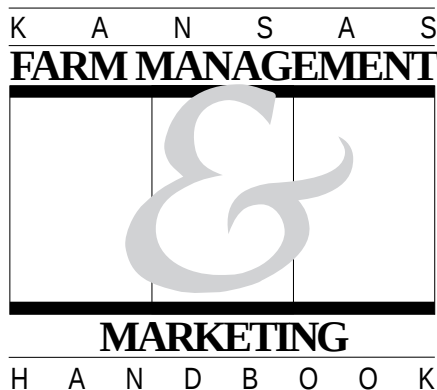




# Kansas Irrigation Leases

Department of Agricultural Economics

Manhattan, Kansas

**Larry N. Langemeier**  
Extension Agricultural Economist  
Farm Management Studies

## Irrigation Leases

An irrigation lease is a contract by which one conveys property for a term of year(s) for a specified rent. This guide illustrates crop-share irrigation lease inputs and costs for center pivot and flood irrigation systems.

## Lease Contract

The lease contract should be in writing to protect all parties in case of death, divorce, termination of the lease, etc. Written leases clarify to each party (landlord and tenant) their specific responsibilities as to furnishing resources, sharing expenses, sharing receipts and determining how compensation is provided each party for unexhausted resources upon termination of the lease.

## Fair Lease

Sharing crops and expenses varies from lease to lease. This is as it should be because the ownership of resources is

not the same for each lease. The following examples will illustrate different landlord and tenant contributions toward production, the resource charge and the crop-share for each party. Shared inputs such as fertilizer, herbicides, and drying should be shared the same as the crop share.

## Example Lease Arrangements

Table 1 illustrates five center pivot situations according to the irrigation components furnished by the landlord or tenant. Table 2 indicates the same information for flood irrigation systems. Change your cost for other crops or different resource costs by using the worksheet.

## Additional Information

Additional information on lease arrangements and lease forms can be obtained from each county Extension office.

## WORKSHEET—IRRIGATION LEASE

System Type \_\_\_\_\_ Location \_\_\_\_\_

| Line                                                                                               | Value                                    |                       |   | Rate or Life | Per Acre Charge <sup>2</sup> | Your Farm |          |  |          |          |          |
|----------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------|---|--------------|------------------------------|-----------|----------|--|----------|----------|----------|
|                                                                                                    | Total Acres                              | Per Acre <sup>1</sup> |   |              |                              | Landlord  | Tenant   |  |          |          |          |
| 1. Land (Undeveloped)                                                                              | \$ _____                                 | \$ _____              | × | .06          | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 2. Land Real Estate Tax                                                                            |                                          |                       | × | .005         | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 3. Land Development                                                                                | \$ _____                                 | \$ _____              | × | .06          | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 4. Development Real Estate Tax                                                                     |                                          |                       | × | .005         | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 5. Well ( _____ ft.)                                                                               | \$ _____                                 | \$ _____              | × | .05          | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 6. Well Depreciation                                                                               |                                          |                       | ÷ | 15 yr        | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 7. Pump                                                                                            | \$ _____                                 | \$ _____              | × | .05          | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 8. Pump Depreciation                                                                               |                                          |                       | ÷ | 15 yr        | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 9. Gear Head                                                                                       | \$ _____                                 | \$ _____              | × | .05          | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 10. Gear Head Depreciation                                                                         |                                          |                       | ÷ | 15 yr        | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 11. Power Unit/Meter                                                                               | \$ _____                                 | \$ _____              | × | .05          |                              |           |          |  |          |          |          |
| 12. Power/Meter Depreciation                                                                       |                                          |                       | ÷ | 7 yr         | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 13. System _____                                                                                   | \$ _____                                 | \$ _____              | × | .05          | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 14. System Depreciation                                                                            |                                          |                       | ÷ | 10 yr        | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 15. Irrigation Equipment Repairs                                                                   | XXX                                      | \$ _____              | × | .01–.02      | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 16. Irrigation Equipment Insurance                                                                 |                                          |                       | × | .0025        | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 17. Labor                                                                                          | XXX                                      | hrs.                  | × | \$ _____ /hr | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 18. Crop Machinery                                                                                 | XXX                                      | \$ _____              | × | .05          | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 19. Crop Machinery Depreciation                                                                    |                                          |                       | ÷ | 10 yr        | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 20. Machinery Repairs & Insurance                                                                  |                                          |                       | × | .09–.14      | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 21. Management <sup>3</sup>                                                                        | XXX                                      | \$ _____              | × | .02          | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 22. Fertilizer                                                                                     |                                          |                       |   | XXX          | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 23. Seed                                                                                           | Enter Only Items Not Shared <sup>4</sup> |                       |   |              | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 24. Irrigation Fuel                                                                                |                                          |                       |   |              | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 25. Crop Fuel                                                                                      |                                          |                       |   |              | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 26. Herbicide                                                                                      |                                          |                       |   |              | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 27. Insecticide                                                                                    |                                          |                       |   |              | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 28. Crop Insurance                                                                                 |                                          |                       |   |              | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 29. Harvest                                                                                        |                                          |                       |   |              | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 30. Drying                                                                                         |                                          |                       |   |              | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 31. Hauling                                                                                        |                                          |                       |   |              | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 32. Other                                                                                          |                                          |                       |   |              | \$ _____                     | \$ _____  | \$ _____ |  |          |          |          |
| 33. TOTAL ALL COSTS (Lines 1–32)                                                                   |                                          |                       |   |              |                              |           |          |  | \$ _____ | \$ _____ | \$ _____ |
| 34. Percent Crop Share = $\frac{\text{Line 33 Landlord (Tenant)}}{\text{Line 33 Per Acre Charge}}$ |                                          |                       |   |              | 100%                         | %         | %        |  |          |          |          |

