



Agricultural Cropland Lease Structures for Major Row Crops in Louisiana

- Statewide Survey Results -

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Introduction

The leasing of cropland for agricultural production is an integral part of farming today. According to the 2007 Census of Agriculture, 70.3% of the farms in the United States with gross farm income of \$100,000 or more and 87.2 % of farms with 500 or more acres of harvested cropland leased some or all of the cropland in production on their farms (USDA, NASS). Another recent USDA study reported that over 75% of mid to large sized family farms in the U.S. lease some or all of the cropland on their farms (Hoppe et al., 2007). The leasing of farm land often involves complex legal issues, since most states have no general statutory scheme outlining the rights of farm tenant and landlord compared to those that govern residential landlord and tenant leases. Provisions of any agricultural lease can be broadly categorized as economic or legal. Economic provisions reflect the planning decisions of the owners of the resources, in this case land, equipment, labor, and management skill. Legal provisions are designed to determine the rights of the parties (Meyer et al. 1985).

In Louisiana, the 2007 Census of Agriculture reported that 72.5% of farms with \$100,000 or more in gross farm income report some or all of the cropland on their farms were leased (USDA, NASS). In addition, approximately 87.9% of farms in the state with 500 or more acres of harvested cropland leased some or all of the cropland on their farm. Agricultural crop leases can be in oral or written form, can be a cash value or crop share arrangement, and can be for one year or more than one year in length.

Survey Design

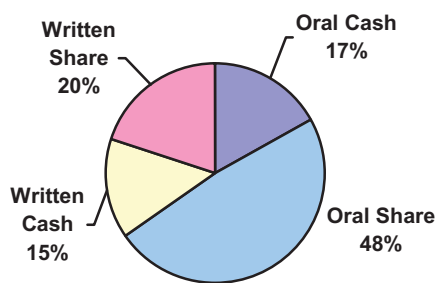
A survey instrument was developed to obtain current crop lease structure information from agricultural producers of major row crops in Louisiana. The survey was specifically designed to obtain data on: (a.) form of crop lease (oral or written); (b.) type of crop lease (cash or share); (c.) number of crop leases per farm; (d.) number of multiyear leases; and (e.) specific crop acreage under each type of lease. In April of 2009, 3,405 agricultural crop lease surveys were mailed out to producers in 22 major agricultural parishes in Louisiana. Parishes included in the survey were: Ascension, Assumption, Caddo, Calcasieu, Concordia, East Carroll, Evangeline, Iberia, Iberville, Jeff Davis, Lafourche, Morehouse, Ouachita, Point Coupee, Tensas, St. James, St. John, St. Martin, St. Mary, Terrebonne, Vermilion and West Baton Rouge. A total of 304 useable survey responses were returned containing lease data on 2,267 separate crop leases covering 380,370 planted crop acreage for the 2009 crop year.

Statewide Survey Results

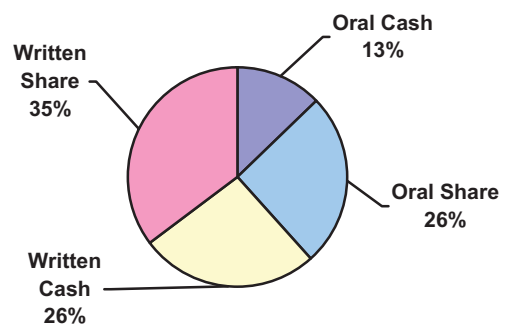
Survey results from across the state over a broad range of major row crops indicated that the majority of agricultural crop leases in Louisiana for the 2009 crop year were oral leases. Of the 2,267 crop leases reported in the survey, 1,482 of them (65.4%) were oral leases, while 785 leases (34.6%) were reported as written lease agreements. However, the majority of crop acreage under lease in 2009 was leased through written crop leases.

Of the 380,370 total acres of leased cropland reported in the survey, 233,966 acres (61.5%) were leased utilizing written contracts. An estimated 46.0% of the oral lease arrangements were multi-year agreements, compared with 68.9% of the written lease agreements being for more than one crop year.

Share leases were the most common type of agricultural crop leases for both oral and written arrangements, accounting for 68.4% of total crop leases and 60.9% of total leased cropland. For oral crop leases, 74.1% of the leases reported in the survey were share arrangements, compared with 25.9% as cash arrangements. An estimated 66.7% of the cropland leased under oral arrangements was for a crop share. For written crop leases, 57.7% of the leases reported in the survey were share arrangements, compared with 42.3% as cash arrangements. Of the cropland leased under written contracts, 57.4% of the land was rented for a crop share, compared with 42.6% rented on a cash basis.



