

Minnesota Cropland and Pasture Rental Rates

Prepared by David Bau September 2017

Data provided by the Minnesota Agricultural Statistic Service

September 2017, 2016, 2014, 2013, and 2012

County/ Region	Cropland Rental Rates					Pasture Rental Rates				Irrigated	
	2017	2016	2014	2013	2012	2017	2016	2014	2013	2012	2012
Becker	111	105	117	122	87	22	19	16.5	16.5	12.5	NA
Clay	141	131	139	160	111	20.5	18	NA	25.5	NA	NA
Clearwater	37.5	30	NA	33.5	21.5	12.5	12	12	11.5	12.5	NA
Kittson	75	82.5	70.5	71	63.5	10.5	11.5	13.5	10	NA	NA
Mahnomen	110	100	126	138	88	12.5	13	NA	NA	25	NA
Marshall	90	79	84.5	86	71	29	NA	NA	NA	NA	NA
Norman	110	121	116	118	118	NA	20.5	NA	NA	NA	NA
Pennington	65	64.5	63.5	54	55.5	NA	NA	20	20.5	16	NA
Polk	125	118	95	101	92	13	19	19	19.5	14	NA
Red Lake	65	68.5	66	66.5	57.5	NA	22.5	16.5	NA	NA	NA
Roseau	53.5	50.5	NA	42.5	41	15	13	14.5	15	16.5	NA
NORTHWEST	105	101	96.5	98	81.5	17	16	16	16.5	18.5	121
Beltrami	40	24	NA	NA	NA	13.5	12.5	NA	10	11.5	NA
Cass	35	24.5	35	NA	NA	9	13	NA	16.5	16.5	NA
Hubbard	24.5	21.5	16	NA	NA	12	9.2	NA	8.1	9.4	NA
Itasca	NA	22	23.5	NA	NA	NA	9.3	NA	NA	NA	NA
Koochiching	NA	25	21	NA	NA	NA	NA	NA	9	NA	NA
Lake of the Woods	32.5	31.5	NA	NA	NA	6	NA	NA	NA	NA	NA
NORTH CENTRAL	30	25	25	NA	NA	12.53	13	NA	14	14	133
Cook	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Lake	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
St Louis	12.5	NA	14	NA	NA	9	6.9	NA	NA	NA	NA
NORTHEAST	18	18	14	NA	NA	9	6.9	NA	10	NA	NA
Big Stone	163	165	144	153	126	28.5	29	38	42.5	NA	NA
Chippewa	190	188	210	212	170	25.5	27	37.5	37.5	NA	NA
Douglas	129	118	117	95	95	20	16	NA	NA	NA	NA
Grant	168	171	188	173	121	NA	NA	NA	NA	22.5	NA
Lac Qui Parle	170	181	195	174	140	71	64.5	48.5	38.5	42.5	NA
Otter Tail	106	100	90.5	98	82.5	145	13.5	18	18.5	16	NA
Pope	143	125	145	124	105	43.5	30.5	24.5	27.5	27.5	121
Stevens	164	158	169	164	129	50	NA	32.5	NA	23.5	222
Swift	174	177	180	180	146	55	60.5	54.5	37.5	28	186
Traverse	170	167	184	167	133	30	36.5	31	28	22.5	NA
Wilkin	137	150	139	140	112	NA	NA	NA	NA	NA	NA
Yellow Medicine	183	182	203	204	179	NA	NA	NA	45	33	NA
WEST CENTRAL	160	159	167	160	128	42.5	43	35	31.5	28.5	177

