

ONE HUNDRED EIGHTH LEGISLATURE - FIRST SESSION - 2023
COMMITTEE STATEMENT (CORRECTED)
LB116

Hearing Date: Tuesday February 07, 2023
Committee On: Agriculture
Introducer: Brandt
One Liner: Change provisions of the Beginning Farmer Tax Credit Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye:	7	Senators Brewer, Halloran, Hansen, B., Holdcroft, Hughes, Ibach, Riepe
Nay:		
Absent:	1	Senator Raybould
Present Not Voting:		

Testimony:

Proponents:

Senator Tom Brandt
Eric Gerrard
Andrew Dunkley

Al Davis

Opponents:

Neutral:

Bradley Lubben
Dave Nielsen

Representing:

Introducer
Nebraska Investment Finance Authority
Nebraska Farm Bureau, Nebraska Renewable Fuels, State Dairy Association, Nebraska Cattlemen, Nebraska Corn Growers, Nebraska Soy Bean Association, Nebraska Wheat Growers, Independent Cattlemen of Nebraska, Nebraska Farmers Union

Representing:

Representing:
Nebraska Beginning Farmer Board
Nebraska Beginning Farmer Board

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 116 would make a series of revisions to the Beginning Farmer Tax Credit Act as described below:

Sec. 1: Amends §77-5203 by revising the definition of "farm." LB 116 removes a minimum acreage threshold and specifies that the term includes any improved or unimproved land used for production of farm products.

Sec. 2: Amends §77-5205 to strike a requirement that the three farming representatives on the Beginning Farmer

Board includes one from each congressional district.

Sec. 3: Amends §77-5209 which lists criteria to qualify as a beginning farmer. Currently, this section disqualifies farmers having more than \$200,000 net worth as adjusted by the referenced producer price index (PPI) compared to the 2008 PPI. LB 116 would:

- increase the net worth limitation to \$1 million
- exclude retirement and other deferred benefit accounts of the beginning farmer household from inclusion in net worth determination
- reference adjustments to the net worth limitation to the 2022 PPI
- add a new qualification that the beginning farmer meets the age requirements under §43-2101 to be legally bound by contract.

Sec. 4: Amends §77-5209 which allows a beginning farmer to claim a credit against income tax liability for the costs of a financial management training required to qualify as a beginning farmer. LB 116 strikes a requirement that a beginning farmer currently be a tenant in a rental agreement in order to claim the credit.

Sec. 5: Amends §77-5213 to require the Beginning Farmer Board to annually, rather than semiannually, review rental agreements for continuing qualification for benefits under the Act.

Sec 6: Repealer

Explanation of amendments:

The committee amendment (AM718) is a white copy amendment which replaces the bill. The amendment retains the original purposes of the bill with modifications described below and also incorporates the provisions/purposes of LB 218 and LB 442.

Beginning Farmer Tax Credit Act:

Sections 3 to 10 of AM718 contain the provisions of LB 116 with the following revisions:

- Inserts a new section (Section 3) amending §58-242 to increase the net worth threshold to qualify for NIFA beginning farmer loan programs from \$500,000 to \$1 million.
- Inserts a new section (Section 6) amending §77-5208 to extend the termination date for acceptance of new applications from 2025 to 2027
- Reduces the increase in the net worth threshold to qualify as a beginning farmer from \$1 million to \$750,000. (Section 7)
- Inserts a new section (Section 9) amending §77-5211 to cap approvals of qualifying rental agreements to limit the annual amount of tax credits claimed by asset owners at \$5 million

LB 218:

Section 1 of AM718 inserts a new section amending §2-958.02 which creates the Noxious Weed and Invasive Plant Species Assistance program prescribing criteria applied to determine eligibility for, and to prioritize recipients of, grants to weed control authorities and weed management entities awarded under the program. Subsection (4) creates a subcategory of eligible grant awards for projects pertaining to riparian vegetation management problems. Currently, subsection (4) states legislative intent to appropriate \$3 million annually for projects eligible under this subsection beginning FY2022-23. Section 1 increases the appropriation intent to \$6 million annually beginning FY2023-24.

Testifiers on LB 218:

Proponents:

Senator Teresa Ibach, Legislative District 44

John Thorburn, Nebraska Association of Res. Districts

Katie Torpy, The Nature Conservancy
Joe Cannon, NACO
Todd Boller, Nebraska Weed Control Association
Mike Reed, Nebraska Weed Control Association
Andrew Dunkley, Agriculture Leaders Working Group, Nebraska Farm Bureau, Nebraska State Dairy Association, Nebraska Cattlemen, Nebraska Corn Growers Association, Nebraska Pork Producers, Nebraska Soybean Association, Nebraska Wheat Growers Association, Renewable Fuels Nebraska
John K. Hansen, Nebraska Farmers Union

Opponents: None

Neutral: None

Committee vote to attach LB 218: Yes – 8; No – 0; Abstain – 0, Not Present - 0

LB 442:

Section 2 of AM718 inserts the provisions of LB 442 as advanced to general file. The new section amends §54-2804, which creates the Livestock Growth Act Cash Fund, to insert a transfer of \$2 million general funds to the fund in FY 2023-24

Testifiers on LB 442:

Proponents:

Senator Joni Albrecht, Legislative District 17
Kris Bousquet, Nebraska State Dairy Association
Elaine Menzel, Nebraska Association of County Officials

Opponents: None

Neutral: None

Committee vote to attach LB 442: Yes – 8; No – 0; Abstain – 0, Not Present - 0

Steve Halloran, Chairperson