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Hunting Leases

Finding alternative revenue sources, especially when markets are tight can often be the difference between a positive or negative number in the year end ledger. One potential source of income that can bring in a considerable sum under the right conditions, are leases for hunting or fishing.

One of the first steps for a successful hunting lease is to write it down. In any lease situation, writing the agreement down helps prevent miscommunication and allows the landowner to get input on lease provisions. Hunting can open the door to a whole new set of liabilities should an accident occur, so visiting with an insurance professional and attorney prior to negotiations and getting their review on the lease itself is invaluable.

With that hurdle crossed, we can focus on the rest of the lease. We need to figure out who actually holds the hunting rights, especially if ground is leased for crop or livestock production. In crop ground, unless otherwise specified in a written lease, the tenant receives all hunting rights for the duration of the lease. This is also true for any verbal leases. For pasture leases, the same rules apply, but as these leases are typically only for several months, not annual, the tenant only has hunting rights during the lease period, after which hunting rights return to the landowner. Landowners who want to maintain hunting rights can do so easily by adding an appropriate lease provision.

In the case where a tenant retains hunting rights and wants to lease them out to another individual, seeking the landlord's permission first is recommended. Even if rights are given to the tenant, hunting exposes the landlord to some potential liability. The landlord should consult insurance advisors and legal aid for advice on how they may be affected. It also should go without saying that keeping a good relationship with the landlord is important when it comes to renewing the lease the following year.

Once we know who holds the hunting rights, figuring out how this enterprise will be ran and work monetarily is next. Typically leases fall into two basic categories: short-term for a particular hunting season (deer, pheasant, turkey, trapping, etc.) or long-term (access for a certain period of time or for several hunting seasons). The type of wildlife you have and how hunting will affect the day to day operation of the farm, as well as any services you may want to provide the hunters can all impact which route to go. Rates can either be assessed as a dollar amount per acre or per hunter.

Some other considerations when thinking through the logistics of starting a hunting enterprise are:

- Are you willing to let more people on your operation?
- Are you willing to manage for wildlife as part of your operation?
- What are your long-term objectives and sustainability goals for your natural resource base?
- Are you willing to find the resources necessary to get the enterprise up and running?
- Is the leasing program compatible with your other land management objectives?

Settling on a fair lease price is the final step that needs to be addressed. Several different methods to do this are available including:

- Breakeven (including labor costs) + 10% - The lease price is based on management and cost associated with the lease operation plus 10% to cover unforeseen costs and the need for the lease to cover operational costs and land taxes.

- Habitat valuation - The lease price is determined from a subjective rating of the quality and quantity of wildlife habitat available. For example, if the wildlife and population have been managed to provide high populations of wildlife and better than average-hunting opportunities, the value of the lease may be higher, or if the lessee wants to limit or keep out other hunters that the property could reasonably sustain, they may have to pay a premium price for that.
- Baseline plus value-added - Charge a base price per acre plus charges on improvements made, amenities or services provided.
- Competitive pricing - Base the lease price on the going rate of other leases in the area or lease prices charged elsewhere for similar access, services, and amenities provided.
- Sealed bid - Similar to timber sales in that you develop a description of the hunting lease, what it offers, and a request for sealed bids. This can be done via advertising or by directly contacting interested individuals or sportsmen groups.

Hunting or fishing leases are a great chance for an additional income revenue to a farm or ranch. With appropriate planning, a hunting or fishing enterprise can capitalize on available resources and limit landowner liability. Use a written lease, make appropriate adjustments for leased ground, and visit with insurance and legal professionals before starting out.

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