

Fenceline

by Jody G. Holthaus

Meadowlark Extension District Agent

Livestock-Natural Resources

The leasing of agricultural land is one of the most popular questions received at the Extension Office.

It is estimated that more than 50 percent of Kansas farmland and pastureland is rented. In some areas of the state, the figure is higher. Many producers cannot maintain a viable business without operating through lease arrangements.

Leases are growing in prominence and will play an increasingly important role in production agriculture as fewer and fewer producers manage and operate our state's agricultural resources.

Different lease types have developed to meet the needs of the modern Kansas farmer and rancher. For example, some agribusinesses use standard cash leases involving a flat rental fee for the use of land.

For other farm operations, a crop-share or crop-share cash lease is appropriate. Those involved in raising livestock may operate on either a pasture rental basis or a livestock share lease.

Publications are available at the Extension office and online at: www.agmanager.info/farmmgmt/land/lease that explain and provide examples of these lease arrangements.

It is important that both parties to a farm or ranch lease understand the details of their lease agreement and the laws that affect their lease. A lease is a contract, and terms of the lease will be interpreted and enforced in light of contract law. If a farm or pasture lease is oral rather than in writing, certain provisions in the Kansas Statutes automatically become a part of the lease.

Some leases are simple oral arrangements, while others are complex, lengthy written documents. An oral agreement may be legally enforceable, but it is much more desirable to spell out the agreement's details in writing.

By definition, a lease is a contract for the exclusive use of land for a specific period. There are at least two parties to any lease:

1) the landowner who owns the land, also known as the lessor

2) The tenant who farms or operates the land, also known as the lessee. Certain rights and obligations binding both parties arise from the relationship. When land is leased, the lease is equivalent to a sale of the premises for the length of the lease. The tenant essentially becomes the owner for a time and has the responsibilities of one who is in possession of the land.

A written lease will help resolve disputes that might arise between the parties because they can refer to the written instrument to review their agreement. Memories of an oral agreement might be selective and certainly less than perfect.

A written lease does not have to be a detailed contract. A memorandum or note concerning the lease may be sufficient if the party against whom it will be enforced signs it. A written lease is a contract and should be approached with the same careful and thorough consideration given when entering into any binding contractual agreement.