

Beginning Farmer Tax Credit Act



Annual Report
July 1, 2008 – June 30, 2009

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 2008 – 2009
July 1, 2008 – June 30, 2009

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
Darrell Mark	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

Mary Jackson	Staff Assistant
Lindsey Salestrom	Staff Assistant

Beginning Farmer Program Board Meeting Dates and Attendees

**FY 2008 – 2009
July 1, 2008 – June 30, 2009**

Meeting Date	Members Attending	Guests Attending	Staff Attending
August 22, 2008	Don Anthony Marian Beethe Dave Dearmont Douglas Ewald Mark Graff Darrell Mark Melvin Valasek	Ginger Langemeier, Assistant Director, Nebraska Department of Agriculture	Mary Jackson
November 14, 2008	Don Anthony Marian Beethe Dave Dearmont Douglas Ewald Mark Graff Darrell Mark Melvin Valasek	Rich Barta, Farm Service Agency Rick Leonard Legislative Ag Committee Ginger Langemeier, Assistant Director, Nebraska Department of Agriculture	Lindsey Salestrom
November 24, 2008	Don Anthony Marian Beethe Mark Graff Darrell Mark Melvin Valasek	Lynn Gordon, Manager, Ag Promotion and Development, Nebraska Department of Agriculture	Mary Jackson Leigh Meyers, Intern Lindsey Salestrom
January 27, 2009	Don Anthony Marian Beethe Dave Dearmont Doug Ewald Mark Graff Darrell Mark Melvin Valasek		Lindsey Salestrom

A MESSAGE FROM THE BOARD PRESIDENT

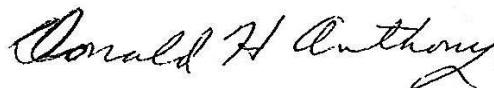
Beginning Farmer Chairperson Report 2009

2009 has been a busy year for the Beginning Farmer Board, as we have had several changes take place, affecting the 2009 applicants. There was a large increase in our applications due, in part, to the higher net worth limit amount, allowing more Beginning Farmers to be eligible, as well as the new Personal Property Tax Exemption for Beginning Farmers. In addition, the public relation efforts of our staff helped to extend the word about the expanding program, and contributed to the number of applicants applying. We also spent considerable time adjusting the regulations to implement the legislative changes made over the past year.

Gratitude is in order to both our staff for their hard work in taking and organizing the avalanche of applications, and to the unpaid volunteer members of the Beginning Farmer Board, as the amount of meeting time more than doubled this year. Their collegiality as we analyzed, as many as 50 applications in one day was greatly appreciated as was their willingness to come back another day when we were unable to get all the applications reviewed in a single meeting. As Chairperson, I also appreciate the skills shown by the board members in analyzing the applications.

As a whole, it is good to help so many people as they attempt to enter agriculture.

Sincerely,

A handwritten signature in cursive script that reads "Donald H. Anthony".

Don Anthony
Chairperson of the Beginning Farmer Board

Beginning Farmer Program Administrative Notes

FY 2008 – 2009

July 1, 2008 – June 30, 2009

2008 was a year of change for the Beginning Farmer Program. The addition of the personal property tax exemption and the inclusion of more owner eligibility brought impressive results and contributed to the growth of the program. It is full steam ahead into 2009 with a promise of record applicants.

Older farmers and ranchers want to help beginners follow their dreams in agriculture. With an increasing amount of farmers approaching retirement age, more owners are looking for ways to make their assets work for them. Numerous calls were received this year from agricultural asset owners who wanted to take advantage of the tax credit program. We have farm or ranch owners who are working with more than one beginning farmer. We also have owners who are encouraging their beginning farmer to apply to the program. Asset owners have discovered the benefits of the tax credit program and decide to continue participating, which is a big goal of the program and helps beginning farmers get the start they need.

Young people who want to earn their livelihood in production agriculture find the lack of accessibility of land a major obstacle. The following changes were made to the Beginning Farmer Tax Credit Act this year to increase the availability of land which also increases the number of young farmers and ranchers:

- The Personal Property Tax Exemption (PPTE) has been developed for the beginning farmer or rancher.
- The owner's eligibility requirements have been expanded to include all individuals or business entities who have an ownership interest in an agricultural asset located in the State of Nebraska.
- Close relatives are eligible to receive a tax credit if the asset in the rental agreement is included in a written succession plan to transition the asset between the two parties.

