

Impact of High Input Costs on Equitable Crop Share and Cash Leases

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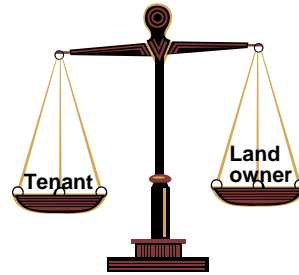
Purpose of land talks

- Develop an understanding of the underlying economic principles and management aspects of land ownership and leasing
- Trying to reduce decisions to numbers
- Two decision tools:
 - *KSU-Lease.xls*
 - *KSU-Landbuy.xls*

Related papers are found at
www.agmanager.info

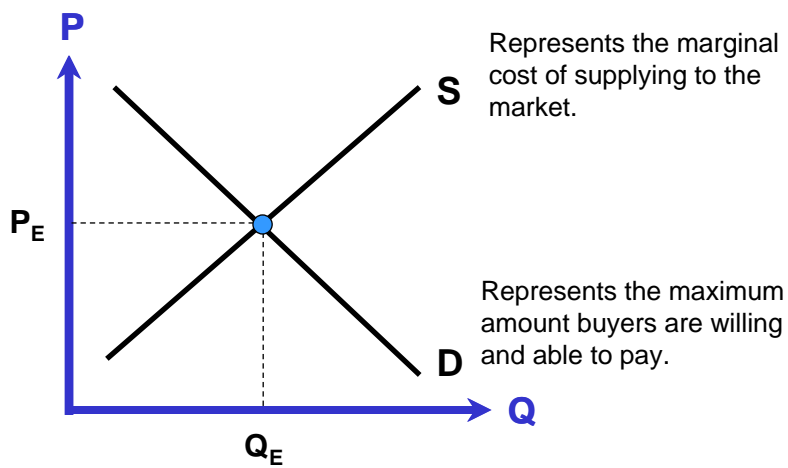
Determining the terms of a lease ...

How are cash lease rates or the terms of crop share leases established?



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Market established rental rates ...



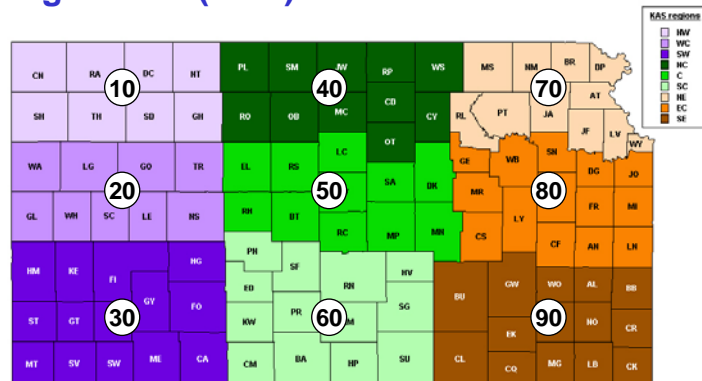
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Market established rates...


- Land Use Value Project of the KSU Ag Econ Dept annually conducts one of four surveys (irrigated, non-irrigated, pasture, input costs)
- Kansas Agricultural Statistics (KAS) annually surveys landowners and producers regarding land values and cash rents
- Local and regional surveys of leasing practices
- With surveys there is often a trade-off between statistical validity and level of aggregation

Market going rate ...

- Kansas Agricultural Statistics (KAS) reports average cash rent values for non-irrigated, irrigated, and pasture land at the crop reporting district (CRD) level



KAS surveyed market rates ...



AGRICULTURAL LAND VALUES

Released: August 17, 2005

Kansas Farmland Values and Rents, 2005

Kansas' average value of all farmland and buildings for 2005 is estimated to be \$200 per acre. This compares with \$175 in 2004 and \$85 in 2003. Kansas' average value of all farmland and buildings increased by 11.9 percent from 2004 to 2005. The increase of \$85 per acre is the largest since a 17.2 percent increase from 1979 to 1980, when the average value increased by \$88 per acre. Irrigated cropland value rose 9 percent, non-irrigated was up 14 percent, and pasture land values increased 10 percent.

Rental rates for both types of cropland increased \$1.00 per acre, while pasture rents rose \$.50 per acre.

Year	Cropland				Pasture and Rangeland		All Farmland and Buildings (1)		
	Value Per Acre		Rent Per Acre		Value Per Acre	Rent Per Acre	Value Per Acre	Total Value	
	Irrigated	Non-Irrigated	Irrigated	Non-Irrigated					
1994	67.3	54.9	89.30	32.60	341	12.30	953	23,943	
1995	92.0	59.5	92	35.50	343	11.70	935	25,466	
1996	98.6	60.7	63.8	66.30	32.70	361	11.90	953	26,268
1997	99.0	61.5	64.0	69.00	34.50	365	11.60	965	26,838
1998	1,01.0	62.0	65.5	67.00	35.50	367	13.00	977	27,408
1999	1,02.0	62.5	66.0	66.00	35.00	370	13.50	980	28,505
2000	1,04.0	63.0	66.6	67.00	35.50	380	12.80	925	29,688
2001	1,06.0	63.5	67.3	72.00	36.00	390	12.60	945	30,505
2002	1,08.0	64.0	67.9	70.00	36.00	400	12.60	965	31,455
2003	1,08.0	64.5	68.4	68.00	36.00	410	12.80	985	32,332
2004	1,11.0	66.5	70.5	72.00	37.50	430	13.30	715	33,748
2005	1,20.0	76.0	80.0	73.00	38.50	500	13.40	800	37,760

1) Values per acre are for land and buildings. Rental rates are for land only. 2) Insufficient data to publish.

The Land Values Survey-Background

The Agricultural Land Values Survey was conducted during May/June 2005. Survey respondents were asked to provide information on the value of the land they operate and the rental rates for any land they rented. Additional land value and rent data were collected in the June Agricultural Survey.

The Census provides the official base for estimates of all farmland values. However, the Census occurs once every five years and only estimates the value of all agricultural land and buildings. The Land Values Survey and Agricultural Survey provide data to make annual estimates of both market values and rental rates for different categories of farmland.

The average values in this report encompass a wide range of soil types and pastures. These data are more appropriate for studying overall trends and should not be used to establish rental rates or market values.

KAS report

Kansas Land Prices and Cash Rental Rates

Department of Agricultural Economics

Kansas State University Agricultural Experiment Station and Cooperative Extension Service

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This Farm Management task reports Kansas land prices and cash rents for 1995-2004. These data are useful to farm managers in determining cash rental rates, to landbank appraisers in valuing land, and to investors who have expectations of future price increases for farmland. The average price in the guide encompasses parcels of land that vary widely in productivity. Thus, these data are more appropriate for analyzing results than for establishing market value or rental rates for specific tracts of farmland.

Kansas Agricultural Statistics

For reporting purposes, Kansas Agricultural Statistics services divide the state into nine agricultural statistical districts. The districts are: Northwest (NW), West Central (WC), Southwest (SW), North Central (NC), Central (C), South-Central (SC), Southeast (SE), East-Central (EC), and Southeast (SE). Since 1976, Kansas Agricultural Statistics has collected price information on three types of land: nonirrigated cropland, irrigated cropland, and pasture. The land values reported also include the value of any buildings that may be on the land. The value of the buildings represents a small portion of the total value, and changes in this value reporting method does not significantly affect the accuracy of land values reported.

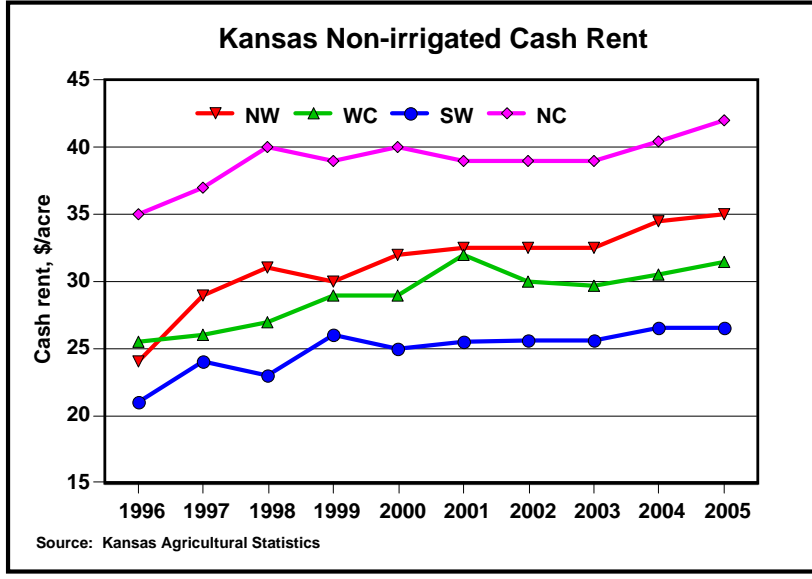
Tables 1 through 5 show average prices of land and buildings in each district and the average for the state for the most recent 20 years reported. Data are shown for each of the five land groupings: all land in farms, all cropland, nonirrigated cropland, irrigated cropland, and pasture. The annual data are based on April 1 for 1985 and February 1 for 1986-1993, and January 1 for 1994-2004.

