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EXTENSION

College of Agricultural, Consumer and Environmental Sciences



FEE HUNTING

Opportunities for Farmers and Rural Landowners

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Farmers and rural landowners throughout Illinois are generating new profits by meeting the growing demand for the privilege to hunt on private property. But before entering into a fee hunting arrangement—whether leasing land or developing a commercial outfitting business—you need to consider all the factors and options with this type of enterprise. Due to the individual nature of these business arrangements, it is highly recommended that all parties involved with a hunting lease consult with their attorney, insurance agent, and other business advisors before granting access, or making or accepting payment for hunting privileges.

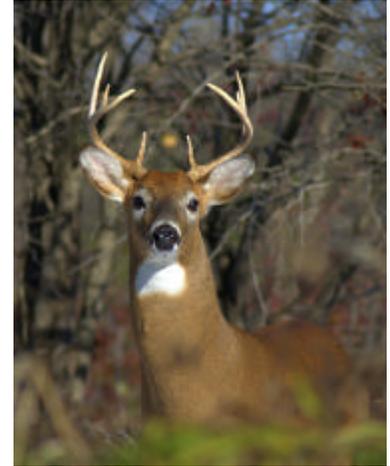
WHAT'S DRIVING FEE HUNTING?

The demand for fee hunting opportunities has been on the rise. The main factors include inadequate profit from traditional commodity production, efforts to use all of the farm's resources and, in some cases, the opportunity to develop a personal hobby (hunting) into a profitable business. While the income potential varies depending on farm location, topography, local wildlife habitat, and activities being conducted on surrounding properties, most farms do have some marketable possibilities. It is important to keep in mind, however, that even though wild game may seem abundant on the majority of Illinois farms, all farms are not necessarily premium hunting locations.

Another factor driving the development of fee hunting is demand. More and more hunters are actively seeking out private land for recreational purposes. For this reason, landowners are often approached by potential customers long before they investigate the possible options involved with leasing their land or starting an outfitter business on their own. Many landowners initially question why people would pay to hunt on private land when there are thousands of acres open to public hunting.

But, the opportunity to hunt on private land often provides hunters with a less hectic, higher quality hunt that is not so dependent on the actions of other hunters who can interfere with the experience. Whether the hunters are involved with a full-service guided hunt offered by a commercial outfitter or involved in a private hunting lease, paying for the privilege to hunt on private land can offer a higher likelihood of success in a more relaxed atmosphere.

For many hunters, this peace of mind carries a high value. Because of the growing demand from a diverse customer base, farmers need to realize the true value of what their land currently offers, or more importantly, what it could be worth if managed properly.



Landowners often say, “I wouldn’t pay to hunt on my land, so why would anyone else?” or “We really don’t have a lot of trophy game on our farm.” But, landowners need to look at their situation from a potential customer’s point of view. Although the majority of farm owners have regular access to wildlife and nature, they need to realize that many citizens do not enjoy the same privilege on a regular basis.

In other situations, location is the key. For example, deer are bigger, and waterfowl is more abundant in certain parts of Illinois than in other states. As a result, what is considered to be an “average” hunt in your area might rank as the *hunt of a lifetime* for a hunter from another part of the country.

Also remember that hunting is enjoyed by a broad range of people . . . white-collar, blue-collar and “no-collar.” Those with higher incomes might take multiple hunting trips during the course of the year or seek out the most premier leases. But, even hunters with a modest income will save up for the yearly *hunt of a lifetime*. For these reasons, there is an opportunity to capitalize on hunter demand, and everyone involved can benefit.

OPERATIONAL OPTIONS

Generally speaking, there is a market for about any type of hunting arrangement that a landowner might be willing to offer. From seasonal leases with individuals or groups of hunters, to building a full-service outfitting business, there are many good examples of successful fee hunting businesses throughout Illinois and other regions of the country.

Landowners have been enticed to maintain or improve wildlife habitat on their farms to maximize the hunting value. In many cases, habitat management and selective harvest of some game species, especially deer, have increased wildlife populations and hunter success. Keep in mind that, for many hunters, the successfulness of the hunt is measured by much more than harvesting game. Being surrounded by nature and sharing time with other hunters before and after the hunt are also important factors when evaluating fee hunting options.

While profit potential attracts the interest of many landowners, only a few want to operate a commercial hunting or outfitting business. And even though many properties have the potential to generate some profit from hunting or other recreational uses, the income produced in most situations is supplemental at best. It takes either a true entrepreneur or a premier hunting site to capture the highest returns that are frequently quoted through the “rumor mill.”

Leasing Hunting Land

In most situations, simply leasing land to an individual, group, or even another outfitter has been the best option. Two important factors that need to be considered from the start are liability and determining a fair value for the lease. (Liability is discussed in the next section.)