County	Cropland Rental Rates					Pasture Rental Rates					Irrigated
	2017	2016	2014	2013	2012	2017	2016	2014	2013	2012	2012
Benton	79	83.5	89	74	65	22	19.5	24	17	17	NA
Carver	189	195	223	226	197	NA	NA	50.5	NA	NA	NA
Kandiyohi	214	206	226	236	176	36.5	46.5	NA	35	42.5	NA
McLeod	223	248	262	220	213	NA	37	NA	40	NA	NA
Meeker	175	178	200	168	169	NA	NA	NA	NA	NA	NA
Morrison	77	64.5	72.5	64.5	65	20	14	17	17	12.5	NA
Renville	219	228	240	220	194	NA	NA	NA	23	NA	NA
Scott	198	207	237	206	165	NA	41.5	NA	NA	40	NA
Sherburne	52	58	54	54.5	51	NA	28.5	25.5	20	NA	181
Sibley	226	247	271	270	230	NA	25.5	NA	NA	NA	NA
Stearns	142	145	155	142	121	37	51	18	35	17	288
Todd	62.5	63.5	84.5	58	52.5	23	27.5	19	26	17	182
Wadena	31	32	34	34.5	28	12	23	9.5	NA	NA	140
Wright	159	149	170	174	135	35	NA	21	32	17	109
CENTRAL	186	189	200	189	164	27	28	17	23	15	214
Aitkin	33	38	32.5	35	17.5	14.5	10	12	NA	NA	NA
Anoka	57	60.5	58.5	61.5	52	NA	NA	NA	NA	NA	NA
Carlton	19.5	14.5	31	31.5	11	6	5.4	8.6	13	9.4	NA
Chisago	69	69	73	73.5	54.5	19	23	18	30	NA	NA
Crow Wing	37	33.5	30	23.5	22	16	13	13.5	10	12	NA
Hennepin	131	133	142	126	112	NA	NA	NA	30	18	NA
Isanti	62	56.5	86.5	58	58	12.5	11	12.5	12	NA	NA
Kanabec	62.5	59.5	59.5	39.5	36	16.5	21	18.5	13	7.3	NA
Mille Lacs	75.5	68	67.5	57	57.5	19.5	15.5	19.5	20	NA	NA
Pine	31.5	33.5	38.5	41.5	34	15	10	14	14	11.5	NA
Washington	114	133	142	149	102	32	28	35	38	NA	NA
EAST CENTRAL	72.5	71	81	72.5	60	15.5	12.5	14.5	15.5	12	NA
Cottonwood	202	194	223	224	204		49.5	30	NA	NA	NA
Jackson	202	199	235	222	178	41	44	42	NA	37	NA
Lincoln	171	176	199	168	149	46	54	47.5	48	50	NA
Lyon	183	197	227	210	174	41	43.5	52	52.5	NA	NA
Murray	177	191	212	213	205	51	58	48	53	58	NA
Nobles	189	207	211	212	185	60	57.5	44	NA	NA	NA
Pipestone	180	175	190	191	156	51.5	50	46	46	48	NA
Redwood	187	213	222	222	184	48	NA	31.5	NA	NA	NA
Rock	212	237	247	226	213	61	74.5	58.5	61	51	NA
SOUTHWEST	190	201	220	212	183	51	51.5	46	51.5	49	NA

County	Cropland Rental Rates					Pasture Rental Rates					Irrigated
	2017	2016	2014	2013	2012	2017	2016	2014	2013	2012	2012
Blue Earth	232	219	244	245	209	57.5	57.5	NA	NA	NA	NA
Brown	197	209	210	211	171	49	49	61.5	43	NA	NA
Faribault	219	238	264	269	214	NA	NA	NA	NA	NA	NA
Freeborn	217	243	263	252	237	41.5	41.5	NA	NA	NA	NA
Le Sueur	NA	231	256	267	221	38.5	38.5	34	41	NA	NA
Martin	NA	242	273	274	227	NA	NA	28.5	NA	NA	NA
Nicollet	215	234	276	244	234	NA	NA	NA	NA	NA	NA
Rice	214	206	249	232	215	23	23	54	NA	NA	NA
Steele	219	214	NA	208	208	NA	NA	NA	51	NA	NA
Waseca	216	232	NA	241	207	NA	NA	NA	NA	NA	NA
Watonwan	213	229	236	219	219	31	31	30	35	NA	NA
SOUTH CENTRAL	217	229	255	246	216	39	39	47.5	46.5	NA	NA
Dakota	202	189	211	212	173	NA	NA	NA	NA	NA	NA
Dodge	207	253	274	264	205	27	27	45	41	NA	NA
Fillmore	191	214	236	245	186	NA	NA	43	41	NA	NA
Goodhue	250	195	273	247	209	23	23	30.5	41.5	NA	NA
Houston	178	188	183	185	163	23	23	14	27	21.5	NA
Mower	199	239	273	256	201	23.5	23.5	NA	30	NA	NA
Olmsted	194	214	246	220	188	35.5	35.5	29	26	33	NA
Wabasha	186	191	222	206	180	32	32	44.5	NA	28.5	NA
Winona	206	228	212	213	177	30	30	26	40	30	NA
SOUTHEAST	214	219	252	239	192	35	35	32	36.5	30.5	NA
MINNESOTA	166	170	185	177	150	30	30	26	28	24.5	200

Minnesota Agricultural Statistic Service did published statewide estimates for 2015

The state average cropland rental rates declined from:
\$185 in 2014 to \$180 in 2015 to \$170 in 2016 to \$166 in 2017.