The changes caused a significant increase in the number of farmers and ranchers participating in the program which is helping to lower the overall age of Nebraska's farmers and ranchers.

The Personal Property Tax Exemption seemed to draw the most attention from beginning farmers. There were one hundred beginning farmers who were certified for the PPTE.

The Board of Directors has been very busy this year. Each application is reviewed at the board meeting for eligibility and accuracy and their combined expertise has been very useful.

Governor Heineman promoted the Beginning Farmer Program in his news conference at the Husker Harvest Days Agriculture Show near Grand Island this year. He generated a lot of interest and increased awareness of the program.

News releases and radio advertisements have proven to be the most effective method of spreading the word about the new personal property tax exemption. There was an obvious increase in telephone calls received after new advertising documents were released. With that in mind, new ways to reach more eligible beginning farmers are being developed; we want everyone who can benefit from the Beginning Farmer Program to know about it!

Beginning Farmer Program Administrative Notes

continued

A new user friendly website has been developed to provide farmers more information about the Beginning Farmer Programs available through the Nebraska Department of Agriculture. Applications are accessible from the website and can be printed from a home computer. In addition, links to the Beginning Farmer Tax Credit Act and other pertinent legislative bills are provided. A “Hot Topics” page has been added to create a quick summary of upcoming workshops, clinics, deadlines, and program changes.

The website has been a great tool for creating more access to the program. Below is a copy of the homepage.

Official Nebraska Government Website			
<h2 style="color: red; text-decoration: underline;">Beginning Farmer Programs</h2>			
< Main Page >			
Overview and Terms	The Nebraska Beginning Farmer Programs are designed to help new producers get a head start in farming and ranching, while giving back to the farmers and ranchers who own agricultural assets and are still interested in being involved in the farming or ranching process.		
Personal Property Tax Exemption Program			
Tax Credit Program	These programs are designed to help build the future of Nebraska agriculture.		
Beginning Farmer Eligibility	Contacts:		
Owner of Agricultural Assets Eligibility	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: center; vertical-align: top;"> <p>Marian Beethe Program Administrator Beginning Farmer Program Nebraska Department of Agriculture P.O. Box 94947 Lincoln, NE 68509-5957 E-mail: marian.beethe@nebraska.gov</p> </td> <td style="width: 50%; text-align: center; vertical-align: top;"> <p>Lindsey Salestrom Staff Assistant Beginning Farmer Program Nebraska Department of Agriculture P.O. Box 94947 Lincoln, NE 68509-4947 E-mail: lindsey.salestrom@nebraska.gov</p> </td> </tr> </table>	<p>Marian Beethe Program Administrator Beginning Farmer Program Nebraska Department of Agriculture P.O. Box 94947 Lincoln, NE 68509-5957 E-mail: marian.beethe@nebraska.gov</p>	<p>Lindsey Salestrom Staff Assistant Beginning Farmer Program Nebraska Department of Agriculture P.O. Box 94947 Lincoln, NE 68509-4947 E-mail: lindsey.salestrom@nebraska.gov</p>
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Applications			
Laws and Regulations			
Annual Report			
Nebraska Connections			
Frequently Asked Questions	Beginning Farmer Hotline: 800-446-4071		
	<div style="border: 2px solid red; padding: 5px; display: inline-block;">Hot Topics</div>		

