SAVE SOIL...

On Rented Farms

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Reasons for the Problem

If a tenant is going to be aggressive in soil conservation work on a rented farm, he must have a guarantee from the landlord that he will receive fair compensation for unused value in case he has to leave the farm before fully realizing his investment in soil saving or soil building practices.

Follow These Steps

1. List the soil building practices to be started on the farm during the year.

2. List the contributions to each practice to be made by the owner and by the tenant.

3. Estimate the cost or value of the tenant's contribution to each practice.

4. List the compensation due the tenant for unused value, if he leaves the farm before he has had full return on his investment in a good soil building or soil saving practice.

Use a Lease "Rider"

How can soil loss and depletion be controlled and reduced on rented farms?

The first step is the determination and agreement between the owner and tenant to go about soil saving in a systematic way. This leaflet tells how an agreement can be worked out by using a "rider" to the ordinary farm lease whether that lease is oral or written.

Purpose of the "Rider"

The purpose of this rider is to get tenants to participate in soil building and soil saving practices on rented farms.

There is no discussion here of soil building and soil saving practices which the landlord alone completes or pays for. We consider here only those alternative plans in which the tenant takes some part. It is generally understood that if the landlord completes a practice such as liming or terracing a farm the tenant has no unused value in such a practice.

It has been considered desirable to write off the value of a tenant's investment in 5 or 6 years at the most. Due to misunderstandings which might come with the passage of time it appears advisable to write off such an investment as soon as possible even though the actual value of it might continue over a longer period.

It is well to recognize that these practices do not stand out alone by themselves. They must be considered with due regard to the whole set of relationships existing between the owner and tenant on that farm.

It will be advisable to take into consideration the division of any government AAA payments available for completing the various soil building and soil conserving practices on rented farms. This can be worked out with local AAA men.

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Iowa State College of Agriculture and Mechanic Arts, H. H. Kildee, Director Extension Service, Ames, Iowa. Cooperative Agricultural Extension Work, Acts of May 8 and June 30, 1914.

TO CALCULATE UNUSED VALUE

Spreading Limestone

The rate of depreciation in value of limestone varies with the type of soil, cropping system, the hardness and coarseness of the limestone used and other factors. Under average conditions the value of limestone may be assumed to last about 10 years. In settling for unused value it may be wise to adopt a more rapid rate of depreciation than is actually believed to exist. This would be done in order to avoid misunderstandings which may arise with the passage of long periods of time. So, for the business purpose of figuring unused or unexhausted value of limestone, it may be wise to settle on the basis of skipping the first full crop year and then using a straight 20 percent per year depreciation for the next 5 years. This will write off all unused value of the tenant's investment by the end of 6 years.

The return in increased crop yields from limestone does not usually start until one full crop season after it is applied. Consequently it is desirable to delay one year after the limestone is applied before starting to calculate depreciation.

For example:

Full Crop Year	1st	2nd	3rd	4th	5th	6th
Value Remaining at the end of Full Crop Year: %	100	80	60	40	20	0

If limestone is applied to a field in the fall after the removal of a crop from that field, don't count the year of application.

Commercial Fertilizers:

(Note: Rates of application for commercial fertilizers mentioned below are for purposes of illustration and example only. For recommended rates on your farm see your county extension director.)

I. Commercial Nitrogen. The value of commercial nitrogen largely disappears with one crop season's use.

II. Superphosphate, potash or mixed fertilizers containing mostly phosphorus and potassium.

a. On Corn

1. When used in hill or row in rates up to 150# per acre. Unused Value: At end of 1st crop season 20%. 2nd season 0.

2. When applied broadcast in amount from 150 to 300# per acre. Unused Value: End of 1st year 30%. 2nd year 0.

b. When applied at rates up to 300# per acre to small grain and clover seedings. Unused Value: End of 1st year 70%. 2nd year 25%. 3rd year 0.

c. When applied at rates of 300# or more per acre on alfalfa or on pasture seedings. Unused Value: End of 1st year 70%. 2nd year 40%. 3rd year 20%. 4th year 0.

III. Raw Rock Phosphate - Same as for limestone.

Contouring Intertilled Crop:

The tenant usually makes this contribution. He usually receives immediate compensation from increased crop yields and from the saving of power. Therefore it is not customary to provide additional compensation to the tenant for unused value from this practice.

