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Developing a Sound Farm Lease Agreement

Farm lease agreements can be cash, share or flexible. Each type has some unique characteristics, but some items should be in all types of written leases.

Names and signatures of all parties is essential. This means if one or both parties are married, then the spouse should sign. It is recommended to include the addresses of each party, as well as, date when signed. A notary is not required, but can be used.

A description of the property to be leased should be included. This can be the legal description and/or the Farm Service Agency farm and tract number. If the property is known by something else such as the “Brown Place” then it should be included. Producers and landowners are more likely to be familiar with the farm and tract number or the common name for the property rather than the legal description. Another reason to include the common name of the property and the farm and tract number is for easy reference in case the main business operator is incapacitated.

The lease period should be clearly stated. Is the lease term for one year, two years or longer? The start and end date including the year should also be stated. Some leases will state a 30, 60, or 90 day written notice period if either party wishes to terminate the lease on the end date. This is not required, but done to allow each party time to find new ground or a new tenant. It also helps manage expenses for the tenant, specifically prepaid items and operating loans. For the landowner, they may rely heavily on the rent income so they may use the time to secure another renter. In Missouri, unlike our neighboring states of Iowa and Illinois, written farm leases can start and end on any date designated by both parties. This is another reason the length of the lease should be clearly spelled out.

Rental rates and arrangements are another essential part of a good lease. Rental rates are often determined by the going market rate for that area. Before arriving at a price based strictly on the area’s going rate, look at yield history of the ground. Some of this will be determined by the tenant’s inputs, but over time, especially with different tenants, a trend line should emerge. Knowing yield data benefits both the landowner and the tenant so the sharing of yields could be incorporated into the lease. When looking at a rental rate, from the producer side, determine how much can be paid for rent based on individual cost of production. Iowa State University Extension has a tool that does this and can be found at <https://www.extension.iastate.edu/agdm/wholefarm/html/c2-20.html>

From the landowner viewpoint, decide if this is a financial investment with the highest price in mind. On the other hand, are there other factors that make a difference, such, as does the tenant keep the farm looking good? Do they watch over the place in your absence? Are they responsive when contacted and communicate well? What is important will vary according to the situation.

Along with the rental price, the timing of the payment or share should be specified. For a cash lease, this is often twice a year, but could be once a year or other specified times like quarterly. The date of the payment and amount due each time should be in the lease. For crop or livestock share agreements, this could be at the point of sale or a set number of days after harvest or sale. The producer should keep an accurate record of expenses. Sometimes these are split according to the percentages throughout the year and sometimes they are settled up after harvest or sale.

Another key element is right of entry. A landowner will not legally be allowed to enter their own leased property unless this right is reserved. This is usually done for inspection of the property or to access another piece of ground not leased. This point is not one that is often a problem, but should be discussed so crops are not damaged or livestock riled by excessive entry.

If the landowner wants to reserve the hunting and fishing rights, that should be added to the lease. Otherwise, those rights are transferred to the tenant.

Operating expenses need to be clearly stated. In a share lease, expenses are typically shared the same way as the crop or livestock income. Ideally, it is best to spell these out to avoid miscommunication and so that those expenses can be tracked. Sometimes an expectation exists by one party in a lease, but is not written. A common example would be the tenant expecting the landowner to supply lime on pasture and hay ground. While this is a common custom for short-term leases, it is not required.

Conservation practices is another point of discussion. Will growing crops have to be torn up to build terraces or will wheat have to be planted for the landowner to be eligible for terraces? Is there a place to move the cattle, while a pond is built? Do we agree on the conservation plan or is there a reason for a certain rotation such as a persistent weed problem?

Improvements and repairs are a part of any operation. Determining who is responsible for the decisions and labor; who will pay for what; and when will they be done is important when entering into the agreement. Issues may include fence or facility concerns to fill and gully repair to the installation of wider gates for bigger equipment. If something comes up unexpectedly during the lease period, an amendment can be added to the lease if all parties agree.

A statement such as “this lease does not constitute a partnership” clarifies the relationship and affords

some liability protection.

