

Frequently Asked Questions

Tax Credit:

Q: *How does the program work?*

A: Qualified owners of agricultural assets who rent to an eligible beginning farmer for a minimum of three (3) years are eligible to receive a 10% Nebraska income tax credit on the amount of cash rent received, or 15% on the owner's share of the cash equivalent of the share rent received each year for three (3) years.

Q: *I'm 45 years old and have just started farming in the last couple of years. Am I too old to qualify as a beginning farmer?*

A: No, age is not a factor in determining eligibility. You qualify as a beginning farmer as long as you meet the eligibility requirements.

Q: *Can I rent from an owner who is a relative?*

A: Yes, you and/or the asset owner need to attend a training session on succession planning and complete a Succession Workshop Confirmation form to submit with your application. You also need to complete and submit a Succession Plan Certification Form that attests that a written succession plan for the agricultural asset(s) included in their rental agreement exists and that the succession plan meets the requirements under Neb. Rev. Stat. §77-5211(7) of the Beginning Farmer Tax Credit Act.

A relative, for the purpose of this requirement, is defined as children, grandchildren, great grandchildren, parents, grandparents, great grandparents, siblings, nieces and nephews, aunts and uncles.

Q: *Does the tax credit apply only to land leases or would rent on other types of agricultural assets qualify?*

A: In addition to land, other types of agricultural assets (such as farm equipment and machinery, grain storage facilities, breeding livestock, and livestock facilities) qualify as well, as long as they can be leased for three years.

Q: *Can a beginning farmer and/or asset owner apply with multiple lease agreements?*

A: Yes, you can apply with multiple lease agreements either with the same person or with different persons as long as the beginning farmer(s) meet the eligibility requirements.

Q: *Once a beginning farmer's three-year term is up for the current lease, can they apply for the tax credit with another lease for three years?*

A: Yes, as long as the agricultural asset they are leasing has not previously been in the program for one three-year period, and the beginning farmer still meets the eligibility requirements.

Q: *How would a tax credit be figured on a share rent agreement?*

A: The tax credit would be based on the cash equivalent of a share crop, livestock share, or other similar types of arrangements. The amount should be apparent after the beginning farmer and owner complete the cash equivalent statement.

Examples:

Cash rent: 100 acres x \$300 cash rent per acre = \$30,000 total cash rent x 10% = \$3,000 tax credit each year for three years, for a total of \$9,000.

Share crop rent: 100 acres x 200 bushels per acre x 50% (owner's share) = 10,000 bushels x \$5.00 = \$50,000 for owner's share x 15% = \$7,500 tax credit each year for three years, for a total of \$22,500.

Cow/calf share rent: 100 calves x 50% (owner's share) = 50 calves x \$800 (value of animal at time of division of calves) = \$40,000 x 15% = \$6,000 tax credit each year for three years, for a total of \$18,000.

Q: *How do I receive the tax credit?*

A: Forms 1099 BFC tax credits for approved asset owners are sent in January for use in filing Nebraska Income Tax returns.

- Q: Do I qualify as an agricultural asset owner?**
A: An agricultural asset owner is anyone who has ownership interest in an agricultural asset located within the state of Nebraska. This includes a spouse, child, or sibling who has acquired an ownership interest in agricultural assets as a joint tenant, heir, or devisee of an individual or trustee. Also, partnerships, corporations, limited liability companies, or other business entities having ownership interest in an agricultural asset located within the state of Nebraska.
- Q: What if the amount of the tax credit due to the asset owner is more than they owe in state income taxes?**
A: The Act states that this is a refundable tax credit. This means the asset owner would receive a check from the State of Nebraska for any amount in excess of what is owed to the state for income taxes.
- Q: Is there a deadline for applying for the tax credit?**
A: Yes, you have until November 1st to submit your application to receive a tax credit for the current year.
- Q: Who makes the final determination of eligibility?**
A: A Governor appointed Board of Directors is responsible for reviewing all applications and certifying eligibility for the Personal Property Tax Exemption, financial class reimbursement, and the tax credit.

Personal Property Tax Exemption:

- Q: Is there a Deadline for the Personal Property Tax Exemption?**
A: Yes, your application must be received by November 1st of the year preceding the year for which exemptions are sought.
- Q: If I am approved for the Personal Property Tax Exemption, what do I do next?**
A: You will receive a packet in the mail with your Certificate of Eligibility, along with a 1027 Form. Complete the 1027 Form and take it, along with your Certificate of Eligibility, to your county assessor by December 31st. Your exemption will start the following year.
- Q: Can I add items to my Tax Exemption list?**
A: Yes, however, the three-year time limit still applies.

See Figure 1
 For example:

Year 1 is 2023, and you list a tractor and a combine as tax exempt items. These items will be tax exempt for 2023, 2024, and 2025.

Year 2 is 2024, and you add a pivot to your tax exemption list. The pivot is only tax exempt for 2024 and 2025.

Year 3 is 2025, and you add a baler to your tax exemption list. The baler is only tax exempt for 2025.

Figure 1

Item	2023	2024	2025
Tractor	Tax Exempt	Tax Exempt	Tax Exempt
Combine	Tax Exempt	Tax Exempt	Tax Exempt
2024 add Pivot		Tax Exempt	Tax Exempt
2025 add Baler			Tax Exempt

- Q: I currently do not have a lot of items. If I apply for the tax credit now, should I also apply for the Personal Property Tax Exemption?**
A: The Personal Property Tax Exemption may be applied for through the county assessor in year 1, year 2, or year 3 of your acceptance in NextGen and shall continue for a period of three years. You can apply for the Personal Property Tax Exemption now, but wait until you have more items in year 2 or year 3 to apply through the county assessor.

NextGen
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