- **2.4%** decrease from 2016 to 2017
- **5.5%** decrease from 2015 to 2016.
- **2.7%** decrease form 2014 to 2015.
- **4.5%** increase from 2013 to 2014
- **18%** increase from 2012 to 2013
- **11.1%** increase from 2011 to 2012.

Statewide Irrigated rental rate declined from \$210 in 2015 to \$185 in 2016 & 2017

Pasture average increased from \$26 in 2014 to \$28 per acre in 2015 to \$30 in 2016 and 2017.

From Minnesota Agricultural Statistic Service Rental Rate Survey, 2017-2012



Landowner's Cash Rent Worksheet

Prepared by: David Bau – Regional Extension Educator, Ag Business Management (September 2017)

Use the Examples below as a guide. Determine what acres are tillable and versus non-tillable and their corresponding values. For a desired return determine what interest rate you think is fair. In the example, 3% is used. Taxes can vary greatly whether homestead or non-homestead. The example is for non-homestead. Liability Insurance will protect you if someone is hurt on your property. If you have buildings or bins or other equipment on property that requires electricity, acknowledge who is responsible for payment.

	<u>Example</u>	<u>Your Farm</u>
(A) Farm Size in Acres (tillable acres)	156	_____
(B) Value per Acre	\$6,500	_____
(C) Total Farm Value (A x B)	\$1,014,000	_____
(D) Desired Return on Investment (C x 3.0%)	\$30,420	_____
(E) Real Estate Taxes (A x \$50.00)	\$7,800	_____
(F) Liability Insurance	\$200	_____
(G) Other Cash Costs (repairs, pump, Etc.)	\$0	_____
(H) Total Desired Return (D+E+F+G)	\$38,420	_____
DESIRED RENT PER ACRE (H/A)	\$246.28	_____



The Cropping Systems Calculator

Updated:
August 2016

This tool can help answer a key question: How much will diversifying my farm's rotation cost?

www.landstewardshipproject.org

Chippewa 10% Project

The Chippewa 10% Project is an innovative partnership that works directly with farmers and landowners to encourage continuous living cover in the Chippewa River watershed in western Minnesota as a way to lower water pollution levels. The partnership does this by helping these farmers and landowners adopt practices that achieve their conservation goals, build soil health and increase farm diversity and profitability.

Cropping Systems Calculator

One tool developed by the Chippewa 10% Project to help farmers and other landowners calculate the costs and returns associated with getting more continuous living cover on the land is the Cropping Systems Calculator. There are many crop budget tools available, but most require that you

know the costs associated with the practices. The Land Stewardship Project (LSP) set out to create a tool that is easy to use and will give estimates of possible returns with various cropping systems using default figures while giving the option to fully customize it to your farm.

The Cropping Systems Calculator is Excel-based and allows the comparison of two crop rotations, each up to six years in length. The calculator provides average returns over the rotation as well as a year-by-year breakdown for each crop within the rotations. It takes into account the crop-specific costs as well as the overhead expenses of the entire farm operation, which align with referenced schedule F tax form line items. Many common crops have default figures provided by the Cropping Systems Calculator in order to make

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Cropping Systems Calculator: Continuous Living Cover

Number of Acres of Whole Farm	500
Number of Acres to Change	40

Years in Rotation	Original	2
	New	6

Original Crop Plan				New Crop Plan			
	Crop 1	Crop 2	Crop 3		Crop 1	Crop 2	Crop 3
Year 1	Corn			Year 1	Corn	LateSeasonCover	
Year 2	Soy			Year 2	Soy		
				Year 3	SpringWheat	Alfalfa	
				Year 4	Alfalfa		
				Year 5	Alfalfa		
				Year 6	Alfalfa	Grazing	

Here are examples of calculations that can be carried out by the Calculator.

Update Viewable Sheets

Clear Entire Workbook

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Average Yearly Costs and Returns from the Two Rotations

Returns are seen as wages for the farm owner in this tool and aren't factored into labor costs.

Total Overhead Expenses	Per Acre	Whole Farm			
	\$ 115.08	\$57,541.21			
	Original Crop		New Crop		Percent Difference
	Per Acre	Total	Per Acre	Total	
Total Crop Expenses	\$410.14	\$16,405.40	\$491.35	\$19,654.15	20%
Total Crop Income	\$482.13	\$19,285.07	\$810.66	\$32,426.28	68%
Other Income	\$77.49	\$3,099.71	\$31.95	\$1,277.98	-59%
Returns to Management	\$34.40	\$1,376.08	\$236.17	\$9,446.82	587%

-Percent difference shows the percent increase in the new crop when compared to the old crop

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it easier to use without knowing the costs associated with a farmer's specific operation. These figures are gathered from the University of Minnesota's farm financial and production benchmark database (otherwise known as FINBIN) for a 10-county area, which covers the Chippewa River watershed region. These defaults can be easily changed by the users to more accurately reflect the realities of their own enterprises, thus allowing them to customize the Calculator to their situation.

