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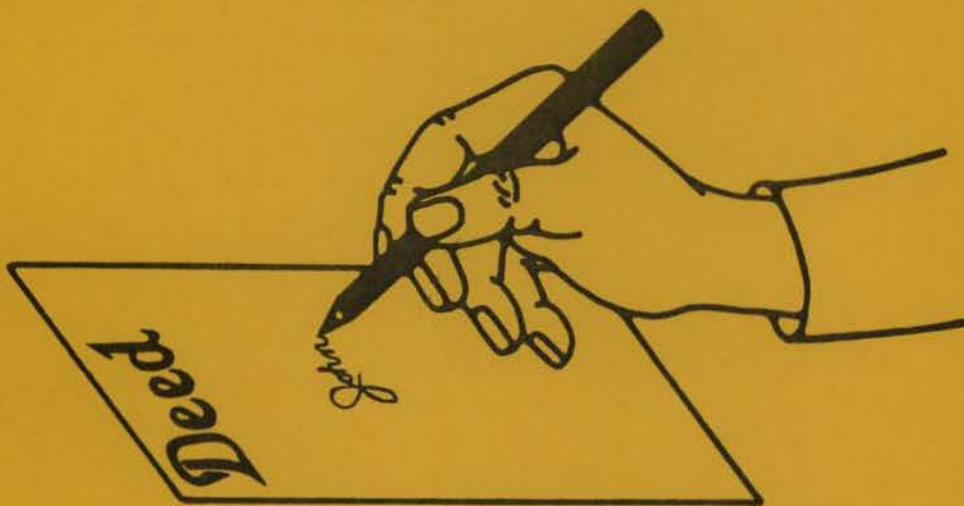
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Land Tenure and Leasing In Idaho Agriculture

Economic and Legal Considerations

R. V. Withers
D. L. Grant



Agricultural Experiment Station

UNIVERSITY OF IDAHO

College of Agriculture

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Land Tenure and Leasing In Idaho Agriculture

Economic and Legal Considerations

R. V. Withers and D. L. Grant

In 1974, the most recent agricultural census year, Idaho had 23,680 farms with an average size of 603 acres per farm. Total area in farms was 14.3 million acres — 27% of the total land area of the state. Idaho farms have over 6 million acres of cropland of which more than 4.5 million acres were harvested in 1974. The value of farm real estate in 1974 was nearly \$5 billion compared to \$2.5 billion in 1969. Machinery and equipment were valued at \$762 million in 1974 (4). Besides the farmland in private holdings, many millions of acres of public land are used for grazing by Idaho ranchers. A total of \$1.4 billion worth of agricultural products was sold by Idaho farmers and ranchers in 1974.

These statistics emphasize the importance of agriculture to Idaho and point out the significance of ownership and land use patterns in agriculture.

This publication gives an overview of land tenure in Idaho agriculture and reports results of a research project dealing with tenure and farm leasing problems. Three main sections are included. The first deals with land tenure arrangements for farms and agricultural lands in Idaho. The second section is concerned with institutional and economic characteristics of farm leases. The third section is a discussion of the legal considerations relating to farm leases in Idaho. The information presented should be useful to persons dealing with agricultural land ownership and particularly to those involved in any way with farm leases.

The study of tenure and leasing was undertaken for two reasons. The first was to provide information useful to those inquiring about farm leases and how they should be handled. The second is to inform tenants, landlords and others concerned with farm leases about the problems involved in hopes that common leasing failures can be avoided or prevented by drawing better leases at the outset. Some problems are bound to arise in any case, but a good lease, properly drawn and negotiated, can avert many problems that regularly occur.

The objectives of the project upon which this report is based were:

- 1. To study changes in Idaho farm tenure in recent years.*
- 2. To find and describe present-day agricultural leasing practices.*
- 3. To provide economic and legal guidelines for understanding and improving farm leases.*

Land Tenure in Idaho Agriculture

Land tenure is a term that refers to the ownership, control and use of land resources. It is concerned with the many relationships that govern access to and use of land resources and claims on goods and services produced on or with land (6). Land tenure is of particular significance to agriculture because of the large amounts of land used for agricultural production. Agricultural land tenure determines who receives the proceeds of production on the land.

The Census Bureau has divided land tenure into three different categories: full owner, part owner and tenant. The full owner is a farm operator who owns or is purchasing all of the farm land he operates. The part owner is one who owns some land and rents additional land for farm production. The tenant is one who rents essentially all of the land that he farms. Table 1 gives a breakdown of the number of Idaho farms in each category and the average size of farm in each tenure classification.

The number of farms declined by about 1,800 between 1969 and 1974, and average farm size increased from 566 to 603 acres. The average size of farm in the full-owner category was quite small, partly because many small and part-time farms and many older farmers who were cutting back on production were included. Of the full owners on farms with sales of \$2,500 or more, 15% were 65 or older. Only 8% of the part owners and 9% of the tenants were 65 or older.

Part-owner farms were large. This group was characterized by progressive farmers who have land of their own but who rent additional land to increase production volume and spread machinery cost over more units. Average size of part-owner farms was double the average for all farms.

Tenants were usually younger with farms slightly smaller than average but considerably larger than the average full-owner farm.

Proportion of farms and land operated is compared in Table 2. In 1974, full-owner farms made up 62% of the total number but controlled only 34% of the land. Part-owner farms with only 28% the total number controlled 57% of the land. Tenants operated 10% of the farms and 9% of the land. One should not confuse this with total tenancy which will be discussed later. Much more than 9% of the land is rented,

but most of it is rented by part owners rather than by those who rent all of the land they operate as is the case with the census tenant category. Both tenants and part owners are involved with farm real estate leases.

Farm Organization

Type of farm organization is closely related to tenure. Any of these tenure categories could be organized according to any of the common types of farm organization.

The typical organization types are individual proprietorship, partnership and corporation. The individual proprietorship is most common in Idaho as well as in the nation. With this form of ownership the individual owner controls the asset, makes the decision, bears all the risk and has unlimited liability in the business. In 1974, 88% of the 19,530 farms with sales of \$2,500 or more were individual proprietorships (4).

Partnerships were second to individual proprietorships in Idaho. A total of 1,552 farms were organized as partnerships in 1974, or 8% of the total. The partnership is similar to the proprietorship in that regular partners make decisions, control assets, bear the risk and have unlimited liability in the business. An exception is where limited partners are part of the business. In this case the liability of the limited partner may extend only to the amount of his investment. For regular partners the decision of one may bind the other partner or partners. The partnership is terminated either by agreement of the partners, as specified by law, or by the death of one of the partners.

Incorporation has been gaining popularity as a form of farm organization. In 1974, 722 farms or about 4% of all Idaho farms with sales of \$2,500 or more, were incorporated. As farms become larger and values increase, the advantage of incorporating becomes greater. Other important reasons for incorporating include estate planning, better management of fringe benefits, retention of control with less than full ownership and possible tax advantages. The corporation is an artificial person recognized by the state. It is controlled by a board of directors that is elected by the stockholders. The liability of stockholders is usually limited to the amount of equity in the corporation.

Table 1. Number of farms and average acreage per farm by tenure classification, Idaho, 1969 and 1974.

| Class | Number of farms | | Average acreage per farm | |
|------------|-----------------|--------|--------------------------|-------|
| | 1969 | 1974 | 1969 | 1974 |
| Full owner | 15,396 | 14,609 | 298 | 332 |
| Part owner | 7,264 | 6,755 | 1,144 | 1,214 |
| Tenant | 2,815 | 2,316 | 538 | 527 |
| All farms | 25,475 | 23,680 | 566 | 603 |

Source: Bureau of Census (5).

Table 2. Percentage of farm numbers and percentage of land in farms by tenure classification, Idaho, 1969 and 1974.

| Class | Percentage of farms | | Percentage of land in farms | |
|------------|---------------------|------|-----------------------------|------|
| | 1969 | 1974 | 1969 | 1974 |
| Full owner | 60 | 62 | 32 | 34 |
| Part owner | 29 | 28 | 58 | 57 |
| Tenant | 11 | 10 | 10 | 9 |
| All farms | 100 | 100 | 100 | 100 |

Source: Adapted from U.S. Bureau of Census (5).

Land Tenure and Efficient Farm Operation

Land tenure is related to efficiency in several different ways. First, tenure and size are closely associated. Whether the land is farmed as small or large units will affect its productive efficiency. For a farm to produce at least cost per unit of output, it must be large enough to make efficient use of modern equipment. This does not necessarily mean that each parcel of land under individual ownership needs to be large. It could be farmed in cooperation with neighbors, or the owner of the land may do custom work for neighbors. The important thing is that the amount of land being farmed by machinery and management involved is large enough to make efficient use of the fixed investment.

For example, if a grain combine costs \$50,000 and is expected to be used for 10 years, its annual fixed cost would be about \$8,000.* If it cost an additional \$9 per acre to operate the machine and custom cutting were \$25 per acre, a farm operator would need to use the machine on about 500 acres per year to justify owning the machine unless he puts an additional value on his ability to do the work himself when and how he wants to.

$$\frac{\text{Annual fixed cost}}{\text{Custom rate} - \text{Annual operating cost}} = \frac{8000}{25-9} = 500 \text{ acres}$$

Second, tenure and efficiency of operation are related to the future or planning period of the operator. One of the common faults attributed to leasing is the tenant's lack of security and consequently his short planning period. The tenant with a 1-year lease may be less concerned about continuous productivity on the farm than one who has a longer lease or owns the land. The short-term renter may farm to get maximum immediate productivity which may reduce future productivity. For example, he may fail to use proper conservation practices or fail to maintain and replace various fixed improvements as they wear out or become obsolete. While owner-operators do not always farm to obtain optimum productivity in the long run, they are more likely to do so than a tenant who has no lasting interest in the property.

Land operated by a part owner or tenant may be operated more efficiently with regard to machine and labor use than an owner-operated farm because of larger acreages. However, a problem may arise with a tenant when he owns some land and rents additional acres on a crop-share basis. He will usually want to do his own work first because he gets all that is produced, whereas he gets only a share on rented land.

*Initial cost is \$50,000. Annual charges vary depending on use. If we assume a 10-year machine life and no salvage value, the annual fixed charges may be estimated as follows:

| | | |
|----------------------------------|-------------------------|---------|
| Depreciation | $\frac{\$50,000}{10} =$ | \$5,000 |
| Interest (Average value x rate) | | 2,250 |
| (\$25,000 x .09) | | |
| Taxes (Average value x rate) | | 250 |
| (\$25,000 x .01) | | |
| Shelter (Average value x .01) | | 250 |
| (\$25,000 x .01) | | |
| Insurance (Average value x .005) | | 125 |
| (\$25,000 x .005) | | |
| Total annual fixed cost | | \$7,875 |

Third, incentive to increase production differs by circumstance. Incentive is closely related to the second point although it does differ in some respects. For example, a tenant who pays a share of the production as rent may have less incentive to increase production than one who gets all the crop as in the case of cash renters or owner-operators. This is particularly true if the tenant is paying all or most of the operating costs for production.

Fourth, the goals of the individual or individuals who own the land may differ, thus affecting the efficiency of operation. Usually for analysis purposes, we assume that a farm operator is trying to maximize economic returns. While this is probably most often the case, other goals are also important. All farmers want to be able to pay expenses and have some of life's comforts; but after these are provided, such goals as leisure time, travel, hobbies and a well-manicured farmstead may take precedence over additional income. Probably very few farm owners or operators seriously try to milk every possible nickel from their property at the expense of all else.

Land tenure is greatly affected by various government rules and regulations. Progressive income tax, inheritance taxes, property taxes and perhaps other taxes in addition to various other government regulations often are deterrents to farm size growth. Attempts have been made to limit the amount of government farm subsidy an individual may receive. Inheritance taxes increase in percentage as an estate increases in value. Large estates often must be sold or broken up to raise money for payment of estate taxes. Income taxes also increase in percentage as the amount of income increases.

Tenure is affected by government policy and regulations, and efficiency of production is affected by tenure. Incentives, goals, size of farm and the length of an individual's future planning period are related to and inseparably connected to tenure.

