

Beginning Farmer Tax Credit Act



Annual Report
July 1, 2013 – June 30, 2014

Nebraska Department of Agriculture
Beginning Farmer Program

"Intentionally left blank"

Beginning Farmer Program Annual Report

Table of Contents

Board of Directors	1
Board Meeting Dates and Attendees.....	2
Administrative Notes	3
Participant Statistics as Reported for the Tax Year	4
Number of Owners Receiving Tax Credits by County	5
Number of Cases Declared Eligible by County	6
Financial Report	7
Outreach Activities	8

"Intentionally left blank"

Beginning Farmer Program Board of Directors

FY 2013 – 2014
July 1, 2013 – June 30, 2014

Name	Representing
Greg Ibach	Director Nebraska Department of Agriculture
Karla Bahm (Designee)	Beginning Farmer Program Administrator Nebraska Department of Agriculture
Kimberly Conroy	Tax Commissioner Nebraska Department of Revenue
John Stavick (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

Joline Gordon	Staff Assistant
---------------	-----------------

**Beginning Farmer Program
Board Meeting Dates
and
Attendees**

**FY 2013 – 2014
July 1, 2013 – June 30, 2014**

Meeting Date	Members Attending	Guests Attending	Staff Attending
October 28, 2013	Don Anthony Karla Bahm Mark Graff Brad Lubben Todd Reed John Stavick Melvin Valasek		Joline Gordon
January 24, 2014	Don Anthony Karla Bahm Mark Graff Brad Lubben Todd Reed John Stavick Melvin Valasek	Tim Kenney, Nebraska Investment Finance Authority Bobbie Kriz-Wickham, Nebraska Department of Agriculture	Joline Gordon

Beginning Farmer Program Administrative Notes

FY 2013 – 2014

July 1, 2013 – June 30, 2014

The Beginning Farmer Tax Credit Act provides a beginning farmer or rancher benefits in the form of a personal property tax exemption, and a Nebraska income tax credit for reimbursement of an approved financial management course. It also provides a state income tax credit to the landlord who rents to an eligible beginning farmer. The tax credit for the landlord is a good tool for the beginning farmer to use while trying to gain access to agricultural assets.

Applications are reviewed and approved by a Board of Directors in accordance with the Act. The majority of the members of the current Board of Directors have been serving together since 2007. They are an engaged and cohesive Board. Their professional expertise, familiarity with the program, and genuine commitment to Nebraska's agricultural industry is commendable.

Transitioning the farm from one generation to the next remains a key topic of discussion at many agricultural conferences and events. The Nebraska Department of Agriculture's Farm Mediation Service, in partnership with Legal Aid of Nebraska, held 12 transition workshops with approximately 600 attendees.

Senator Mark Christensen introduced Legislative Bill 922 at the 103rd Legislative Session. The bill would raise the net worth ceiling for beginning farmer applicants from \$200,000 to \$500,000. The Board of Directors provided neutral testimony at the Revenue Committee hearing on February 19, 2014. There were no opponents. Nebraska Cattlemen and Nebraska Farm Bureau provided letters in support of the bill. LB 922 was indefinitely postponed.

National Agricultural Statistics Service released 2012 Census data which prompted articles comparing beginning farmer data between the 2007 and the 2012 Census.

Brasher, P. (2014, March 21). Nebraska Sets the Standard for New Farmers. *Roll Call*. Retrieved from www.rollcall.com/news/nebraska_sets_the_standard_for_new_farmers-231607-1.html?pos=oplyh

- "In 2012, Nebraska had 3,999 farmers with less than five years experience in their operations, up from 3,369 in 2007."
- "The number of farmers in Nebraska under age 35 jumped by 42 percent, from 3,353 in 2007 to 4,747 in 2012."
- The article notes Nebraska's success in recruiting new farmers and ranchers and cites the benefits Nebraska's Beginning Farmer Tax Credit Act provides.