Year	NW	WC	SW	NC	C	SC	NE	EC	SE	State
1985	183.7	37.2	54.3	84.3	53.3	81.6	34.2	54.0	84.1	64.8
1986	137	31.2	41.6	37.0	43.1	52.1	32.7	41.0	31.1	41.5
1987	113	20.7	37.7	34.7	48.4	48.4	47.4	36.1	33.0	37.3
1988	138	32.8	42.1	39.0	44.6	51.3	45.5	39.6	37.3	41.8
1989	184	37.9	44.1	41.7	44.1	59.0	48.4	40.5	38.4	43.0
1990	195	36.1	44.0	48.8	48.6	56.1	37.7	42.5	40.0	43.0
1991	199	41.9	41.9	41.9	41.9	51.7	57.0	43.0	39.7	44.0
1992	171	36.6	41.1	44.5	46.2	49.9	51.4	43.2	39.4	40.0
1993	199	35.1	41.1	44.7	49.1	54.0	56.1	43.0	40.7	44.8
1994	435	36.6	45.1	51.1	48.8	56.1	62.8	48.7	44.9	50.8
1995	491	36.6	44.4	52.7	54.5	57.0	60.0	51.1	54.1	53.5
1996	481	39.9	46.9	52.6	52.1	55.4	61.1	51.1	54.1	53.5
1997	561	41.9	49.0	54.0	54.0	57.0	61.0	51.0	57.0	56.5
1998	499	41.9	49.0	55.0	56.0	59.0	63.0	53.0	59.0	57.7
1999	499	40.5	50.0	50.0	50.0	59.0	60.0	53.0	61.0	60.0
2000	539	43.7	52.5	49.5	61.0	64.0	62.0	55.0	65.0	62.5
2001	545	44.5	54.0	62.0	60.0	65.0	65.0	57.0	65.0	64.5
2002	559	46.0	55.0	64.0	60.0	65.0	65.0	62.0	69.0	64.5
2003	568	47.9	55.0	64.0	60.0	66.0	65.0	62.0	71.0	65.5
2004	589	49.9	59.0	69.0	69.0	72.5	64.5	65.5	75.0	71.5

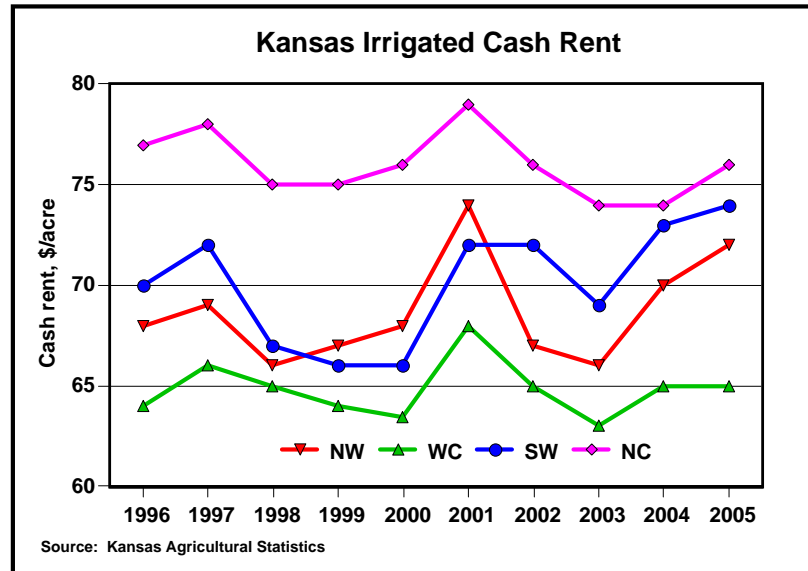
Land Economics 1 - Revised October 2004

KSU report

Market going rate ...



Market going rate ...



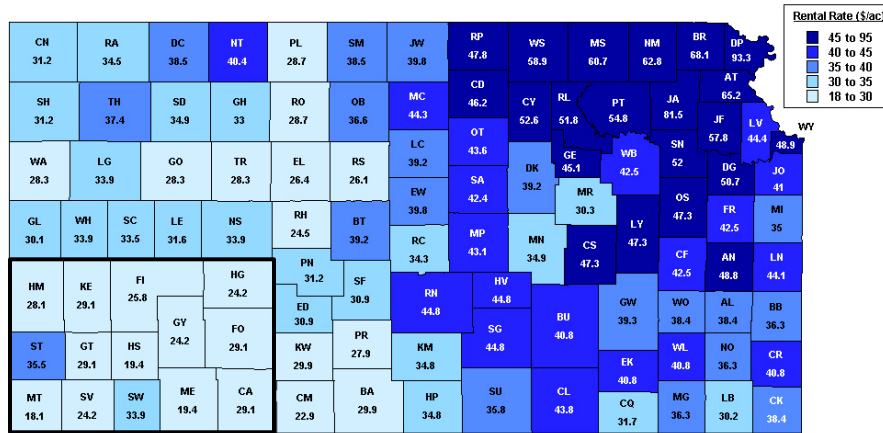
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County-level cash rents ...

- County-level cash rents were estimated for non-irrigated crop and pasture land based upon the KAS reported CRD values
- CRD values prorated to individual counties based on 3-year average of county-level rents from FSA and 2002 census acreage data
- Weighted average county-level cash rents are exactly equal to the KAS reported district value
- Similar procedure was done on land values

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Kansas county-level non-irrigated crop cash rents...



Based on KAS reported values for January 1, 2005

Acreage-weighted average of counties equals \$26.50 (KAS)

Problem:

The market equilibrium prices we observe (when they are available) often do not reflect individual situations.

That is, they reflect averages, but nobody is average...

... so what can we do to arrive at a price that reflects an equilibrium?



Way to find acceptable lease rates (crop shares and cash rents) ...

While landowners and tenants (i.e., the market) ultimately determine terms of crop share and cash leases, we use the equitable concept to arrive at a starting point for negotiations.

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Principles embodied in an equitable lease ...

- Profit maximization ($MR=MC$)
- Economic profits (expected profit = 0)
- Opportunity costs
- Risk across lease types
- Equal rates of return on annual investment (if economic profit = 0, then rate of return = 0)

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A good crop share lease should follow five basic principles ...

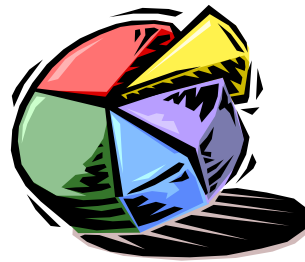
1. Yield increasing inputs should be shared
 2. Share arrangements should be adjusted as technology changes
 3. Total returns divided in same proportion as resources contributed
-
4. Compensation for unused long-term investments at termination
 5. Good landlord/tenant communications

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**Principle #3:
Returns divided in same proportion as resources contributed.**

This requires annual contributions of both parties to be identified (budgeting type approach).

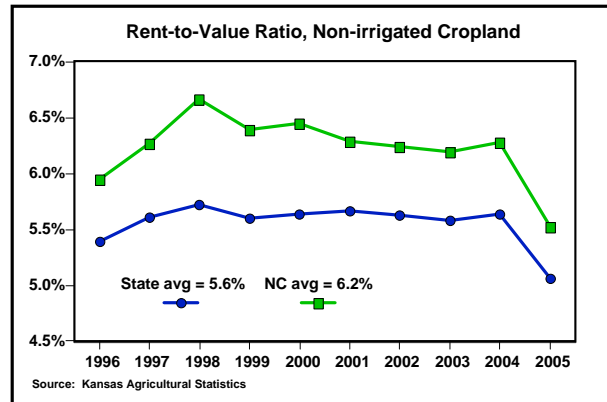
Valuing inputs can depend on whether the lease being developed is a one-year lease versus multiple-year lease.



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Land contribution ...

The land contribution is typically based on an “average market value” for the land along with an historical average return to land.



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Machinery contributions ...



Machinery contribution should be based on average costs. Two methods for estimating the machinery contribution:

1. Machinery investment approach - annual contribution is based on depreciation, interest, repairs, fuel and oil, and labor.
2. Custom rates approach - annual contribution is based on reported custom rates and the typical operations.



