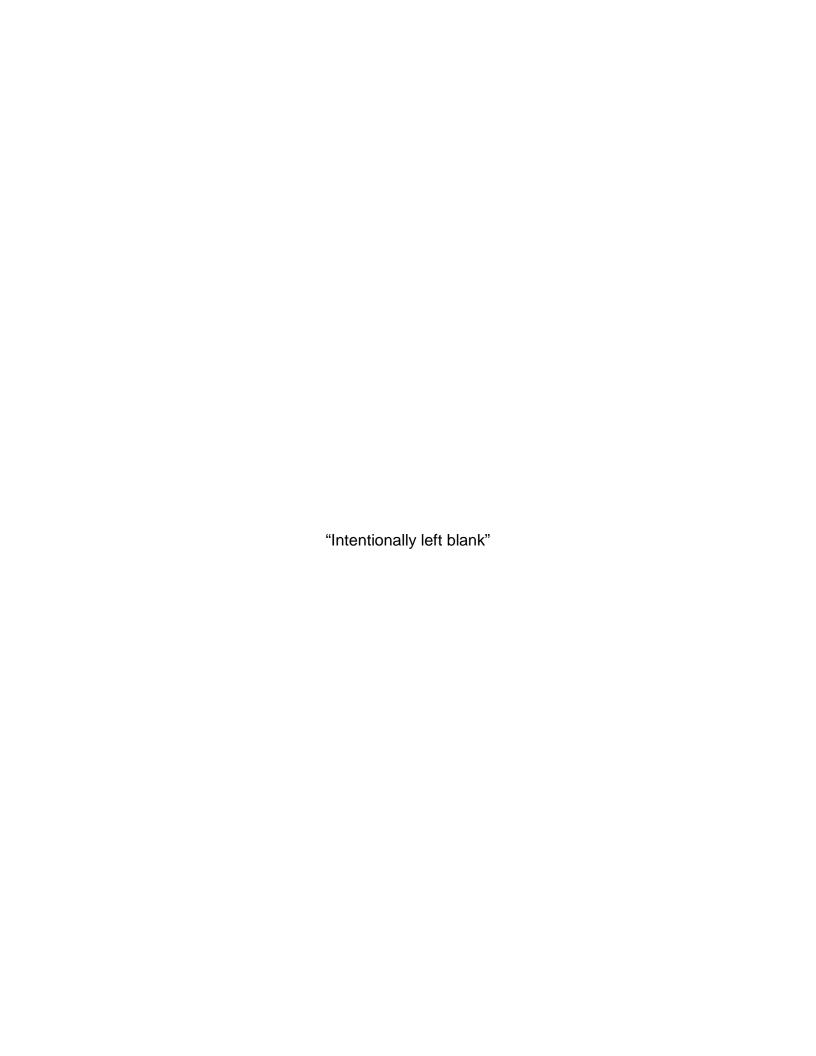
Beginning Farmer Tax Credit Act



Annual Report July 1, 2012 – June 30, 2013

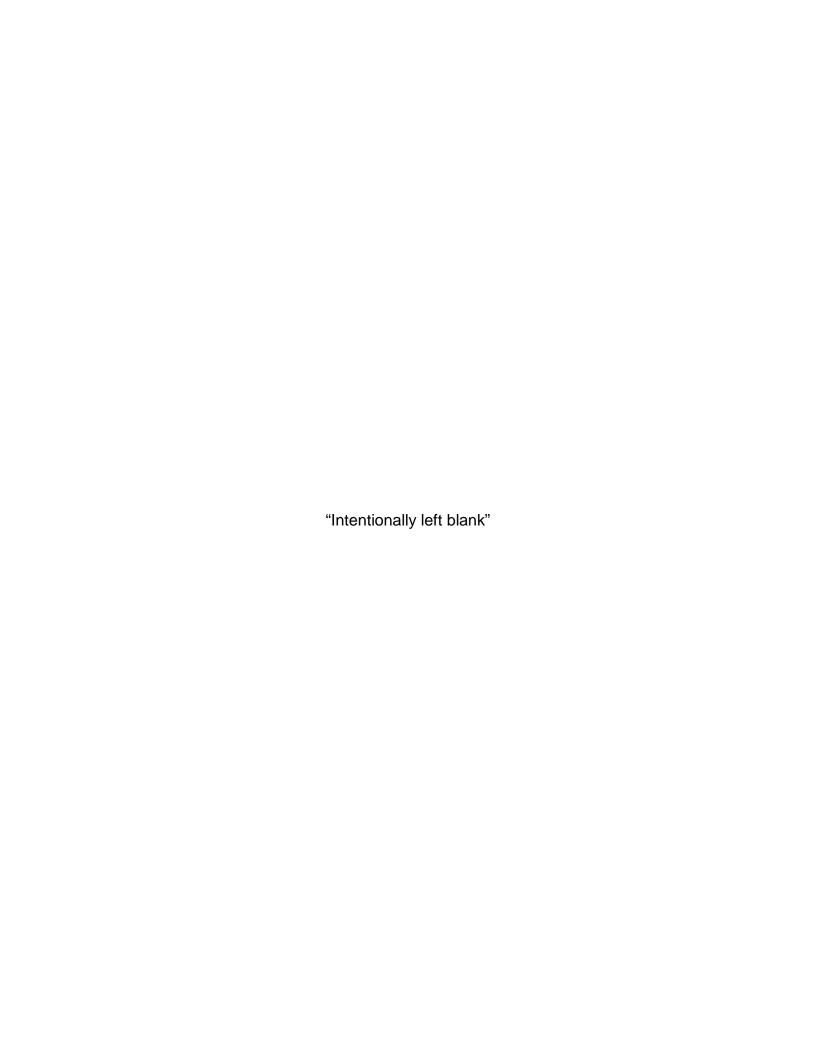
Nebraska Department of Agriculture Beginning Farmer Program



Beginning Farmer Program Annual Report

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Beginning Farmer Program Board of Directors

FY 2012 - 2013 July 1, 2012 - June 30, 2013

Name	Representing
Greg Ibach	Director Nebraska Department of Agriculture
Marian Beethe (Designee)	Beginning Farmer Program Administrator Nebraska Department of Agriculture
Douglas Ewald	Tax Commissioner Nebraska Department of Revenue
John Stavick (Designee)	Research Division Nebraska Department of Revenue
Brad Lubben	Academic Community Extension Agricultural Economist University of Nebraska - Lincoln
Mark Graff	Agricultural Lender
Todd Reed	Producer, District 1
Melvin Valasek	Producer, District 2
Don Anthony	Producer, District 3

Staff Members

	Q. # A	
Karla Bahm	Staff Assistant	

Beginning Farmer Program Board Meeting Dates and Attendees

FY 2012 - 2013 July 1, 2012 - June 30, 2013

Meeting Date	Members Attending	Guests Attending	Staff Attending
November 29, 2012	Don Anthony	Katie Pitts,	Karla Bahm
	Marian Beethe	representative to	
	Mark Graff	Senator Tom Carlson	
	Brad Lubben		
	Todd Reed		
	John Stavick		
	Melvin Valasek		
January 18, 2013	Don Anthony		Karla Bahm
	Marian Beethe		
	Mark Graff		
	Brad Lubben		
	John Stavick		
	Melvin Valasek		

Beginning Farmer Program Administrative Notes

FY 2012 - 2013 July 1, 2012 - June 30, 2013

The Beginning Farmer Tax Credit Act was passed by the Nebraska Legislature and enacted into law on August 28, 1999. The intent of the Act was to help beginning farmers and ranchers have access to agricultural assets by providing an incentive to a landlord who will enter into a three year lease with a beginning farmer. The incentive is a refundable Nebraska income tax credit.

Beginning Farmer Tax Credit Program participation continues to grow. Since the inception of the program, approximately 250 beginning farmers and ranchers have utilized the tax credit incentive to gain access to agricultural assets. Approximately \$5,600,000 in tax credits have been issued to landlords who have participated in the program. Past participants are reapplying to the program. Beginning farmers are growing their operations by adding additional farm ground with their current landlord or by leasing from a new landlord. Growing their operation is essential to beginning farmers and ranchers to secure a long term sustainable livelihood in farming.

