



**Annual Report**  
**July 1, 2018 – June 30, 2019**

**Nebraska Department of Agriculture**  
**Beginning Farmer Tax Credit Act**

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# NextGen Annual Report

## Nebraska Department of Agriculture Beginning Farmer Tax Credit Act

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# NextGen Board of Directors

**FY 2018 – 2019**  
**July 1, 2018 – June 30, 2019**

Name	Representing
Steve Wellman	Director Nebraska Department of Agriculture
Karla Bahm (Designee)	Beginning Farmer Program Administrator Nebraska Department of Agriculture
Tony Fulton	Tax Commissioner Nebraska Department of Revenue
Timothy Lenell (Designee)	Research Division Nebraska Department of Revenue
Brad Lubben	Agriculture Academic Extension Agricultural Economist University of Nebraska - Lincoln
Nadine Hagedorn	Agricultural Lender
Tyler Weborg	Producer, District 1
Ryan Ueberrhein	Producer, District 2
Don Anthony	Producer, District 3

## Staff Members

Joline Gordon	Staff Assistant
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## NextGen Board Meeting Dates and Attendees

**FY 2018 – 2019  
July 1, 2018 – June 30, 2019**

Meeting Date	Members Attending	Guests Attending	Staff Attending
August 28, 2018	Don Anthony Karla Bahm Brad Lubben HoaPhu Tran Ryan Ueberrhein	Craig Beck, Legislative Audit Office Martha Carter, Legislative Audit Office Anthony Circo, Legislative Audit Office Josh Dethlefsen, Attorney General's Office Bob Storant, Nebraska Department of Agriculture Steve Wellman, Nebraska Department of Agriculture	Joline Gordon
November 30, 2018	Don Anthony/via phone Karla Bahm Nadine Hagedorn/via phone Timothy Lenell Brad Lubben	Amelia Breinig, Nebraska Department of Agriculture Josh Dethlefsen, Attorney General's Office Bob Storant, Nebraska Department of Agriculture	Joline Gordon
December 19, 2018	Karla Bahm Timothy Lenell Brad Lubben Ryan Ueberrhein	Amelia Breinig, Nebraska Department of Agriculture	Joline Gordon
January 3, 2019	Don Anthony Karla Bahm Tim Lenell Brad Lubben Ryan Ueberrhein Tyler Weborg	Josh Dethlefsen, Attorney General's Office	Joline Gordon

# NextGen Administrative Notes

**FY 2018 – 2019**  
**July 1, 2018 – June 30, 2019**

The Beginning Farmer Tax Credit Act (Act) was enacted into law in 1999. The intent of the Act was to help beginning farmers and ranchers have access to agricultural assets by providing an incentive to a landlord who will enter into a three year lease with a beginning farmer. The incentive is a refundable Nebraska income tax credit. The Act also provides a personal property tax exemption for the beginner who owns their own farm equipment or machinery and a tax credit for reimbursement of a financial management course.

The Beginning Farmer Tax Credit Act is administered by the Nebraska Department of Agriculture. The Director of the Nebraska Department of Agriculture or their designee is a member of the Board of Directors.

In 2015 Nebraska Legislative Bill 538 created an evaluation framework through performance audits for Nebraska's tax incentive programs. The primary goal of the performance audit process is to provide information to lawmakers about how the tax incentives are benefiting Nebraska's economy and meeting program goals. This bill also set a sunset date of December 31, 2022 for the Beginning Farmer Tax Credit Act.

The legislative performance audit began in February 2018 and the report was released in November 2018. As a result of the audit, during the 106<sup>th</sup> legislative session, Senator Suzanne Geist introduced LB560 to support the audit committee's findings and recommendations and Senator Matt Williams introduced LB623 to support the Board of Director's past practices. Both legislative bills were introduced to harmonize provisions and repeal original sections of the Act. Senators Geist and Williams worked collaboratively with the Revenue Committee to amend LB560 to incorporate language from LB623. LB560 was approved by Governor Ricketts on May 17, 2019.

The following legislative bills regarding the Act were also introduced during the 106<sup>th</sup> legislative session and are up for consideration next session.

<b>LB Number</b>	<b>Summary</b>	<b>Introducing Senator</b>	<b>Committee</b>
LB 5	Add 1% to tax credits for leasing to a military veteran beginning farmer.	Blood	Revenue
LB 417	End program upon passage of bill	Friesen	Revenue
LB 613	End program July 1, 2019	Crawford	Revenue

This was an exceptionally busy year for board members and administrative staff. In addition to the extra work created by the audit and legislation session, 98 applications were processed in 2018, a 92% increase over the past five years. The rise in applications may be attributed to increased promotional efforts and program awareness. Approximately two-thirds of the applications were from previous participants applying with new assets.

# CULTIVATE YOUR LEGACY

# NEXT GEN

The Beginning Farmer Tax Credit Act, administered as NextGen, was created to encourage the pursuit of farming as a career and to aid the beginner in acquiring access to agricultural assets by providing a tax incentive to owners.