Total Crop Lease Numbers

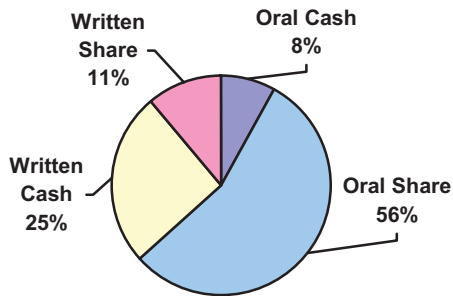


Total Crop Lease Acreage

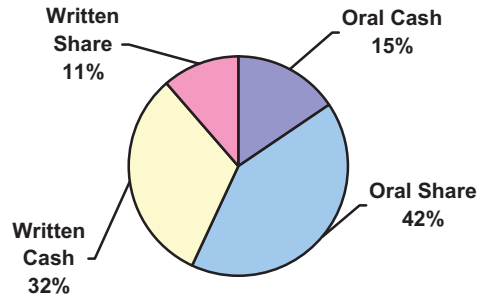
Rice

Rice acreage was reported on 467 of the lease arrangements returned in the survey. Of the leases including rice acreage for 2009, 296 of them (63.4%) were oral leases, while 171 leases (36.6%) were reported as written. In addition, the majority of rice acreage under lease in 2009 was leased through oral crop leases. Of the 76,887 leased rice acreage reported in the survey, 43,842 acres (57.0%) were leased utilizing oral agreements. Only 43.0% of the rice acreage reported in the survey was leased under written contracts. An estimated 38.5% of the rice oral lease agreements were multi-year agreements, compared with 79.5% of the written lease agreements for rice being for more than one crop year.

The most common type of rice oral crop lease was crop share arrangements, accounting for 87.5% of rice oral crop lease numbers and 72.9% of total leased rice acreage under oral agreements. However, the majority of rice acreage leased under written lease agreements was for cash, rather than a share of the crop. Of the 171 written crop leases including 33,045 acres of leased rice land reported in the survey, 119 leases (69.6%) and 24,375 acres of rice (73.8%) were leased under a cash basis. Average acres of rice per lease agreement were 321 acres for oral-cash arrangements, 123 acres for oral-share arrangements, 205 acres for written-cash arrangements, and 167 acres for written-share arrangements.



Rice Crop Lease Numbers

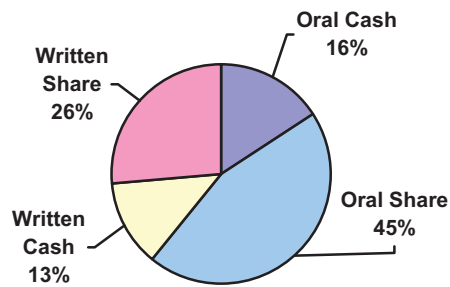


Rice Crop Lease Acreage

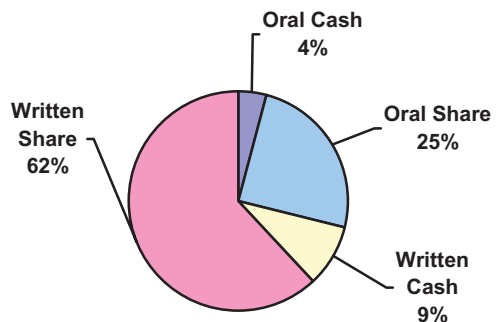
Sugarcane

Sugarcane acreage was reported on 1,402 of the lease arrangements returned in the survey. Of the leases including sugarcane acreage for 2009, 854 of them (60.9%) were oral leases, while 548 leases (39.1%) were reported as written. The majority of sugarcane acreage under lease in 2009, however, was leased through written crop leases. Of the 126,658 leased sugarcane acreage reported in the survey, 90,009 acres (71.1%) were leased utilizing written agreements. Only 28.9% of the sugarcane acreage reported in the survey was leased under oral contracts. An estimated 57.6% of the sugarcane oral lease agreements were multi-year agreements, compared with 70.4% of the written lease agreements for sugarcane being for more than one crop year.

Share leases were the most common type of sugarcane crop leases for both oral and written lease arrangements. An estimated 73.9% of the oral leases and 86.0% of the sugarcane acreage leased under oral agreements were crop share arrangements. Share rental arrangements accounted for 67.5% of written sugarcane leases and 87.3% of sugarcane acreage leased under written agreements. Average acres of sugarcane per lease agreement reported in the survey were 23 acres for oral-cash arrangements, 50 acres for oral-share arrangements, 64 acres for written-cash arrangements, and 212 acres for written-share arrangements.



