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RENTING FARM MACHINERY

by

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The rental rate paid for the use of a machine should be based largely on the cost involved. This cost includes interest on the investment, depreciation, expense of upkeep and perhaps something for risk.

A series of rental rates based on the estimated cost of owning and operating machinery have been compiled for farmers who are planning to share the use of available farm equipment in 1943. A range in cost is shown by three different rates--"usual," "low," and "high." These rates are based on farm cost studies made by the Department of Farm Management during the past several years and upon other available information.

Since the wear and tear of moving a machine from one farm to another is proportionately greater on small jobs it is only fair to set a reasonable minimum rate per job, such as 50 cents or one dollar.

The cost of using a machine on a specified job varies with the conditions under which it is operated. For example, the speed--and therefore the cost--of plowing varies with the type and condition of the soil, the topography of the land, the depth of plowing, the condition of the implement, and the amount of power applied in its operation. Obviously a rental rate satisfactory for a machine under one set of conditions may be quite unsatisfactory for the same machine under other conditions. Under certain conditions the "high" rate would be justified, while under more favorable conditions the "low" rate would be fair.

Cost as the Basis for Rentals

In order to show the method of computing the cost rate per unit of operation the following example is given of a machine now valued at $80 and having a remaining life of 5 years based on a total annual usage of 200 hours (20 ten-hour days).

	Annual cost
Interest on $80 at 5%	$ 4.00
Depreciation at 20%	16.00
Storage	2.00
Repairs and overhauling	8.00
TOTAL	$ 30.00

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Dividing $30 by 200 hours gives 15 cents per hour. If the cost remains the same but the usage is estimated as 150 hours instead of 200 the result of dividing $30 by 150 hours would be 20 cents per hour. If the cost remains the same but the usage was increased to 250 hours the result would be 12 cents per hour.

The accompanying data applies to those implements most commonly used on Oregon farms. Such data, however, should be helpful in determining rates for other tools not here listed.

The owner who rents out machinery would be expected to keep it in a satisfactory condition and the rental rate should be high enough to cover usual repairs.

In turn, the user of rented equipment would be expected to avoid unnecessary wear and breakage and to repair breakage or damage resulting from carelessness or improper use of the machine. He would be expected to give proper attention to lubrication and adjustments, and to return the equipment to the owner as soon as possible. This will avoid delay in making the machine available for the next user.

SUGGESTED RATES FOR RENTING FARM EQUIPMENT
(For machine alone, without power or operator, unless specified)

Implement		Suggested rental rates		
		Usual	Low	High
Fitting the Land				
Walking plow	Acre	$ .30	$ .25	$ .35
Sulky plow	"	.35	.30	.40
Tractor plow	"	.30	.25	.35
Dry-land plow or disc	"	.25	.20	.30
Double disc	"	.20	.15	.25
Cultivator	"	.15	.10	.20
Cultipacker	"	.10	.05	.15
Roller	"	.07	.05	.10
Spike-tooth harrow	"	.07	.05	.10
Spring-tooth harrow	"	.10	.05	.15
Lime sower	"	.15	.10	.15
Manure spreader	Load	.15	.10	.20
Planting				
Drill	Acre	.20	.15	.25
Corn planter	"	.25	.20	.30
Potato planter	"	.30	.25	.35
Cultivating				
One-horse cultivator	Acre	.10	.05	.10
Sulky cultivator	"	.15	.10	.20
Tractor cultivator	"	.25	.20	.30
Weeder (also rod weeder)	"	.10	.05	.15
Rotary hoe	"	.15	.10	.20

SUGGESTED RATES FOR RENTING FARM EQUIPMENT (CONTINUED)

Implement		Suggested rental rates		
		Usual	Low	High
Harvesting				
Mower	Acre	$ .30	$ .25	$ .35
Tedder	"	.20	.15	.25
Dump rake	"	.10	.05	.15
Side delivery rake	"	.25	.20	.30
Buck rake	"	.25	.20	.30
Hay loader	Load	.25	.20	.30
Grain binder	Acre	.50	.40	.60
Combine (including fuel)	"	1.40	1.00	1.75
Corn binder	"	.50	.40	.60
Thresher (custom rate for grains, including operator only)	Bu.	.03	.02	.04
Potato digger	Acre	.50	.40	.60
Ensilage cutter	Ton	.20	.15	.25
Power Equipment (Including fuel and upkeep but not operator)				
Automobile or pickup	Mile	.05	.04	.06
Truck ($1\frac{1}{2}$-ton capacity)	"	.08	.05	.11
Tractor - 1-plow size	Hour	.40	.30	.50
Tractor - 2-plow size	"	.60	.50	.70
Tractor - 3-plow size	"	.75	.60	.90
Track-type tractor (small)	"	.70	.50	.90
Track-type tractor (medium)	"	1.00	.75	1.50
Track-type tractor (large)	"	1.50	1.00	2.00
Other Tools and Equipment				
Baler	Ton	.25	.20	.30
Feed grinder	Bu.	.02	.015	.03
Fruit sprayer (including fuel but not spray)	Tank	.35	.30	.40
Potato sprayer (including fuel but not spray)	Acre	.35	.30	.40
Duster (including labor and fuel but not dust)	"	.90	.60	1.10
Buzz-saw rig (without motor)	Cord	.25	.20	.30

Custom work. To determine a fair rate to charge for custom work the value of the operator's time (plus wages for other help furnished) should be added to the suggested rental rate for the machine and the power furnished. The rates suggested for the thresher and duster are custom rates and include a wage for the operator.

Agreements. Arrangements for the rental of machinery should be made as early as possible and the terms agreed upon should be definite, clearly understood, and satisfactory both to the owner of the machine and to the renter.