
Common Questions Equipment Rental

Questions on equipment rental charges between neighbors is a common question at the Extension Office. Equipment rentals, planting, drilling, spraying and haying (hey I rhyme!) are common among neighbors. Farmers want to recover a fair cost for the expenses they have incurred, without over-charging the neighbor. The University of Nebraska Cooperative Extension biennial survey of custom charges is very helpful in estimating a fair rate. The custom rate charts (EC823 & EC826) are published by UNL Extension, usually appear in the "Nebraska Farmer" magazine, and are available on the web through the Extension Publication link.

Farmers doing regular custom operations should do further investigation into charges which will yield them not only their expenses, but a reasonable return for their labor. The custom rate survey is not detailed enough to provide this, because it is an average of lots of different types of custom charge relationships. For example, one survey respondent may be neighbors or relations to the people they did work for, all within three miles from home; all on straight level fields, and the work is done when he gets around to it. We have a Nebguide (#208) for calculating expenses which has been quite useful to custom operators.

Many times the rental will be for the equipment only and not include labor or fuel expenses. We have a number of machinery operation guides from Nebraska, Minnesota, and Illinois which help to break the costs down to machinery, fuel and lubrication cost, and labor expenses. The farmer is still going to have to think through variables like acres per hour of operation. A few years back a southern Gage County farmer told me I was crazy for quoting a fee of #10 per acre for plowing wheat stubble. He was even more upset when I said he should consider charging more for rough terraced ground with lots of turns, small areas, and odd corners. He later saw me at the fair and asked why I hadn't given him better advice. I asked what the problem was? He said he though he was crazy, but he charged the \$10 and after he finished he know it wasn't half enough for the dry ground and the amount of turning. He said, "Young man, you want to emphasize that a lot more in your answers."

I really encourage custom operator's to do more than hang a shingle out on the "going rate". Many times the "going rate" does little more than cover the fuel, repairs, and payment to the ____ (fill in the blank) Credit Corporation.

Equipment rental from dealerships during times of need might seem like a high price to pay. Before you decide that, you may want to calculate the cost of keeping an extra 125 horsepower planting tractor around for ten years as compared to leasing a tractor during the season for the one year you need it. This is particularly true as farms have moved to cash grain only and a second tractor dedicated to the livestock operation is not needed. At a recent no-till conference a farmer spoke who was planting, fertilizing, spraying, hauling, and combining to open fields on 1,250 acres of crop land with \$60,000 worth of equipment. Pretty salty!

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