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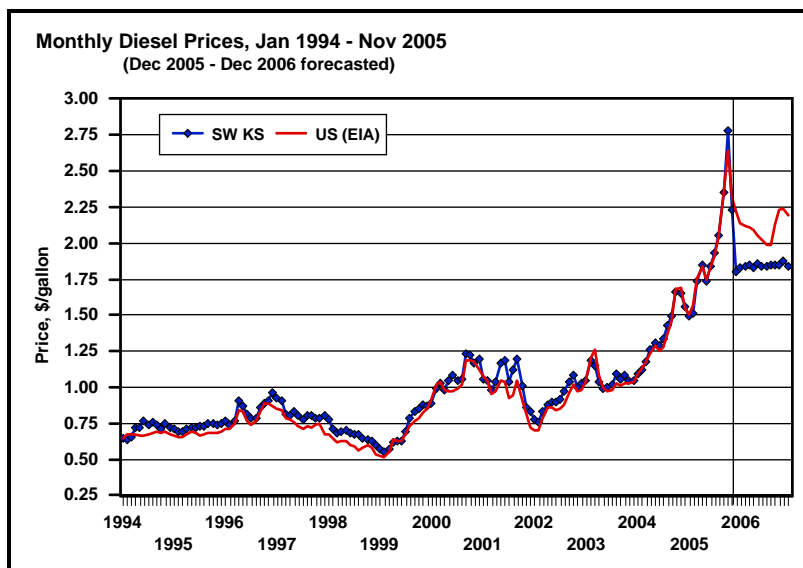
Crop production input contributions ...

The value of contributions for input expenses such as seed, herbicides, insecticides, fertilizer, etc. are generally valued at current market prices and represent “typical” production practices.

What is “typical” today? While current prices might not be what we expect long-term, can we afford to ignore them with regard to leases?

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Diesel prices are at historically high levels...



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Historical and forecasted diesel prices during principal farming months...

Diesel Fuel Prices

Year	Mar-Oct Diesel Price			Year-to-year percent change		
	SW KS	US (EIA)	Average	SW KS	US (EIA)	Average
2000	\$1.09	\$1.04	\$1.07	----	----	----
2001	\$1.09	\$0.98	\$1.04	0.6%	-6.1%	-2.7%
2002	\$0.94	\$0.88	\$0.91	-14.1%	-10.0%	-12.1%
2003	\$1.05	\$1.05	\$1.05	12.1%	18.6%	15.3%
2004	\$1.37	\$1.34	\$1.36	30.0%	28.4%	29.2%
2005	\$2.04	\$2.02	\$2.03	48.5%	49.9%	49.2%
2006 (F)	\$1.85	\$2.08	\$1.96	-9.3%	3.1%	-3.1%
05 - Avg(00-04)	\$0.93	\$0.96	\$0.94	83.5%	90.2%	86.8%
06 - Avg(00-04)	\$0.74	\$1.02	\$0.88	66.4%	96.0%	80.9%

F = forecast

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Effect diesel price has on machinery costs per acre based on fuel consumption...

Fuel Consumption and Diesel Price Impact for Various Field Operations

Operation	Fuel use gallons/acre	Fuel price increase, \$/gallon				
		\$0.25	\$0.50	\$0.75	\$1.00	\$1.25
Increase in operation cost, \$/acre						
Chisel plow	0.64	\$0.16	\$0.32	\$0.48	\$0.64	\$0.80
Field cultivator	0.34	\$0.09	\$0.17	\$0.26	\$0.34	\$0.43
Tandem disk	0.49	\$0.12	\$0.25	\$0.37	\$0.49	\$0.61
Min-till planter	0.53	\$0.13	\$0.27	\$0.40	\$0.53	\$0.66
No-till drill	0.81	\$0.20	\$0.41	\$0.61	\$0.81	\$1.01
Sprayer	0.11	\$0.03	\$0.06	\$0.08	\$0.11	\$0.14
Swather-conditioner	0.42	\$0.11	\$0.21	\$0.32	\$0.42	\$0.53
Round baler	0.77	\$0.19	\$0.39	\$0.58	\$0.77	\$0.96
Combine--wheat	1.31	\$0.33	\$0.66	\$0.98	\$1.31	\$1.64
Combine--soybeans	2.02	\$0.51	\$1.01	\$1.52	\$2.02	\$2.53
Combine--corn	1.93	\$0.48	\$0.97	\$1.45	\$1.93	\$2.41

Source: Lazarus and Selley (abbreviated version)

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Estimated effect diesel price has on machinery costs per acre based on custom rates...

Fuel Consumption and Diesel Price Impact for Various Field Operations

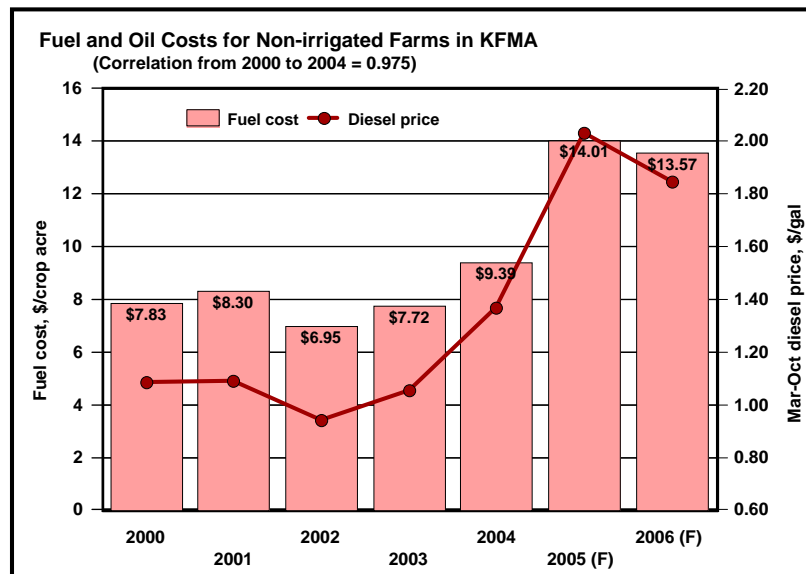
Operation	Custom rate*	Fuel price increase, \$/gallon				
		\$0.25	\$0.50	\$0.75	\$1.00	\$1.25
Increase in custom rate, \$/acre						
Chiseling	\$7.96	\$0.21	\$0.42	\$0.63	\$0.85	\$1.06
Field cultivation	\$6.27	\$0.17	\$0.33	\$0.50	\$0.67	\$0.83
Disking	\$6.84	\$0.18	\$0.36	\$0.54	\$0.73	\$0.91
Min-till planter	\$10.29	\$0.27	\$0.55	\$0.82	\$1.09	\$1.37
No-till drill	\$10.72	\$0.28	\$0.57	\$0.85	\$1.14	\$1.42
Sprayer	\$4.03	\$0.11	\$0.21	\$0.32	\$0.43	\$0.53
Swather-conditioner	\$8.90	\$0.24	\$0.47	\$0.71	\$0.94	\$1.18
Round baler	\$8.03	\$0.21	\$0.43	\$0.64	\$0.85	\$1.07
Combine--wheat	\$14.48	\$0.38	\$0.77	\$1.15	\$1.54	\$1.92
Combine--soybeans	\$20.06	\$0.53	\$1.06	\$1.60	\$2.13	\$2.66
Combine--corn	\$20.09	\$0.53	\$1.07	\$1.60	\$2.13	\$2.67

* 2004 state average from Kansas Agricultural Statistics (assumes 14.4% of custom rate is fuel costs)
2004 Mar-Oct average price of diesel = \$1.36/gallon

Increase in custom rate **2.7%** **5.3%** **8.0%** **10.6%** **13.3%**

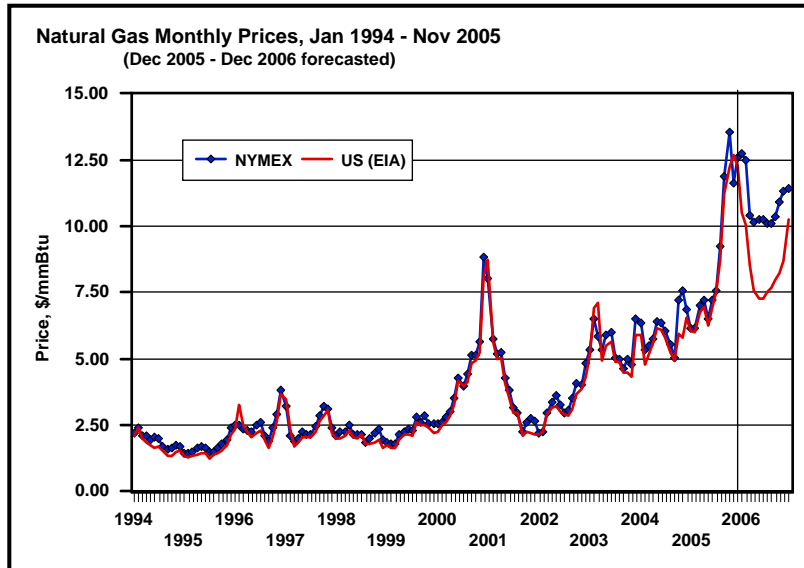
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Fuel costs per acre versus diesel prices...