A unique feature of the Cropping Systems Calculator is that it allows a comparison of various grazing systems on a per-acre basis. Based off the Grass Fed Beef Calculator from the Pasture Project (an initiative of the Wallace Center at Winrock international), it allows a producer to compare types of cattle (cow/calf, stocker, feeder to finish, custom grazing) as well as management style (continuous, basic rotational, managed intensive rotational, mob grazing).

The Cropping Systems Calculator is not expected to provide an exact amount of income a farmer can rely on earning the following season, but rather a good estimate of the range of returns possible. This is just one of many tools that can be used to help make informed decisions while exploring options for a farm.

What We've Learned So Far

• Marginal Fields & Prime Crop Ground

Through the modeling work of the Chippewa 10% Project, LSP has predicted that the largest improvements in water quality come when shifting practices in marginal corn/soybean fields while also increasing income across the region. Originally the Calculator was aimed solely at reassessing practices on these marginal fields (too wet, too dry, too hilly, low fertility) that historically have poor row crop yields. The current run of low corn and soybean prices is causing many farmers to look closely at fields that may actually have high yielding soil and wonder if another enterprise may be more lucrative. Managed intensive rotational and mob grazing are two of the alternatives livestock producers are considering because of the higher returns that are possible when a pasture is well managed and can support more animals.

• Government Program Influences

When testing various scenarios in the Cropping Systems Calculator, it's impossible not to acknowledge the impact of federal crop insurance and other government subsidy programs that support commodity crops. For example, using figures from the FINBIN database for 2014 from the 10-county area in west-central Minnesota, the average reported crop insurance payment was \$123.31 per acre for corn. This payment helped corn growers avoid losing money and promoted the continued planting of the crop to the exclusion of others. The Calculator shows that even though diversifying a rotation may make sense from a pure market perspective, crop insurance skews the system, playing a big role in the dominance of corn and soybeans throughout the Midwest and beyond.

• A Second Look at Diversity

Many farmers would like to add more cover to their land or extend their rotation past the typical corn-soybean duo-culture, but struggle with making such planting decisions financially viable. Indeed, some farmers who plugged options such as cover cropping or pasture into the Calculator found that initial results did not provide the profits they desired. But through relatively minor tweaks, they were able to make more continuous living cover pay while improving soil health and protecting water quality. For example, grazing a cover crop or moving towards a higher livestock stocking density on pasture provided a boost in income levels. Many times these changes in management style made the new practice as profitable, if not more profitable, as the original commodity crop.

That's exactly the goal of the Calculator: giving farmers a way to make informed management decisions that aren't simply based on "doing it the way we've always done it," and giving them a way to be creative in finding ways to design alternative practices.

Give the Calculator a Try

The Cropping Systems Calculator is available at <http://landstewardshipproject.org/chippewa10croppingsystemscalculator>. Take a look and give it a test drive. Feedback or questions can be directed to LSP's Rebecca Wasserman-Olin at 612-722-6377 or csc@landstewardshipproject.org.



Minnesota Beginning Farmer Tax Credit

A new incentive can help Minnesota beginning farmers access land and other agricultural assets.

www.landstewardshipproject.org/beginningfarmertaxcredit

A Helping Hand for Beginning Farmers

The Land Stewardship Project has long recognized that training and networking beginning farmers through our Farm Beginnings and Journey person courses is not always enough to get beginning farmers launched successfully. Access to land and other assets remains a barrier for many. LSP believes that part of the solution is creating public policy and devoting public resources to helping beginning farmers get the assets they need.

During the 2017 session of the Minnesota Legislature, LSP worked to pass the Beginning Farmer Tax Credit initiative. With the leadership of Rep. Nels Pierson (R-Rochester) and LSP's support, the bill was passed by the Legislature and signed into law by Governor Mark Dayton. While other states—Nebraska, Iowa and Wisconsin—have passed similar legislation that this initiative was based on, Minnesota's law is the first to provide such a tax credit incentive for the sale, as well as rental, of farmland.

Details of the Program

The Beginning Farmer Tax Credit will go into effect January 1, 2018. The Rural Finance Authority will approve and certify tax credits on a first come first served basis. There is \$5 million available to the program in 2018.