## BEGINNING FARMER BENEFITS

- A three-year lease rather than a year-to-year lease.
- Up to a \$500 tax credit reimbursement for the financial management class.
- Personal Property Tax Exemption



**PERSONAL CONNECTIONS  
& RELATIONSHIPS BUILT**

## ASSET OWNER BENEFITS

- Refundable tax credit equal to 10% of the cash rent, or 15% of the value of the share crop rent received each year for three years.

**\$12.5 M**  
tax credits

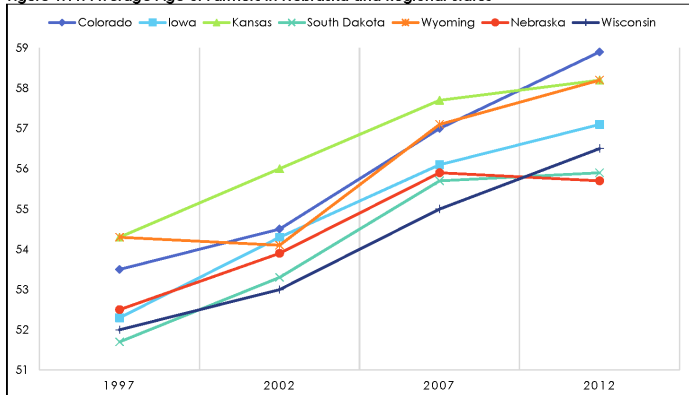
**450+**  
beginning farmers

**79,000+**  
acres (2011-2017)

**\$60,177**  
5-year average annual  
administrative budget

**18%**  
cases between  
related parties

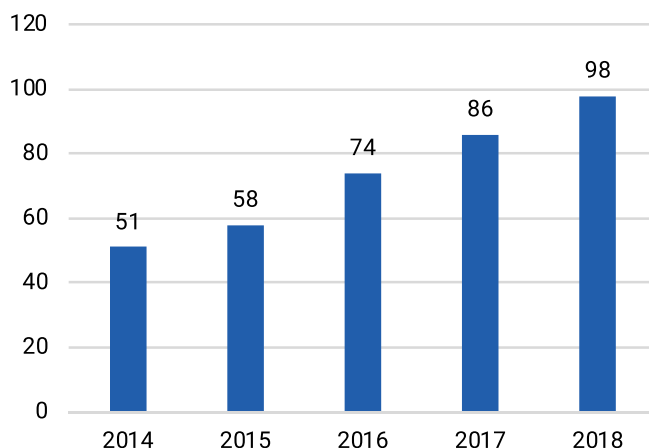
Figure 1.11. Average Age of Farmers in Nebraska and Regional States



Source: Audit Office compilation of Ag Census data.

Between 2007 and 2012, Nebraska experienced a 5% increase in the number of farms and a 10% increase in the number of new farmers.

## Applications by Year



A 2015 survey of 86 beginning farmer NextGen participants led to the following results:



**99%** of the 86 beginners surveyed were still farming.



**85%** were still farming the same ground enrolled in NextGen.



**91%** said the program was helpful.



**100%** would recommend NextGen.

Sources: Beginning Farmer Tax Credit Act Annual Reports; The Beginning Farmer Tax Credit Act: Performance on Selected Metrics (November 2018); USDA National Agricultural Statistics Census Data



## Participant Statistics As Reported for the Tax Year

Tax Year Participation	2014		2015		2016		2017		2018		2014 - 2018		Totals - 2001 to 2018	
											Last 5 Yrs Total & Avg		Since the Beginning	
# of Owners Receiving Tax Credit	164		178		233		259		303		1137		2343	
Total Tax Credits Paid to Owners	\$ 954,659		\$ 947,904		\$ 1,140,155		\$ 1,283,928		\$ 1,470,194		\$ 5,796,840		\$ 12,262,057	
Average Tax Credit per Owner	\$ 5,821		\$ 5,325		\$ 4,893		\$ 4,957		\$ 4,852		\$ 5,098		\$ 5,233	
# of Beg. Farmers Paying Rent	134		145		172		217		268		936		1912	
Total Rent Paid by Beg. Farmers	\$ 7,641,412		\$ 7,871,791		\$ 9,835,160		\$ 11,197,860		\$ 12,848,552		\$ 49,394,775		\$ 102,670,259	
Average Rent Paid per Beg. Farmer	\$ 57,025		\$ 54,288		\$ 57,181		\$ 51,603		\$ 47,942		\$ 52,772		\$ 53,698	
Applications Received	51		58		74		86		98		367		966	