National Sustainable Agriculture Coalition. (2014, May 28). 2012 Census Drilldown: Beginning Farmers and Ranchers. Retrieved from <http://sustainableagriculture.net/blog/2012census-bfr-drilldown/>

- "Nebraska leads the country as the state with the youngest farmers (55.7 years)..."
- "Nebraska is the only state in America's heartland that saw their new farmer population increase. Nebraskan beginning farmers increased by 9.8 percent over the past five years..."
- "Part of this trend may be due to the fact that Nebraska has many state resources available to beginning farmers..."

Scherer, R. (2014, March 8). Census Report: Bucking national trend, number of Nebraska farms increases, young producers on the rise. *The Fence Post*. Retrieved from <http://www.thefencepost.com/news/10488264-113/census-2012-farms-nebraska>

- "The newly released preliminary 2012 Census of Agriculture results show that the number of farms increased 4.7 percent to 49,969 from 2007 to 2012."
- "The state saw an increase in the number of young farmers in the under 25 age category, and the biggest jump was in the 25 to 34 years of age category. Nebraska saw an increase of more than 1,000 operators in this category."

Participant Statistics As Reported for the Tax Year

Tax Year Participation	2009	2010	2011	2012	2013	2009 - 2013	
						Last 5 Yrs Total & Avg	Totals - 2001 to 2013 Since the Beginning
# of Owners Receiving Tax Credit	147	216	244	187	159	953	1206
Total Tax Credits Paid To Owners	\$ 1,094,696	\$ 1,460,453	\$ 1,385,531	\$ 926,031	\$ 842,864	\$ 5,709,575	\$ 6,465,217
Average Tax Credit per Owner	\$ 7,447	\$ 6,761	\$ 5,678	\$ 4,952	\$ 5,301	\$ 5,991	\$ 5,361
# of Beg. Farmers Paying Rent	119	177	190	137	126	749	934
Total Rent Paid by Beg. Farmers	\$ 8,460,149	\$ 10,950,931	\$ 10,671,839	\$ 6,991,484	\$ 6,551,624	\$ 43,626,027	\$ 51,570,323
Average Rent Paid per Beg. Farmer	\$ 71,094	\$ 61,870	\$ 56,168	\$ 51,033	\$ 51,997	\$ 58,246	\$ 55,214
Applications Received	129	58	66	41	61	355	561