Farm Real Estate Values

Farmland prices have increased nearly threefold since 1967. This presents some problems in the leasing arrangement since it affects the landlord's contribution to production. Farm leases need to be reviewed periodically to take care of this and other problems.

If the increase in land values were entirely due to increasing net incomes from farming, no particular problem would result. However, many factors have influenced land values in recent years. Some of the reasons for increasing land prices, besides productivity and real income increases, are:

1. **Inflation.** As the value of money declines, the dollar value of non-money assets increases. Because land is a tangible and indestructible asset, many investors look to land as a hedge against inflation. This process feeds on itself. As demand for land increases and prices rise, more people want to invest in it because of its increasing value. This process may cause land prices to greatly exceed the income value.
2. **Farm expansion.** New machines and other innovations have enabled the farm operator to increase the amount of land he can farm. Because he already has a base farm

that gives considerable borrowing power, and because he can spread his machinery investment over more units, he can afford to pay a high price for land to add to his farm.

3. **Rural living.** Many urban dwellers have purchased land in the open country for residences. This is especially true within a few miles of urban areas. This demand for land also increases the price of farmland.

Fig. 1 shows how farm real estate prices have changed in the United States since 1910. Prices were low and relatively stable until World War II in the early 1940's. Gradual increases occurred from then until 1970. Then a rapid increase began with land values more than doubling between 1972 and 1977.

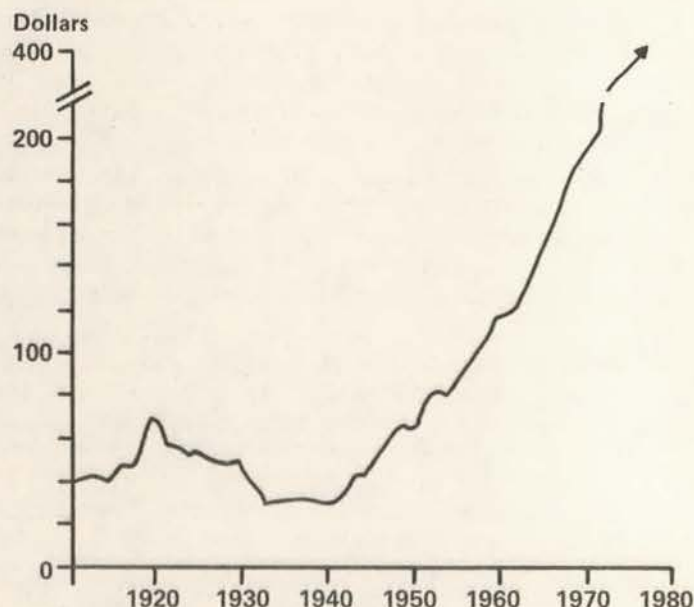
The average value of farm real estate per acre in Idaho increased from \$134 in 1965 to \$419 in 1977. Index numbers for various types of farmland are shown in Table 3. The values of all types of land shown have increased similarly.

Because of the increase in value per acre and farm expansion, the average value of land and buildings per farm has increased greatly. For example, the average Idaho farm was worth \$68,178 in 1964. By 1974 the average value was \$196,815, according to the Agricultural Census, and as of February 1, 1977, it was \$243,900 (5). This increase was primarily due to increase in farm size and inflation in real estate values.

Agricultural Use of Public Lands

Use of public lands for grazing and farming is an integral part of Idaho agriculture. While study of the use of public lands is not a major objective of this study, the relationships of these lands to private holdings are important.

Fig. 1. Average farm real estate value per acre, United States, 1910-1977 (Value of land and buildings for 48 states).



Source: USDA, ERS, "Farm real estate historical series 1850-1970," ERS 520, June 1973.

Federal Land

About 64% of Idaho's land area is federally owned. A large proportion of this land is used by cattle and sheep ranchers for spring, summer and fall grazing.

Until 1934, public domain land was open for free use by individual livestock owners. Forest land had been controlled for some time before that. The Taylor Grazing Act of 1934 established a system of permits for grazing. These were essentially limited to ranchers who had been using the land and required a base ranch capable of supporting the livestock during the part of the year when grazing was not available or not adequate on the public land. Those who were issued permits for grazing were also required to pay a fee beginning in 1936. This began at \$.05 per animal unit month and had increased to \$1.51 per AUM by 1976 on Bureau of Land Management land. The number of animals allowed to graze areas of public domain, and the fees charged to the users, have been controversial over the years. In any case, the public lands have become an integral part of the ranching operation in many parts of the state. Another characteristic of the grazing permits that relates to land tenure is that they have acquired an economic value and are bought and sold with ranching operations.

State Land

The state of Idaho also owns land that is rented out for private use. Some is used for forestry but only the part grazed or farmed will be discussed here.

These state endowment lands are used to help support schools and other state institutions. As of June 30, 1970, according to the State Board of Land Commissioners, endowment lands were used as follows:

| | Acres |
|----------------------------------|-----------|
| Agricultural leases | 54,941 |
| Cottage sites and special leases | 14,606 |
| Grazing leases | 2,115,449 |
| Land sale contracts | 270,177 |
| Mineral leases | 145,242 |
| Timber sale contracts | 54,792 |

Table 3. Idaho farm real estate: Indexes of average value per acre and average value as of March 1, 1965-1977.

| Year | Average value per acre (Dollars) | Index of average value (1967 = 100) | | | |
|------|----------------------------------|-------------------------------------|--------------|--------------------|--------------|
| | | All farmland | Grazing land | Irrigated cropland | Dry cropland |
| 1965 | \$134 | 91 | 89 | 93 | 90 |
| 1970 | 177 | 120 | 146 | 108 | 113 |
| 1971 | 188 | 128 | 159 | 112 | 124 |
| 1972 | 206 | 141 | 178 | 121 | 139 |
| 1973 | 230 | 159 | 197 | 140 | 155 |
| 1974 | 289 | 203 | 254 | 173 | 204 |
| 1975 | 343 | 243 | 294 | 225 | 215 |
| 1976 | 373 | 264 | 302 | 245 | 259 |
| 1977 | 419 | 296 | 341 | 272 | 293 |

Source: USDA, Economic Research Service (6).

The more than 2 million acres of agricultural and grazing leases constitute about 4% of the total area of Idaho or 11% of the non-federally owned land. Agricultural leases are on dry cropland owned by the state and are renewed periodically by negotiation or by sealed bid. Grazing leases

are handled similarly. In many cases, agricultural and grazing land has been well integrated into farming and ranching operations so that a change of lessee may force reorganization of the farming operation previously using the state land.

Leasing Farm Real Estate

Leasing of rural real estate is more of an art than a science because no two pieces of property are alike, and a different relationship exists between landlord and tenant in each leasing situation. In these respects, leasing is closely related to the real estate market. Because each farm is unique, a real estate (value) appraisal is useful in determining the landlord's contribution to production on leased land.

A great deal has been written about leasing and problems that are associated with leases. A periodic review of economic and other principles involved in leasing would be helpful to anyone involved in drawing up leases. This discussion summarizes some of the more common principles relating to farm leases.

Rent is defined in many different ways for different purposes. With farm leasing, rent is basically a payment made to the landlord by the tenant for use of the landlord's property. Property in real estate consists of a bundle of rights. When a land owner leases his land to someone else, he maintains ownership but relinquishes some specified rights to the tenant for which he receives rent. At the termination of the lease, all private ownership rights revert to the land owner.

Property in land consists of an exclusive but not absolute right. A land owner with simple ownership has a right to use the land in any manner he chooses subject to rights held by the public in all land. The public maintains the right to tax, the right to enforce the laws including zoning and other established regulations and the right of eminent domain.

Most authors of articles on farm leasing agree that proceeds from farm production should be divided between the landlord and tenant on the basis of the amount each contributes to the production process. If the tenant contributes two-thirds of the total cost of production, then he should have two-thirds of all that is produced. If he contributes only 40% of all fixed and variable costs, he should get 40% of the proceeds.

The basic problem then, and one that is often overlooked or pushed aside as too much bother, is to determine accurately what is contributed by each party to the lease. Usually the tenant contributes labor, machinery, management and operating capital. The landlord contributes land, real estate taxes and part of the maintenance cost, and may share part or all of the operating expenses. Following local custom, such as a one-third, two-thirds split with the landlord's contribution based primarily on his bargaining power, is often the easiest choice, even

though inequitable. However, a problem may arise if the share received by the tenant differs from his contributed share.

Suppose, for example, that the tenant is committed to buying all of the fertilizer but receives only one-half the produce. Economic theory shows that it is advantageous to add fertilizer to a crop until the last unit of fertilizer added just equals the value of the extra production that it causes. Optimum productive efficiency is achieved at that level of fertilizer application. However, the tenant only gets one-half of the extra production so he will add less than the optimum amount of fertilizer. The landlord will be dissatisfied because optimum production is not reached, and the tenant feels cheated because he is expected to pay fully for production of which he receives only a part. Table 4 illustrates this point.

If the farm were operated by the owner, 3 units of fertilizer should be applied because \$4 is received for the last \$3 of expenditure. Unit 4 will not be added because only \$2 is gained from an additional \$3 expenditure. The tenant, who pays all production expense but receives only one-half the produce, will just break even with the second unit. If he applies the third, he gets back only \$2 for a \$3 expenditure.

The landlord would like the tenant to apply 4 units because he still earns another dollar at that point, but the tenant does not get his investment back.

If the costs are shared on the same basis as returns, adding 3 units of fertilizer will be to the advantage of both. For this reason the landlord usually contributes toward the cost of fertilizer and other inputs. In this way, total farm production is optimum and the total amount of economic gain to share between the landlord and tenant will be as large as possible.

Table 4. Division of added income for a share lease with the tenant paying all production expenses and receiving half of the output.

| Added units of fertilizer applied | Added cost | Added production (bushels) | Added income (\$2/bu) | Tenant share | Landlord share |
|-----------------------------------|------------|----------------------------|-----------------------|--------------|----------------|
| 1 | \$3 | 4 | \$8 | \$4 | \$4 |
| 2 | \$3 | 3 | \$6 | \$3 | \$3 |
| 3 | \$3 | 2 | \$4 | \$2 | \$2 |
| 4 | \$3 | 1 | \$2 | \$1 | \$1 |

In addition to inequitable sharing of costs and returns, other problems often plague the leasing arrangement. These problems are related to the tenant's security of occupancy and long-range planning.

An owner-operator of a farm may have long-range plans for improving the productivity of his farm and may willingly give up some current income in order to increase future income. The landlord-tenant situation is somewhat different. The landlord usually has a long-run interest in maintaining or improving the farm productivity as long as present income goals are met. Most tenants, however, have a 1-year lease and are most interested in present productivity even at the expense of productivity in the uncertain future.

This conflict of interest between the landlord and tenant can essentially be resolved with a proper lease. First, the goal of the landlord and tenant is usually maximum returns. Both are interested in improvements that will increase farm productivity. The landlord needs to be aware of needed improvements and be willing to help provide them where possible. The lease can include provisions for compensating the tenant for unused portions of agreed upon improvements at the termination of the lease.

For example, suppose a new storage facility on the farm would increase the value that could be realized from farm production. With the common share lease, both landlord and tenant would benefit from its construction. The landlord can afford materials but does not feel that he can hire the work done. The tenant builds the facility in his slack season. If the materials cost \$5,000, and the tenant contributes \$5,000 in labor, the finished value is \$10,000. The expected life of the building is 10 years. If the tenant rents the farm for the next 10 years, he will use up his contribution to the building. If, however, the lease is terminated at the end of 5 years, the tenant should be compensated for the unused portion of his depreciation. Only half of his contribution of \$5,000 of labor is depreciated. The landlord should compensate the tenant for the other half or \$2,500 at the lease termination. The landlord may recover this investment from the next tenant or from eventual sale of the property. The lease should include a clause protecting the tenant and the landlord so that needed improvements can be provided without fear of loss by either party.

Also associated with long-run goals and the short-run planning period of the tenant are problems of maintaining productivity through proper rotation, maintaining fertility, controlling weeds, conserving soil and maintaining buildings, ditches, fences and roads. Again, the principle involved is that the tenant should be reimbursed for any agreed-upon contribution that has value beyond the terms of the lease.