<sup>1</sup> Per acre value based on number of acres irrigated, which may be 126 acres for center pivot.

<sup>2</sup> Obtain “Per Acre Charge” by multiplying, or dividing, per acre value by rate or life.

<sup>3</sup> Management charge based on average investment in land, land development, irrigation equipment, and crop machinery.

<sup>4</sup>For operating expenses (lines 22–32), enter only the value for items not shared between the landlord and tenant.

**Table 1. Center Pivot Irrigation Leases (Example Corn)**  
**Use Worksheet To Split Your Costs\***

|      |                                   |             |          |                   | System A indicates landlord contributes only land—Col's B, C, D, and E indicate landlord furnishes additional items. |       |          |       |                        |       |                |       |            |        |        |
|------|-----------------------------------|-------------|----------|-------------------|----------------------------------------------------------------------------------------------------------------------|-------|----------|-------|------------------------|-------|----------------|-------|------------|--------|--------|
|      |                                   |             |          |                   | A                                                                                                                    |       | B        |       | C                      |       | D              |       | E          |        |        |
|      |                                   |             |          |                   | Land Only <sup>3</sup>                                                                                               |       | Add Well |       | Add Pump and Gear Head |       | Add Power Unit |       | Add System |        |        |
| Line | Item                              | Total Acres | Per Acre | RATE <sup>2</sup> | Per Ac. Annual Charge (1)                                                                                            | L (2) | T (3)    | L (4) | T (5)                  | L (6) | T (7)          | L (8) | T (9)      | L (10) | T (11) |
|      |                                   |             |          |                   |                                                                                                                      |       |          |       |                        |       |                |       |            |        |        |
| 1.   | Land (Undeveloped)                | 68,040      | 540.00   | .06               | 32.40                                                                                                                | 32.40 |          | 32.40 |                        | 32.40 |                | 32.40 |            | 32.40  |        |
| 2.   | Land Real Estate Tax <sup>4</sup> | 830         | 4.15     | .005              | 4.15                                                                                                                 | 4.15  |          | 4.15  |                        | 4.15  |                | 4.15  |            | 4.15   |        |
| 3.   | Land Development                  |             |          |                   |                                                                                                                      |       |          |       |                        |       |                |       |            |        |        |
| 4.   | Dev. Real Estate Tax <sup>4</sup> |             |          |                   |                                                                                                                      |       |          |       |                        |       |                |       |            |        |        |
| 5.   | Well (300') <sup>5</sup>          | 16,506      | 131.00   | .05               | 6.55                                                                                                                 |       | 6.55     | 6.55  |                        | 6.55  |                | 6.55  |            |        | 6.55   |
| 6.   | Well Depreciation                 |             |          | 15 yr             | 8.73                                                                                                                 |       | 8.73     | 8.73  |                        | 8.73  |                | 8.73  |            |        | 8.73   |
| 7.   | Pump                              | 16,613      | 131.85   | .05               | 6.59                                                                                                                 |       | 6.59     |       | 6.59                   | 6.59  |                | 6.59  |            |        | 6.59   |
| 8.   | Pump Depreciation                 |             |          | 15 yr             | 8.79                                                                                                                 |       | 8.79     |       | 8.79                   | 8.79  |                | 8.79  |            |        | 8.79   |
| 9.   | Gear Head                         | 3,421       | 27.15    | .05               | 1.36                                                                                                                 |       | 1.36     |       | 1.36                   | 1.36  |                | 1.36  |            |        | 1.36   |
| 10.  | Gear Head Depreciation            |             |          | 15 yr             | 1.81                                                                                                                 |       | 1.81     |       | 1.81                   | 1.81  |                | 1.81  |            |        | 1.81   |
| 11.  | Power Unit/Meter                  | 6,300       | 50.00    | .05               | 2.50                                                                                                                 |       | 2.50     |       | 2.50                   |       | 2.50           | 2.50  |            |        | 2.50   |
| 12.  | Power Depreciation                |             |          | 7 yr              | 7.14                                                                                                                 |       | 7.14     |       | 7.14                   |       | 7.14           | 7.14  |            |        | 7.14   |
| 13.  | Irrigation System                 | 48,510      | 385.00   | .05               | 19.25                                                                                                                |       | 19.25    |       | 19.25                  |       | 19.25          |       | 19.25      | 19.25  |        |