Beginning Farmer Program Financial Report

FY 2013 – 2014
July 1, 2013 – June 30, 2014

Account Code Description	Budgeted Amount	Year-To-Date	% of Budget	Variance-Favorable (Unfavorable)
<u>510000 Personal Services</u>				
511100 Permanent Salaries – Wages	\$31,975.37	\$20,353.86	63.65	\$11,621.51
512100 Vacation Leave Expense		\$2,225.84	0.00	(\$2,225.84)
512200 Sick Leave Expense		\$268.03	0.00	(\$268.03)
512300 Holiday Leave Expense		\$1,528.58	0.00	(\$1,528.58)
515100 Retirement Plans Expense	\$2,398.07	\$1,827.87	76.22	\$570.20
515200 FICA Expense	\$2,445.48	\$1,714.85	70.12	\$730.63
515400 Life & Accident Insurance Exp	\$11.00	\$7.67	69.73	\$3.33
515500 Health Insurance Expense	\$10,059.00	\$7,049.51	70.08	\$3,009.49
516300 Employee Assistance Program	\$15.00	\$0.00	0.00	15.00
516500 Workers Comp Premiums	\$365.00	\$363.40	99.56	\$1.60
<u>510000 Personal Services Total</u>	<u>\$47,268.92</u>	<u>\$35,339.61</u>	<u>74.76</u>	<u>\$11,929.31</u>
<u>520000 Operating Expenses</u>				
521100 Postage Expense	\$395.00	\$202.51	51.27	\$192.49
521200 Com. Exp – Voice/Data	\$648.00	\$541.44	83.56	\$106.56
521290 Com. Exp – Data only	\$7.00	\$7.02	100.29	(\$0.02)
521400 Data Processing Expense	\$898.70	\$1,286.37	143.14	(\$387.67)
521500 Publication & Print Expense	\$1,091.56	\$15,353.40	1,406.56	(\$14,261.84)
522200 Conference Registration	\$121.60	\$198.10	162.91	(\$76.50)
524744 Exhibit Space	\$90.00	\$270.87	300.97	(\$180.87)
531100 Office Supplies Expense	\$5.00	\$26.97	539.40	(\$21.97)
532100 Non-Capitalized Equip PU	\$12.00	\$2.36	19.67	\$9.64
534800 Construction & Maint Supplies	\$7.00	\$0.00	0.00	\$7.00
534946 Promotional Supplies	\$55.00	\$36.60	66.55	\$18.40
538100 Vehicle & Equip Supp Exp		\$3.84	0.00	(\$3.84)
541100 Accounting & Auditing Service	\$76.00	\$74.70	98.29	\$1.30
555200 Software – New purchases		116.82	0.00	(\$116.82)
559100 Other Operating Exp		24.12	0.00	(\$24.12)
<u>520000 Operating Expenses Total</u>	<u>\$3,406.86</u>	<u>\$18,145.12</u>	<u>532.61</u>	<u>(\$14,738.26)</u>
<u>570000 Travel Expense</u>				
571100 Board & Lodging	\$1,000.00	\$220.79	22.08	\$779.21
571600 Meals – Not Travel Status	\$302.00	\$157.51	52.16	\$144.49
572100 Commercial Transportation		\$2.94	0.00	(\$2.94)
574500 Personal Vehicle Mileage	\$2,341.00	\$1,089.99	46.56	\$1,251.01
575100 Misc Travel Expense	\$126.00	\$81.80	64.92	\$44.20
<u>570000 Travel Expense Total</u>	<u>\$3,769.00</u>	<u>\$1,553.03</u>	<u>41.21</u>	<u>\$2,215.97</u>
Budgeted Expenditures Total	\$54,444.78	\$55,037.76	101.09	(\$592.98)

Beginning Farmer Program Outreach Activities

**FY 2013 – 2014
July 1, 2013 – June 30, 2014**

- Beginning Farmer Network Meeting, Kearney – July 11, 2013
- Nebraska Ag Youth Institute Career Fair, Lincoln – July 11, 2013
- Farm Service Agency State Office, Lincoln – July 16, 2013
- Nebraska College of Technical Agriculture Advisory Council Meeting, Curtis – August 10, 2013
- Nebraska Staff Training, Ashland – August 20-21, 2013
- Nebraska State Fair, Grand Island – August 23 - September 2, 2013
- Husker Harvest Days, Grand Island – September 10-12, 2013
- Aksarben Livestock Show, Omaha – September 26-29, 2013
- Nebraska College of Technical Agriculture Career Fair, Curtis – November 7, 2013
- Nebraska College of Technical Agriculture 100 Cow/100 Acre Program, Curtis – November 14, 2013
- AgCeptional Women's Conference, Norfolk – November 22, 2013
- Nebraska Power Farm Show, Lincoln – December 10-12, 2013
- Beginning Farmer and Rancher Development Meeting, Ashland – December 12, 2013
- Southeast Community College Ag Expo, Beatrice – January 14, 2014
- Farm Crisis Response Council, Lincoln – January 27, 2014
- Buffalo Bill Expo, North Platte – February 5-6, 2014
- Women in Ag Conference, Kearney – February 20-21, 2014
- Farm Beginnings Class, Syracuse – February 22, 2014
- UNL Ag Economics Club, Lincoln – February 26, 2014
- Governor's Ag Conference, Kearney – March 5-6, 2014
- Beginning Farmer and Rancher Development Meeting, Kearney – March 20, 2014
- FFA Annual Convention, Lincoln – April 9-11, 2014
- Coalition of Agricultural Mediation Programs, St. Louis, MO – April 29-30, 2014

“Intentionally left blank”