Problems arise when the landlord is unwilling to invest money in needed improvements. This reduces returns to both parties and leads to an unhappy relationship. On the other hand, the tenant may be overly demanding for improvements if they are completely provided by the landlord. The first goal is still maximum farm income over time. After the parties to the lease have agreed how this will be achieved, each should contribute what he is best prepared to do and share the returns on the basis of the contribution of each.

Negotiating the Lease

Farm leases have characteristics similar to goods being sold in the market place. If leases are plentiful and tenants are few, then the tenant has the more favorable bargaining position. If the opposite is true, the landlord has the more favorable bargaining position and can select the type of tenant and the rent that will be paid for land.

Landlords want to attract the best tenants they can and tenants want to rent the most productive farm available. The best tenants usually are able to rent the best land.

During the lease negotiation the following factors should be kept in mind: (1) mutual trust should exist between landlord and tenant; (2) optimum farm income is the overall goal; (3) the rental rate should be equitable to both parties; and (4) the lease should be written in some detail and in a language understandable to both parties (3).

The bargaining advantage one has is sometimes offset by reliance on traditional rental arrangements for the area. Tradition often seems to be the easy way out when drawing up a lease. Because an equitable lease requires a substantial bit of information such as production costs and details of who is contributing what to the business, many rely on tradition. According to Loftsgard (2), "Customs and traditions in each community form the basis for most leasing agreements rather than equitable division of returns according to inputs."

Lease negotiations and rent calculations reached without complete and carefully researched information often lead to problems when one or both parties later see that they are not being treated fairly by some aspect of the lease.

Leasing Practices

Two types of leases are important to Idaho farms. The share lease is the most common, but the cash lease has been gaining popularity in recent years.

Cash Leasing

The cash lease consists of a fixed amount of cash, usually per acre in the case of cropland or per animal unit for pasture, for the use of property belonging to someone else. It is a fixed cost to the renter because he must pay the agreed amount regardless of his production. With cash rent, the tenant usually provides most of the management function. He also has incentive to produce as efficiently as possible because he gets the whole crop. With a cash lease the tenant bears the risk of crop failure or declining prices, but he gets any extra reward resulting from exceptional production or rising prices.

Ordinarily the cash lease has been studied out and negotiated more carefully than share leases primarily because no traditional amount has been established for cash leases. The cash lease is also more likely to be written by an attorney with details of agreements carefully put down.

Share Leasing

The share lease is an arrangement in which the tenant pays the landlord a specified percentage of the commodities produced on the land. With share leasing, the landlord has more interest in the outcome of the production process

because his income depends on how much is produced and on price. Therefore, the landlord customarily participates to some extent in the management of the farm. Many decisions are made jointly by the landlord and the tenant.

Because share renting is related to the amount of production, it is a variable income to the landlord. Thus, the landlord shares in the risk of crop failure or falling prices; the tenant pays little or no rent in the event of crop failure. The tenant has less risk and the landlord has more with share leasing than with cash leasing.

The landlord also usually pays part of the operating cost in a share lease. For example, if the landlord receives one-third of the wheat crop, he may pay for one-third of the seed, fertilizer and chemicals used for production. He may also participate in harvesting costs. The amount of participation in production cost by the landlord varies greatly. This is a negotiable item between landlord and tenant. The larger the share received by the landlord, the greater is his participation in paying production cost.

Crop-share is the most common type of leasing in Idaho. The most often quoted share is one-third to the landlord, two-thirds to the tenant. On the surface, one might assume considerable uniformity of leasing arrangements. This is not the case, however, because even though the shares are often the same, considerable variability exists in contributions to production by landlord and tenant. The landlord's contribution may range from no participation in production expenses to payment of one-third of all expenses. In grain enterprises where the one-third/two-thirds sharing is most common, the landlord often pays one-third of the seed, fertilizer and chemical costs. Sometimes he participates in harvest cost.

One of the disadvantages of share leasing is that much publicity is given to the division of products but not much attention is shown to the contribution of the landlord. Uninformed tenants or landlords may be at a disadvantage when negotiating a lease if too much reliance is given to share returns rather than to inputs.

Livestock Leasing

Livestock leases are important to some farm operators but are much less common in Idaho than cropland leases. More commonly in Idaho, owners of livestock lease pasture or grazing land. Some grazing land is rented by the acre. More often, rent is paid on an animal basis, probably because of the wide variability in the quality of grazing land being used. The average rate reported per animal unit month in Idaho for 1977 was \$6.20, compared to \$4 in 1972.

Livestock leases are more common in some other states, and many different arrangements exist. For example, dairy cows are sometimes rented. In other situations, a tenant may rent a dairy farm including cows owned by the landlord. Beef cow-calf operations can be rented similarly. The same principles are involved in livestock leases as in other leases. The division of income is on the same basis as the contribution of cost. If the landlord contributes 40% of the annual fixed and variable costs of operation (including all investment, labor and operating costs) then he should receive 40% of the earnings. However, each situation is unique and no guidelines are presented here because not enough data are available for Idaho conditions.

Present Leasing Arrangements in Idaho

Leasing data were collected between 1970 and 1975 in southeastern Idaho, southcentral Idaho and northern Idaho. No attempt was made to obtain a random sample. Rather, respondents were picked who were believed to be typical for the areas. Additional information on farm leases was obtained by study of recorded leases at county courthouses.

While a great deal of lease variability exists in each area, leases tend to be more complex in areas of greater diversification. Leases in northern Idaho were mostly crop-share leases with the landlord receiving one-third of the crop and usually participating in cost of seed, fertilizer and chemicals. However, 6 of the 21 respondents were cash leases. Length of 10 of the northern Idaho leases were for 1 year, usually renewable at the end of the year if both parties agreed; 8 were for 2 to 5 years and 3 leases were for 10 years or more. In southcentral Idaho, 8 of 12 leases were for 1 year and 4 were for 2 to 5 years.

In southeast Idaho, 26 of 46 leases studied were 1-year or 1-year renewable leases, 9 were for 2 to 5 years and 7 were for 6 to 10 years. One of the leases was for 20 years; 3 others did not specify the length of the lease. Half of the 46 southeastern Idaho leases studied were cash leases. This does not mean that half of the leases in southeastern Idaho are cash leases; only that half of the leases studied were cash. Most evidence indicates use of more share than cash leases in the area. The other 23 leases studied were share leases in which the shares often varied by crops. Many specified that the landlord would receive one-half of the hay, one-third of the grain and one-fourth of potatoes and sugarbeets.

Overall, of 77 leases included in this part of the study, 57% were either 1-year or 1-year renewable leases, 27% were 2- to 5-year leases, 12% were for 6 years or more and 4% did not specify the lease period. Not enough data were obtained for livestock leases to indicate their general characteristics.

Selected County Extension Agents and rural real estate appraisers were surveyed in 1977 to substantiate and supplement data collected earlier. These people were chosen because of their familiarity with agriculture and leasing arrangements common in their areas. From 80 requests, 54 responses were received, including 2 which lacked data requested and were not used in the analysis. Because the sample selected was not random, no attempt was made to examine the characteristics of non-respondents. Responses received covered all major agricultural areas of Idaho. A copy of the data request form is in Appendix A.

This survey showed about two-thirds of all leases were crop-share and over 17% were cash leases (Table 5). Other leases were primarily some combination of crop-share and cash. Landlords most commonly received one-third and one-half shares of the crop in crop-share leases (Table 6). A system of variable shares for different crops was more common than any one share. Variable shares means that the share is variable by crop, i.e., one-half of the hay, one-third of the grain and one-fourth of the potatoes to the landlord. The one-third crop-share was most common in grain crops and specialized grain-producing areas such as northern Idaho. The one-half crop share was prevalent in southcentral Idaho. Variable share leases were used in highly diversified irrigated areas in southeastern and southwestern Idaho.

About 48% — 25 of the respondents — said most leases are verbal rather than written and 9 others either did not reply or indicated they had no way of knowing which was most common. In any case, the replies indicate that there are still substantial numbers of verbal leasing agreements used in Idaho agriculture. In spite of the many problems with the verbal lease, it is used because it requires little record keeping, is easy to negotiate and is legal for up to one year.

Table 5. Most common type of lease reported by survey respondents, Idaho, 1977.

| Type of lease | Appraisers | Extension agents | All respondents |
|---------------|------------|------------------|-----------------|
| Crop-share | 21 | 14 | 35 |
| Cash | 4 | 5 | 9 |
| Other | 3 | 5 | 8 |
| Total | 28 | 24 | 52 |

Table 6. Most common share to landlords reported by survey respondents, Idaho, 1977.

| Most common share to landlord | Appraisers | Extension agents | All respondents |
|-------------------------------|------------|------------------|-----------------|
| 1/3 of crop | 4 | 6 | 10 |
| 2/5 of crop | 0 | 3 | 3 |
| 1/2 of crop | 6 | 5 | 11 |
| Variable by crop | 14 | 5 | 19 |
| Cash | 4 | 5 | 9 |
| Total | 28 | 24 | 52 |

Length of leasing period was another area of concern. Longer term leases may give the tenant greater security and encourage interest in making long-term improvements and maintaining productivity. Many renters like the flexibility of the year-to-year automatically renewable lease and have had a good relationship with their landlords for a number of years. Even so, such a lease does not encourage investment in long-term improvements unless the landlord bears most of the cost. In the 1977 survey, 25 of the 52 respondents said 1-year leases are most common and 7 others replied that 1- to 5-year leases are most common. Leases over 5 years in length are relatively rare but do exist in Idaho.

Most survey respondents — 29 of 52 — stated that landlords most commonly rented the whole farm, while 17 said they more commonly rent only cropland, not the whole farm. This varies a great deal by area depending on the type of crop raised and the diversification of farm enterprises. Some landlords find it advantageous to rent out cropland for specialized crops like potatoes and sugarbeets while keeping other land to maintain a livestock enterprise. This reduces the amount of machinery needed by the landlord and allows the tenant to spread his machinery costs over more acres. Others rent out the whole farm, thus freeing themselves from farming responsibilities.

Asked whether acreage under lease was increasing, decreasing or remaining constant in their areas, 27 of the 52 respondents said it was remaining constant, 15 said increasing, only 1 said decreasing and 9 did not reply. Most evidence points to slight increase in the amount of land leased for farming.

Cash leasing rates reported for selected crops in 1977 range widely depending on quality of land and contribution to production by the landlord (Table 7). These rates should not be used as a guide for calculating cash rental rates on a particular farm but they do show variation and how rates differ for different enterprises. The rental rates tend to

Table 7. Cash leasing rates for selected crops in Idaho, 1977.

| Crop | Average rate per acre | Range of rates per acre |
|------------------|-----------------------|-------------------------|
| Irrigated | | |
| Grain | \$ 67 | \$35 to \$110 |
| Potatoes | 131 | 75 to 225 |
| Hay | 63 | 20 to 110 |
| Pasture | | |
| Per acre | 52 | 40 to 75 |
| Per AUM* | (8) | (6 to 10) |
| Dryland | | |
| Grain | \$ 37 | \$20 to \$75 |
| Pasture | | |
| Per acre | 15 | 6 to 25 |
| Per AUM* | (7) | (3 to 9) |

*AUM refers to animal unit month or the cost of feeding one mature animal (in some cases cow and calf) for one month.

reflect the value of the crop or livestock enterprise produced and therefore area higher for irrigated than for dryland crops.

Respondents in the survey were asked what they believed were the most common problems relating to farm leases. The following replies were received from rural real estate appraisers, some from more than one respondent:

- Lack of proper management
- Maintenance of improvements
- Depletion of soil fertility
- Term of lease is too short
- Lack of communication
- Too many verbal agreements
- Poor leasing arrangements
- Cost of pumping water
- Tenant lacks interest in maintaining land
- Under-financed tenants
- Poor soil conservation practices
- Inadequate weed control
- Division of expenses
- Who should pay for weed control

Extension personnel in the survey replied as follows:

- No problems
- Leases not written
- Timeliness of operations
- Lack of cost data
- Maintenance of buildings and fences
- Weed control and soil conservation
- Lease too short
- Too much reliance on tradition
- Failure to review leases periodically
- Dividing crop shares
- Informal lease agreement
- Not knowing who is responsible
- Unrealistic expectations
- Tenant doesn't take care of maintenance and upkeep
- Too much emphasis on cash crop
- Inexperience in dealing with farm lease

Failure to make a written lease was the most common problem mentioned by all respondents. The second was a related problem — that terms of the lease were not spelled out in enough detail to show who was responsible for taking care of problems like maintenance, weed control and conservation practices. Several thought the term of the lease was too short. This was alleviated for many who used the 1-year lease that was automatically renewed unless one of the parties asked for termination. This doesn't give the same security to the tenant as a long-term lease, but many felt sufficiently secure if there was a good relationship between landlord and tenant.