| 14.  | Irr. System Depreciation          |             |          | 10                | 38.50                                                                                                                |       | 38.50    |       | 38.50                  |       | 38.50          |       | 38.50      | 38.50  |        |
| 15.  | Irr. Equipment Repair             |             | 725.00   | .01               | 7.25                                                                                                                 |       | 7.25     | 1.31  | 5.94                   | 2.90  | 4.35           | 3.40  | 3.85       | 7.25   |        |
| 16.  | Irr. Equip. Insurance             |             |          | .0025             | 1.81                                                                                                                 |       | 1.81     | .33   | 1.48                   | .73   | 1.08           | .85   | .96        | 1.81   |        |
| 17.  | Labor                             |             | 2.50     | 9.00              | 22.50                                                                                                                |       | 22.50    |       | 22.50                  |       | 22.50          |       | 22.50      |        | 22.50  |
| 18.  | Crop Machinery <sup>6</sup>       |             | 208.00   | .05               | 14.04                                                                                                                |       | 14.04    |       | 14.04                  |       | 14.04          |       | 14.04      |        | 14.04  |
| 19.  | Crop Machinery Depr. <sup>6</sup> |             |          | 10 yr             | 13.52                                                                                                                |       | 13.52    |       | 13.52                  |       | 13.52          |       | 13.52      |        | 13.52  |
| 20.  | Mach. Repairs and Ins.            |             |          | .11               | 22.88                                                                                                                |       | 22.88    |       | 22.88                  |       | 22.88          |       | 22.88      |        | 22.88  |
| 21.  | Management <sup>7</sup>           |             | 1,473.00 | .02               | 29.46                                                                                                                |       | 29.46    |       | 29.46                  |       | 29.46          |       | 29.46      |        | 29.46  |
| 22.  | Fertilizer                        |             |          |                   |                                                                                                                      |       |          |       |                        |       |                |       |            |        |        |
| 23.  | Seed                              |             |          |                   | 28.80                                                                                                                |       | 28.80    |       | 28.80                  |       | 28.80          |       | 28.80      |        | 28.80  |
| 24.  | Irrigation Fuel                   |             |          |                   |                                                                                                                      |       |          |       |                        |       |                |       |            |        |        |
| 25.  | Crop Fuel                         |             |          |                   | 7.47                                                                                                                 |       | 7.47     |       | 7.47                   |       | 7.47           |       | 7.47       |        | 7.47   |
| 26.  | Herbicide                         |             |          |                   |                                                                                                                      |       |          |       |                        |       |                |       |            |        |        |
| 27.  | Insecticide                       |             |          |                   |                                                                                                                      |       |          |       |                        |       |                |       |            |        |        |
| 28.  | Crop Insurance                    |             |          |                   |                                                                                                                      |       |          |       |                        |       |                |       |            |        |        |
| 29.  | Harvest <sup>6</sup>              |             |          |                   |                                                                                                                      |       |          |       |                        |       |                |       |            |        |        |
| 30.  | Drying                            |             |          |                   |                                                                                                                      |       |          |       |                        |       |                |       |            |        |        |
| 31.  | Hauling                           |             |          |                   |                                                                                                                      |       |          |       |                        |       |                |       |            |        |        |
| 32.  | Other_____                        |             |          |                   | 12.50                                                                                                                |       | 12.50    |       | 12.50                  |       | 12.50          |       | 12.50      |        | 12.50  |
| 33.  | TOTAL ALL COSTS                   |             |          |                   | 298.00                                                                                                               | 36.55 | 261.45   | 53.47 | 244.53                 | 74.01 | 223.99         | 84.27 | 213.73     | 146.83 | 151.17 |
| 34.  | Percent Crop Share                |             |          |                   |                                                                                                                      | 12    | 88       | 18    | 82                     | 25    | 75             | 28    | 72         | 49     | 51     |

