Custom harvesting rates affected by higher fuel prices

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can be estimated by multiplying 80 percent of the horsepower rating of the motor by the hours of use. The cost per kilowatt-hour can be found on the farm utility bill.

The date and manner of payment for the rent should be specified in advance. Some agreement about the date by which grain must be removed is also important. Usually, enough time should be allowed to clean the bin before the next harvest. Finally, any storage structure should be carefully inspected before it is filled, and the responsibility for making any needed repairs or modifications established.

Custom harvesting rates affected by higher fuel prices

by William Edwards, Iowa State University Extension Economist, wedwards@iastate.edu

Nearly everyone has been impacted by higher fuel prices this year. Custom corn and soybean harvesters are no exception. Their increased costs will likely be factored into custom harvesting rates this fall.

Estimates of diesel fuel consumption for combining corn range from 1.5 to 2.0 gallons per acre. Soybean harvesting takes only about 1.0 to 1.5 gallons per acre. Larger, newer combines will typically use less fuel per acre. The most recent survey of farm custom rates in Iowa was completed by Iowa State University Extension specialists last February, when the price of diesel fuel delivered to the farm was about $1.60 per gallon. Since then prices have surged to as much as a dollar per gallon above that level. Fortunately, some operators have been able to purchase or contract fuel at prices lower than those seen in the most recent increases.

If an average price increase of $.80 per gallon is assumed, and average fuel consumption is assumed to be 1.25 gallons per acre for soybeans and 1.75 gallons per acre for corn, the increased costs per acre for combining would be $1.00 and $1.40, respectively. If 15 percent is added to these increases to account for the cost of lubricants, the total increase in costs would be approximately $1.15 per acre of soybeans and $1.60 per acre for corn.

Custom operators should record their actual fuel consumption and purchase prices, so they can calculate a fair charge to their customers. Some operators may quote a base rate plus actual fuel costs to be calculated after crops have been harvested. In other cases, persons hiring the work done may provide fuel from their own supplies.

Costs for hauling grain to storage or market have also increased. Distances and fuel consumption rates vary widely, but haulers can estimate their own costs by recording fuel purchases and distances driven.

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