How Much Rent?

One of the most difficult problems associated with leasing is to determine a fair rate to charge the tenant. We most

often hear of concern for the tenant's well-being, but the landlord can also come up with the short end of a leasing arrangement. Therefore, both landlord and tenant are concerned with putting together an equitable, workable lease. For those unfamiliar with leasing and who lack information, help may be obtained from the Cooperative Extension Service or from an attorney who has had experience with leases. In most situations the lease agreement should be put into legally proper form by a competent person so that both landlord and tenant will be protected if unforeseen problems arise after the lease is in effect.

Rent theory suggests that the lease should be equitable which means that the landlord and tenant will share farm income according to their contributions. Probably the most serious problem is how to evaluate the contribution of fixed assets. Land is a good example. What is the value of the landlord's contribution from land? Two problems are obvious. First is finding the correct land value and second is the proper interest rate to show the annual contribution of land.

Finding the value of land is only an estimate at best. A competent rural appraiser is probably the best person to estimate the value of farm land. The landlord may not want to hire an appraiser. If not, he may rely on figures put on the land by the county assessor. In Idaho, farmland is appraised according to its income value for tax purposes. This value may differ substantially from the market value of land. There is some disagreement as to which value is most appropriate for the lease agreement. We believe that income value is most appropriate, not speculative market value. The landlord still has ownership and gets the advantage of any increase in land values. Use of income value rather than market value is supported by an earlier Michigan State study (1).

If the market value is used, a lower interest rate would be appropriate because the landlord's return on investment comes from two sources during periods of rising land prices. One source is from income produced by the farm and the other is appreciation of land value.

The value of the operator's labor and management and the landlord's contribution to management are also difficult to evaluate.

Forms can be obtained from most county Extension Service offices that will help estimate the contributions of each party to the lease and help insure that all costs are considered. The tables in Appendix B may also be useful in working out leasing agreements. These tables include average yields of some major crops by county, changes in average real estate value and average prices for major crops. Variability of price and productivity may be of interest to those negotiating a lease. Prices, of course, must be updated to current levels.

Guidelines for Farm Leases

Leasing land for agricultural production requires that the landlord and tenant enter into a contract. This contract should be written, but even a verbal lease can be legally binding for up to one year. Contract rent is an agreement between landlord and tenant in which the tenant agrees to pay for the productive capacity of the land.

Many leasing negotiations take place between neighbors or people in the community who know each other quite well. Problems occur with these leases because neighbors or friends take less caution in working out details of the lease. Because they trust one another, they may feel that writing down the details is unnecessary. Often verbal leases lack the details and specifics necessary in a good, sound lease.

The following suggestions should be considered when making a farm lease:

1. The lease should be written, dated and signed by all parties to the lease.
2. An attorney should be consulted so the wording of the lease can be proper and legally binding. This protects the rights of both parties. In many cases the lease is notarized; some are recorded at the county courthouse.
3. What to include in the lease:
 - a. Names of those involved.
 - b. Date of lease and period to be covered.
 - c. Date when tenant is to take possession of property.
 - d. Description of property to be leased.
 - e. Amount of rent to be paid — in what form, when, and where; what is to be furnished by the landlord and by the tenant and how production decisions are to be made.
 - f. Rights reserved by landlord — right of entry, inspection, etc.
 - g. Restrictions on tenant such as rotation to follow, maintenance levels on property, control of weeds, conservation practices.
 - h. How and when lease may be terminated by either party.
 - i. How tenant will be compensated for improvements made by him when the value extends beyond termination date of the lease.
 - j. Rights held by heirs of landlord and tenant should either die or become incapacitated.
 - k. How any possible disputes between parties will be settled.

Equity in Leases

Some common problems in negotiating farm leases arise from too much reliance on local customs, unrealistic income expectations, failure to provide for needed improvements on the farm and failure to reward the parties to the lease in relation to their contribution to production. Several suggestions have been made for dealing with these problems; in any case, they should be resolved before lease negotiations are completed.

In the case of the share lease, both parties should first determine how the farm ought to be operated for maximum net returns. Then they can determine which inputs will be provided by the landlord and which by the tenant. Next a budget of production costs should be worked out in sufficient detail to determine what part of the costs will be contributed by each party. The gross returns from sale of goods should be divided according to the contribution of each.

Contribution to the farm business by each party to the lease should vary according to the abilities and resources of each. The landlord contributes the land and nearly always pays the real estate taxes. The tenant provides labor and usually machinery. Contribution to production can be divided in almost any way agreed upon by the landlord and tenant.

Estimating the Rental Value

The inputs to be used on the farm can be divided according to fixed and variable inputs and may be classified as follows (This lists only the major cost items and is not meant to include all costs.):

Fixed Investment Expenses

- Land and buildings
- Machinery and equipment
- Breeding stock

Fixed costs

- Labor
- Depreciation
- Taxes
- Insurance
- Conservation expense

Variable costs

- Seed
- Fertilizer
- Fuel
- Utilities
- Seasonal labor
- Chemicals
- Machine work hired

Table 8 is an example of how to determine the contribution of each party and consequently how to divide farm proceeds. Who contributes what is not important as long as the farm is operated at top efficiency and returns are divided on the basis of contribution.

Cash rent can be calculated in a similar way. If the rate is agreed upon at the time the contract is prepared, an estimate of amount of production and prices will be needed. An allowance for management should be allocated to the tenant unless the landlord participates. With cash rent, the tenant usually pays all of the variable costs. Thus, his proportion of costs will be greater and his returns should be increased accordingly. If cash rent is calculated as in Table 8, the percent contributed should be calculated from total costs instead of making the calculation at the end of the two fixed

expense categories. An alternative to this would be to calculate the value of the landlord's contribution and agree on a fair rate of return on his investment.

Table 8 is an abbreviated version of a rent estimation table adapted from USDA Miscellaneous Publication 838, "Your Crop-Share-Cash Farm Lease." The total of sections 1 and 2 may form the basis for sharing income if variable expenses are shared on the same basis. For example, if the landlord's contribution in sections 1 and 2 were 41%, he could also pay 41% of the variable expenses and receive 41% of the farm income, as illustrated in Table 8. However, if the tenant paid all of the variable costs, he would have contributed \$77,300 of the total cost or 71% of the total cost:

$$\frac{\$77,300}{\$108,750} = 71\%$$

Table 8. Table for estimating rent.

| Item | Estimated annual cost | | |
|--|-----------------------|------------------|-----------------|
| | Whole farm | Landlord's share | Tenant's share |
| Fixed investment expense | | | |
| Land and buildings (value x interest) ¹ \$300,000 x .08 | \$24,000 | \$24,000 | |
| Machinery and equipment (value x interest) ² \$85,000 x .08 | 6,800 | | \$ 6,800 |
| Breeding stock (value x interest) ² \$100,000 x .08 | 8,000 | | 8,000 |
| Operating cash (value x interest) ³ \$75,000 x .09 | 6,750 | | 6,750 |
| Total | \$45,550 | \$24,000 | \$21,550 |
| Fixed operating expense | | | |
| Labor: Tenant and family ⁴ 2500 hr. @ 3.50 Landlord 300 hr. @ 3.50 Other | 8,750 1,050 | | 8,750 1,050 |
| Depreciation: Machines and equipment Permanent improvement ⁵ (actual depreciation) | 9,200 | 600 | 8,600 |
| Repairs: Machines and equipment Permanent improvements | 4,500 | 500 | 4,000 |
| Taxes | 2,500 | 1,900 | 600 |
| Insurance | 1,100 | 1,100 | |
| Irrigation fees | 500 | 500 | |
| Conservation expenses | 2,100 | 1,700 | 400 |
| Management ⁶ | 900 | 100 | 800 |
| Total | \$30,600 | \$ 7,450 | \$23,150 |
| Total of sections 1 and 2 | 76,150 | 31,450 | 44,700 |
| Percent contributed | 100 | 41 | 59 |

In this case, the tenant would receive 71% of the production value and the landlord 29%. The farm house could be rented separately to the tenant for cash as it is not part of the farm production base.

The reasons for calculating rent according to landlord and tenant contribution is that no two farms are exactly alike. Each leasing arrangement should be calculated separately to avoid too much reliance on local custom, which may not be equitable. Using a budget takes considerably more effort than the traditional approach. However, the budget gives the tenant and landlord a better idea of what is involved and provides a more equitable means of dividing the income. Some departure from this procedure could occur if the landlord or tenant were in a particularly strong bargaining position.

| Item | Estimated annual cost | | |
|---|-----------------------|------------------|-----------------|
| | Whole farm | Landlord's share | Tenant's share |
| Variable expenses⁷ | | | |
| Hired labor | 2,700 | | |
| Machine operating costs | 5,970 | | |
| Machine work hired | 2,310 | | |
| Seed | 3,200 | | |
| Fertilizer | 6,000 | | |
| Chemicals | 1,500 | | |
| Feed and Veterinarian | 7,240 | | |
| Utilities | 3,680 | | |
| Total⁸ | 32,600 | 13,366 | 19,234 |
| Grand Total⁹ Sections 1, 2 and 3 | \$108,750 | \$44,816 | \$63,934 |

¹Annual cost of land and buildings is the value multiplied by the interest rate. The income value of the farm should be used. The assessor uses the income value in calculating taxes in Idaho. His value may be used as a starting point in this calculation. The interest rate is the going interest rate for farm real estate loans.

²The annual machinery cost is the present value multiplied by the rate of interest for intermediate credit. Breeding stock cost is found the same way.

³Operating cash cost is the amount times the interest rate for operating credit.

⁴Labor is calculated at the local rate for full-time farm labor.

⁵Depreciation and repairs are estimated from previous records if available. Otherwise an estimate of anticipated depreciation and repairs is made.

⁶Management is difficult to estimate but should be considered. A per acre figure can be used or five percent of the average gross income for the past three years. This is only suggestive. Actual rates used will vary widely depending on individual circumstances.

⁷Variable expenses are estimated from previous records or budgets of cost.

⁸The variable expenses are shared between landlord and tenant at the same rate as the fixed expenses are shared. If this is not feasible then the rate at which returns are shared should be adjusted accordingly.

⁹If the gross income were \$120,000, the tenant would receive \$70,800 (.59 x 120,000) and the landlord \$49,200.

Both landlord and tenant will find it well worth the effort to consider the leasing arrangement carefully and spend whatever time is necessary to make it a good one. Remember, the lease should:

1. be written and legally binding.
2. be equitable.

3. encourage efficient production.
4. allow for necessary farm improvements, equipment and conservation measures.
5. specify how decisions are to be made.
6. provide for termination when desirable.
7. clearly state the rights and responsibilities of both the landlord and tenant.

Legal Considerations Regarding Farm Leases

Should A Lease Be in Writing?

Whether a written lease is legally required depends on its nature and duration. Farm leases generally run either for a fixed term or from year to year, so only these two types of tenancies are considered in this discussion.

A lease for a fixed term of longer than 1 year is invalid unless it is in writing and signed by the parties. A lease for a fixed term of 1 year or less, to commence immediately, need not be in writing to be valid. Suppose, however, that the tenancy is to commence in the future, e.g., an oral agreement is made in January for a 1-year lease commencing March 1. In some states a lease agreement for a term of 1 year to commence in the future must be in writing, although most states do not require this since the tenancy itself will not run for longer than 1 year. The Idaho rule on this matter has never been settled. Thus, the safe practice in Idaho would be to write out a lease for a term of 1 year to commence in the future.