\* Information obtained from MF-836, "Irrigation Capital Requirements and Energy Costs," and MF-585, "Center Pivot Irrigated Corn." For other crops, change labor and variable cost values.

<sup>1</sup> Total and per acre values based on 126 acre center pivot. These values assume that the other 34 acres will have dryland crop production, and thus be produced under a dryland crop lease. If not, land and real estate tax should be based on 160 acres with values of \$86,400 and \$664 respectively. The landlord costs for land and real estate tax would then be changed to \$41.14 and \$5.27 respectively.

<sup>2</sup> Interest charge of 5 percent against the average investment cost spread over its useful life for the well, pump, gear head, power unit, pivot, and crop machinery. Interest charge of 6 percent against investment in land and land development.

<sup>3</sup> Lease arrangement feasible only for a tenant with long-term written lease.

<sup>4</sup> Real estate tax computed on the value of land, land development, well, pump, and gear head. In above example, landlord is assumed to pay all real estate taxes.

<sup>5</sup> Well depths vary from 100 to 600 feet, which will affect costs.

<sup>6</sup> Crop machinery investment includes harvesting equipment. If harvesting is custom hired, include value under the tenant if cost not shared. Crop machinery depreciation assumes 35% salvage value.

<sup>7</sup> Total investment in land, land development, irrigation equipment, and crop machinery.

Table 2. Flood Irrigation Leases (Example Corn)