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Natural gas prices are at historically high levels...



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Historical and forecasted natural gas prices during principal farming months...

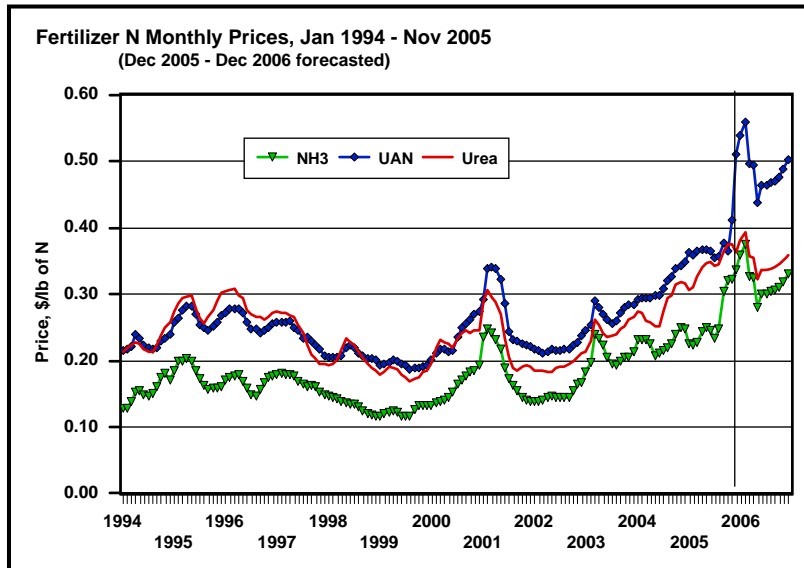
Natural Gas Prices

Year	Mar-Oct Natural Gas Price			Year-to-year percent change		
	NYMEX	US (EIA)	Average	NYMEX	US (EIA)	Average
2000	\$4.04	\$3.85	\$3.95	----	----	----
2001	\$3.69	\$3.49	\$3.59	-8.6%	-9.3%	-9.0%
2002	\$3.35	\$3.12	\$3.23	-9.2%	-10.7%	-10.0%
2003	\$5.35	\$5.24	\$5.30	59.5%	68.2%	63.7%
2004	\$5.99	\$5.63	\$5.81	11.9%	7.5%	9.7%
2005	\$8.77	\$8.33	\$8.55	46.5%	47.8%	47.2%
2006 (F)	\$10.32	\$7.76	\$9.04	17.7%	-6.8%	5.8%
05 - Avg(00-04)	\$4.28	\$4.06	\$4.17	95.5%	95.3%	95.4%
06 - Avg(00-04)	\$5.84	\$3.50	\$4.67	130.2%	82.0%	106.7%

F = forecast

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Nitrogen fertilizer prices are at historically high levels...



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Historical and forecasted fertilizer prices during principal fertilizing months...

Fertilizer Prices (Corn Belt)

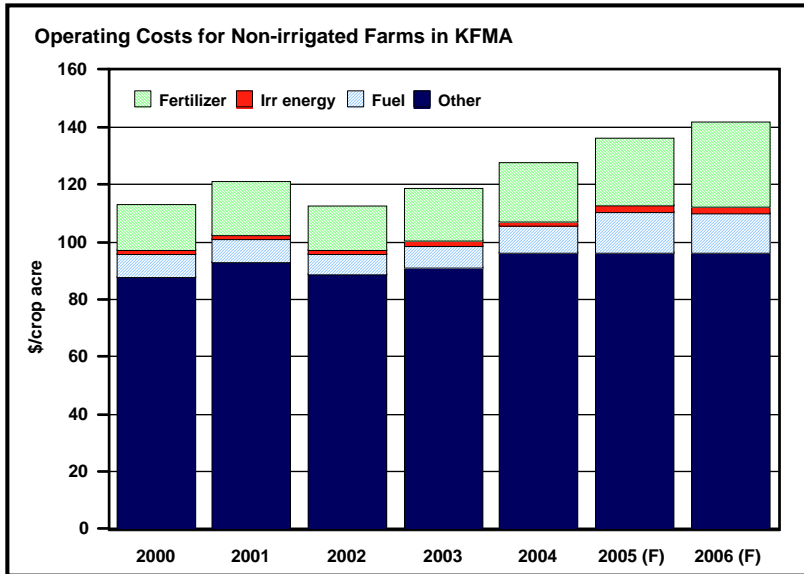
Year	NH3 (82%)	UAN (32%)	Urea (46%)	- P -	- K -	Wtd Avg	% change
2000	\$0.136	\$0.204	\$0.205	\$0.211	\$0.148	\$0.175	----
2001	\$0.217	\$0.305	\$0.272	\$0.193	\$0.148	\$0.234	33.2%
2002	\$0.141	\$0.218	\$0.187	\$0.201	\$0.144	\$0.175	-25.3%
2003	\$0.195	\$0.253	\$0.227	\$0.209	\$0.141	\$0.211	20.7%
2004	\$0.218	\$0.290	\$0.262	\$0.214	\$0.141	\$0.234	10.8%
2005	\$0.238	\$0.356	\$0.322	\$0.223	\$0.174	\$0.267	14.4%
2006 (F)	\$0.330	\$0.476	\$0.365	\$0.224	\$0.190	\$0.333	24.8%
05 - Avg(00-04)	\$0.057	\$0.103	\$0.092	\$0.017	\$0.029	\$0.061	29.9%
06 - Avg(00-04)	\$0.148	\$0.222	\$0.134	\$0.019	\$0.045	\$0.128	62.1%
05 / Avg(00-04)	31.2%	40.4%	39.7%	8.3%	20.4%	29.9%	
06 / Avg(00-04)	81.7%	87.6%	58.2%	9.0%	31.4%	62.1%	

* Oct-Dec of previous year (P = average of 10-34-0 and 18-46-0, K = muriate of potash)

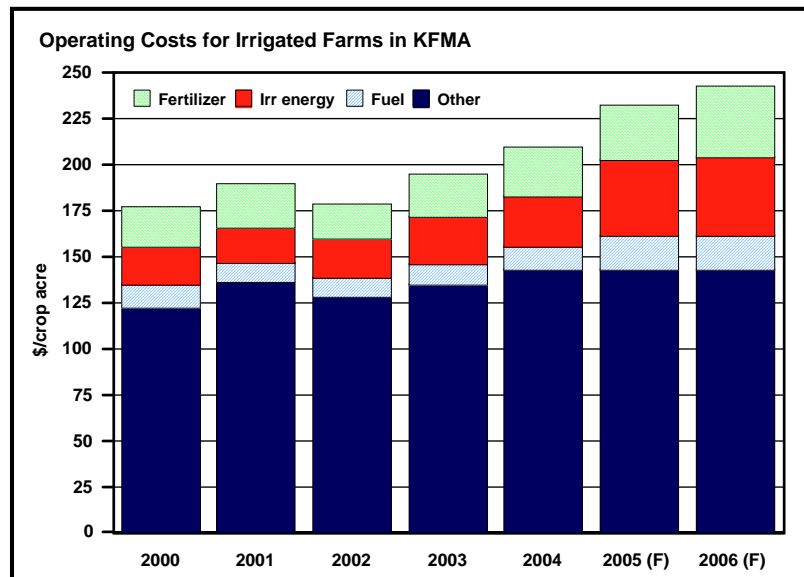
F = forecast

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Costs per acre will be up in 2006 for third straight year...



Costs per acre will be up in 2006 for third straight year...



Impact of high costs on leases ...

KSU-Lease.xls is a tool that can be used to analyze the impact of current costs have on equitable crop share leases as well as their cash-rent equivalents

The impact high costs have on leases will depend on each specific situation due to how producers change (or not change) production practices in response to these high prices

→ producers should “run their own numbers”

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Using “KSU-Lease.xls” to determine equitable crop share and cash leases ...



Information/data required:

1. Crop rotation/mix
2. Income information
3. Production inputs
4. Machinery costs
5. Land value
6. Irrigation equipment
-
7. Contributor of input
8. Risk adjustment

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Sources of data ...