Prices for hunting leases vary widely, so you need to do some research prior to advertising or entering into a lease agreement. Prices for hunting leases will vary depending on farm size, agricultural practices, abundance and quality of game, habitat enhancement, reputation of the parcel as well as the general region, practices and activities on neighboring properties, and many other factors. Realtors, bankers, farm managers, Farm Bureau managers, university Extension personnel, and NRCS staff can help assess the price range for hunting leases in about any area.

There are also several websites that advertise available leases by state and, in some cases, even by county. The information from these sites can be useful, but it may be difficult to find an exact comparison. One of the firms that hosts a website to put landowners in contact with hunters interested in leasing land also employs field representatives who

will inspect land to determine how desirable the property would be in the lease market. These field reps then work with the landowner to determine what a fair price might be.

Remember that what is deemed to be a “fair” price is not always the highest price. There are situations where high-quality hunting land is being leased at what seems to be bargain prices; but, in these situations, landowners often value doing business with people with whom they have had a long-standing relationship and those whom they know will respect and look after the property as if it were their own. In other cases, land of moderate hunting quality might be leased at a premium price because of its convenient access or some other attribute that appeals to the hunter’s needs or desires. Marketing efforts can also play an important role in the value of a hunting lease.

Starting a Commercial Hunting Operation

Rather than leasing land to other hunters, some landowners have chosen to develop commercial hunting clubs and outfitter businesses on their farms. In these situations, the operator is involved in much more than merely offering access to the property. In most cases, services such as lodging, meals, guide services, game processing, and transportation are offered. As a result of the added services, the revenue potential is usually higher; but, the ability to offer the services comes as a result of an investment over and above owning the land. These added investments can be quite expensive depending on the facilities, equipment and personnel involved.



If you are interested in starting a commercial operation, you need to develop a business plan to determine whether sufficient revenue can be generated to cover the added costs and provide a profit. It takes time to establish a business reputation and a loyal clientele, so you'll need to develop a strategy to build the business over time. Large investments in amenities such as lodge facilities should generally be viewed as long-term goals. Many of the most successful hunting club operators and outfitters in Illinois have "rustic" accommodations, but they generally go all out where habitat and customer service are concerned.



To avoid large investments in the early stages of this type of business, some hunting club operators work with existing businesses in the community to provide lodging and meals. This way, the hunting club operator can offer a full service package to clients, avoid risky or unnecessary investments, and benefit local businesses at the same time. In some cases, the hunting business may grow to the point where it might be feasible to invest in a facility of its own; in other cases, it may be more beneficial to continue working with local hotels and restaurants and invest in other assets to expand the business.

Those interested in establishing or operating a commercial hunting business should investigate licensing requirements. This information is available through the Illinois Department of Natural Resources (IDNR), <http://dnr.state.il.us/>, 217/782-6302. Although all fee hunting arrangements do not require special licensing from IDNR, leases and commercial hunting operations involved with waterfowl will likely require licensing, and licensing provisions are also in place to regulate deer and turkey hunting outfitters. It is highly advisable for landowners to determine licensing requirements as part of the planning process.

LIABILITY

Liability is an issue that is usually at the forefront of concerns when fee hunting is considered. While the recognition of liability is generally a good thing, it is often misunderstood through false assumptions or a lack of understanding about how the insurance industry works.

Because fee hunting enterprises are often started as a sideline business to an existing farm operation, it is often assumed that liability issues related to fee hunting would be covered by the existing farm liability policy. The logic is that since the business is being conducted on the farm, it is part of the farming operation. While this could be the case, business operators should always check with their insurance agent prior to conducting any new business activity. Usually, farm liability insurance only covers activities involved with "typical" or "traditional" farming practices. Although the definition of a farming practice will vary from company to company, it is probably safe to say that activities such as charging the public to visit your farm to hunt wild game is not part of that definition and not covered by most general farm policies.

Securing adequate insurance coverage is no easy task. Since no two fee hunting arrangements are alike, it is difficult for the insurance industry to assess the true risk associated with these ventures. To compensate for the unknown, the companies often have to charge high rates or refuse to provide coverage at all. For companies that do provide liability coverage for fee hunting businesses, it is normal for premiums to be based on the expected revenue that will be or has been generated by the operation. It is important to keep this in mind when discussing insurance issues with others involved in fee hunting as the rates quoted from these sources will probably not be comparable to your situation.

The best advice for obtaining liability coverage for your hunting enterprise is to allow plenty of time for planning and investigation. Start with your current insurance agent as the first source of advice. Get several quotes and network with others in the industry to learn from their experiences.



In most cases, it is possible to find affordable liability coverage for the majority of proposed fee hunting ventures, but it

might take significant effort to identify the best solution for each situation.

While you want to be certain that you have adequate liability coverage, it is not always necessary that you secure the policy. If you are involved in operating a commercial hunting or outfitting business, commercial liability coverage will likely be a necessity. But in cases where your land is being leased to an individual hunter, group, or outfitter, you could require that the lessee provide their own liability insurance.