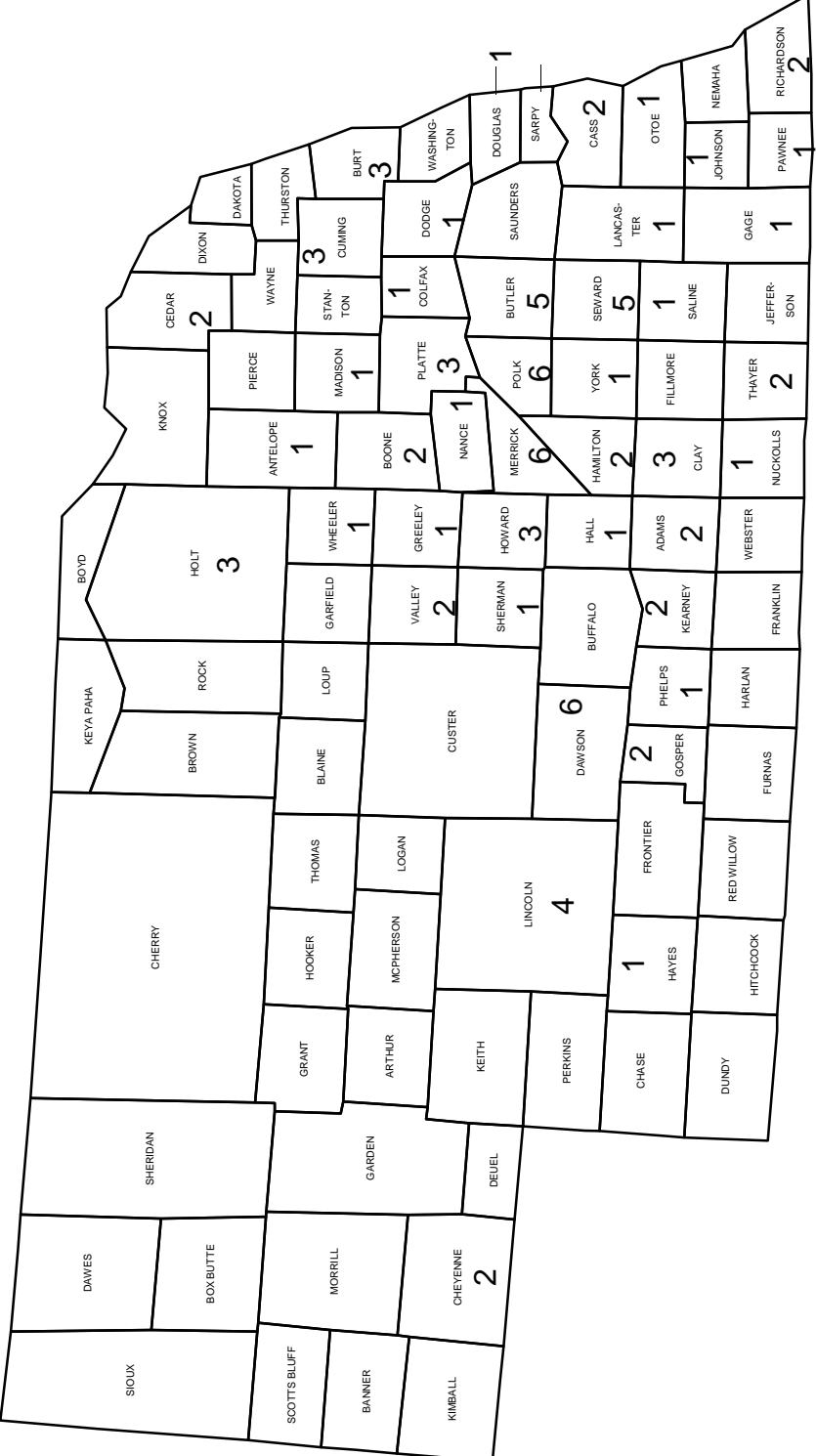
[Department of Agriculture](#) | [Nebraska.gov](#) | [Nebraska's Security, Privacy and Accessibility Policy](#)

Participant Statistics As Reported for the Tax Year

Tax Year Participation	2004	2005	2006	2007	2008	2004 - 2008	Totals - 2001 to 2008
						Last 5 Yrs Total & Avg	Since the Beginning
# of Owners Receiving Tax Credit	46	32	18	23	46	165	253
Total Tax Credits Paid To Owners	\$ 66,298	\$ 46,604	\$ 26,883	\$ 76,782	\$ 372,222	\$ 588,789	\$ 755,642
Average Tax Credit per Owner	\$ 1,441	\$ 1,456	\$ 1,493	\$ 3,338	\$ 8,092	\$ 3,568	\$ 2,987
# of Beg. Farmers Paying Rent	43	30	16	17	34	140	227
Total Rent Paid by Beg. Farmers	\$ 1,325,961	\$ 932,086	\$ 479,960	\$ 697,105	\$ 2,877,600	\$ 6,312,712	\$ 9,649,457
Average Rent Paid per Beg. Farmer	\$ 30,836	\$ 31,070	\$ 29,998	\$ 41,006	\$ 84,635	\$ 45,091	\$ 42,509
Applications Received	44	34	19	23	43	163	244