Use Worksheet To Split Your Costs\*

|      |                                   |                    |             |                   | System A indicates landlord contributes only land—Col's B, C, D, and E indicate landlord furnishes additional items. |                        |          |          |          |                           |          |                |          |            |           |
|------|-----------------------------------|--------------------|-------------|-------------------|----------------------------------------------------------------------------------------------------------------------|------------------------|----------|----------|----------|---------------------------|----------|----------------|----------|------------|-----------|
|      |                                   |                    |             |                   | A                                                                                                                    |                        | B        |          | C        |                           | D        |                | E        |            |           |
| Line | Item                              | VALUE <sup>1</sup> |             | RATE <sup>2</sup> | Per Ac.<br>Annual<br>Charge<br>(1)                                                                                   | Land Only <sup>3</sup> |          | Add Well |          | Add Pump<br>and Gear Head |          | Add Power Unit |          | Add System |           |
|      |                                   | Total<br>Acres     | Per<br>Acre |                   |                                                                                                                      | L<br>(2)               | T<br>(3) | L<br>(4) | T<br>(5) | L<br>(6)                  | T<br>(7) | L<br>(8)       | T<br>(9) | L<br>(10)  | T<br>(11) |
| 1.   | Land (Undeveloped)                | \$75,200           | \$470.00    | .06               | \$28.20                                                                                                              | \$28.20                |          | \$28.20  |          | \$28.20                   |          | \$28.20        |          | \$28.20    |           |
| 2.   | Land Real Estate Tax <sup>4</sup> | 698                | 3.49        | .005              | 3.49                                                                                                                 | 3.49                   |          | 3.49     |          | 3.49                      |          | 3.49           |          | 3.49       |           |
| 3.   | Land Development                  | 21,600             | 135.00      | .06               | 8.10                                                                                                                 | 8.10                   |          | 8.10     |          | 8.10                      |          | 8.10           |          | 8.10       |           |
| 4.   | Dev. Real Estate Tax <sup>4</sup> | 135.00             | .68         | .01               | .68                                                                                                                  | .68                    |          | .68      |          | .68                       |          | .68            |          | .68        |           |
| 5.   | Well (300') <sup>5</sup>          | 16,480             | 103.00      | .05               | 5.15                                                                                                                 | 5.15                   |          | 5.15     |          | 5.15                      |          | 5.15           |          | 5.15       |           |
| 6.   | Well Depreciation                 |                    |             | 15 yr             | 6.87                                                                                                                 | 6.87                   |          | 6.87     |          | 6.87                      |          | 6.87           |          | 6.87       |           |
| 7.   | Pump                              | 16,608             | 103.80      | .05               | 5.19                                                                                                                 | 5.19                   |          | 5.19     |          | 5.19                      |          | 5.19           |          | 5.19       |           |
| 8.   | Pump Depreciation                 |                    |             | 15 yr             | 6.92                                                                                                                 | 6.92                   |          | 6.92     |          | 6.92                      |          | 6.92           |          | 6.92       |           |
| 9.   | Gear Head                         | 3,392              | 21.20       | .05               | 1.06                                                                                                                 | 1.06                   |          | 1.06     |          | 1.06                      |          | 1.06           |          | 1.06       |           |
| 10.  | Gear Head Depreciation            |                    |             | 15 yr             | 1.41                                                                                                                 | 1.41                   |          | 1.41     |          | 1.41                      |          | 1.41           |          | 1.41       |           |
| 11.  | Power Unit/Meter                  | 6,240              | 39.00       | .05               | 1.95                                                                                                                 | 1.95                   |          | 1.95     |          | 1.95                      |          | 1.95           |          | 1.95       |           |
| 12.  | Power Depreciation                |                    |             | 7 yr              | 5.57                                                                                                                 | 5.57                   |          | 5.57     |          | 5.57                      |          | 5.57           |          | 5.57       |           |
| 13.  | Irrigation System                 | 5,280              | 33.00       | .05               | 1.65                                                                                                                 | 1.65                   |          | 1.65     |          | 1.65                      |          |                | 1.65     | 1.65       |           |
| 14.  | Irr. System Depreciation          |                    |             | 10 yr             | 3.30                                                                                                                 | 3.30                   |          | 3.30     |          | 3.30                      |          |                | 3.30     | 3.30       |           |
| 15.  | Irr. Equipment Repair             |                    | 300.00      | .014              | 4.20                                                                                                                 | 4.20                   | 1.44     | 2.76     | 3.19     | 1.01                      | 3.74     | .46            | 4.20     |            |           |
| 16.  | Irr. Equip. Insurance             |                    |             | .0025             | .75                                                                                                                  | .75                    | .26      | .49      | .57      | .18                       | .67      | .08            | .75      |            |           |
| 17.  | Labor                             |                    | 3.15 hrs    | 9.00              | 28.35                                                                                                                | 28.35                  |          | 28.35    |          | 28.35                     |          | 28.35          |          | 28.35      | 28.35     |
| 18.  | Crop Machinery <sup>6</sup>       |                    | 208.00      | .05               | 14.04                                                                                                                | 14.04                  |          | 14.04    |          | 14.04                     |          | 14.04          |          | 14.04      | 14.04     |
| 19.  | Crop Machinery Depr. <sup>6</sup> |                    |             | 10 yr             | 13.52                                                                                                                | 13.52                  |          | 13.52    |          | 13.52                     |          | 13.52          |          | 13.52      | 13.52     |
| 20.  | Mach. Repairs and Ins.            |                    |             | .14               | 29.12                                                                                                                | 29.12                  |          | 29.12    |          | 29.12                     |          | 29.12          |          | 29.12      | 29.12     |
| 21.  | Management <sup>7</sup>           |                    | 1,113.00    | .02               | 22.26                                                                                                                | 22.26                  |          | 22.26    |          | 22.26                     |          | 22.26          |          | 22.26      | 22.26     |
| 22.  | Fertilizer                        |                    |             |                   |                                                                                                                      |                        |          |          |          |                           |          |                |          |            |           |
| 23.  | Seed                              |                    |             |                   | 28.80                                                                                                                | 28.80                  |          | 28.80    |          | 28.80                     |          | 28.80          |          | 28.80      | 28.80     |
| 24.  | Irrigation Fuel                   |                    |             |                   |                                                                                                                      |                        |          |          |          |                           |          |                |          |            |           |
| 25.  | Crop Fuel                         |                    |             |                   | 8.12                                                                                                                 | 8.12                   |          | 8.12     |          | 8.12                      |          | 8.12           |          | 8.12       | 8.12      |
| 26.  | Herbicide                         |                    |             |                   |                                                                                                                      |                        |          |          |          |                           |          |                |          |            |           |
| 27.  | Insecticide                       |                    |             |                   |                                                                                                                      |                        |          |          |          |                           |          |                |          |            |           |
| 28.  | Crop Insurance                    |                    |             |                   |                                                                                                                      |                        |          |          |          |                           |          |                |          |            |           |
| 29.  | Harvest <sup>6</sup>              |                    |             |                   |                                                                                                                      |                        |          |          |          |                           |          |                |          |            |           |
| 30.  | Drying                            |                    |             |                   |                                                                                                                      |                        |          |          |          |                           |          |                |          |            |           |
| 31.  | Hauling                           |                    |             |                   |                                                                                                                      |                        |          |          |          |                           |          |                |          |            |           |
| 32.  | Other                             |                    |             |                   | 13.50                                                                                                                | 13.50                  |          | 13.50    |          | 13.50                     |          | 13.50          |          | 13.50      | 13.50     |
| 33.  | TOTAL ALL COSTS                   |                    |             |                   | \$242.20                                                                                                             | 40.47                  | 201.73   | 54.19    | 188.01   | 70.83                     | 171.37   | 79.00          | 163.20   | 84.49      | 157.71    |
| 34.  | Percent Crop Share                |                    |             |                   |                                                                                                                      | 17                     | 83       | 22       | 78       | 29                        | 71       | 33             | 67       | 35         | 65        |