Promoting the Beginning Farmer Tax Credit Program is a key focus of our staff. Our program administrator is a representative on several advisory councils providing services to the agricultural community. Outreach activities include agricultural farm shows, agricultural college and high school career fairs and farming and ranching workshops. Efforts are also made to educate service providers of farmers and ranchers. Service providers include bankers, tax preparers, accountants, cooperatives and extension agents. This year's outreach activities reached approximately 475,000 attendees. Husker Harvest Days, an annual farm show event featuring state of the art information and technology to today's agricultural producers, attracts approximately 100,000 attendees over the three day event. We experience our highest volume of potential program participants at Husker Harvest Days.

Legal Aid of Nebraska was awarded a three year Beginning Farmer and Rancher Development Grant. This grant provides a means to continue the network created under a grant awarded to Center for Rural Affairs which ended in 2013. Members include state and federal agencies, higher learning institutions, agricultural financial institutions and agricultural interest groups. The Beginning Farmer Tax Credit Program Administrator is a member of the network. The Legal Aid of Nebraska grant allowed for the hiring of a specialist to help beginning and retiring farmers and ranchers navigate the multitude of programs available to them. This specialist has been a valuable resource to our beginning farmer program applicants. She is a licensed attorney and her services are free of charge. She provides financial and business planning, expertise in legal contracts and succession and transition planning. Working together as a network and providing education and support regarding each other's programs provides a valuable resource to Nebraska's next generation of agriculture producers.

Other notes of interest regarding the program and Nebraska agriculture for this fiscal year were:

- The net worth threshold for applicants remains at \$200,000.
- Marian Beethe, Administrator for the Beginning Farmer Tax Credit Act Program was recognized by Governor Heineman as the Department of Agriculture's Administrator of the Year.
- Karla Bahm succeeds Marian Beethe as program administrator.
- One hundred percent of Nebraska's counties experienced extreme or exceptional drought conditions in 2012.
- Nebraska, Wyoming and South Dakota livestock producers experienced extensive cattle losses due to an October blizzard.

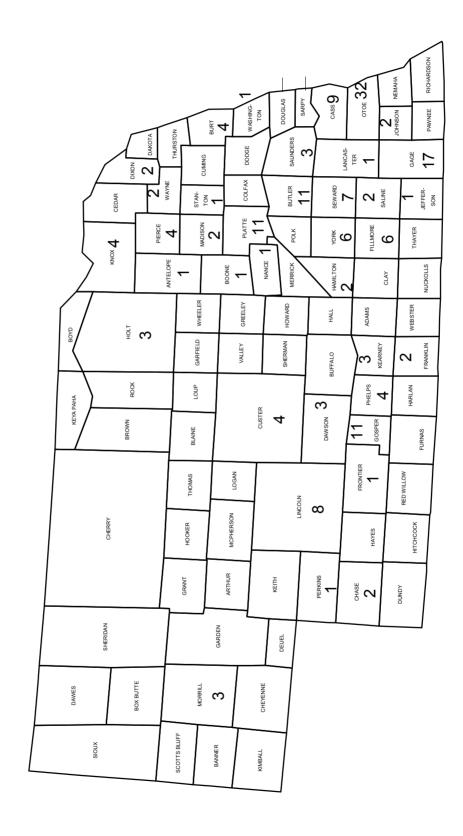
Participant Statistics As Reported for the Tax Year

Tay Voor Barticination	8000	0000	0100	2011	2042	2008 - 2012	Totals - 2001 to 2012
las leal latticipation	7007	6007	9195	1107	7107	Last 5 Yrs Total & Avg	ast 5 Yrs Total & Avg Since the Beginning
# of Owners Receiving Tax Credit	46	147	216	244	181	840	1047
Total Tax Credits Paid To Owners	\$ 372,222	\$ 1,094,696	\$ 372,222 \$ 1,094,696 \$ 1,460,453 \$ 1,385,531 \$	\$ 1,385,531	\$ 926,031	\$ 5,238,933 \$	\$ 5,622,353
Average Tax Credit per Owner	\$ 8,092	\$ 7,447	\$ 6,761 \$	\$ 2,678	\$ 4,952 \$	\$ 6,237	\$ 5,370
# of Beg. Farmers Paying Rent	34	119	177	190	137	259	828
Total Rent Paid by Beg. Farmers	\$ 2,877,600	\$ 8,460,149	\$ 2,877,600 \$ 8,460,149 \$ 10,950,931 \$ 10,671,839 \$ 6,991,484 \$	\$ 10,671,839	\$ 6,991,484	\$ 39,952,003	\$ 46,124,604
Average Rent Paid per Beg. Farmer \$	\$ 84,635 \$	\$ 71,094	\$ 61,870 \$	56,168	\$ \$ 51,033 \$	\$ 60,810	\$ 55,041
Applications Received	43	129	28	99	41	337	527