- Crop budgets are designed to follow KSU Farm Management Guides and thus these budgets are often a good “first start” at inputs
- Machinery costs are based on custom rates approach (as opposed to investment per acre)
- Generally suggest using “average” data as opposed to farm-specific data, but this will depend on situation

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Budgets based on 2000-04 costs for energy-related inputs

	Corn	Soybeans	Wheat	Milo	Total	Per Acre Planted	Per Acre Tillable
CROP BUDGETS SHOWING TOTAL COSTS AND RETURNS							
Crop/System	Corn Soybeans		Wheat	Milo	Total	Per Acre Planted	Per Acre Tillable
Planted acres of each crop	250.0	125.0	350.0	250.0	975.0		
Tillable acres per planted acre	1.00	1.00	1.25	1.25	1,125.0		
INCOME PER ACRE							
A. Yield per acre	190.0	55.0	40.0	70.0	---	---	---
B. Price per unit	\$2.40	\$5.50	\$3.25	\$2.25	---	---	---
C. Net government payments	\$35.00	\$35.00	\$12.50	\$12.50	\$20,625	\$21.15	\$18.33
D. Indemnity payments	\$0.00	\$0.00	\$0.00	\$0.00	\$0	\$0.00	\$0.00
E. Miscellaneous income	\$0.00	\$0.00	\$0.00	\$0.00	\$0	\$0.00	\$0.00
F. Returns/acre ((A x B) + C + D + E)	\$491.00	\$337.50	\$142.50	\$170.00	\$257,313	\$263.91	\$228.72
COSTS PER ACRE							
1. Seed	\$49.60	\$27.00	\$5.20	\$7.56	\$19,485	\$19.98	\$17.32
2. Herbicide	29.38	13.00	10.50	27.00	19,395	19.89	17.24
3. Insecticide / Fungicide	39.36	0.00	0.00	0.00	9,840	10.09	8.75
4. Fertilizer and Lime	65.23	9.60	17.90	30.30	31,348	32.15	27.86
5. Crop Consulting	6.50	6.25	0.00	0.00	2,406	2.47	2.14
6. Crop Insurance	0.00	0.00	0.00	0.00	0	0.00	0.00
7. Drying	0.00	0.00	0.00	0.00	0	0.00	0.00
8. Miscellaneous	10.00	10.00	5.50	5.50	7,050	7.23	6.27
9. Machinery Expense	94.87	64.54	54.62	54.52	64,533	66.19	57.36
10. Non-machinery Labor	12.50	9.00	7.50	8.04	8,885	9.11	7.90
11. Irrigation	160.75	145.57	0.00	0.00	58,383	59.88	51.90
12. Land Charge / Rent	40.25	40.25	39.53	39.53	38,813	39.81	34.50
G. SUB TOTAL	\$508.44	\$325.20	\$140.76	\$172.45	\$260,137	\$266.81	\$231.23
13. Interest on 1/2 Nonland Costs	13.65	6.98	3.21	4.48	6,528	6.69	5.80
H. TOTAL COSTS	\$522.09	\$332.18	\$143.97	\$176.93	\$266,665	\$273.50	\$237.04
I. RETURNS OVER COSTS (F - H)	(\$31.09)	\$5.32	(\$1.47)	(\$6.93)	(\$9,352)	(\$9.59)	(\$8.31)
J. TOTAL COSTS/UNIT (H/A)	\$2.75	\$6.04	\$3.60	\$2.53	---	---	---
K. RETURN TO TOTAL COST (I/H)	-5.95%	1.60%	-1.02%	-3.92%	3.51%	3.51%	3.51%

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Initial input assumptions

TABLE 1. Production Inputs Used for Budgets

ITEM	Corn Soybeans	Wheat	Milo	\$/unit
Seeding rate (lbs, seeds, etc)	32	150	65	3
Seed price, \$/unit	\$1.55	\$0.18	\$0.08	\$2.52
Fertilizer:				
82-0-0	257	0	70	0
N (dry/liquid)	0	0	0	94
P	82	48	23	34
K	0	0	0	0
Lime	0	0	0	0
Herbicide				
Bicep II Magnum	2			
Marksman	2			
+ Aim	0.33			
+ Adjuvants	1	2		
Roundup Ultra Max		44		
xxx				
Dryland wheat			1	
Dryland milo				1
xxx				
xxx				
Insecticide / Fungicide				
Force 3G	5.4			
Capture 2EC	0.08			
xxx				
xxx				
Irrigation water, inches/acre	19	16	0	0
Irrigation repairs, \$/acre-inch				
Drying cost, \$/unit (bu, cwt, etc)	\$0.00	\$0.00	\$0.00	\$0.00

Ready

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Initial input assumptions

TABLE 2. Machinery and Land Resources Used for Budgets

ITEM	Corn Soybeans	Wheat	Milo	\$/unit
Drill/Plant, \$/acre	\$8.95	\$9.06	\$0.00	\$7.38
Tillage and Chemical Applications:				
Chisel	1	1	0	0
Disk	1	1	0	0
Field cultivate	1	1	0	0
Sweep	0	0	2	0
Anhydrous application	1	0	1	0
Fertilizer application	0	0	0	1
Herbicide application	2	2	2	3
Insecticide application	1	0	0	0
Harvest				
Base charge, \$/acre	\$0.00	\$20.06	\$0.00	\$14.48
Charge for high yields, \$/unit	\$0.250	\$0.000	\$0.000	\$0.136
High yield	0	26	0	21
Hauling, \$/unit	\$0.000	\$0.129	\$0.000	\$0.134
Non-machinery labor, hr/acre	1.25	0.90	0.75	0.80
Irrigation labor, hr/acre	0.50	0.50	0.00	0.00
Average land value, \$/acre	\$700	\$700	\$550	\$550
Annual return to land, %				5.75%
Interest on capital, %				8.0%
Irrigation Equipment				
Well, pump and gearhead value	\$144,000	\$384	25	0%
Power unit and meter	\$35,250	\$94	7	0%
Irrigation system	\$171,000	\$456	20	0%

2004 custom rates as reported by KAS

Print tables

3:37 PM 12/03/05

Ready

Dryland example assumptions ...

- 75% of land cropped annually (58.3% wheat and 41.7% milo) with other 25% fallow
- Equitably share all fertilizer on both crops (tenant pays application costs)
- Equitably share herbicide and application costs on milo
- Initial analysis is based on fuel and fertilizer costs at 2000-04 averages
- Examined impact on equitable crop share and cash rent equivalent with increased costs (all else held constant)

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Equitable shares for dryland

	Wheat	Milo	Total
Landowner =====> Joe landowner, Western KS			
Operator =====> Average farmer, Western KS			
Basis for equitable share calculations: For the entire rotation (L4 = 0), Crop-by-crop (L4 = 1)			
OPERATOR'S share of production inputs (enter -100% if equitably shared)			
Crop/System			
Planted acres	350.0	250.0	600.0
Seed	100%	100%	
Fertilizer:			
82-0-0	-100%	-100%	
N (dry/liquid)	-100%	-100%	
P	-100%	-100%	
K	-100%	-100%	
Lime	-100%	-100%	
Herbicide			
Bicep II Magnum	-100%	-100%	
Marksman	-100%	-100%	
+ Aim	-100%	-100%	
+ Adjuvants	-100%	-100%	
Roundup Ultra Max	-100%	-100%	
xxx			
Dryland wheat	100%		
Dryland milo		-100%	
xxx			
xxx			
Insecticide / Fungicide			
Force 3G	-100%	-100%	
Capture 2EC	-100%	-100%	
xxx			
xxx			
Crop consulting	100%	100%	
Crop insurance	-100%	-100%	
Drying cost	-100%	-100%	
Operator's equitable share (OS%)	68.5%	62.5%	66.2%

Print operator's shares

Equitably sharing all fertilizer on both crops and herbicides on milo

Ready

start

12/03/05 1:32 PM

Equitable shares for dryland

Crop/System	Wheat	Milo	Total
Planted acres	350.0	250.0	600.0
OPERATOR'S share of machinery, labor, irrigation, and land (enter .100% if shared equitably)			
Drill/Plant	100%	100%	
Tillage and Chemical Applications:			
Chisel	100%	100%	
Disk	100%	100%	
Field cultivate	100%	100%	
Sweep	100%	100%	
Anhydrous application	100%	100%	
Fertilizer application	100%	100%	
Herbicide application	-100%	-100%	
Insecticide application	-100%	-100%	
Harvest			
Harvest	100%	100%	
Hauling	100%	100%	
Miscellaneous			
Non-machinery labor	100%	100%	
Irrigation expenses			
Labor	100%	100%	
Fuel and oil	-100%	-100%	
Repair and maintenance	76%	76%	
Irrigation investment			
Well, pump and gearhead	0%	0%	
Motor	100%	100%	
Irrigation system	100%	100%	
Land			
Cash payment to landowner, \$/acre	\$0.00	\$0.00	\$0.00
Operator's equitable share (OS%)	68.5%	62.5%	66.2%
Landowner's equitable share (LS%)	31.5%	37.5%	33.8%