Arbitration is another item to consider including in the lease. This allows a way to settle issues that the parties cannot agree upon. The intent is to avoid legal proceedings and finish the lease term.

In summary, a good lease involves clear and concise communication. It is easier to do this if the agreement is in writing. An excellent resource for written lease documents is <https://aglease101.org>.

Source: *Darla Campbell, ag business specialist*

Industrial Hemp

At one time, industrial hemp was a large agronomic crop in Missouri and much of the U.S. It has a deep history not only in the United States, but around the world. Industrial hemp is thought to be among one of the world’s first agricultural crops. Records indicate hemp was first cultivated in Asia as early as 8,000 BC. Industrial hemp came to the Americas in the early 1600s and by 1632, the Virginia Assembly required farmers to devote a share of their land to its production. Hemp fibers were used for numerous things including, ropes, sails, clothing, and paper. It was grown by many founding fathers for its fiber, including George Washington and Thomas Jefferson, and even used a source of paper for a draft of the Declaration of Independence.

Hemp was a labor-intensive crop and its production began to slow in the in the early 1900s as demand began to decrease due to various factors, including availability of other cheaper plant fibers. In 1937 the U.S. federal government passed the Marijuana Tax Act in an attempt to reduce production because it was being consumed as an intoxicant in addition to being utilized as a fiber crop. This made hemp production less profitable and essentially ended large-scale production. In 1942 production increased as the U.S. launched the Hemp for Victory campaign to encourage farmers to grow hemp for the war effort. However, after the war, cheap synthetic fibers destroyed the U.S. hemp industry, with the last commercial hemp field planted in 1957. In 1970, President Nixon signed the Controlled Substance Act, which designated all forms of *Cannabis* as Schedule 1 drugs, therefore making hemp and marijuana illegal to produce or possess.

The 2014 Farm bill allowed pilot research programs with industrial hemp to be administered by either state departments of agriculture or universities. In response Missouri passed, House Bill 2034 in 2018. The house

bill exempted industrial hemp from the definition of marijuana and the list of controlled substances, and created an Industrial Hemp Pilot Program to be implemented by the Missouri Department of Agriculture (MDA). Shortly after, in December of 2018 the 2018 Farm Bill was signed into a law and authorized state departments of agriculture to create commercial industrial hemp programs. States who wish to have primary regulatory authority over industrial hemp must submit a State Plan to the USDA for approval. On June 24, 2019 the Missouri Senate passed Senate Bill 133 which modified various provisions of industrial hemp state law and put the state on the path for the commercial industrial hemp program. Existing rules created for the research pilot program must be revised to reflect changes made to the industrial hemp law in 2019. The proposed state regulations for the commercial industrial hemp program are expected in fall 2019.

Recently University of Missouri Extension centers have been receiving several questions regarding industrial hemp, largely due to recent legislative changes in Missouri. One common question that tends to arise is, “what is the difference between hemp and marijuana.” The only true distinction is the dry weight concentration of delta-9 tetrahydrocannabinol, or THC, found in the plant. THC is a type of cannabinoid that has psychoactive properties that gives the feeling of intoxication or a “high.” According to the 2014 Farm Bill, a *Cannabis* plant is marijuana if it has more than 0.3% THC on a dry weight basis or industrial hemp if it has 0.3% or less THC. Both plants are *Cannabis sativa* and look and smell exactly the same while growing. The difference is similar to that of soybean and edamame. Both are *Glycine max* but differ chemically and serve different purposes. *Cannabis* plants have other naturally occurring cannabinoids, besides the more commonly known THC. Cannabidiol or CBD is one found in industrial hemp and is of particular interest to pharmaceutical and medical researchers. Cannabidiol has been reported to reduce the frequency of seizures in epileptic patients and may have the potential to be used as an analgesic, appetite enhancer, and anti-depressant. Cannabinoids are present throughout the plant, but are found in highest concentration in female flowers.