A tenancy from year to year has no set duration but continues unless the landlord or the tenant gives timely notice of termination. A lease for such a tenancy need not be written to be binding. Nevertheless, a written lease is desirable for several reasons, and one party's request for written agreement does not necessarily imply distrust of the other party.

First, memory is subject to lapse and distortion. While self-interest can produce memory failure, the same thing can occur quite innocently. Everyone can recall examples of innocently forgetting an event of which he had been quite certain until the error was convincingly proved to him.

Second, honest differences about what was intended are less likely if the terms of the arrangement are written out. An oral lease provision might be misunderstood by the parties without either realizing it until too late. Of course, the same could occur with a written lease provision but that probably is less likely, especially if a lawyer is consulted, as he should be, to help draft the lease.

Third, various legal complications not likely to be anticipated by the parties can arise if the lease is not written. For example, suppose that a landlord orally leases farmland to a tenant on a crop-share basis and as part of the agreement promises to reimburse the tenant for half the

fertilizer costs. After the fertilizer is applied, but before the bill is paid, the landlord is killed in an automobile accident. The landlord's will leaves all of his property to a nephew. If the nephew resists paying half the fertilizer bill, what recourse does the tenant have? Since the debt was incurred before the landlord's death, the obligation to pay might not run with the nephew's interest in the farm. Even if the nephew has no liability, the tenant could recover from the landlord's estate if he could prove the existence of the landlord's promise to share fertilizer costs. The tenant's problem here is a law called the Dead Man's Statute, which would bar him from testifying directly that the landlord made such an oral promise. Unless the tenant fortuitously has some other means of proving the promise, he could end up absorbing the entire fertilizer expense himself. A written lease incorporating the fertilizer agreement would avoid this difficulty.

Finally, legal rules are not always clear cut. For example, it is not certain how much advance notice must be given in Idaho to terminate a tenancy from year to year — perhaps 6 months is required perhaps 1 month is enough. A written lease can avoid this uncertainty by explicitly stating what notice the parties agree shall be given before termination. The same thing can be done with an oral lease, but the matter is less likely to come to the attention of the parties than if the lease were written, especially if a lawyer is consulted in the preparation of the lease.

Who Can Be Party to A Lease?

By statute all persons are capable of contracting a valid lease except unmarried persons under the age of 18, persons of unsound mind and persons deprived of civil rights. A lease entered into by a minor is not totally void but is subject to disaffirmance by the minor either before reaching the age of majority or within a reasonable time thereafter. A lease made by a person of unsound mind is either void or subject to rescission by him, depending upon the seriousness of his mental infirmity.

If the land to be leased is community property, generally both spouses should sign the lease as lessors and acknowledge their signatures before a notary public or other appropriate officer.

Should A Lease Be Recorded?

A written lease may be recorded in the county recorder's office if the lessor's signature has been acknowledged before a notary public or other appropriate official. Should such a lease be recorded? Because the circumstances surrounding the execution of leases vary so widely, it is impossible to state a flat rule on this question. An attorney who is consulted about a specific situation can explain the pros and cons of recording in that particular case.

To illustrate the kinds of considerations involved in the recording question, suppose the landlord leases farmland to a tenant for a term of 5 years by a written lease which is not recorded. Shortly thereafter the landlord dies unexpectedly, and his nephew succeeds to his interest in the land. The nephew has always lived beyond his means and soon mortgages the land to the bank. Assume there is no dwelling house on the land, and the mortgage is given during a time of year when the tenant is not actually working the land, so that the bank knows nothing about the tenant's leasehold interest. With 3 years still to run on the lease, the nephew defaults on the loan and the bank forecloses the mortgage. Assume further that the purchaser at the foreclosure sale would like to have the land free of the tenant's lease.

Is the tenant's lease good as against the purchaser? There is no Idaho case law directly in point. In most states which have passed on this question, the purchaser would have to honor the tenant's lease. There is limited authority to the contrary, though, which creates a risk that the Idaho Court could decide in favor of the purchaser. The risk that (a) such a conflict would develop and (b) it would be resolved against the tenant is not great. Since the risk would be completely eliminated if the lease had been recorded promptly after its execution, recording would seem to be a prudent step unless it would entail overriding disadvantages.

Are there any such disadvantages? Cost is not a serious problem. The fee for recording a lease is only \$1 per page. The greatest drawback in the eyes of some landlords and tenants is that once a lease is recorded, its terms are a matter

of public record open to inspection by anyone. A possible solution would be the recording of an affidavit which states that a lease has been executed by certain persons, describes the land subject to the lease and gives the duration of the lease but omits any sensitive information contained in the lease. Technically this approach has some flaws but as a practical matter recording such an affidavit is likely to function about as well as recording the lease itself. One complication from recording is that if the lease should terminate prematurely for any reason, the landlord would be prudent to get that fact reflected in the public records so that the land title will be marketable of record.

Should A Lawyer Be Consulted?

The purpose of this analysis of farm leasing law is to create a greater awareness of potential problems and pitfalls in leasing transactions with a view toward reducing unnecessary disappointment, grief and financial loss if the deal should go awry. Readers are cautioned against attempting to solve individual problems on the basis of the guidelines contained herein, however, because slight changes in actual situations may require a material variance in legal procedure. The reader who becomes aware of potential or present legal difficulties in his personal situation should be stimulated to seek timely professional counsel. The advice of an attorney should be sought regarding particular situations both in drafting a lease and in resolving conflicts that might arise during the term of the lease.

What about using lease forms which are freely available in many localities? A given form might fit a particular transaction quite well. On the other hand — and here is the crux of the matter — it might not, due to any of a myriad of circumstances peculiar to either or both of the parties to the transaction. Consultation with an attorney is the best insurance against use of a form which may later turn out to be ill-fitted or inadequate for the transaction. If a proposed form is not fully suited for the situation, an attorney can suggest appropriate changes in it or a substitute agreement that would be better.

Landlord's Rights and Tenant's Rights

Rent

Leases normally specify when rent is due. If no time for payment is stated, however, generally no rent is due until the end of the period of the tenancy. Some state courts, on the basis of local custom, have made an exception to this rule for crop-share leases which do not specify when the landlord's share is due. They have held that the share is payable when the crop matures or is ready for market. The Idaho Supreme Court has construed a livestock-share farm lease to require a similar result. To avoid uncertainty and dispute, all leases should clearly specify when rent payments are due.

In a crop-share lease, care should be taken to spell out what the "crop" includes. A recent Idaho case illustrates the

importance of this. A farmer and a landowner entered into a 50-50 crop-share agreement which did not define the "crop", other than to indicate that only sugarbeets were to be planted and raised. No time limit was specified as to the occupancy of the land by the farmer, and the agreement did not mention pasturage rights. After the farmer had harvested the beets in the fall and removed himself from the land, the landowner allowed cattle owned by a third party to graze the beet tops, in return for a fee. Subsequently, the farm claimed half the grazing fee on the ground that the beet tops were a portion of the crop covered by the crop-share agreement. The case was a hard one because there was no proof at trial of local or state custom concerning the usual disposition of fall pasturage rights under such agreements. In the end the farmer prevailed, with the Court construing

the reference to "crop" in the agreement to include both the roots and the tops of the sugarbeets.

Rent does not accrue from day to day but becomes due only on the date fixed for payment, and it may not be apportioned in respect to time. The meaning of this rule is best grasped through an illustration. In one Idaho case, pasture land was rented for the year 1931 for the sum of \$500, and the tenant gave the landlord a promissory note for that amount due September 1, 1931. On August 4, about a month before accrual of the 1931 rental, the tenant told the landlord he was not going any further with the lease. The landlord assented to the tenant's surrender of the premises and accepted possession. Subsequently, the landlord sought to collect on the promissory note. The Idaho Supreme Court denied recovery on the note and indicated further that under the rule against apportionment, no rent at all was due for the tenant's use of the pasture. Of course, the landlord could have avoided this result by an apportionment clause in the lease, e.g. a provision stating that if the lease should terminate without breach of its terms by the landlord before the time agreed, the tenant must then pay a certain rental for each day (or week) of occupancy.

In a subsequent Idaho case, a 5-year lease required rent to be paid monthly except that the last 6-months' rent had to be paid in advance at the commencement of the lease. Less than a year into the lease, the tenant defaulted on 2 consecutive monthly installments. In a suit by the landlord, the Court rejected the tenant's claim that the advance payments should be applied to cure the rental arrearage and ruled that the landlord could terminate the lease because of the tenant's default. Furthermore, not only was the tenant liable for the past due installments, but in addition the landlord was entitled to keep the 6-month advance payment since the lease did not call for refund in the event of premature termination of the lease due to default by the tenant. Harsh though the result may be, it is an application of standard legal doctrine. If the tenant had possessed the necessary foresight and bargaining power to insert a refund clause in the lease, he could have avoided loss of the advance rental payment.

These three Idaho cases have been selected to illustrate the importance of care in the drafting of leases. In each case the losing party was left with an unsatisfactory and probably unexpected result. The main point is not that legal rules sometimes produce unexpected results but that with proper foresight and legal advice, such results usually can be avoided by express terms in a lease agreement.

Use and Condition of the Premises

What physical changes may the tenant make in the leased premises? What repairs, if any, must be made? In the absence of agreement to the contrary, both of these questions are governed by the doctrine of waste. Under that doctrine, a tenant has an implied duty to use the land so that it reverts to landlord at the end of the lease in the same general condition as at the commencement of the lease, except for general deterioration caused by reasonable use and lapse of time. Not only does this doctrine deny the tenant the right to do acts which unreasonably impair the value of the landlord's interest, but it may require him to repair certain conditions which, if allowed to continue,

would result in worse than ordinary wear and tear. Unless the lease contains a covenant by the tenant to make repairs, he has no duty to repair beyond that imposed by law of waste. If a tenant commits waste, the landlord is entitled to terminate the lease. In addition, he may recover damages. Generally, the measure of damages is the cost of repairing or restoring the property to the condition it would have been in had the tenant performed his obligation. If the waste was committed willfully, wantonly or maliciously, the damage award may be treble the amount of actual damage suffered.

There are few Idaho cases on the subject of waste. Other states, however, have held that the doctrine prevents a tenant from carrying off topsoil, allowing cattle to overgraze pastures, permitting the land to be overrun by noxious weeds and allowing sheep to girdle and kill fruit. A landlord would be ill-advised to rely on the doctrine of waste to assure good farming practices by his tenant because it lacks precise definition, and litigation is often necessary to establish rights under the doctrine. Furthermore, it probably prohibits only the more aggravated types of conduct by a tenant.

A lease of farmland includes implied covenants by the tenant to use the land only for farming purposes and to conduct the farming in a husbandlike manner. It is doubtful whether an implied covenant to avoid poor husbandry adds much to a tenant's general duty not to commit waste.

As a practical matter, a landlord who leases land only for a short term or from year to year has considerable protection against poor husbandry if the tenant wishes to continue the tenancy. The tenant will know that if the landlord is dissatisfied, he can refuse to renew a lease for a term or terminate a tenancy from year to year by giving appropriate notice of termination. Generally, however, spelling out in the lease a specific program of soil management and conservation, would be better than relying on the doctrine of waste or the tenant's fear of losing the farm. That way both parties will know what is expected at the outset. Uncertainty, disappointment and litigation would be avoided and the land would be managed in accordance with high standards rather than the low, minimum standards of the doctrine of waste.

If the land to be leased is irrigated, the landlord may wish to include in the lease express promises by the tenant to maintain the ditches and improvements of the irrigation system and to apply to beneficial use all the water to which the land is entitled each year. The purpose of the latter promise would be to guard against loss of the water right through non-use under any of several legal doctrines, i.e. abandonment, forfeiture or prescription.

Default by Tenant and Premature Termination of the Lease

If a tenant defaults in the payment of rent, and the default continues for 3 days after he is served with written notice demanding payment or possession of the property, the landlord is entitled to restitution of the premises, rent then due and unpaid and any additional damages which are proven. If the tenant's unlawful detainer of the premises (i.e. continued possession without curing the default as required by the written notice) is characterized by malice, wantonness

or oppression, the landlord may get judgment for triple the amount of damages assessed and rent found due. If the tract involved in an unlawful detainer proceeding is larger than 5 acres, the tenant has 5 days after entry of judgment against him to pay the amount found due as rent, with interest thereon, plus the amount of damages proved and the costs of the proceeding. If he does so, the tenant is allowed to continue under the lease — assuming, of course, that the lease has not by its terms expired in the meantime.