Sugarcane Crop Lease Numbers

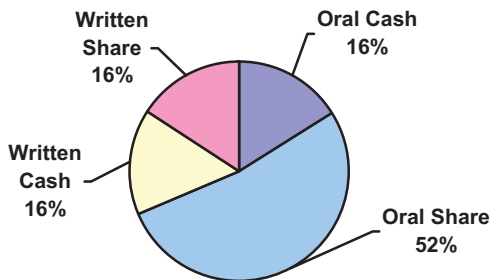


Sugarcane Crop Lease Acreage

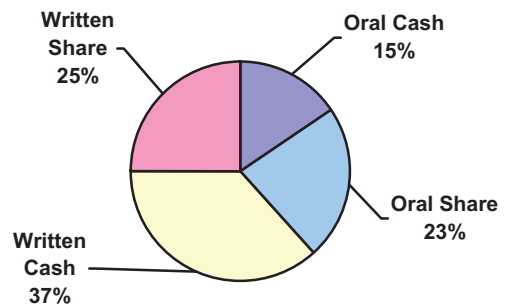
Soybeans

Soybean acreage was reported on 747 of the lease arrangements returned in the survey. Of the leases including soybean acreage for 2009, 512 of them (68.5%) were oral leases, while 235 leases (31.5%) were reported as written. The majority of soybean acreage under lease in 2009, however, was leased through written crop leases. Of the 78,295 leased soybean acreage reported in the survey, 48,371 acres (61.8%) were leased utilizing written agreements. Only 38.2% of the soybean acreage reported in the survey was leased under oral contracts. An estimated 38.3% of the soybean oral lease agreements were multi-year agreements, compared with 76.6% of the written lease agreements for soybeans being for more than one crop year.

Share leases were the most common type of soybean crop leases for both oral and written lease arrangements. An estimated 76.6% of the oral leases and 59.6% of the soybean acreage leased under oral agreements were crop share arrangements. Share rental arrangements accounted for 50.2% of written soybean leases, but only 40.6% of soybean acreage leased under written agreements. Average acres of soybeans per lease agreement reported in the survey were 101 acres for oral-cash arrangements, 45 acres for oral-share arrangements, 245 acres for written-cash arrangements, and 167 acres for written-share arrangements.



Soybean Crop Lease Numbers

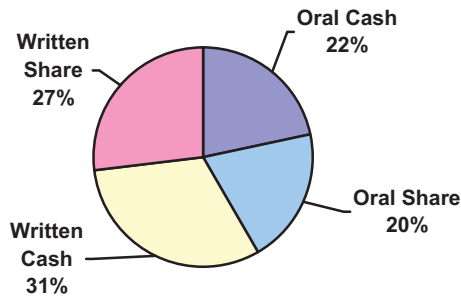


Soybean Crop Lease Acreage

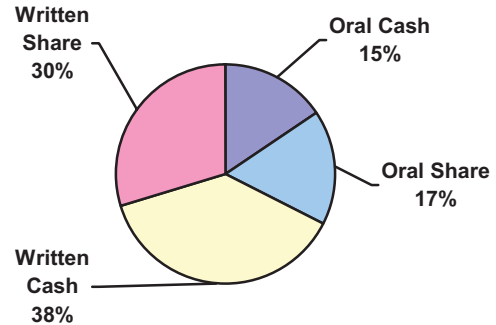
Corn

Corn acreage was reported on 185 of the lease arrangements returned in the survey. Of the leases including corn acreage for 2009, 77 of them (41.6%) were oral leases, while 108 leases (58.4%) were reported as written. The majority of corn acreage under lease in 2009, however, was leased through written crop leases. Of the 38,548 leased corn acreage reported in the survey, 25,995 acres (67.4%) were leased utilizing written agreements. Only 32.6% of the corn acreage reported in the survey was leased under oral contracts. An estimated 48.1% of the corn oral lease agreements were multi-year agreements, compared with 83.3% of the written lease agreements for corn being for more than one crop year.

Cash leases were the most common type of corn crop leases for both oral and written lease arrangements. An estimated 51.9% of the oral leases and 47.4% of the corn acreage leased under oral agreements were cash arrangements. Cash rental arrangements accounted for 53.7% of written corn leases and 56.6% of corn acreage leased under written agreements. Average acres of corn per lease agreement reported in the survey were 149 acres for oral-cash arrangements, 179 acres for oral-share arrangements, 244 acres for written-cash arrangements, and 229 acres for written-share arrangements.