Under this initiative, there is now a state tax credit for owners of agricultural assets—land, livestock, facilities, buildings or machinery used for farming in Minnesota—who agree to sell or rent those assets to a beginning farmer who is not a family member. There is also a tax credit available for beginning farmers who participate in a financial management program, irregardless if they are buying or renting from an asset owner.

If You are an Asset Owner

◆ **If you are selling an agricultural asset**, the credit covers:

- 5 percent of the sale price or fair market value (whichever is less) of the asset, up to \$32,000.

◆ **If you are renting an agricultural asset**, the credit covers:

- 10 percent of the gross rental income in each of the first three years of a rental agreement, up to \$7,000 per year.
- 15 percent of the cash equivalent of the gross rental income of the first three years of a share-rent agreement, up to \$10,000 per year.

In a single year, a farmer can participate in all three tax credit categories listed above, as long as these categories pertain to different assets. The agricultural asset must be rented at the prevailing community rates as determined by the Rural Finance Authority. If the amount of the credit exceeds tax liability, the excess may be carried forward 15 years.

If You are a Beginning Farmer

Beginning farmers may be eligible for a tax credit to help cover the cost of participating in an approved financial management program. The financial management credit need not be tied to any agricultural asset sale or rental. The Rural Finance Authority has developed a list (www.mda.state.mn.us/grants/fbmprograms.aspx) of financial management programs that are eligible for the credit. For example, the Minnesota Farm Business

See reverse page...

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Management Program qualifies, as well as the Land Stewardship Project's Farm Beginnings and Journey person courses. For beginning farmers enrolled in a financial management program:

- The credit is equal to 100 percent of the cost of participating in a financial management program (up to \$1,500 per year).
- The credit can be taken for three years.
- If the amount of the credit exceeds the tax liability, the excess can be carried forward three years.

Definition of a 'Beginning Farmer'

For either of these credits, the "beginning farmer" involved must be someone who:

- Is a Minnesota resident who is seeking entry into farming, or has started farming within the past 10 years.
- Is a farmer who will provide the majority of the labor and management of the farm that is located in Minnesota.
- Can provide positive projected earnings statements.
- Is not directly related to the owner of the agricultural asset.
- Has a net worth that does not exceed \$800,000.
- Is enrolled in a financial management program approved by the Rural Finance Authority.

More Information

For more information on this tax credit initiative, see www.landstewardshipproject.org/beginningfarmertaxcredit or contact LSP Farm Beginnings Program organizer Karen Stettler at 507-523-3366 or stettler@landstewardshipproject.org.

Land Stewardship Project Resources

- ♦ **Farm Beginnings Course.** This course provides strategic farm plan development as well as networking with other beginning and experienced farmers: www.farmbeginnings.org.
- ♦ **Journey person Course.** This course is for

farmers in their third- to fifth-year, and looking at scaling up: www.landstewardshipproject.org/morefarmers/lspjourneypersonfarmtrainingcourse.

♦ **LSP Seeking Farmers-Seeking Land Clearinghouse.** Farmers who are seeking to rent or buy farmland list their information here. In addition, landowners with land for sale or rent are listed here: www.landstewardshipproject.org/morefarmers/seekingfarmersseekinglandclearinghouse.

♦ **Farm Transitions Toolkit.** This is a guide for transferring a farm to the next generation: www.landstewardshipproject.org/morefarmers/farmtransitiontools/farmtransitionstoolkit.

Additional Resources

- ♦ Rural Finance Authority: www.mda.state.mn.us/agfinance, 651-201-6004, mda.bftc@state.mn.us.
- ♦ The full 2017 Minnesota tax bill; the Beginning Farmer Tax Credit initiative is Article I: www.revisor.mn.gov/laws/?year=2017&type=1&group=Session+Law&doctype=Chapter&id=1&keyword_type=all&keyword=Beginning+Farmer.
- ♦ Information on the Nebraska Beginning Farmer Tax Credit Act: www.nextgen.nebraska.gov/index.html.

Upcoming Meetings & Workshops

♦ The Land Stewardship Project has invited the Rural Finance Authority to a meeting to discuss the **Beginning Farmer Tax Credit's** details and to answer questions. It will be held on **Thursday, Jan. 11**, in Northfield, Minn.

♦ **An LSP Farm Transition Planning Workshop** for retiring farmers thinking about next steps for their operations will be held on Saturdays in Northfield, Minn.: **January 20, February 10 and March 3.**

For information on these and other workshops and meetings, contact LSP's Karen Stettler at 507-523-3366 or stettler@landstewardshipproject.org.