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

July 01, 2008 - June 30, 2009



Beginning Farmer Program Financial Report

FY 2008 – 2009
July 1, 2008 – June 30, 2009

Account Code Description	Budgeted Amount	Year-To-Date	% of Budget	Variance-Favorable (Unfavorable)
<u>510000 Personal Services</u>				
511100 Permanent Salaries – Wages	\$29,413.52	\$18,923.14	64.33	\$10,490.38
512100 Vacation Leave Expense		\$436.90	0.00	(\$436.90)
512200 Sick Leave Expense		\$312.06	0.00	(\$312.06)
512300 Holiday Leave Expense		\$1,256.74	0.00	(\$1,256.74)
515100 Retirement Plans Expense	\$2,206.34	\$1,567.59	71.05	\$638.75
515200 OASDI Expense	\$2,249.96	\$1,531.17	68.05	\$718.79
515400 Life & Accident Insurance Exp	\$16.02	\$8.74	54.56	\$7.28
515500 Health Insurance Expense	\$15,182.73	\$2,998.82	19.75	\$12,183.91
516500 Workers Comp Premiums	\$30.00	\$28.01	93.37	\$1.99
<u>510000 Personal Services Total</u>	<u>\$49,098.57</u>	<u>\$27,063.17</u>	<u>55.12</u>	<u>\$22,035.40</u>
<u>520000 Operating Expenses</u>				
521100 Postage Expense	\$89.28	\$532.24	596.15	(\$442.96)
521200 Com. Exp – Voice/Data	\$115.00	\$378.38	329.03	(\$263.38)
521290 Com. Exp – Data only	\$5.00	\$9.74	194.80	(\$4.74)
521400 Data Processing Expense	\$973.95	\$894.97	91.89	(\$78.98)
521500 Publication & Print Expense	\$509.88	\$1,306.12	256.16	(\$796.24)
522100 Dues and Subscription Exp	\$5.00	\$125.00	2,500.00	(\$120.00)
522200 Conference Registration	\$36.14	\$238.64	660.32	(\$202.50)
524744 Exhibit Space	\$15.00	\$27.62	184.13	(\$12.62)
534900 Misc. Supplies Expense	\$10.00	\$23.85	238.50	(\$13.85)
532100 Non-Capitalized Equip PU		\$1,701.80	0.00	(\$1,701.80)
532101 Non-Capitalized Computer Eq		\$820.84	0.00	(\$820.84)
534946 Promotional Supplies		\$19.92	0.00	(\$19.92)
541100 Accounting & Auditing Service	\$15.00	\$15.53	103.53	(\$0.53)
555200 Software-New Purchases		\$309.00	0.00	\$309.00
<u>520000 Operating Expenses Total</u>	<u>\$1,774.25</u>	<u>\$6,403.65</u>	<u>360.92</u>	<u>(\$4,629.40)</u>
<u>570000 Travel Expense</u>				
571100 Board & Lodging	\$150.00	\$467.16	311.44	(\$317.16)
571600 Meals – Not Travel Status	\$134.00	\$306.94	229.06	(\$172.94)
571900 Meals – One Day Travel	\$10.00	0.00	0.00	\$10.00
572100 Commercial Transportation	\$50.00	\$40.17	80.34	\$9.83
574500 Personal Vehicle Mileage	\$1,360.00	\$2,180.69	160.34	\$820.69
575100 Misc Travel Expense	\$90.00	\$110.00	122.22	(\$20.00)
<u>570000 Travel Expense Total</u>	<u>\$1,794.00</u>	<u>\$3,104.96</u>	<u>173.07</u>	<u>(\$1,310.96)</u>
Budgeted Expenditures Total	\$52,666.82	\$36,571.78	69.44	\$16,095.04

Beginning Farmer Program Outreach Activities

**FY 2008 – 2009
July 1, 2008 – June 30, 2009**

- Beginning Farmer Advisory Council – Washington DC July, 2008
- Advisory Council at Nebraska College of Technical Agriculture, Curtis – July 2008
- International Farm Transition Network Conference, Richmond, VA – July 2008
- State Fair, Lincoln – August 22-September 1, 2008
- Husker Harvest Days, Grand Island – September 9-11, 2008
- 100 Cow Appreciation Dinner, Nebraska College of Technical Agriculture, Curtis
- Nebraska Development Network
- Wayne State College Career Day
- Nebraska Cattlemen's Conference – December 2008
- Market Place Conference, North Platte – February 25, 2009
- Women in Ag Conference, Kearney – February 26-27, 2009
- Governor's Ag Conference, Kearney – March 4-5, 2009
- FFA Conference, Lincoln – April 2, 2009
- Nebraska Bankers Association Conference, Kearney – April 8-9, 2009
- USDA Small Business & Beginning Farmer Grant Planning Workshop – April 14-15, 2009
- International Farmers in Transition Conference, Denver – June 9-11, 2009

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