Corn Crop Lease Numbers

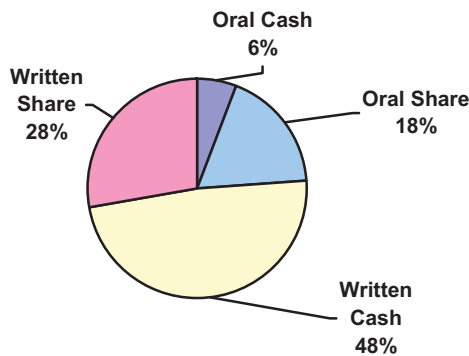


Corn Crop Lease Acreage

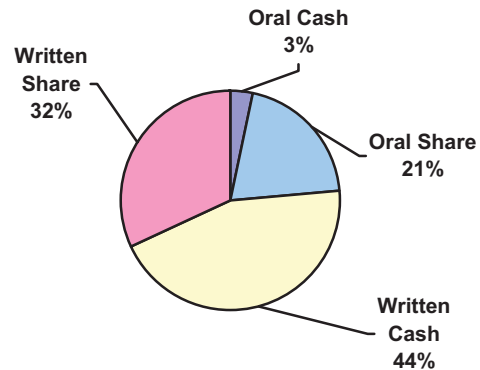
Cotton

Cotton acreage was reported on 122 of the lease arrangements returned in the survey. Of the leases including cotton acreage for 2009, 29 of them (23.8%) were oral leases, while 93 leases (76.2%) were reported as written. The majority of cotton acreage under lease in 2009, however, was leased through written crop leases. Of the 29,530 leased cotton acreage reported in the survey, 22,518 acres (76.3%) were leased utilizing written agreements. Only 23.7% of the cotton acreage reported in the survey was leased under oral contracts. An estimated 34.5% of the cotton oral lease agreements were multi-year agreements, compared with 81.7% of the written lease agreements for cotton being for more than one crop year.

Share leases were the most common type of oral crop lease for cotton, while cash leases were more common with written lease arrangements. An estimated 75.9% of the oral leases and 86.5% of the cotton acreage leased under oral agreements were crop share arrangements. Cash rental arrangements accounted for 63.4% of written cotton leases and 58.1% of cotton acreage leased under written agreements. Average acres of cotton per lease agreement reported in the survey were 136 acres for oral-cash arrangements, 276 acres for oral-share arrangements, 222 acres for written-cash arrangements, and 278 acres for written-share arrangements.



Cotton Crop Lease Numbers

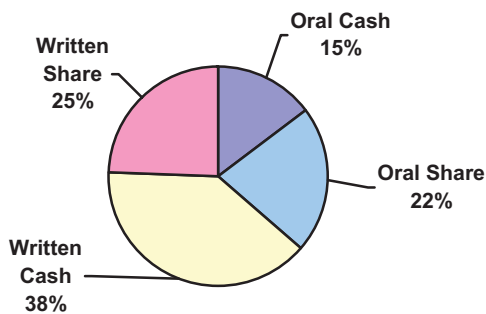


Cotton Crop Lease Acreage

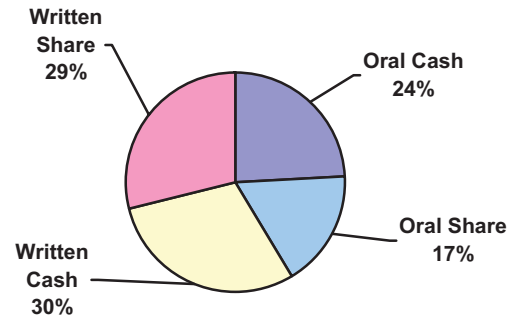
Wheat

Wheat acreage was reported on 204 of the lease arrangements returned in the survey. Of the leases including wheat acreage for 2009, 74 of them (36.3%) were oral leases, while 130 leases (63.7%) were reported as written. The majority of wheat acreage under lease in 2009, however, was leased through written crop leases. Of the 12,574 leased wheat acreage reported in the survey, 7,371 acres (58.6%) were leased utilizing written agreements. Only 41.4% of the wheat acreage reported in the survey was leased under oral contracts. An estimated 71.6% of the wheat oral lease agreements were multi-year agreements, compared with 88.5% of the written lease agreements for wheat being for more than one crop year.

Crop leases for wheat were more evenly split between cash and share lease arrangements. An estimated 40.5% of the oral leases and 58.1% of the wheat acreage leased under oral agreements were cash arrangements, with the remainder of oral leases under share lease arrangements. Cash rental arrangements accounted for 61.5% of written wheat leases and 50.8% of wheat acreage leased under written agreements. Average acres of wheat per lease agreement reported in the survey were 101 acres for oral-cash arrangements, 50 acres for oral-share arrangements, 47 acres for written-cash arrangements, and 73 acres for written-share arrangements.



Wheat Crop Lease Numbers



Wheat Crop Lease Acreage

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