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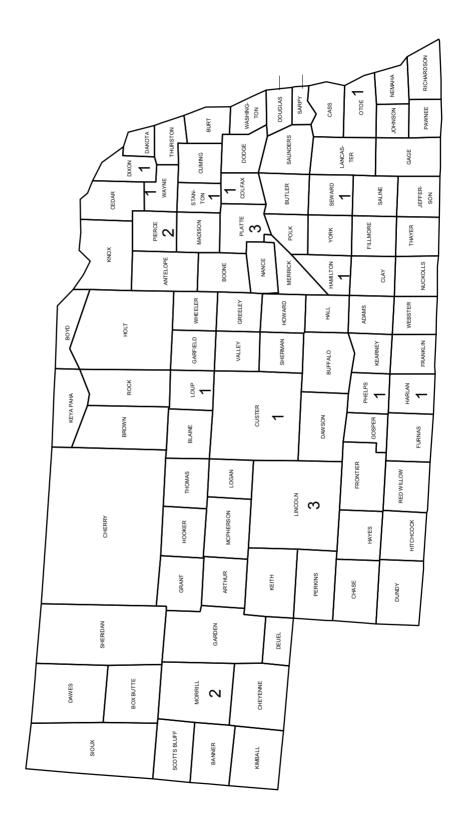
Number of Owners Receiving Tax Credits by County **Beginning Farmer Tax Credit Program**

Crop Year 2012



Beginning Farmer Tax Credit Program Number of Cases Declared Eligible by County

July 01, 2012 - June 30, 2013



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Beginning Farmer Program Financial Report

FY 2012 - 2013 July 1, 2012 - June 30, 2013

Beginning Farmer Program Outreach Activities

FY 2012 - 2013 July 1, 2012 - June 30, 2013

- Nebraska Ag Youth Institute Career Fair, Lincoln July 12, 2012
- Nebraska Farm Business Assoc. Lincoln August 8, 2012
- Nebraska College of Technical Agriculture Advisory Council Meeting, Curtis August 16, 2012
- Beginning Farmer Network Meeting, Kearney August 28, 2012
- Nebraska State Fair, Grand Island August 31-September 3, 2012
- Center for Rural Affairs Beginning Farmer Meeting, Nebraska City September 7, 2012
- Husker Harvest Days, Grand Island September 11-13, 2012
- Aksarben Livestock Show, Omaha September 21-23, 2012
- Nebraska Pork Producers Assoc., Lincoln October 11, 2012
- Beginning Farmer Network Meeting, Kearney November 8, 2012
- McCook Ag Show, McCook November 14-15, 2012
- AgCeptional Women's Conference, Norfolk November 16, 2012
- Nebraska Power Farming Show, Lincoln December 4-6, 2012
- Center for Rural Affairs Beginning Farmer Meeting, Hartington December 13, 2012
- Buffalo Bill Expo, North Platte February 6-7, 2013
- Nebraska College of Technical Agriculture Career Fair, Curtis February 7, 2013
- Center for Rural Affairs Market Place, West Point February 12, 2013
- Governor's Ag Conference, Kearney February 12-13, 2013
- Women in Ag Conference, Kearney February 21-22, 2013
- Beginning Farmer Network Meeting, Kearney March 7, 2013
- FFA Annual Convention, Lincoln April 3-5, 2013
- Women Caring for the Land Workshop, Blue Hill May 6, 2013
- Beginning Farmer Rancher Development Meeting, Omaha May 15, 2013
- Coalition of Agricultural Mediation Programs, Des Moines, IA June 24-26, 2013