Equitably sharing herbicide application on milo

Equitable shares are roughly 1/3 - 2/3

Budgets based on 2000-04 costs

Crop/System	Wheat	Milo	Total	Per Planted Acre	Per Tillable Acre
Total tillable acre	350.0	250.0	600.0		
Planted acres of each crop	350.0	250.0			
A. Landowner's COST					
Land	\$39.53	\$39.53	\$23,719	\$39.53	\$31.63
Irrigation equipment	\$0.00	\$0.00	\$0	\$0.00	\$0.00
Total	\$39.53	\$39.53	\$23,719	\$39.53	\$31.63
B. Landowner's EQUITABLE SHARE RENT ----- risk adj factor 3.0%					
Total income	\$142.50	\$170.00	\$92,375	\$153.96	\$123.17
Landowner's share	33.8%	33.8%		33.8%	33.8%
Landowner's income	\$48.11	\$57.40	\$31,190	\$51.98	\$41.59
Landowner operating expense	6.29	24.12	8,229	13.72	10.97
Income less operating expense	\$41.83	\$33.28	\$22,961	\$38.27	\$30.61
Less risk adjustment	1.25	1.00	689	1.15	0.92
Cash rent equivalent	\$40.57	\$32.28	\$22,272	\$37.12	\$29.70
C. Amount tenant CAN AFFORD TO PAY					
Total income	\$142.50	\$170.00	\$92,375	\$153.96	\$123.17
Total operating expense	\$104.43	\$137.40	\$70,902	\$118.17	\$94.54
Return to land and irr equip	\$38.07	\$32.60	\$21,473	\$35.79	\$28.63
Comparison of alternative cash rent methods					
Low	\$38.07	\$32.28	\$21,473	\$35.79	\$28.63
Average	\$39.39	\$34.81	\$22,488	\$37.48	\$29.98
High	\$40.57	\$39.53	\$23,719	\$39.53	\$31.63
Returns above all costs (profit)	(\$1.47)	(\$6.93)	(\$2,245)	(\$3.74)	(\$2.99)

Equitable share

Cash-rent equivalent of roughly \$30/acre (profit = -\$2.99)

Budgets based on 2005-06 fertilizer costs

ALTERNATIVE METHODS OF ESTIMATING CASH RENT		Wheat		Milo		Total	Per Planted	Per Tillable
		350.0		250.0		750.0	Acre	Acre
A. Landowner's COST								
Land		\$39.53	\$39.53			\$23,719	\$39.53	\$31.63
Irrigation equipment		\$0.00	\$0.00			\$0	\$0.00	\$0.00
Total		\$39.53	\$39.53			\$23,719	\$39.53	\$31.63
B. Landowner's EQUITABLE SHARE RENT ----- risk adj factor 3.0%								
Total income		\$142.50	\$170.00			\$92,375	\$153.96	\$123.17
Landowner's share	Equitable share	33.8%	33.8%			33.8%	33.8%	33.8%
Landowner's income		\$48.11	\$57.40			\$31,190	\$51.98	\$41.59
Landowner operating expense		9.78	29.73			10,855	18.09	14.47
Income less operating expense		\$38.34	\$27.67			\$20,335	\$33.89	\$27.11
Less risk adjustment		1.15	0.83			610	1.02	0.81
Cash rent equivalent		\$37.19	\$26.84			\$19,725	\$32.88	\$26.30
C. Amount tenant CAN AFFORD TO PAY								
Total income		\$142.50	\$170.00			\$92,375	\$153.96	\$123.17
Total operating expense		\$114.78	\$154.02			\$78,678	\$131.13	\$104.90
Return to land and irr equip		\$27.72	\$15.98			\$13,697	\$22.83	\$18.26
Comparison of alternative cash rent methods								
Low		\$27.72	\$15.98			\$13,697	\$22.83	\$18.26
Average		\$34.81	\$27.45			\$19,047	\$31.75	\$25.40
High		\$39.53	\$39.53			\$23,719	\$39.53	\$31.63
Returns above all costs (profit)								
						(\$11.81)	(\$23.59)	(\$10.02)
						(\$16.70)	(\$13.36)	(\$13.36)

Cash-rent equivalent of roughly \$25.5/acre (profit = -\$13.36)

Budgets based on 2006 fuel prices

ALTERNATIVE METHODS OF ESTIMATING CASH RENT		Wheat		Milo		Total	Per Planted	Per Tillable
		350.0		250.0		750.0	Acre	Acre
A. Landowner's COST								
Land		\$39.53	\$39.53			\$23,719	\$39.53	\$31.63
Irrigation equipment		\$0.00	\$0.00			\$0	\$0.00	\$0.00
Total		\$39.53	\$39.53			\$23,719	\$39.53	\$31.63
B. Landowner's EQUITABLE SHARE RENT ----- risk adj factor 3.0%								
Total income		\$142.50	\$170.00			\$92,375	\$153.96	\$123.17
Landowner's share	Equitable share	32.4%	32.4%			32.4%	32.4%	32.4%
Landowner's income		\$46.11	\$55.00			\$29,888	\$49.81	\$39.85
Landowner operating expense		6.02	23.49			7,981	13.30	10.64
Income less operating expense		\$40.08	\$31.51			\$21,907	\$36.51	\$29.21
Less risk adjustment		1.20	0.95			657	1.10	0.88
Cash rent equivalent		\$38.88	\$30.57			\$21,249	\$35.42	\$28.33
C. Amount tenant CAN AFFORD TO PAY								
Total income		\$142.50	\$170.00			\$92,375	\$153.96	\$123.17
Total operating expense		\$110.03	\$142.99			\$74,257	\$123.76	\$99.01
Return to land and irr equip		\$32.47	\$27.01			\$18,118	\$30.20	\$24.16
Comparison of alternative cash rent methods								
Low		\$32.47	\$27.01			\$18,118	\$30.20	\$24.16
Average		\$36.96	\$32.37			\$21,029	\$35.05	\$28.04
High		\$39.53	\$39.53			\$23,719	\$39.53	\$31.63
Returns above all costs (profit)								
						(\$7.06)	(\$12.52)	(\$5.60)
						(\$9.34)	(\$7.47)	(\$7.47)

Cash-rent equivalent of roughly \$28/acre (profit = -\$7.47)

Budgets based on increased fertilizer and fuel prices

ALTERNATIVE METHODS OF ESTIMATING CASH RENT							Print cash rent info		2:04 PM 12/03/05		
Crop/System	Wheat	Milo	Total	Per Planted Acre	Per Tillable Acre						
Total tillable acre	----->					750.0					
Planted acres of each crop	350.0	250.0		600.0							
A. Landowner's COST											
Land	\$39.53	\$39.53		\$23,719	\$39.53	\$31.63					
Irrigation equipment	\$0.00	\$0.00		\$0	\$0.00	\$0.00					
Total	\$39.53	\$39.53		\$23,719	\$39.53	\$31.63					
B. Landowner's EQUITABLE SHARE RENT ----- risk adj factor											
Total income	\$142.50	\$170.00		\$92,375	\$153.96	\$123.17					
Landowner's share	32.4%	32.4%		32.4%	32.4%	32.4%					
Landowner's income	\$46.11	\$55.00		\$29,888	\$49.81	\$39.85					
Landowner operating expense	9.37	28.87		10,497	17.50	14.00					
Income less operating expense	\$36.74	\$26.13		\$19,391	\$32.32	\$25.85					
Less risk adjustment	1.10	0.78		582	0.97	0.78					
Cash rent equivalent	\$35.63	\$25.35		\$18,809	\$31.35	\$25.08					
C. Amount tenant CAN AFFORD TO PAY											
Total income	\$142.50	\$170.00		\$92,375	\$153.96	\$123.17					
Total operating expense	\$120.37	\$159.61		\$82,033	\$136.72	\$109.38					
Return to land and irr equip	\$22.13	\$10.39		\$10,342	\$17.24	\$13.79					
Comparison of alternative cash rent methods											
Low	\$22.13	\$10.39		\$10,342	\$17.24	\$13.79					
Average	\$32.43	\$25.09		\$17,623	\$29.37	\$23.50					
High	\$39.53	\$39.53		\$23,719	\$39.53	\$31.63					
Returns above all costs (profit)				(\$17.41)	(\$29.14)	(\$13.37)	(\$22.29)	(\$17.84)			

Cash-rent equivalent of roughly \$23.5/acre (profit = -\$17.84)

Dryland example summary ...

