

Time to Start Talking About Ag Leases

AGRI-VIEWS

by Chuck Otte, Geary County Extension Agent

While we aren't to the end of the 2018 crop harvest and wheat planting season, it isn't too early to start talking about agricultural leases for the coming year. For the most part, I don't think tenants and landlords talk enough which then leads to the number one problem that I run into with ag leases, lack of communication.

I know of situations where leases have been in existence between, shall we say, families, for over 50 years. In many cases, the terms of those leases haven't changed much in those five decades. Yet if you look at agriculture over that same time frame, we are doing very little the same way that we did in 1968.

As one cropping season starts to wrap up and another one is already underway, it is imperative that landlords and tenants get together and talk. Talk about how the crops did this year. Talk about cropping plans for the next year. Then you need to head into the uncomfortable stuff. How the crops did is the easy part.

When you start getting down to the nitty gritty, though, and talk about cash rental rates, or shares, or what expenses the landlord going to share, it can get uncomfortable. Which is why far too many landlord/tenant discussions don't get that deep and that is a shame. Frustration can build up, with either party, or the tenant simply can't afford to continue with a current lease and lets go of a lease or the landlord decides it's easier to find a different tenant than to negotiate new terms. We can easily look at what crop production expenses are shared and figure out how the crop should be shared. But too many times landlords come into the lease and state what share of the crop they want and what expenses they are willing to share without even seeing if the crop expenses share is equitable to the amount of the crop they want. The process is backwards of what it should be.

Then I'd like to see the discussion take an even deeper track. Let's talk about all the things that come up that are never talked about. Can the tenant double crop after soybeans? Can the tenant graze the crop residue after harvest? Can the tenant fall or spring graze the wheat crop or cover crops if cover crops are planted? Honestly, if it's a verbal lease, a tenant has a right to do all of these things. Their lease may not be renewed if it wasn't discussed, but in the eyes of the law, they have the right. Landlords, we need to be moving away from verbal leases and move to written leases where all of this, and more, is spelled out, especially if you want to put limits on some of these, or other, items.

If a landlord has a verbal lease and wants to change it or terminate it, this needs to be done prior to January 30th, or more specifically at least 30 days prior to March 1st. This is state law. Termination of a verbal lease must be done in writing at least 30 days prior to March 1, and there are other provisions that must be followed for this to be legal.

All of these items and more will be discussed at an ag lease meeting, Tuesday evening, November 13 at 7 p.m. at the 4-H/Sr. Citizen's Building at the Geary County Fairgrounds, 1025 S Spring Valley Rd, Junction City. There is no charge for the meeting but we are asking that you pre-register by noon on Tuesday to ensure that we have enough refreshments. You can register by calling the Geary County Extension Office at 238-4161.