rented acres
- A written description
 - The actual number of acres that are being rented
 - Where are the acres located
 - Specific usage of some acreage
 - tillable acres
 - pasture acres.

General Terms of the Lease

This section includes the

- Length and/or time frame of the lease (Specific dates should be used)
- Specific uses that the renter is granted and/or not granted
- Rights that the landlord reserves with respect to the property
- Other items may be added to this section. Examples:
 - Recreational use: Hunting rights on the property, snowmobiling, ATV/UTV
 - Grazing livestock
 - Water source- irrigation and or livestock housed as part of agreement
 - Use of buildings or grain bins

Land Use

This section may include management practices that may or may not be used by the renter. Examples:

- Cropping and soil conservation practices
 - Tillage practices, cover crops, and rotation
 - Crop residue management
 - Conservation structures
- Fertilizer and manure application protocols or limitations
- Pesticide application protocols/limitations & setbacks (grapes, hops, others)
- Procedures for physical changes to property (trees, fences, field roads, etc.)

Payments and Due Dates

This section addresses when payment(s) is/are due and how much the payment(s) will be. Details can be added as needed.

- Cash rental agreement
- Flexible lease (price, yield, or both)
- Crop share agreement
- If a deposit is required for potential damage repair

Federal Farm Program – Many Federal Farm program payments are paid to the party assuming production risk. A landlord receiving straight cash rent is not assuming production risk.

Termination/Amendment of Agreement

This section should include reasons and/or procedures for:

- Early termination
- Procedures for amending the contract
- Procedures for renewal or nonrenewal of the contract
 - Including date of notice and date by which agreement is reviewed to determine if it continues as is or with changes for the following year(s) of the contract.

Signatures

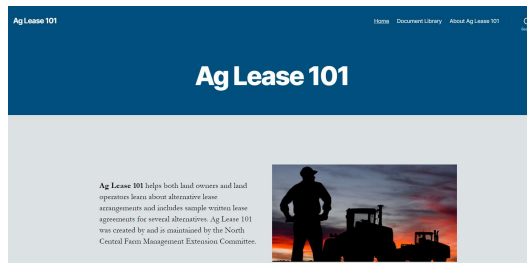
This section seals the agreement with all parties' signatures. All parties listed in section one of the agreement should also be included with their signatures in this section.

Pasture Lease Agreements

Things to consider as you look into pasture rental agreements:

- Value of your pasture (productivity/grass, fencing, water, facilities, size, other forages, distance, and location)
 - Per Acre
 - Only charging for the amount of land
 - Per head
 - Looking at stocking rates for your property and the animal units

Land Lease Agreement - Examples



<https://aglease101.org/>

Arbitration

ar·bi·tra·tion

- the use of an arbitrator to settle a dispute

Wisconsin Farm Center

Phone 1-800-942-2474

Email: farmcenter@wisconsin.gov

https://datcp.wi.gov/Pages/Growing_WI/FarmCenterOverview.aspx

References

- USDA-NASS Land Rental Survey Results: https://www.nass.usda.gov/Statistics_by_State/Wisconsin/Publications/County_Estimates/
- Ag Lease 101: <https://aglease101.org/>
- WI Cash Farm Land Lease Example: <https://farms.extension.wisc.edu/articles/wisconsin-cash-farm-land-lease-example/>
- WI State Statutes: <https://docs.legis.wisconsin.gov/statutes/statutes/704>
- Illinois Crop Budgets 2020: https://farmdoc.illinois.edu/assets/management/crop-budgets/2020_crop_budgets.pdf
- UW-Madison Division of Extension 2020 Crop Budget Analyzer: <https://farms.extension.wisc.edu/topics/budgets-and-benchmarks/>
- Some materials adapted from a presentation by Gene Schriefer, Agricultural Educator Iowa County

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Questions?

Thank you for your attention!