	Equitable share	Cash rent	Profit
Base scenario	66.2 / 33.8	\$29.98	-\$2.99
Increased fertilizer costs	66.2 / 33.8	\$25.40	-\$13.36
Increased fuel costs	67.6 / 32.4	\$28.04	-\$7.47
Increased fuel and fert costs	67.6 / 32.4	\$23.50	-\$17.84

Irrigated example assumptions ...

- Rotation -- 67% corn and 33% soybeans
- Equitably share fertilizer, herbicides, insecticides, and irrigation energy (tenant pays application costs on fertilizer, shared on others)
- Tenant owns center pivot and motor, landowner owns well, pump and gearhead (tenant pays 75% of irrigation repairs, landowner 25%)
- Initial analysis is based on fuel and fertilizer costs at 2000-04 averages
- Examined impact on equitable crop share and cash rent equivalent with increased costs (all else held constant)

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Equitable shares for irrigated

	Corn	Soybeans			
1 Landowner ----->>> Joe landowner, Western KS					12:03:05
2 Operator ----->>> Average farmer, Western KS					2:24 PM
3 Basis for equitable share calculations: For the entire rotation (L4 = 0), Crop-by-crop (L4 = 1)					L4 ==> 0
4					
5 OPERATOR'S share of production inputs (enter -100% if equitably shared)					
6 Crop/System	Corn	Soybeans			Total
7 Planted acres	250.0	125.0			375.0
8 Seed	100%	100%		100%	100%
9 Fertilizer:					
10 82-0-0	-100%	-100%		-100%	-100%
11 N (dry/liquid)	-100%	-100%		-100%	-100%
12 P	-100%	-100%		-100%	-100%
13 K	-100%	-100%		-100%	-100%
14 Lime	-100%	-100%		-100%	-100%
15 Herbicide					
16 Bicep II Magnum	-100%	-100%		-100%	-100%
17 Marksman	-100%	-100%		-100%	-100%
18 + Aim	-100%	-100%		-100%	-100%
19 + Adjuvants	-100%	-100%		-100%	-100%
20 Roundup Ultra Max	-100%	-100%		-100%	-100%
21 xxx					
22 Dryland wheat			100%		
23 Dryland milo				100%	
24 xxx					
25 xxx					
26 Insecticide / Fungicide					
27 Force 3G	-100%	-100%		0%	0%
28 Capture 2EC	-100%	-100%		0%	0%
29 xxx					
30 xxx					
31 Crop consulting	100%	100%		100%	100%
32 Crop insurance	-100%	-100%		-100%	-100%
33 Drying cost	-100%	-100%		-100%	-100%
34 Operator's equitable share (OS%)	76.4%	71.3%			74.9%

Print operator's shares

Equitably share all fertilizer, herbicides, and insecticides

Equitable shares for irrigated

Crop/System	Corn	Soybeans	Total
Planted acres	250.0	125.0					375.0
OPERATOR'S share of machinery, labor, irrigation, and land (enter .100% if shared equitably)							
Drill/Plant	100%	100%	100%	100%			
Tillage and Chemical Applications:							
Chisel	100%	100%	100%	100%			
Disk	100%	100%	100%	100%			
Field cultivate	100%	100%	100%	100%			
Sweep	100%	100%	100%	100%			
Anhydrous application	100%	100%	100%	100%			
Fertilizer application	100%	100%	100%	100%			
Herbicide application	-100%	-100%	100%	-100%			
Insecticide application	-100%	-100%	100%	-100%			
Harvest							
Harvest	100%	100%	100%	100%			
Hauling	100%	100%	100%	100%			
Miscellaneous							
Non-machinery labor	100%	100%	100%	100%			
Irrigation expenses							
Labor	100%	100%					
Fuel and oil	-100%	-100%					
Repair and maintenance	75%	75%					
Irrigation investment							
Well, pump and gearhead	0%	0%					
Motor	100%	100%					
Irrigation system	100%	100%					
Land							
Cash payment to landowner, \$/acre	\$0.00	\$0.00	\$0.00	\$0.00			\$0
Operator's equitable share (OS%)	76.4%	71.3%					74.9%
Landowner's equitable share (LS%)	23.6%	28.7%					25.1%

Equitably sharing herbicide and insecticide application and pumping expenses

Equitable shares are roughly 1/4 - 3/4

Budgets based on 2000-04 costs

Crop/System	Corn	Soybeans	Total	Per Planted Acre	Per Tillable Acre
Total tillable acre	250.0	125.0	375.0		
Planted acres of each crop	250.0	125.0	375.0		
A. Landowner's COST					
Land	\$40.25	\$40.25	\$15,094	\$40.25	\$40.25
Irrigation equipment	\$30.72	\$30.72	\$11,520	\$30.72	\$30.72
Total	\$70.97	\$70.97	\$26,614	\$70.97	\$70.97
B. Landowner's EQUITABLE SHARE RENT ----- risk adj factor 3.0%					
Total income	\$491.00	\$337.50	\$164,938	\$439.83	\$439.83
Landowner's share	25.1%	25.1%	\$41,319	\$110.18	\$110.18
Landowner's income	\$123.00	\$84.55	\$44,148	\$110.18	\$110.18
Landowner operating expense	54.86	22.16	\$16,485	\$43.96	\$43.96
Income less operating expense	\$68.14	\$62.39	\$24,833	\$66.22	\$66.22
Less risk adjustment	2.04	1.87	\$745	\$1.99	\$1.99
Cash rent equivalent	\$66.10	\$60.52	\$24,088	\$64.24	\$64.24
C. Amount tenant CAN AFFORD TO PAY					
Total income	\$491.00	\$337.50	\$164,938	\$439.83	\$439.83
Total operating expense	\$451.12	\$261.21	\$145,431	\$387.81	\$387.81
Return to land and irr equip	\$39.88	\$76.29	\$19,507	\$52.02	\$52.02
Comparison of alternative cash rent methods					
Low	\$39.88	\$60.52	\$19,507	\$52.02	\$52.02
Average	\$58.98	\$69.26	\$23,403	\$62.41	\$62.41
High	\$70.97	\$76.29	\$26,614	\$70.97	\$70.97
Returns above all costs (profit)	(\$31.09)	\$5.32	(\$7,107)	(\$18.95)	(\$18.95)

Equitable share

Cash-rent equivalent of roughly \$62.50/acre (profit = -\$18.95)

Budgets based on 2005-06 fertilizer costs

ALTERNATIVE METHODS OF ESTIMATING CASH RENT		Print cash rent info			2:38 PM	12/03/05
Crop/System	Corn Soybeans		Total	Per Planted Acre	Per Tillable Acre	
Total tillable acre			375.0			
Planted acres of each crop	250.0	125.0	375.0			
A. Landowner's COST						
Land	\$40.25	\$40.25	\$15,094	\$40.25	\$40.25	
Irrigation equipment	\$30.72	\$30.72	\$11,520	\$30.72	\$30.72	
Total	\$70.97	\$70.97	\$26,614	\$70.97	\$70.97	
B. Landowner's EQUITABLE SHARE RENT ----- risk adj factor 3.0%						
Total income	\$491.00	\$337.50	\$164,938	\$439.83	\$439.83	
Landowner's share	25.1%	25.1%	\$41,319	\$110.18	\$110.18	← Equitable share
Landowner's income	\$123.00	\$84.55	\$41,319	\$110.18	\$110.18	
Landowner operating expense	64.35	22.72	18,927	50.47	50.47	
Income less operating expense	\$58.65	\$61.83	\$22,392	\$59.71	\$59.71	
Less risk adjustment	1.76	1.85	672	1.79	1.79	
Cash rent equivalent	\$56.89	\$59.97	\$21,720	\$57.92	\$57.92	
C. Amount tenant CAN AFFORD TO PAY						
Total income	\$491.00	\$337.50	\$164,938	\$439.83	\$439.83	
Total operating expense	\$488.98	\$263.46	\$155,177	\$413.81	\$413.81	
Return to land and irr equip	\$2.02	\$74.04	\$9,761	\$26.03	\$26.03	
Comparison of alternative cash rent methods						
Low	\$2.02	\$59.97	\$9,761	\$26.03	\$26.03	
Average	\$43.30	\$68.33	\$19,365	\$51.64	\$51.64	
High	\$70.97	\$74.04	\$26,614	\$70.97	\$70.97	
Returns above all costs (profit)						
	(\$68.95)	\$3.07	(\$16,853)	(\$44.94)	(\$44.94)	
Cash-rent equivalent of roughly \$52/acre (profit = -\$44.94)						