Because the proposed rules have yet to be filed, there are still several unknowns. On the MDA website, there is a link for frequently asked questions (FAQ). Missouri growers should be able to apply for registrations or permits in fall 2019 for the 2020 growing season, after the rules are in place. A Producer Registration will authorize growers to cultivate industrial hemp, while an Agricultural Hemp

and Propagule and Seed Permit will authorize permit holders to sell or distribute hemp seed, transplants, cuttings or clones to registered producers or other permit holders. Registrations and permits will be valid for three years and will have associated fees which are yet to be determined. Industrial hemp registration or permit holders must follow requirements outlined in the MDA application agreement. This will include fees, inspection and testing requirements, destruction methods of hemp testing greater than 0.3% THC in accordance with state and federal law. More information about the Missouri Industrial Hemp Program will be available at <https://agriculture.mo.gov/plants/industrial-hemp/> in the future and feel free to contact their program staff with any regulatory or permitting questions.

Source: *Wyatt Miller, agronomy specialist*

Complete Fall Gardening Tasks Before Winter

There are several lawn and garden tasks to complete during the month of October, including seeding lawns. Finish fall seeding of lawns by October 15. MU Extension has several guides on lawn care including a lawn care calendar which explains what should be done in the lawn each month of the year. Contact your county Extension center to request these guides or download them at <http://extension.missouri.edu/>.

Fall is a good time of year for adding trees and shrubs to the landscape. The warm soil and cool air is ideal for root development. In some cases, woody plants planted in the fall, tend to establish themselves better than ones planted in the spring. Keep plants watered if rainfall is not plentiful. Mulch woody plants to hold in moisture and to control weeds. Mulching also provides protection for the root systems when the ground freezes. Consider using native trees and shrubs as they are adapted to the climate and soil, and make ideal habitat for birds, bees, butterflies and other wildlife. Many native plants, like winterberry and American beautyberry, produce berries and seeds that birds need as a food source during the winter months. For winter color in the landscape, consider red-twig and yellow-twig dogwood. The red and yellow stems show through the snow and provide nice color in landscape. In the spring, they produce creamy-white flowers. These dogwoods prefer moist areas, and need to be watered during a drought.

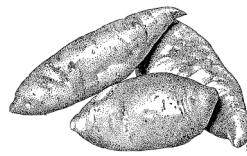
Fall is a good time to divide perennials, particularly those that bloom in the spring such as peonies. To keep plants from drying out, dig the plants on a cool, cloudy day. Make sure each section divided has at least one bud and some roots.



Plant the divided perennials soon after digging. Not all perennials appreciate fall division, as some prefer spring. Make sure the variety is suitable for fall division before digging. A general rule of thumb is if they bloom in the spring divide them in the fall. If they bloom in late summer or fall, division is best done in the spring.

As summer flowers fade away, others offer beautiful fall color. Hardy chrysanthemums, asters, goldenrod, ornamental cabbage and kale, snapdragons and pansies are a few that add a splash of color to a fall landscape. These plants love cool weather and will be very colorful throughout the fall. Spring flowering bulbs like tulips and daffodils need to be planted before the ground freezes. When selecting bulbs, keep in mind, the bigger the bulb, the larger the flower. For example, small daffodil bulbs produce small daffodil flowers. Large bulbs typically produce large flowers. When planting bulbs, plant them in groups for a more aesthetic look.

Dig sweet potatoes before a killing frost. A hard frost or freeze can damage this warm-season crop.



Pumpkins and gourds are readily available in October. Gourds are ready for harvest when the stems dry and turn brown. It is best to harvest gourds before frost. Mature gourds that have a hardened shell will survive a light frost, but less developed gourds will be frost-damaged.



Harvest pumpkins when they have developed a deep, uniform, orange color and the rind is hard. Pumpkins can remain in the garden through a light, vine-killing frost. All mature pumpkins should be harvested before temperatures drop into the mid to low 20's. Green, immature pumpkins will not turn orange after a killing frost. After garden crops have died, pull out spent plants and compost or place in a burn pile.

Source: *Jennifer Schutter, horticulture specialist*

**PRACTICE SAFE
FARMING
EVERY DAY OF THE YEAR!**

