

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 5**

Introduced by Blood, 3.

Read first time January 10, 2019

Committee: Revenue

- 1 A BILL FOR AN ACT relating to the Beginning Farmer Tax Credit Act; to
- 2 amend sections 77-5203, 77-5213, and 77-5215, Reissue Revised
- 3 Statutes of Nebraska; to define a term; to change provisions
- 4 relating to tax credit amounts; to provide for applicability; and to
- 5 repeal the original sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-5203, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 77-5203 For purposes of the Beginning Farmer Tax Credit Act:

4 (1) Agricultural assets means agricultural land, livestock, farming,  
5 or livestock production facilities or buildings and machinery used for  
6 farming or livestock production located in Nebraska;

7 (2) Board means the Beginning Farmer Board created by section  
8 77-5204;

9 (3) Farm means any tract of land over ten acres in area used for or  
10 devoted to the commercial production of farm products;

11 (4) Farm product means those plants and animals useful to man and  
12 includes, but is not limited to, forages and sod crops, grains and feed  
13 crops, dairy and dairy products, poultry and poultry products, livestock,  
14 including breeding and grazing livestock, fruits, and vegetables;

15 (5) Farming or livestock production means the active use,  
16 management, and operation of real and personal property for the  
17 production of a farm product;

18 (6) Financial management program means a program for beginning  
19 farmers or livestock producers which includes, but is not limited to,  
20 assistance in the creation and proper use of record-keeping systems,  
21 periodic private consultations with licensed financial management  
22 personnel, year-end monthly cash flow analysis, and detailed enterprise  
23 analysis;

24 (7) Owner of agricultural assets means:

25 (a) An individual or a trustee having an ownership interest in an  
26 agricultural asset located within the State of Nebraska who meets any  
27 qualifications determined by the board;

28 (b) A spouse, child, or sibling who acquires an ownership interest  
29 in agricultural assets as a joint tenant, heir, or devisee of an  
30 individual or trustee who would qualify as an owner of agricultural  
31 assets under subdivision (7)(a) of this section; or

1 (c) A partnership, corporation, limited liability company, or other  
2 business entity having an ownership interest in an agricultural asset  
3 located within the State of Nebraska which meets any additional  
4 qualifications determined by the board;

5 (8) Qualified beginning farmer or livestock producer means an  
6 individual who is a resident individual as defined in section 77-2714.01,  
7 who has entered farming or livestock production or is seeking entry into  
8 farming or livestock production, who intends to farm or raise crops or  
9 livestock on land located within the state borders of Nebraska, and who  
10 meets the eligibility guidelines established in section 77-5209 and such  
11 other qualifications as determined by the board; ~~and~~

12 (9) Share-rent agreement means a rental agreement in which the  
13 principal consideration given to the owner of agricultural assets is a  
14 predetermined portion of the production of farm products from the rented  
15 agricultural assets; and -

16 (10) Veteran has the same meaning as in section 48-225.

17 Sec. 2. Section 77-5213, Reissue Revised Statutes of Nebraska, is  
18 amended to read:

19 77-5213 (1) The tax credit approved and certified by the board under  
20 section 77-5211 for an owner of agricultural assets in the first, second,  
21 or third year of a qualifying rental agreement that is a cash rent  
22 agreement shall be equal to:

23 (a) Ten ~~ten~~ percent of the gross rental income stated in the a  
24 rental agreement if the qualified beginning farmer or livestock producer  
25 involved in the agreement is not a veteran; or

26 (b) Eleven percent of the gross rental income stated in the rental  
27 agreement if the qualified beginning farmer or livestock producer  
28 involved in the agreement is a veteran.

29 (2) The tax credit approved and certified by the board under section  
30 77-5211 for an owner of agricultural assets in the first, second, or  
31 third year of a qualifying rental agreement that is a share-rent

1 agreement shall be equal to:

2 (a) Fifteen that is a cash rent agreement or (b) fifteen percent of  
3 the cash equivalent of the gross rental income in the a rental agreement  
4 if the qualified beginning farmer or livestock producer involved in the  
5 agreement is not a veteran; or

6 (b) Sixteen percent of the cash equivalent of the gross rental  
7 income in the rental agreement if the qualified beginning farmer or  
8 livestock producer involved in the agreement is a veteran.

9 ~~(3) that is a share-rent agreement.~~ Tax credits shall only be  
10 approved and certified for rental agreements that are approved and  
11 certified by the board under the Beginning Farmer Tax Credit Act.

12 ~~(4) (2)~~ To qualify for the greater rate of credit allowed under  
13 subsection (2) subdivision (1)(b) of this section, a share-rent agreement  
14 shall provide for sharing of production expenses or risk of loss, or  
15 both, between the agricultural asset owner and the qualified beginning  
16 farmer or livestock producer. The board may adopt and promulgate rules  
17 and regulations, consistent with the policy objectives of the act, to  
18 further define the standards that share-rent agreements shall meet for  
19 approval and certification of the tax credit under the act.

20 ~~(5) (3)~~ The board shall review each existing three-year rental  
21 agreement between a beginning farmer or livestock producer and an owner  
22 of agricultural assets on a semiannual basis and shall either certify or  
23 terminate program eligibility for beginning farmers or livestock  
24 producers or tax credits granted to owners of agricultural assets on an  
25 annual basis.

26 Sec. 3. Section 77-5215, Reissue Revised Statutes of Nebraska, is  
27 amended to read:

28 77-5215 (1) The changes made in sections 77-5201, 77-5203, 77-5208,  
29 77-5209, and 77-5211 to 77-5213 by Laws 2006, LB 990, shall become  
30 operative for all credits earned in tax years beginning or deemed to  
31 begin on and after January 1, 2007, under the Internal Revenue Code of

1 1986, as amended. For all credits earned in tax years beginning or deemed  
2 to begin prior to January 1, 2007, under the code, the provisions of the  
3 Beginning Farmer Tax Credit Act as they existed prior to such date shall  
4 apply.

5 (2) The changes made in sections 77-5203, 77-5209, and 77-5211 by  
6 Laws 2008, LB 1027, shall become operative for all credits earned in tax  
7 years beginning or deemed to begin on and after January 1, 2008, under  
8 the Internal Revenue Code of 1986, as amended. For all credits earned in  
9 tax years beginning or deemed to begin prior to January 1, 2008, under  
10 the code, the provisions of the Beginning Farmer Tax Credit Act as they  
11 existed prior to such date shall apply.

12 (3) The changes made in sections 77-5203 and 77-5213 by this  
13 legislative bill shall become operative for all credits earned in tax  
14 years beginning or deemed to begin on and after January 1, 2020, under  
15 the Internal Revenue Code of 1986, as amended. For all credits earned in  
16 tax years beginning or deemed to begin prior to January 1, 2020, under  
17 the code, the provisions of the Beginning Farmer Tax Credit Act as they  
18 existed prior to such date shall apply.

19 Sec. 4. Original sections 77-5203, 77-5213, and 77-5215, Reissue  
20 Revised Statutes of Nebraska, are repealed.