This responsibility should be explained in a written lease agreement. In these instances, it is recommended that the lessee provide the lessor (landowner) with a copy of the insurance policy to be reviewed by the lessor's business advisors (insurance agent and/or attorney) **before** signing the lease. By following this advice, you can be assured that your interests are adequately protected.

Accepting verbal notification of liability coverage can be risky because there is no way to verify that the policy provides adequate coverage for all parties involved. For example, the lessee who is the policy holder might be covered adequately but their guests, clients, employees, or the landowner might not have adequate or any coverage under that insurance policy. As an added precaution, insurance agents and attorneys often advise their clients to make sure they are listed as "additional insured" on the lessee's liability insurance policy. Consult with your insurance agent, attorney and other business advisors ahead of time for assistance in choosing the best option for your fee hunting arrangement.

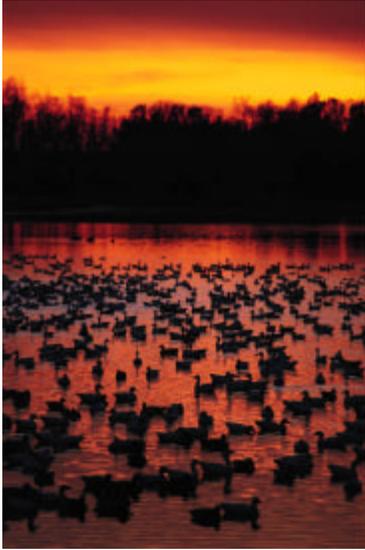
LEASING ISSUES

A written contract that outlines the expectations of all parties involved in a hunting lease is highly recommended. While a number of generic leases can be accessed on the Internet, it is always a good idea to consult with an attorney before using any of these documents. Even though a web-based document may seem to contain all the points you wish to address, laws differ from state to state as do personal situations. An attorney can help insure that all of your legal bases are covered as they apply in your state.

The wording of a hunting lease will vary depending on the situation, but these items are usually included:

- A description of the property.
- A description of what activities are allowed.
- A description of what activities are not allowed.
- Allowances or restrictions for sub-leasing or outfitting.
- A list of who is allowed to hunt or access the property, or at least a limit on the number of hunters allowed in the field at any one time.
- When access is allowed. Access is usually allowed for the duration of the hunting season. But depending on the agricultural practices being used on the land or the needs/desires of the hunters, access may be more or less restrictive. Some landowners allow year-round access so hunters can plant and maintain food plots and scout. In other instances, such as with livestock production, more restrictive access might be preferred.
- Amount of payment and payment date(s).
- Termination clause.
- Proof of insurance.
- Site specific or client specific issues.





MARKETING

Those interested in starting up a commercial hunting operation quickly see the need for marketing and advertising. But, landowners who are simply leasing their land should also consider the benefits of marketing.

While there are many instances where hunters actively search out land to lease, many others who are just as interested and willing to pay use a less aggressive approach. For hunters, websites, newspaper and magazine classified sections, and word of mouth are usually the search tools of choice. For a reasonable cost, or even free, you can usually spread the word about what you have to offer. Several websites allow landowners to post offerings for free and then charge hunters a small fee to access the listings. Websites of this type can easily be located through a web search.

If you pursue a commercial hunting operation, marketing will probably be more intensive, especially during the first couple of years. While marketing activities will be more involved, some of the most effective techniques can be employed at a low to moderate expense.

Donating hunts is one effective way to build the reputation of a new business. You can contact Ducks Unlimited, Pheasants Forever, Rocky Mountain Elk Foundation, Quail Unlimited and other organizations in your target market to donate a hunt that they can auction or use as a raffle item at a fund raising event. Since the majority of commercial hunting clubs and outfitters are patronized primarily by clients who do not reside in their immediate area, you'll want to target organizations that operate where your customers and potential customers live and work.

Depending on what your hunting club or outfitting business offers, the target market may be several states away. Hunts donated to local organizations generate good public relations in the community. But, these same donated hunts can have a bigger impact if you focus your efforts on distant markets, especially where deer and waterfowl hunting are concerned.

Networking is another marketing strategy. Inform your local Chamber of Commerce and/or tourism bureau of your enterprise. These organizations are in the business of promoting the local area and all it has to offer. Out-of-town hunters often contact the local Chamber or tourism bureau to find out about hunting opportunities. But, these organizations can only pass along information about your business if you provide it to them. In many cases, it would benefit a commercial hunting business to join the Chamber or business club in several local communities to generate awareness of the business and to network with other businesses that might steer potential clients in your direction. In addition, it is always advisable to make local convention and visitors bureaus (CVB), regional tourism development offices and the state bureau aware of your business operation and what you have to offer.

CONCLUSIONS

Farmers and landowners have several options to generate profits from fee hunting. Approach these opportunities like any other business proposition. Consult insurance professionals, attorneys and other business advisors to minimize your risks. The trend of fee hunting will most likely continue for years to come. This trend is an opportunity for landowners and communities to capitalize on local tourism development and maximize the potential for success.