\* Information obtained from MF-836, "Irrigation Capital Requirements and Energy Costs," and MF-578, "Flood Irrigated Corn." For other crops, change labor and variable cost values.

<sup>1</sup> Total and per acre values based on 160 acres flood irrigation.

<sup>2</sup> Interest charge of 5 percent against the average investment cost spread over its useful life for the well, pump, gear head, power unit, system, and crop machinery. Interest charge of 6 percent against investment in land and land development.

<sup>3</sup> Lease arrangement feasible only for a tenant with long-term written lease.

<sup>4</sup> Real estate tax computed on the value of land, land development, well, pump, and gear head. In above example, landlord is assumed to pay all real estate taxes.

<sup>5</sup> Well depths vary from 100 to 600 feet, which will affect costs.

<sup>6</sup> Crop machinery investment includes harvesting equipment. If harvesting is custom hired, include value under the tenant if cost not shared. Crop machinery depreciation assumes 35% salvage value.

<sup>7</sup> Total investment in land, land development, irrigation equipment, and crop machinery.



COOPERATIVE EXTENSION SERVICE, MANHATTAN, KANSAS

MF-284 Revised

October 1995

Issued in furtherance of Cooperative Extension Work, acts of May 8 and June 30, 1914, as amended. Kansas State University, County Extension Councils, Extension Districts, and United States Department of Agriculture Cooperating, Richard D. Wootton, Associate Director. All educational programs and materials available without discrimination on the basis of race, color, national origin, sex, age, or disability.

File Code: Farm Management 9-3

1-95—1.5M