Constructing Standard Terraces:

Terraces may have an indefinite length of life. For purposes of settling unused value, it is suggested that a 5-year depreciation period be used, with a flat 20 percent depreciation rate for each year.

Unused Value: End 1st year 80%. 2nd year 60%. 3rd year 40%. 4th year 20%. 5th year 0.

It is the responsibility of the tenant to supply normal maintenance of terraces once they are erected on the farm. If he fails to provide this maintenance, he should make a refund to the landlord for the cost of repairing the damage. In the case of a cloudburst or other "Acts of God," which would destroy the terrace, the landlord should share in the cost necessary for their repair.

Construction of Diversion Terraces, Dams and Reservoirs for Livestock Water, or Dams for Erosion Control:

These practices could be handled the same as those above for standard terraces, with a 5-year, 20 percent per year, depreciation schedule followed. A 3-year depreciation schedule is suggested for grassed waterways, with a straight 33 percent per year depreciation.

Relocation of Fences:

Where contouring, terracing or strip cropping are to be followed, a major program of relocating cross fences may be necessary.

If the tenant makes a major labor contribution, it may be desirable to place a value on his investment and write it off at 20 percent per year over 5 years time.

Farm Drainage

Farm drainage improvements usually are the entire responsibility of the landlord. If a tenant does tile out a pond or construct an open farm ditch for drainage purposes, it is suggested that a 5-year depreciation schedule be used, with a straight 20 percent per year mark-off on the investment.

Example

(Showing Unused Value Due Tenant)

Practice	Field	Date	Estimated Cost or Value of Tenant's Contribution	If the tenant leaves the farm on March 1st of any of the years shown below the landlord will pay the tenant as unused value the following percent of the tenant's investment or cost. 1948	1949	1950	1951	1952	1953
Lime	A	Spring '47	$100	100%	80%	60%	40%	20%	0
Lime	J	Fall '47	100	100%	100%	80%	60%	40%	20%
Terracing	Z	Spring '47	200	80%	60%	40%	20%	0	
Phosphate 150# per acre on corn in row	D & F	Spring '47	100	20%	0	0	0	0	
Phosphate on old pasture	R	Spring '47	80	70%	40%	20%	0	0	0

Soil Conservation Service Employees, District Soil Commissioners or County Extension Directors will help you estimate the probable costs of undertaking and completing the various practices on your farm. Either these estimates or the actual costs may be used to put a value on the tenant's contribution as the basis for payment to the tenant of the unused value due him.

RIDER TO EXISTING FARM LEASE

Lease year. March 1, 194___ to March 1, 194___. Description of Farm ______________________ Size of Farm __________ Acres.
Name of Landlord ______________________ Section __________ Township __________ Range __________ County __________
Name of Tenant ______________________

Type of Lease (check one) Straight Cash ________ Livestock Share ________ Crop Share Cash ________ Other (specify) ______________

A. In consideration of the agreements herein contained the undersigned hereby engage that within the lease year above specified the Conservation Practices as set forth in Schedule A below will be completed on the above described farm.

B. It is agreed that the undersigned will share contributions and costs necessary to the completion of the soil improving and conserving practices in the percentages as set forth in Section B below.

C. It is agreed that the estimated value or cost of the tenant's contribution will be as listed in section C below.

D. It is further agreed that in the event the tenant leaves the farm before fully realizing upon his investment of funds or labor contributed to the carrying on of the soil management practices, listed in Section A below, he shall receive payment from the landlord for the unexhausted value in accordance with the schedule as set forth in Section D below.

Section A. List Soil Improving Practices to be: completed, date and fields concerned			Section B. Contributions The following percent of the costs or contributions are to be assumed by the landlord (L) and tenant (T)						Section C. Estimated Value or Cost of Tenant's Contribution	Section D. Compensation for Unused Value If the tenant leaves the farm on March 1st of any of the years shown below the landlord will pay the tenant as unused value the following percent of the tenant's investment or cost as shown in Section C. (List percentages)						
Practice	Field	Date of Completion	Materials L%	Materials T%	Labor L%	Labor T%	Machinery or Trucking L%	Machinery or Trucking T%		1948	1949	1950	1951	1952	1953	1954

Signed ______________________ Landlord

______________________ Tenant