# NextGen Financial Report

**FY 2018 – 2019**  
**July 1, 2018 – June 30, 2019**

Account Code Description	Budgeted Amount	Year-To-Date	% of Budget	Variance-Favorable (Unfavorable)
<b><u>510000 Personal Services</u></b>				
511100 Permanent Salaries – Wages	\$42,814.00	\$31,728.51	74.11	\$11,085.49
512100 Vacation Leave Expense		\$3,540.55	0.00	(\$3,540.55)
512200 Sick Leave Expense		\$2,628.98	0.00	(\$2,628.98)
512300 Holiday Leave Expense		\$2,143.15	0.00	(\$2,143.15)
515100 Retirement Plans Expense	\$3,211.00	\$2,998.17	93.37	\$212.83
515200 FICA Expense	\$3,249.00	\$2,640.32	81.27	\$608.68
515400 Life & Accident Insurance Exp	\$12.00	\$11.74	97.83	\$0.26
515500 Health Insurance Expense	\$14,817.00	\$14,810.14	99.95	\$6.86
516300 Employee Assistance Program	\$15.00	\$0.00	0.00	\$15.00
516500 Workers Comp Premiums	\$363.00	\$525.20	144.68	(\$162.20)
<b><u>510000 Personal Services Total</u></b>	<b>\$64,481.00</b>	<b>\$61,026.76</b>	<b>94.64</b>	<b>\$3,454.24</b>
<b><u>520000 Operating Expenses</u></b>				
521100 Postage Expense	\$369.00	\$485.57	131.59	(\$116.57)
521400 Data Processing Expense	\$4,809.00	\$5,432.54	112.97	(\$623.54)
521412 OCIO – Voice Expense	\$522.00	\$444.83	85.22	\$77.17
521500 Publication & Print Expense	\$727.00	\$1,061.37	145.99	(\$334.37)
522200 Conference Registration	\$5.00	\$20.00	400.00	(\$15.00)
531100 Office Supplies Expense	\$88.00	\$0.00	0.00	\$88.00
532100 Non Capitalized Equip PU		\$10.75	0.00	(\$10.75)
533132 Uniform/Clothing		\$22.44	0.00	(\$22.44)
533900 Food Expense		\$136.21	0.00	(\$136.21)
534946 Promotional Supplies	\$81.00	\$218.82	270.15	(\$137.82)
538100 Vehicle & Equip Supp Exp		\$3.72	0.00	(\$3.72)
538182 Gas Expense		\$1.53	0.00	(\$1.53)
541100 Accounting & Auditing Service	\$95.00	\$109.63	115.40	(\$14.63)
541200 Purchasing Assessment		\$21.73	0.00	(\$21.73)
541400 HRMS Assessment	\$58.00	\$69.05	119.05	(\$11.05)
<b><u>520000 Operating Expenses Total</u></b>	<b>\$6,754.00</b>	<b>\$8,038.19</b>	<b>119.01</b>	<b>(\$1,284.19)</b>
<b><u>570000 Travel Expense</u></b>				
571100 Board & Lodging	\$567.00	\$190.09	33.53	\$376.91
571600 Meals – Not Travel Status	\$262.00	\$162.84	62.15	\$99.16
571900 Meals – One Day Travel	\$100.00	\$0.00	0.00	\$100.00
574500 Personal Vehicle Mileage	\$722.00	\$883.84	122.42	(\$161.84)
575100 Misc Travel Expense	\$110.00	\$121.98	110.89	(\$11.98)
<b><u>570000 Travel Expense Total</u></b>	<b>\$1,761.00</b>	<b>\$1,358.75</b>	<b>77.16</b>	<b>\$402.25</b>
<b>Budgeted Expenditures Total</b>	<b>\$72,996.00</b>	<b>\$70,423.70</b>	<b>96.48</b>	<b>\$2,572.30</b>

# **NextGen Outreach Activities**

**FY 2018 – 2019  
July 1, 2018 – June 30, 2019**

- Nebraska Agriculture Youth Institute Career Fair, Lincoln – July 12, 2018
- Beginning Farmer and Rancher Development Meeting, Lincoln – July 19, 2018
- Mediation Staff Training, Schuyler – July 24-25, 2018
- Center for Rural Affairs Women’s Learning Circle, Milford – August 3, 2018
- Rural Response Council, Lincoln – August 7, 2018
- USDA Farm Service Agency Training, Kearney – August 21, 2018
- Center for Rural Affairs Women’s Learning Circle, Omaha – August 22, 2018
- NDA at Husker Harvest Days News Release – September 10, 2018
- Husker Harvest Days, Grand Island – September 11-13, 2018
- Beginning Farmer and Rancher Development Meeting, Lincoln – October 11, 2018
- Rural Response Council, Lincoln – October 23, 2018
- Annie’s Project/Douglas County Extension, Omaha – November 3, 2018
- National Ag Bankers Conference, Omaha – November 12-14, 2018
- AgCeptional Women’s Conference, Norfolk – November 16, 2018
- Rural Response Council, Lincoln – December 14, 2018
- Nebraska Corn Growers Association, Lincoln – December 18, 2018
- AgrAbility Advisory Council Meeting, Kearney – February 20, 2019
- Women in Ag Conference, Kearney – February 21-22, 2019
- Governor’s Ag Conference, Kearney – March 4-5, 2019
- AgrAbility National Conference, Lincoln – March 27, 2019
- Beginning Farmer and Rancher Development Meeting, Lincoln – April 12, 2019
- Rural Response Council, Lincoln – April 23, 2019
- Coalition of Agricultural Mediation Programs Annual Meeting, Denver – May13-15, 2019
- Nebraska Bankers Association Newsletter – June 12, 2019
- University of Nebraska IANR CropWatch – June 12, 2019