A lease may contain additional covenants by a tenant in addition to the usual covenant to pay rent. For example, a tenant may promise to plant and harvest only a certain kind of crop, to spray or cut weeds, to keep up wells, not to sublet the premises, etc. If a tenant breaches any lease covenant, other than that for paying rent, and the breach continues for 3 days after he is served with written notice requiring the performance of the covenants or the possession of the property, the landlord is entitled to repossession of the premises and recovery of damages for the breach. No notice demanding performance of the breached covenant need be served upon the tenant, however, if the covenant could not afterward be performed.

If a tenant repudiates the lease and abandons the premises before the lease was scheduled to terminate, the landlord may take possession of the premises, relet them and recover from the tenant damages based upon the difference between the amount secured on the reletting and the amount

provided for in the original lease for the balance of its scheduled duration. To have the option of holding the original tenant for any deficiency on reletting, the landlord may need to give him notice of intent to do so before taking possession and reletting.

The parties to a lease may, of course, terminate it by mutual consent anytime they wish.

Expiration of the Lease

When the lease of a tenant for a fixed term expires or terminates by mutual consent, he is under a duty to surrender possession of the premises to the landlord. The same is true of a tenant from year to year after the lease has been terminated by the consent of the parties or by one party giving the other appropriate advance notice of termination. If the tenant then fails to yield possession, he is guilty of an unlawful detainer. The landlord may bring action to evict him and to recover any damages suffered. If the tenant's unlawful detainer is motivated by malice, wantonness or oppression, then judgment may be for triple the amount of actual damage.

If a tenant of agricultural land holds over and retains possession for more than 60 days after the expiration of his term without any demand for possession or notice to quit by the landlord, the tenant is entitled to hold under the terms of the expired lease for another full year.

Tenant's Rights and Landlord's Duties

Possession

The essence of a lease is that the landlord transfers possession of the land to the tenant for a time. The tenant is entitled to exclusive possession, unless the lease expresses or implies authorized entry or use by the landlord or the tenant later consents to a proposed entry or use. Idaho authority construing this rule is scarce but cases from other states indicate that a landlord is impliedly authorized, for example, to enter upon the land to collect rent if the lease does not specify any other place of payment and to make repairs if the lease obligates him to repair. There is much uncertainty about the scope of an implied right of entry, and the well-drafted lease will expressly authorize a landlord to make entry to any number of purposes which he feels important and specify whether or not the landlord must give the tenant advance notice of entry.

If a landlord makes an unauthorized entry, the Idaho Court has said that he is liable to the tenant for the diminution in value of the lease. While liability for minor trespasses is not likely to be great under this rule, if the entry is wanton or malicious there is a possibility treble or punitive damages may also be assessed. If the landlord's interference with this tenant's right to exclusive possession is serious in extent or duration, his potential liability may be great.

An interesting application of the rule guaranteeing a tenant exclusive possession occurred in an old Idaho case. The defendant owned a large tract, 80 acres of which is leased to the plaintiff. The entire tract was enclosed with a legal fence, but there was no division fence between the 80 acres leased to the plaintiff and the balance of the tract. During the lease, the defendant turned cattle and horses into the enclosed tract for grazing and the animals destroyed and trampled grain growing on the 80 acres leased by the plaintiff. The defendant sought to deny liability for damage to the grain by relying on an Idaho statute which provides that if a landowner fails to fence out cattle lawfully at large, he may not recover for loss caused by such livestock staying upon his land. The Court ruled that this statute does not apply between landlord and tenant and held the defendant (landlord) liable for all damage caused by the trespass of its cattle.

Generally, a landlord has no liability for interference with his tenant's possession caused by a third person who is not acting under the authority of the landlord.

Condition of the Premises

Generally, a landlord has no implied duty to repair premises under the tenant's control. The 1977 Idaho Legislature changed this traditional rule in certain respects,

but the new law does not apply to tracts of 5 acres or more used for agricultural purposes. Even if there is an express landlord's covenant to repair, the tenant may not reduce his rental payments if the landlord breaches his duty to repair. Rather, the tenant's basic remedies are either to sue the landlord for breach of his covenant to repair or to make the repairs himself and sue the landlord for their cost. If the needed repairs are so major that the premises are untenable, the tenant may abandon the premises and treat the lease as terminated.

Even though a landlord may have no affirmative duty to repair, he is obligated during the continuance of the tenancy to refrain from conduct which physically damages the premises and renders them unfit for use by the tenant. Breach of this obligation makes the landlord liable for damages and may entitle the tenant to abandon the premises without further liability for rent or other lease covenants.

If the land is leased for the purpose of raising crops, and both parties assume the land is suitable for that purpose when in fact it is completely unsuitable to the raising of such crops, the tenant is not obligated to continue with the lease after the true situation is discovered. Similarly, if the landlord, for the purpose of inducing the tenant to enter into the lease, knowingly misrepresents that there is sufficient water available for proper irrigation, and the tenant relies on that in signing the lease, the tenant is entitled to rescission of the lease.

The wisdom of consulting an attorney regarding landlord-tenant problems has been stated previously, but that especially needs repeating here. The law of mutual mistake and fraudulent representation is particularly affected by factual nuances, and a party to a lease would be foolish to commit himself to a course of action based on a theory of mistake or misrepresentation without first consulting an attorney.

Tenant's Improvements and Fixtures

Unless there is a lease clause to the contrary, the general rule is that improvements added to the leased premises by a tenant belong to the landlord at the end of the tenancy. Furthermore, the tenant is not entitled to compensation from the landlord for unexhausted value of those improvements. A statutory exception to the general rule allows a tenant to remove, at any time during the continuance of his term, anything he affixed to the lease premises "for the purposes of trade, manufacture, ornament or domestic use" if the removal can be effected without injury to premises and the article has not, by the manner in which it was affixed, become an integral part of the premises. The Idaho Court has never had occasion to decide whether this so-called trade fixture doctrine would apply to articles affixed to the premises by a tenant for agricultural purposes. Some states, following ancient English precedent, have refused to apply the trade fixture doctrine to agricultural fixtures while others have viewed agricultural fixtures as being in the nature of trade fixtures.

Generally, the parties to a lease may make any explicit agreement they wish with respect to the tenant's

improvements and fixtures. They may agree, for example, that the tenant may remove certain items and that the landlord must pay the tenant for a certain portion of the cost of improvements (perhaps reduced by an annual depreciation figure) which stay with the farm after the lease if the landlord consented to the making of the improvements. Some arrangement encouraging the tenant to make needed improvements often will be advantageous to both parties.

Crops Not Harvested At Expiration of Tenancy

Idaho has no statute or case law on the question of whether a tenant is entitled to crops which are unharvested at the expiration of his tenancy in the absence of a lease clause covering the matter. The law in the United States generally is that a tenant's right to annual crops grown by his industry and labor depends upon the character of his lease. If he is a tenant for a fixed term, and thus knows when his tenancy will end, he has no right to re-enter the premises and harvest a crop that matures after the termination of his lease. A tenant whose lease is of indefinite duration may re-enter and remove such crops planted by him if the termination of the lease was not due to any act or default on his part. A tenant from year to year may do so only as to crops which were planted at the time he received notice of the termination of the tenancy. Perennial crops which are unharvested at the termination of a tenancy generally belong to the landlord, although some courts have made an exception for perennial crops which owe their existence to annual pruning, thinning, cultivating, etc.

Manure made on a farm either directly or indirectly from feed grown thereon by the tenant belongs to the farm, and the way-going tenant has no right to remove it unless specifically authorized by the lease. However, manure deriving from feed not produced on the leased premises is subject to timely removal by the tenant.

Of course, any of these rules can be altered by an appropriate lease clause if the parties so desire.

Water Rights

A water right for irrigation is appurtenant to the land on which it is used in the sense that a lease of the land automatically includes the water right, unless the contrary is stated in the lease. A tenant may initiate a water right which is his, rather than the landlord's, if he is not acting as agent for the landlord in making the appropriation. However, the tenant may transfer its use to another parcel (after termination of the lease, for example) only if the changes will not injure the water rights of others, including those with priorities junior in time to the tenant's right.

If a water right or a right to use diversion works is represented by shares of stock in a corporation, or if the works are owned or managed by an irrigation district, there may be special provisions governing exercise and continued use of the right contained in the organization's charter or by-laws.

Injury Caused by the Condition or Use Of the Leased Premises

Landlord's Liability

The section on *Tenant's Rights and Landlord's Duties—Condition of the Premises* noted that generally a landlord has no implied duty to keep in repair premises that are under the tenant's control. It follows, then, that as a general rule a landlord will have no liability for injury to the person or property of anyone due to a condition of disrepair of those premises. Several exceptions to the general rule should be noted, however.

First, if the landlord fraudulently conceals dangerous hidden defects in existence at the time of leasing, he may be held liable for resulting injury to the tenant, a member of the tenant's family and guests or others on the premises under the right of the tenant. Second, if the landlord undertakes to make repairs, regardless of whether he was obligated to do so or not, and performs the task carelessly, he may be held liable for resulting injury to any of these same persons. Third, the landlord may be liable, at least for a time after the lease commences, to adjoining landowners and to members of the public injured outside of the leased premises by dangerous conditions existing at the time the lease commences if he knew or reasonably should have known of the danger.

If the landlord covenants to keep the leased premises in repair but fails to do so, he is of course liable for breach of the covenant. But if someone is injured as a result of the landlord's breach of duty, what is the measure of his damage recovery? There is no clear Idaho authority on this point. The traditional rule in the United States has limited the landlord's liability essentially to what it would have cost to make the repair, even though the failure to repair might have caused quite serious injury. There is widespread support in modern decisions, however, for a new rule allowing the injured person to recover from the landlord the full extent of his or her injuries proximately caused by the failure to repair. This is true under a number of modern decisions, regardless of whether the injured person is the tenant, a member of the tenant's family or a guest or other person on the land under the tenant's right.

Suppose the tenant's activities on the leased premises constitute a nuisance which harms an adjoining landowner. Does the landlord have any liability for his tenant's wrongful conduct? Generally, he does not although the contrary is true if the landlord consented to the activities when the lease was negotiated with knowledge or reason to know what a nuisance would thereby be created.

Tenant's Liability

A tenant has the same obligations that a landowner-occupant owes to those outside his land and those who enter

upon it. The basic limitation as to persons outside the land is that he may not commit a nuisance upon the leased premises. (The law of nuisance is too broad to be treated here other than to note that the gist of private nuisance involves the use of one's land so as to create an unreasonable interference with another's use and enjoyment of his land, while the essential element of public nuisance is interference with a public right such as use of public roads.) A tenant is not liable for a nuisance that already existed upon the land when he took possession, at least until after he has had a reasonable time to remedy the situation. In addition to limitations imposed by the law of nuisance, a tenant must in the conduct of activities upon the leased premises exercise reasonable care to protect those outside the premises from injury.

A tenant's liability to persons injured upon the premises depends upon the status of the injured person while on the land and whether the injury was caused by the condition of the premises or by activities of the tenant. There are three categories of status upon the land — trespassers, licensees and business invitees. The trespasser is of lowest status. The tenant may not willfully or wantonly injure a trespasser and probably he has a duty, upon discovering the existence of a trespasser, to conduct his activities with due care for the safety of the trespasser. Generally, the tenant has no duty to protect a trespasser from a dangerous condition on the land, although there are exceptions if the tenant should reasonably have anticipated a technical trespass or if the dangerous condition is likely to be attractive to children who, because of immaturity, are not apt to discover or appreciate the hazard to their safety.