Budgets based on 2006 pumping costs

ALTERNATIVE METHODS OF ESTIMATING CASH RENT		Print cash rent info			2:39 PM	12/03/05
Crop/System	Corn Soybeans		Total	Per Planted Acre	Per Tillable Acre	
Total tillable acre			375.0			
Planted acres of each crop	250.0	125.0	375.0			
A. Landowner's COST						
Land	\$40.25	\$40.25	\$15,094	\$40.25	\$40.25	
Irrigation equipment	\$30.72	\$30.72	\$11,520	\$30.72	\$30.72	
Total	\$70.97	\$70.97	\$26,614	\$70.97	\$70.97	
B. Landowner's EQUITABLE SHARE RENT ----- risk adj factor 3.0%						
Total income	\$491.00	\$337.50	\$164,938	\$439.83	\$439.83	
Landowner's share	25.1%	25.1%	\$41,319	\$110.18	\$110.18	← Equitable share
Landowner's income	\$123.00	\$84.55	\$41,319	\$110.18	\$110.18	
Landowner operating expense	70.97	35.73	22,210	59.23	59.23	
Income less operating expense	\$52.03	\$48.82	\$19,109	\$50.96	\$50.96	
Less risk adjustment	1.56	1.46	573	1.53	1.53	
Cash rent equivalent	\$50.47	\$47.35	\$18,536	\$49.43	\$49.43	
C. Amount tenant CAN AFFORD TO PAY						
Total income	\$491.00	\$337.50	\$164,938	\$439.83	\$439.83	
Total operating expense	\$515.44	\$315.37	\$168,281	\$448.75	\$448.75	
Return to land and irr equip	(\$24.44)	\$22.13	(\$3,343)	(\$8.92)	(\$8.92)	
Comparison of alternative cash rent methods						
Low	(\$24.44)	\$22.13	(\$3,343)	(\$8.92)	(\$8.92)	
Average	\$32.33	\$46.82	\$13,936	\$37.16	\$37.16	
High	\$70.97	\$70.97	\$26,614	\$70.97	\$70.97	
Returns above all costs (profit)						
	(\$95.41)	(\$48.84)	(\$29,957)	(\$79.89)	(\$79.89)	
Cash-rent equivalent of roughly \$37/acre (profit = -\$79.89)						

Budgets based on 2006 diesel fuel prices

Crop/System		Corn Soybeans		Total	Per Planted	Per Tillable
Total tillable acre				375.0		
Planted acres of each crop		250.0	125.0	375.0	Acre	Acre
A. Landowner's COST						
Land		\$40.25	\$40.25	\$15,094	\$40.25	\$40.25
Irrigation equipment		\$30.72	\$30.72	\$11,520	\$30.72	\$30.72
Total		\$70.97	\$70.97	\$26,614	\$70.97	\$70.97
B. Landowner's EQUITABLE SHARE RENT ----- risk adj factor 3.0%						
Total income		\$491.00	\$337.50	\$164,938	\$439.83	\$439.83
Landowner's share		24.4%	24.4%	24.4%	24.4%	24.4%
Landowner's income		\$119.84	\$82.38	\$40,258	\$107.35	\$107.35
Landowner operating expense		53.79	21.82	16,174	43.13	43.13
Income less operating expense		\$66.06	\$60.56	\$24,084	\$64.22	\$64.22
Less risk adjustment		1.98	1.82	723	1.93	1.93
Cash rent equivalent		\$64.08	\$58.74	\$23,362	\$62.30	\$62.30
C. Amount tenant CAN AFFORD TO PAY						
Total income		\$491.00	\$337.50	\$164,938	\$439.83	\$439.83
Total operating expense		\$460.84	\$267.82	\$148,687	\$396.50	\$396.50
Return to land and irr equip		\$30.16	\$69.68	\$16,250	\$43.33	\$43.33
Comparison of alternative cash rent methods						
Low		\$30.16	\$58.74	\$16,250	\$43.33	\$43.33
Average		\$55.07	\$66.46	\$22,075	\$58.87	\$58.87
High		\$70.97	\$70.97	\$26,614	\$70.97	\$70.97
Returns above all costs (profit)		(\$10.81)	(\$1.29)	(\$10,364)	(\$27.64)	(\$27.64)
Cash-rent equivalent of roughly \$59/acre (profit = -\$27.64)						

Budgets based on increased prices (fert, gas, and fuel)

Crop/System		Corn Soybeans		Total	Per Planted	Per Tillable
Total tillable acre				375.0		
Planted acres of each crop		250.0	125.0	375.0	Acre	Acre
A. Landowner's COST						
Land		\$40.25	\$40.25	\$15,094	\$40.25	\$40.25
Irrigation equipment		\$30.72	\$30.72	\$11,520	\$30.72	\$30.72
Total		\$70.97	\$70.97	\$26,614	\$70.97	\$70.97
B. Landowner's EQUITABLE SHARE RENT ----- risk adj factor 3.0%						
Total income		\$491.00	\$337.50	\$164,938	\$439.83	\$439.83
Landowner's share		24.4%	24.4%	24.4%	24.4%	24.4%
Landowner's income		\$119.84	\$82.38	\$40,258	\$107.35	\$107.35
Landowner operating expense		78.73	35.59	24,130	64.35	64.35
Income less operating expense		\$41.12	\$46.79	\$16,128	\$43.01	\$43.01
Less risk adjustment		1.23	1.40	484	1.29	1.29
Cash rent equivalent		\$39.88	\$45.39	\$15,644	\$41.72	\$41.72
C. Amount tenant CAN AFFORD TO PAY						
Total income		\$491.00	\$337.50	\$164,938	\$439.83	\$439.83
Total operating expense		\$963.02	\$324.23	\$181,284	\$483.42	\$483.42
Return to land and irr equip		(\$72.02)	\$13.27	(\$16,346)	(\$43.59)	(\$43.59)
Comparison of alternative cash rent methods						
Low		(\$72.02)	\$13.27	(\$16,346)	(\$43.59)	(\$43.59)
Average		\$12.95	\$43.21	\$8,637	\$23.03	\$23.03
High		\$70.97	\$70.97	\$26,614	\$70.97	\$70.97
Returns above all costs (profit)		(\$142.99)	(\$57.70)	(\$42,960)	(\$114.56)	(\$114.56)
Cash-rent equivalent of roughly \$23/acre (profit = -\$114.56)						

Irrigated example summary ...

	Equitable share	Cash rent	Profit
Base scenario	74.9 / 25.1	\$62.41	-\$18.95
Increased fertilizer costs	74.9 / 25.1	\$51.64	-\$44.94
Increased pumping costs	74.9 / 25.1	\$37.16	-\$79.89
Increased fuel costs	75.6 / 24.4	\$58.87	-\$27.64
Increased costs (ALL)	75.6 / 24.4	\$23.03	-\$114.56

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Summary ...

High input prices will have significant impact on crop returns in 2006

High diesel fuel prices will impact returns, but they have relatively minor impact on equitable crop share percentages

Crop share tenants will not be impacted nearly as much as those cash renting (assuming fertilizer and irrigation pumping expenses are being shared)

Producers cash renting need to negotiate with landowners to see if they will help "share the pain" (likewise for crop share tenants not sharing fertilizer or irrigation pumping costs)

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Summary ...

Producers need to “do their homework” to make sure they understand the numbers before talking to their landowner(s)

Tenants need to think long-term when negotiating with landowners

- Impact of losing or giving up land?
- Have “good times” been shared?

Good landlord/tenant communications will be critical as we go through these tough economic times

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The screenshot shows a web browser window titled "AgManager: Providing Agricultural Economic Information on Crops, Livestock, Marketing and Outlo - Microsoft Internet Explorer". The address bar shows "http://www.agmanager.info/". The website content includes a navigation menu on the left with categories like "Agribusiness", "Crops", "Energy Prices", "Farm Management", "Human Resources", "Income Tax & Law", "Livestock & Meat", "Policy", "Ag Econ News", "Contributors", "Programs", "Sponsors", and "Upcoming Events". The main content area features a central graphic with the text "A Website Providing Information and Tools For The Competitive Business" and "www.agmanager.info" surrounded by images of agricultural products and a data table. Below this is a "Questions ?" section with the "MAST" logo and the text "Management Analysis and Strategic Thinking". On the right, there is a "Site Updates" section listing various articles with their dates and authors, such as "Modifying Fertilizer Recs to Reflect Price" and "Impact of Energy Prices on KS Farm Costs". At the bottom, contact information is provided: "Contact Us: Department of Agricultural Economics 342, Waters Hall, Manhattan, KS 66506 (785) 532-6823". The browser's taskbar at the bottom shows the Windows Start button and several open applications, with the system clock displaying "2:48 PM".

**Using *KSU-Landbuy*
(go to *Excel*)**