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Tenure Characteristics of Illinois Farmland

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Data from the Illinois Farm Business Farm Management (FBFM) Association provides insights into leasing arrangements in Illinois. Table 1 contains data summarized from Illinois grain farms enrolled in FBFM. These farms receive the majority of their farming income from grain operations and farm at least 260 acres. Although this data is representative of commercial grain farms in Illinois, it is not a statistical sample of all commercial grain farms in the state.

For the year 2015, farm operators enrolled in FBFM owned 23 percent of the land they farmed, crop shared 34 percent, and cash rented 43 percent (Table 1). For crop share arrangements, farmers and landowners share in the revenue and expenses associated with farming. For cash rent arrangements, farmers pay landowners a cash payment and receive all the revenue and pay all the operating expenses from farming the land. Variable cash rent leases would be classified as land cash rented in this analysis.

There has been a small but continual shift in types of leases from crop share leases to cash rent leases. From 2010 to 2015, the amount of land crop shared decreased from 37 percent to 34 percent while the amount of land cash rented increased from 40 percent to 43 percent. There has been the perception that the most of the land not owned by farmers is cash rented. While there is more land cash rented than crop shared, there is still a significant amount of farmland leased under a crop share arrangement. The last year where a larger amount of the farmland was crop shared compared to cash rent was in 2006. Since then, there has been more land cash rented than crop shared.

The amount of land leased under a crop share or cash rent basis varies by geographic region in the state. For example, in 2015, farmers in northern Illinois cash rented 59 percent of their land and crop shared 21 percent while central Illinois farmers cash rented 39 percent and crop shared 46 percent. Farmers in the southern part of the state cash rented 41 percent of their land and crop shared 37 percent.

The amount of land owned by farm operators also varies by geographic region in the state. Southern Illinois farm operators own 22 percent of their land while central Illinois operators own only 15 percent. Operators in northern Illinois own 20 percent. From 2010 to 2015, the amount of land owned by operators has basically stayed the same. On a statewide basis, operators owned 23 percent of their land in 2015. Farms continue to grow in size and farm operators are a significant percentage of the farmland

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buyers but the relationship of the amount of land owned by farm operators to the total amount of land farmed has not really changed.

Table 1. Percentage of land owned, crop shared and cash rented for Illinois farms

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Northern Illinois Pure Grain Farms						
% owned	18	18	19	20	21	20
% crop shared	26	25	23	22	21	21
% cash rented	56	57	58	58	58	59
Central Illinois Pure Grain Farms (High SPR)						
% owned	14	14	14	14	14	15
% crop shared	53	51	49	49	47	46
% cash rented	33	35	37	37	39	39
Southern Illinois Pure Grain Farms						
% owned	20	20	21	21	24	22
% crop shared	42	40	41	42	37	37
% cash rented	38	40	38	37	39	41
State of Illinois (All Farms)						
% owned	23	23	23	24	24	23
% crop shared	37	36	36	35	34	34
% cash rented	40	41	41	41	42	43

Source: Illinois FBFM Association and the University of Illinois

The author would like to acknowledge that data used in this study comes from the local Farm Business Farm Management (FBFM) Associations across the State of Illinois. Without their cooperation, information as comprehensive and accurate as this would not be available for educational purposes. FBFM, which consists of 5,700 plus farmers and 62 professional field staff, is a not-for-profit organization available to all farm operators in Illinois. FBFM field staff provide on-farm counsel with computerized recordkeeping, farm financial management, business entity planning and income tax management. For more information, please contact the State FBFM Office located at the University of Illinois Department of Agricultural and Consumer Economics at 217-333-5511 or visit the FBFM website at www.fbfm.org.