Licensees and business invitees both are persons who enter upon the land with the express or implied consent of the land occupant. The licensee comes essentially for his own purposes, while the business invitee is there upon business which concerns the occupant. Thus, social guests and neighbors who come to borrow tools are licensees, while contractors hired to do work on the premises or truck drivers calling for or delivering goods are business invitees. A tenant must use reasonable care to protect both licensees and business invitees in his conduct of active operations on the leased premises. He is also obligated to both either to warn about hidden dangerous conditions on the premises of which he is aware or to repair such conditions. The tenant owes no duty to licensees to inspect the premises to discover dangers of which he was not previously aware, however. In contrast, he owes business invitees the duty to make a reasonable inspection for hidden dangers. If the inspection should turn up such a condition, the tenant's obligation extends either to eliminating it or warning invitees of it.

Summary

Land tenure is changing in Idaho as it is in the United States in general. Average Idaho farm size increased to 603 acres in 1974 compared with 566 acres in 1969. During the same 5 years, the number of farms declined by about 2,000. Part-owners had about 28% of the farms but controlled 57% of the land. This relationship did not change much between 1969 and 1974, but the average size of farm operated by part-owners increased from 1,144 acres to 1,214 acres. Full tenants had about 10% of the farms in 1969 and farmed about 9% of the land.

In all, over 30% of the farm land in Idaho was rented. This does not include the federal and state land that is rented by private individuals primarily for livestock grazing.

In 1974, 88% of all farms in Idaho were individual proprietorships, 8% were partnerships and about 4% were incorporated.

Farm lease problems in Idaho arise primarily because too little attention is given to calculating equitable returns to the landlord and tenant and to defining in detail the duties and obligations of each party to the lease. Most common problem, however, is failure to put lease agreements in writing. Verbal leases are fairly common throughout the state.

The most common type of lease in Idaho is the crop-share lease, according to this study. The cash lease is second in importance. The 1-year lease is the most common length, though leases up to 5 years are fairly common. Most 1-year leases are renewable from year to year and continue indefinitely as long as both parties are satisfied. Cash rates reported in the survey varied a great deal depending on land productivity and crop produced.

Legal considerations of farm leases emphasized the importance of writing the lease and making it legally binding on parties to the lease. Other legal questions pertinent to farm leasing in Idaho were explored as they pertained to landlords or tenants.

To arrive at an equitable lease arrangement, landlords and tenants need to make a detailed study of the leased property and its maximum potential income, then agree on the share of costs that each party will provide.

Legal considerations, as well as practical, emphasize the importance of putting lease agreements in writing and making them legally binding on both parties to the lease. Other legal questions, as they pertain to both landlords and tenants, help focus attention on important aspects of the lease agreement.

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Appendix A

Farm Lease Data Sheet — Spring 1977

1. The most prevalent farm lease in my area is

- | | | | | |
|------------|--------------------------|-----------------|--------------------------|--|
| Crop share | <input type="checkbox"/> | Crop share cash | <input type="checkbox"/> | |
| Cash | <input type="checkbox"/> | Livestock share | <input type="checkbox"/> | |
| Other | <input type="checkbox"/> | Explain | _____ | |

2. If crop share is most common, what share does the landlord usually get?

- | | | | | |
|-----------|--------------------------|------------------|--------------------------|--|
| One third | <input type="checkbox"/> | Two fifths | <input type="checkbox"/> | |
| One half | <input type="checkbox"/> | Variable by crop | <input type="checkbox"/> | |
| Other | <input type="checkbox"/> | Explain | _____ | |

3. If cash lease, what is the typical rate for

| Irrigated | | Dry | |
|--------------|-------------------|------------|-------------------|
| Potato land | \$ _____ per acre | Grain land | \$ _____ per acre |
| Grain land | \$ _____ per acre | Pasture | \$ _____ per acre |
| Hay land | \$ _____ per acre | Other | \$ _____ per acre |
| Pasture land | \$ _____ per acre | | |
| Other | \$ _____ per acre | | |

4. What besides land is furnished by the landlord?

| Cash lease | Share lease |
|---|--|
| Real estate taxes <input type="checkbox"/> | Real estate taxes <input type="checkbox"/> |
| Irrigation water, if any <input type="checkbox"/> | Irrigation water if any <input type="checkbox"/> |
| Pumping cost if any <input type="checkbox"/> | Pumping cost if any <input type="checkbox"/> |
| Production costs. List _____ | Production costs. List. _____ |
| _____ | _____ |
| _____ | _____ |

5. Are most leases written? _____

6. What is the most common length of lease? _____ years.

7. Are most leases for whole farms, crop acres only, or only row crop land?
Please specify _____

8. What, in your opinion, are the most common problems related to farm leases?

9. Is the acreage of land under lease increasing, decreasing, or remaining about constant in your area?

10. County or area of Idaho for which your response applied. _____

11. Comments, if any _____

Appendix B

Appendix Table 1. Idaho wheat yields by county and district, 1971-1976.

| County and district | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | County and district | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 |
|---------------------|-----------|------|------|------|------|------|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | (bushels) | | | | | | | (bushels) | | | | | |
| North | 65.2 | 57.0 | 50.1 | 52.0 | 47.7 | 50.3 | Southcentral (cont.) | | | | | | |
| Benewah | 59.6 | 54.2 | 30.9 | 34.2 | 39.0 | 45.0 | Gooding | 79.5 | 71.3 | 70.9 | 71.0 | 72.1 | 70.9 |
| Bonner | 51.7 | 41.3 | 32.5 | 27.8 | 32.0 | 35.0 | Jerome | 80.9 | 75.9 | 78.6 | 74.0 | 73.5 | 76.3 |
| Boundary | 54.4 | 51.2 | 44.1 | 48.3 | 39.5 | 48.6 | Lincoln | 74.9 | 70.1 | 66.9 | 62.3 | 65.6 | 67.3 |
| Clearwater | 61.8 | 58.6 | 45.5 | 47.6 | 39.4 | 45.2 | Minidoka | 80.6 | 70.3 | 77.7 | 68.2 | 76.7 | 80.4 |
| Idaho | 63.2 | 52.5 | 48.0 | 51.5 | 46.7 | 47.5 | Twin Falls | 76.2 | 73.4 | 79.8 | 72.2 | 76.5 | 81.3 |
| Kootenai | 58.4 | 47.0 | 26.0 | 29.4 | 40.9 | 41.8 | East | 40.9 | 36.0 | 36.5 | 32.2 | 36.7 | 40.5 |
| Latah | 70.3 | 56.9 | 54.8 | 57.5 | 51.5 | 52.3 | Bannock | 34.8 | 34.2 | 23.7 | 18.8 | 25.1 | 30.7 |
| Lewis | 62.7 | 60.6 | 53.3 | 53.5 | 49.6 | 52.0 | Bear Lake | 28.1 | 30.9 | 24.9 | 19.2 | 20.1 | 23.9 |
| Nez Perce | 69.8 | 61.9 | 55.2 | 57.8 | 49.8 | 53.6 | Bingham | 62.2 | 56.3 | 70.5 | 60.4 | 63.3 | 64.0 |
| Shoshone | — | — | — | — | — | — | Bonneville | 44.3 | 38.0 | 39.9 | 36.9 | 38.6 | 41.9 |
| Southwest | 63.4 | 53.5 | 64.4 | 60.6 | 61.6 | 66.6 | Butte | 48.2 | 35.9 | 32.0 | 46.5 | 62.8 | 66.3 |
| Ada | 41.3 | 43.2 | 43.0 | 45.6 | 42.0 | 46.3 | Caribou | 38.4 | 33.6 | 30.1 | 19.0 | 25.4 | 38.3 |
| Adams | 42.3 | 32.8 | 37.0 | 33.1 | 26.5 | 27.4 | Clark | 39.3 | 35.0 | 33.8 | 30.9 | 35.7 | 37.0 |
| Boise | 41.3 | 35.5 | 41.5 | 39.5 | 34.5 | 37.5 | Custer | 56.5 | 50.0 | 55.0 | 51.0 | 52.0 | 57.0 |
| Canyon | 80.2 | 69.2 | 82.9 | 76.5 | 80.1 | 84.5 | Franklin | 37.6 | 36.1 | 32.8 | 25.0 | 28.4 | 33.8 |
| Elmore | 37.7 | 32.8 | 42.8 | 53.4 | 63.5 | 68.8 | Fremont | 43.1 | 40.8 | 42.7 | 34.4 | 35.4 | 41.1 |
| Gem | 67.7 | 60.6 | 72.4 | 68.3 | 69.2 | 71.3 | Jefferson | 61.1 | 64.1 | 62.0 | 55.2 | 68.7 | 69.7 |
| Owyhee | 74.8 | 63.6 | 80.8 | 76.2 | 70.9 | 73.2 | Lemhi | 54.0 | 45.0 | 60.0 | 55.0 | 55.0 | 60.0 |
| Payette | 68.7 | 55.8 | 67.1 | 63.6 | 68.3 | 71.1 | Madison | 47.6 | 39.8 | 45.4 | 37.6 | 39.8 | 43.6 |
| Valley | 33.5 | 39.7 | 45.7 | 33.3 | 30.7 | 30.0 | Oneida | 29.8 | 28.2 | 23.7 | 16.0 | 19.7 | 22.9 |
| Washington | 46.0 | 36.9 | 45.7 | 47.5 | 42.9 | 44.3 | Power | 36.9 | 30.9 | 32.3 | 26.5 | 33.4 | 36.7 |
| Southcentral | 60.6 | 54.7 | 59.9 | 55.4 | 58.9 | 63.5 | Teton | <u>37.8</u> | <u>31.4</u> | <u>33.9</u> | <u>26.5</u> | <u>29.8</u> | <u>31.4</u> |
| Blaine | 50.3 | 35.0 | 49.7 | 44.8 | 52.6 | 55.4 | State averages | 51.2 | 46.2 | 45.0 | 43.0 | 44.5 | 47.8 |
| Camas | 25.9 | 23.0 | 19.5 | 15.1 | 17.8 | 15.9 | | | | | | | |
| Cassia | 47.8 | 34.3 | 39.8 | 39.9 | 42.7 | 50.8 | | | | | | | |

Source: Idaho wheat by counties, 1971-76, Idaho Crop and Livestock Reporting Service

Appendix Table 2. Idaho barley yields by county and district, 1971 - 1976.

| County and district | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 |
|---------------------|-----------|------|------|------|------|------|
| | (bushels) | | | | | |
| North | 56.4 | 44.5 | 42.6 | 50.1 | 48.8 | 46.1 |
| Benewah | 49.0 | 43.0 | 44.0 | 47.0 | 50.0 | 42.0 |
| Bonner | 42.0 | 39.0 | 31.0 | 30.0 | 39.0 | 40.0 |
| Boundary | 61.0 | 63.0 | 54.0 | 53.0 | 45.0 | 43.0 |
| Clearwater | 42.0 | 37.0 | 43.0 | 44.0 | 39.0 | 45.0 |
| Idaho | 50.0 | 42.0 | 30.0 | 52.0 | 46.0 | 52.0 |
| Kootenai | 44.5 | 44.4 | 40.7 | 47.6 | 42.4 | 44.8 |
| Latah | 65.0 | 45.0 | 47.0 | 54.0 | 52.0 | 44.0 |
| Lewis | 48.0 | 42.0 | 41.0 | 47.0 | 53.0 | 45.0 |
| Nez Perce | 62.0 | 45.0 | 50.0 | 44.0 | 49.0 | 46.0 |
| Shoshone | — | — | — | — | — | — |
| Southwest | 67.9 | 72.5 | 77.1 | 68.2 | 66.5 | 77.4 |
| Ada | 73.7 | 73.5 | 78.4 | 70.3 | 68.0 | 75.3 |
| Adams | 31.6 | 35.9 | 39.0 | 40.0 | 37.5 | 41.9 |
| Boise | 35.4 | 38.3 | 38.7 | 44.5 | 43.0 | 39.0 |
| Canyon | 75.0 | 80.0 | 85.0 | 74.0 | 75.0 | 92.0 |
| Elmore | 49.4 | 66.2 | 74.6 | 69.1 | 66.1 | 80.7 |
| Gem | 57.8 | 63.7 | 65.0 | 61.0 | 65.3 | 76.5 |
| Owyhee | 82.0 | 77.0 | 79.0 | 70.0 | 66.0 | 70.0 |
| Payette | 73.0 | 71.6 | 77.9 | 66.5 | 61.7 | 62.7 |
| Valley | 38.3 | 50.0 | 54.0 | 47.3 | 45.8 | 49.2 |
| Washington | 56.1 | 53.0 | 55.9 | 48.9 | 47.4 | 54.8 |
| Southcentral | 68.6 | 69.0 | 65.3 | 67.9 | 64.3 | 69.3 |
| Blaine | 53.7 | 52.3 | 47.1 | 45.2 | 40.0 | 52.7 |
| Camas | 25.0 | 23.0 | 30.9 | 26.5 | 25.5 | 31.1 |
| Cassia | 68.2 | 67.2 | 57.4 | 65.3 | 63.0 | 65.7 |

