

Beginning Farmer Tax Credit Act



Annual Report
July 1, 2011 – June 30, 2012

Nebraska Department of Agriculture
Beginning Farmer Program

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Beginning Farmer Program Annual Report

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Beginning Farmer Program Board of Directors

FY 2011 – 2012
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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
Dave Dearmont (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

Karla Bahm	Staff Assistant
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**Beginning Farmer Program
Board Meeting Dates
and
Attendees**

**FY 2011 – 2012
July 1, 2011 – June 30, 2012**

Meeting Date	Members Attending	Guests Attending	Staff Attending
September 29, 2011	Don Anthony Marian Beethe Dave Dearmont Doug Ewald Mark Graff Brad Lubben Melvin Valasek	Senator Burke Harr Rick Leonard, Legislative Aide for Ag Committee	Karla Bahm, NDA
November 15, 2011	Don Anthony Marian Beethe Dave Dearmont Mark Graff Brad Lubben Melvin Valasek	Andy Dickes, UNL Agronomy Major	Karla Bahm, NDA
January 26, 2012	Don Anthony Marian Beethe Dave Dearmont Mark Graff Brad Lubben Todd Reed Melvin Valasek		Karla Bahm, NDA
March 16, 2012	Don Anthony Marian Beethe Dave Dearmont Mark Graff Brad Lubben Todd Reed Melvin Valasek		Karla Bahm, NDA

Beginning Farmer Program Administrative Notes

FY 2011 – 2012

July 1, 2011 – June 30, 2012

The Beginning Farmer Tax Credit Act was enacted into law in August of 1999. The Act was created out of a concern of the aging population of Nebraska's farmers and ranchers and who would be their successors. The Act provides a Nebraska income tax credit to the landlord who rents to an eligible beginning farmer or rancher. This program has become a good tool for the beginning farmer to use while trying to gain access to agricultural assets. Other benefits for the beginning farmer are a Personal Property Tax Exemption on farm equipment and machinery and reimbursement of an approved finance management course.

Due to a change in the Act in 2008, beginning farmers and ranchers leasing from family members may apply for the tax credit to the landlord. Certification requires the landlord and/or tenant attend a succession workshop and attest that a succession plan exists to provide for the transfer of the asset to the tenant. Transition and succession workshops, offered free of charge by Legal Aid of Nebraska and supported by Nebraska's Farm Mediation Program, meet the succession workshop requirement of the Beginning Farmer Tax Credit Act. Approximately 50 families have participated in the program since this change went into effect.

The Beginning Farmer Board is charged with reviewing applications for approval and certification for program benefits. Members of the Board are appointed by the Governor and approved by the Legislature. Six of the seven current board members have been serving together since 2007. Their experience, expertise and familiarity with the program make for an efficient and effective Board dedicated to serving and preserving Nebraska agriculture.

Members of the Nebraska Agriculture Legislative Committee are invited to board meetings. Senator Burke Harr of District 21 and Rick Leonard, Research Analyst for the Agriculture Legislative Committee attended a board meeting.

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

- The net worth threshold for applicants was raised from \$175,000 to \$200,000.
- Twenty-two new beginning farmers/ranchers were approved.
- News articles about the program appeared in the Lincoln Journal Star, Fence Post and Reuters News.
- We participated in two workshops provided to veterans interested in farming and ranching.

Beginning Farmer Program Administrative Notes

continued

The below letter of appreciation was received from a beginning farmer participating in the Beginning Farmer Tax Credit Act Program.

"I would like to share with you my experience as a new farmer and my appreciation for the Beginning Farmer Program. It is often difficult to catch the attention of potential landlords as a new, small operation. The established, large operations have a significant advantage that allows them to offer a landlord higher rent than a beginning farmer could offer. Nebraska's Beginning Farmer Program provides a powerful incentive to encourage landlords to work with new farmers. For me, the program aided in growing to a size of operation that likely makes a long-term farming career feasible. Of the many challenges I face, I believe that farm operations will continue to grow in size and shrink in numbers, but the Beginning Farmer Program has helped to give me a start and foothold in the industry.

I believe that new farmers are a crucial part of the community and have much to offer the industry and the environment. I am very appreciative of the landlords and the supporters of this program who recognize the value of new farmers."

Sincerely,

Participant Statistics As Reported for the Tax Year

Tax Year Participation	2007	2008	2009	2010	2011	2007 - 2011	
						Last 5 Yrs Total & Avg	Totals - 2001 to 2011 Since the Beginning
# of Owners Receiving Tax Credit	23	46	147	216	244	676	860
Total Tax Credits Paid To Owners	\$ 76,782	\$ 372,222	\$ 1,094,696	\$ 1,460,453	\$ 1,385,531	\$ 4,389,684	\$ 4,696,322
Average Tax Credit per Owner	\$ 3,338	\$ 8,092	\$ 7,447	\$ 6,761	\$ 5,678	\$ 6,494	\$ 5,461
# of Beg. Farmers Paying Rent	17	34	119	177	190	537	713
Total Rent Paid by Beg. Farmers	\$ 697,105	\$ 2,877,600	\$ 8,460,149	\$ 10,950,931	\$ 10,671,839	\$ 33,657,624	\$ 39,732,376
Average Rent Paid per Beg. Farmer	\$ 41,006	\$ 84,635	\$ 71,094	\$ 61,870	\$ 56,168	\$ 62,677	\$ 55,726
Applications Received	23	43	129	58	66	319	497