| County and district | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 |
|-----------------------------|-----------|------|------|------|------|------|
| | (bushels) | | | | | |
| Southcentral (cont.) | | | | | | |
| Gooding | 70.0 | 76.9 | 71.0 | 74.0 | 70.0 | 78.0 |
| Jerome | 81.0 | 80.0 | 88.0 | 86.0 | 79.0 | 85.0 |
| Lincoln | 69.0 | 73.0 | 68.9 | 72.0 | 66.0 | 60.0 |
| Minidoka | 76.3 | 79.0 | 80.0 | 83.8 | 79.0 | 87.4 |
| Twin Falls | 75.2 | 74.0 | 85.4 | 81.5 | 77.9 | 85.8 |
| East | 48.6 | 50.1 | 46.7 | 35.3 | 44.4 | 48.6 |
| Bannock | 46.1 | 44.7 | 39.2 | 30.5 | 33.0 | 39.8 |
| Bear Lake | 34.3 | 40.4 | 37.6 | 29.7 | 34.0 | 43.4 |
| Bingham | 60.2 | 63.8 | 70.9 | 60.2 | 60.6 | 66.7 |
| Bonneville | 48.1 | 51.8 | 49.0 | 35.2 | 42.0 | 47.8 |
| Butte | 58.0 | 57.8 | 62.7 | 53.3 | 61.6 | 63.4 |
| Caribou | 48.0 | 45.0 | 45.9 | 31.9 | 44.3 | 50.6 |
| Clark | 55.6 | 57.9 | 59.6 | 54.6 | 55.5 | 63.0 |
| Custer | 59.0 | 59.0 | 56.0 | 50.0 | 50.0 | 64.0 |
| Franklin | 47.7 | 47.4 | 39.7 | 26.4 | 35.0 | 40.0 |
| Fremont | 47.3 | 48.4 | 46.5 | 28.4 | 41.5 | 47.3 |
| Jefferson | 65.2 | 66.3 | 66.9 | 57.5 | 67.3 | 61.6 |
| Lemhi | 51.0 | 55.0 | 58.0 | 48.0 | 55.0 | 55.0 |
| Madison | 56.2 | 53.3 | 52.1 | 40.1 | 50.9 | 48.1 |
| Oneida | 38.8 | 35.1 | 37.5 | 17.7 | 37.9 | 35.6 |
| Power | 47.5 | 49.3 | 49.7 | 38.1 | 44.2 | 50.7 |
| Teton | 35.7 | 39.1 | 41.8 | 27.6 | 32.6 | 46.3 |
| State averages | 55.0 | 54.0 | 53.0 | 46.0 | 50.0 | 54.0 |

Source: Idaho Barley by Counties, 1970-76. Idaho Crop and Livestock Reporting Service.

Appendix Table 3. Idaho potato yields by district and selected counties, 1970-1976.

| County and district | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 |
|-----------------------|------------|------------|------------|------------|------------|------------|------------|
| | | | | (cwt.) | | | |
| North | 100 | 100 | 125 | 140 | 130 | 140 | 140 |
| Southwest | 300 | 310 | 335 | 320 | 295 | 315 | 325 |
| Canyon | 295 | 305 | 345 | 345 | 321 | 340 | 350 |
| Elmore | 295 | 312 | 330 | 310 | 285 | 307 | 317 |
| Owyhee | 315 | 320 | 340 | 325 | 300 | 315 | 325 |
| Other | 297 | 301 | 321 | 311 | 285 | 304 | 310 |
| Southcentral | 230 | 240 | 277 | 256 | 259 | 259 | 260 |
| Cassia | 210 | 221 | 270 | 255 | 250 | 250 | 245 |
| Gooding | 210 | 219 | 255 | 240 | 300 | 300 | 305 |
| Jerome | 255 | 270 | 300 | 275 | 272 | 270 | 265 |
| Minidoka | 220 | 225 | 255 | 230 | 230 | 229 | 236 |
| Twin Falls | 280 | 290 | 325 | 300 | 300 | 299 | 300 |
| Other | 220 | 232 | 250 | 232 | 230 | 230 | 230 |
| East | 216 | 233 | 239 | 226 | 217 | 217 | 223 |
| Bannock | 210 | 220 | 240 | 220 | 210 | 215 | 220 |
| Bingham | 220 | 235 | 245 | 235 | 230 | 235 | 242 |
| Bonneville | 210 | 225 | 230 | 225 | 215 | 216 | 216 |
| Butte | 185 | 200 | 210 | 210 | 200 | 200 | 210 |
| Caribou | 210 | 225 | 240 | 225 | 215 | 210 | 220 |
| Fremont | 220 | 240 | 230 | 220 | 215 | 210 | 220 |
| Jefferson | 205 | 241 | 230 | 215 | 205 | 200 | 210 |
| Madison | 220 | 240 | 240 | 225 | 215 | 210 | 220 |
| Power | 240 | 250 | 270 | 240 | 230 | 235 | 240 |
| Teton | 140 | 140 | 170 | 175 | 165 | 165 | 170 |
| Other | <u>217</u> | <u>191</u> | <u>208</u> | <u>185</u> | <u>200</u> | <u>200</u> | <u>205</u> |
| State averages | 228 | 242 | 258 | 244 | 237 | 239 | 244 |

Appendix Table 4. Index of average value of land and buildings per acre, Idaho, 1960 - 1977 (March 1, 1967 = 100).

| | | | | | | | | | |
|------|----|------|-----|------|-----|------|-----|------|-----|
| 1960 | 76 | 1964 | 87 | 1968 | 106 | 1972 | 141 | 1975 | 243 |
| 1961 | 79 | 1965 | 94 | 1969 | 108 | 1973 | 159 | 1976 | 264 |
| 1962 | 82 | 1966 | 94 | 1970 | 120 | 1974 | 203 | 1977 | 296 |
| 1963 | 84 | 1967 | 100 | 1971 | 128 | | | | |

Sources: Farm Real Estate Market Developments, July, 1977. USDA, ERS.
 Agricultural Statistics, 1972, 1967, 1963. USDA.
 Agricultural Finance Statistics, 1973 & 1974, USDA, ERS.

Appendix Table 5. Price per unit received by Idaho farmers for major commodities, 1970-1976.

| Commodity | Unit | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 |
|-------------------|------|-------|-------|--------|-------|-------|--------|
| Crops* | | | | | | | |
| Wheat | bu | 1.33 | 1.92 | 4.44 | 3.98 | 3.40 | 2.50 |
| Barley | bu | 1.05 | 1.32 | 2.36 | 2.88 | 2.32 | 2.10 |
| Potatoes | cwt | 1.60 | 2.45 | 3.85 | 3.80 | 3.75 | 2.90 |
| Field corn | bu | 1.33 | 1.61 | 2.65 | 3.50 | 2.80 | 2.25 |
| Mixed grain | bu | 1.08 | 1.29 | 2.36 | 2.80 | 2.40 | 2.05 |
| Oats | bu | 0.69 | 0.87 | 1.45 | 1.75 | 1.56 | 1.45 |
| Sugarbeets** | ton | 6.00 | 16.70 | 34.80 | 44.10 | 24.90 | NA |
| Dry edible beans | cwt | 9.30 | 10.20 | 27.10 | 23.20 | 15.50 | 11.50 |
| Dry edible peas | cwt | 3.50 | 5.50 | 16.00 | 11.90 | 8.25 | 9.95 |
| Lentils | cwt | 7.80 | 12.90 | 23.70 | 15.50 | 12.30 | 21.80 |
| Austrian peas | cwt | 2.90 | 3.30 | 8.60 | 7.60 | 9.90 | 12.80 |
| Garden seed beans | cwt | 13.50 | 14.40 | 16.40 | 34.90 | 32.50 | 22.10 |
| Hay | ton | 27.50 | 31.50 | 46.00 | 43.50 | 46.00 | 48.00 |
| Alfalfa seed | cwt | 38.20 | 46.0 | 87.50 | 92.70 | 80.00 | 110.00 |
| Red clover seed | cwt | 31.40 | 48.80 | 89.50 | 80.00 | 57.00 | 95.00 |
| Merion bluegrass | cwt | 60.00 | 66.00 | 115.00 | 59.00 | 75.50 | 98.00 |

| Commodity | Unit | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 |
|--------------------------------|--------|-------|--------|--------|--------|--------|--------|
| Crops* (cont) | | | | | | | |
| Onions | cwt | 4.65 | 7.71 | 7.30 | 4.96 | 10.30 | 4.45 |
| Sweet corn | ton | 25.80 | 26.50 | 28.10 | 55.90 | 57.80 | 51.20 |
| Green peas | ton | 97.00 | 108.00 | 110.00 | 234.00 | 236.00 | 207.00 |
| Apples | lb | .0747 | .0924 | .1010 | .1160 | .1110 | .1210 |
| Hops | lb | 0.67 | 0.75 | 0.77 | 0.81 | 0.83 | 0.85 |
| Animals and Products*** | | | | | | | |
| Cattle | \$/cwt | 29.10 | 34.60 | 44.70 | 37.20 | 35.20 | 35.80 |
| Calves | \$/cwt | 36.10 | 45.70 | 58.00 | 34.20 | 28.00 | 38.10 |
| Sheep | \$/cwt | 6.80 | 8.40 | 13.70 | 12.20 | 10.60 | 13.10 |
| Lambs | \$/cwt | 25.50 | 29.10 | 35.30 | 36.50 | 41.70 | 45.50 |
| Hogs**** | \$/cwt | 17.40 | 24.30 | 37.50 | 34.00 | 44.70 | 43.70 |
| Wool | c/lb | 23 | 31 | 91 | 61 | 35 | 63 |
| Eggs | c/doz | 30.2 | 33.0 | 55.9 | 53.3 | 50.5 | 55.8 |
| Fluid milk | \$/cwt | 5.46 | 5.47 | 6.48 | 8.00 | 8.50 | 9.05 |

* crop year basis

** does not include payments under the Sugar Act

*** calendar year basis

**** 6-month average monthly estimates discontinued in June, 1977

Sources: Idaho Crop Summary, 1972-76, Idaho Crop and Livestock Reporting Service.

1975 Idaho Agricultural Statistics, SRS, Boise.

1975 Livestock and Meat Statistics, USDA, SRS.

Agricultural Prices, Annual Summary, 1976.

The State is truly our campus. We desire to work for all citizens of the State striving to provide the best possible educational and research information and its application through Cooperative Extension in order to provide a high quality food supply, a strong economy for the State and a quality of life desired by all.



Auttis M. Mullins
Dean, College of Agriculture
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Service ... The Cooperative Extension Service has active programs in 42 of Idaho's 44 counties. Current organization places major emphasis on county office contact and multi-county specialists to better serve all the people. These College of Agriculture faculty members are supported cooperatively by federal, state and county funding to work with agriculture, home economics, youth and community development.

Research ... Agricultural Research scientists are located at the campus in Moscow, at Research and Extension Centers near Aberdeen, Caldwell, Parma, Sandpoint, Tetonía, Twin Falls and at the U.S. Sheep Experiment Station, Dubois and the USDA/ARS Soil and Water Laboratory at Kimberly. Their work includes research on every major agricultural program in Idaho and on economic and community development activities that apply to the state as a whole.

Teaching ... Centers of College of Agriculture teaching are the University classrooms and laboratories where agriculture students can earn bachelor of science degrees in any of 20 major fields, or work for master's and Ph.D. degrees in their specialties. And beyond these are the variety of workshops and training sessions developed throughout the state for adults and youth by College of Agriculture faculty.