Beginning Farmer Program Financial Report

FY 2011 – 2012
July 1, 2011 – June 30, 2012

Account Code Description	Budgeted Amount	Year-To-Date	% of Budget	Variance-Favorable (Unfavorable)
<u>510000 Personal Services</u>				
511100 Permanent Salaries – Wages	\$39,892.42	\$32,793.32	82.20	\$7,099.10
512100 Vacation Leave Expense		\$2,747.48	0.00	(\$2,747.48)
512200 Sick Leave Expense		\$1,050.03	0.00	(\$1,050.03)
512300 Holiday Leave Expense		\$1,773.00	0.00	(\$1,773.00)
512500 Funeral Leave Expense		\$51.06	0.00	(\$51.06)
515100 Retirement Plans Expense	\$2,991.63	\$2,880.50	96.29	\$111.13
515200 FICA Expense	\$3,051.62	\$2,642.22	86.58	\$409.40
515400 Life & Accident Insurance Exp	\$11.00	\$11.39	103.55	(\$0.39)
515500 Health Insurance Expense	\$10,462.00	\$10,462.12	100	(\$0.12)
516300 Employee Assistance Program	\$15.00	\$15.00	100	0.00
516500 Workers Comp Premiums	\$287.00	\$288.78	100.62	(\$1.78)
<u>510000 Personal Services Total</u>	\$56,710.67	\$54,714.90	96.48	\$1,995.77
<u>520000 Operating Expenses</u>				
521100 Postage Expense	\$394.03	\$395.62	100.40	(\$1.59)
521200 Com. Exp – Voice/Data	\$601.87	\$647.65	107.61	(\$45.78)
521290 Com. Exp – Data only	\$30.00	\$7.07	23.57	\$22.93
521400 Data Processing Expense	\$1,124.66	\$1,096.74	97.52	\$27.92
521500 Publication & Print Expense	\$781.00	\$1,076.38	137.82	(\$295.38)
521900 Awards Expense	\$1.85	\$16.16	873.51	(\$14.31)
522200 Conference Registration	\$30.00	\$121.33	404.43	(\$91.33)
524744 Exhibit Space	\$40.00	\$89.19	222.98	(\$49.19)
531100 Office Supplies Expense	\$10.00	\$5.94	59.40	\$4.06
532100 Non-Capitalized Equip PU	\$12.29	\$12.29	100	0.00
532101 Non-Capitalized Computer Eq		\$745.00	0.00	(\$745.00)
534900 Miscellaneous Supplies Exp		\$7.48	0.00	(\$7.48)
534946 Promotional Supplies	\$22.00	\$54.74	248.82	(\$32.74)
541100 Accounting & Auditing Service	\$71.00	\$84.93	119.62	(\$13.93)
559100 Other Operating Expense	\$5.75	\$0.91	15.83	\$4.84
<u>520000 Operating Expenses Total</u>	\$3,124.45	\$4,361.43	139.59	(\$1,236.98)
<u>570000 Travel Expense</u>				
571100 Board & Lodging	\$550.00	\$999.78	181.78	(\$449.78)
571600 Meals – Not Travel Status	\$275.00	\$302.43	109.97	(\$27.43)
571900 Meals – One Day Travel	\$40.00	\$10.00	25.00	\$30.00
574500 Personal Vehicle Mileage	\$1,365.00	\$2,341.04	171.50	(\$976.04)
575100 Misc Travel Expense	\$140.00	\$126.00	90.00	\$14.00
<u>570000 Travel Expense Total</u>	\$2,370.00	\$3,779.25	159.46	(\$1,409.25)
Budgeted Expenditures Total	\$62,205.12	\$62,855.58	101.05	(\$650.46)

Beginning Farmer Program Outreach Activities

**FY 2011 – 2012
July 1, 2011 – June 30, 2012**

- Nebraska Agriculture Youth Institute Career Fair, Lincoln – July 14, 2011
- Beginning Farmer Network Meeting, Kearney – August 4, 2011
- State Fair, Grand Island – August 26-September 5, 2011
- Husker Harvest Days, Grand Island – September 13-15, 2011
- Aksarben Livestock Show, Omaha - September 22-25, 2011
- LEAD Meeting, Kearney – November 2, 2011
- McCook Ag Show, McCook – November 16-17, 2011
- Nebraska College of Technical Agriculture Advisory Council, Curtis – November 18, 2011
- AgCeptional Women's Conference, Norfolk – November 18, 2011
- Range Beef Cow Symposium, Scottsbluff – November 29-December 1, 2011
- Nebraska Power Farming Show – December 6-8, 2011
- Farm Beginnings Class, Syracuse – January 4, 2012
- Farm Bureau Young Farmers and Ranchers Conference, McCook – January 27-28, 2012
- Buffalo Bill Farm Expo, North Platte – February 1-2, 2012
- Farmers State Bank of Wallace & North Platte, Wallace – February 2, 2012
- NTV Interview, Kearney – February 6, 2012
- Beginning Farmer Network Meeting, Kearney – February 15, 2012
- Governor's Ag Conference, Kearney – February 15-16, 2012
- AgrAbility Advisory Council, Kearney – February 22, 2012
- MarketPlace Conference, Kearney – February 21-22, 2012
- Women in Ag Conference, Kearney – February 23-24, 2012
- Triumph of Ag Show, Omaha – February 29-March 1, 2012
- Nebraska College of Technical Agriculture 100 Cow/100 Acre Program Seminar, Curtis– March 6, 2012
- Beginning Farmer and Rancher Development Program Grant Review Panel for the National Institute of Food and Agriculture, Washington, DC – March 20-23, 2012
- Veterans Workshop, Mead and Curtis – March 22-23, 2012
- FFA Conference, Lincoln – March 29, 2012
- Coalition of Agricultural Mediation Programs, Coeur d'Alene, ID – June 4-7, 2012
- Nebraska Staff Training, Aurora – June 19-20, 2012

News Stories:

- Lincoln Journal Star, Art Hovey
- Fence Post, Robyn Scherer
- Reuters News, PJ Huffstutter, Chicago