



Annual Report
July 1, 2020 – June 30, 2021

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 2020 – 2021
July 1, 2020 – June 30, 2021

| 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 |
| Lydia Brasch (Designee) | Research Division Nebraska Department of Revenue |
| Brad Lubben | Agriculture Academic Extension Agricultural Economist University of Nebraska - Lincoln |
| Wade Thornburg | Agricultural Lender |
| Dave Nielsen | Producer, District 1 |
| John Walvoord | Producer, District 2 |
| Britt Anderson | Producer, District 3 |

Staff Members

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

**NextGen
Board Meeting Dates
and
Attendees**

**FY 2020 – 2021
July 1, 2020 – June 30, 2021**

| Meeting Date | Members Attending | Guests Attending | Staff Attending |
|-------------------|--|--|-----------------|
| November 13, 2020 | Britt Anderson Karla Bahm Lydia Brasch Brad Lubben Dave Nielsen John Walvoord | Amelia Breinig, Assistant Director, Nebraska Department of Agriculture Steve Wellman, Director, Nebraska Department of Agriculture | Joline Gordon |
| January 7, 2021 | Britt Anderson Karla Bahm Dave Nielsen WadeThornburg John Walvoord | Amelia Breinig, Assistant Director, Nebraska Department of Agriculture | Joline Gordon |

NextGen Administrative Notes

**FY 2020 – 2021
July 1, 2020 – June 30, 2021**

The Beginning Farmer Tax Credit Act was enacted into law in August of 1999. The intent of the Act is to help beginning farmers and ranchers gain 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. This program has become a good tool for the beginning farmer to use while trying to gain access to agricultural assets. Other benefits for the beginning farmer are a Personal Property Tax Exemption on farm equipment and machinery and reimbursement of an approved finance management course.

A seven-member Board of Directors is charged with reviewing applications and approving applicants in accordance with the Act. Members representing the board consist of the Director of Agriculture, State Tax Commissioner, an academia representative, an agricultural lending community representative and an agricultural producer from each of the three Congressional Districts. Board members serve a four-year term. On October 28, 2020, Governor Ricketts appointed John Walvoord of Waterloo, Nebraska to serve as the District 2 representative. The position had been vacant for approximately one year. The legislature confirmed Walvoord's appointment during the 107th legislative session. All appointments will expire July 16, 2023.

Senator Matt Williams of District 36 introduced LB254 during the 107th legislative session. LB254 changed the sunset date of the Beginning Farmer Tax Credit Act from December 31, 2022 to December 31, 2025. Language from LB254 was incorporated into LB432 through amendment AM1127. LB432 was passed by the legislature and approved by Governor Ricketts.

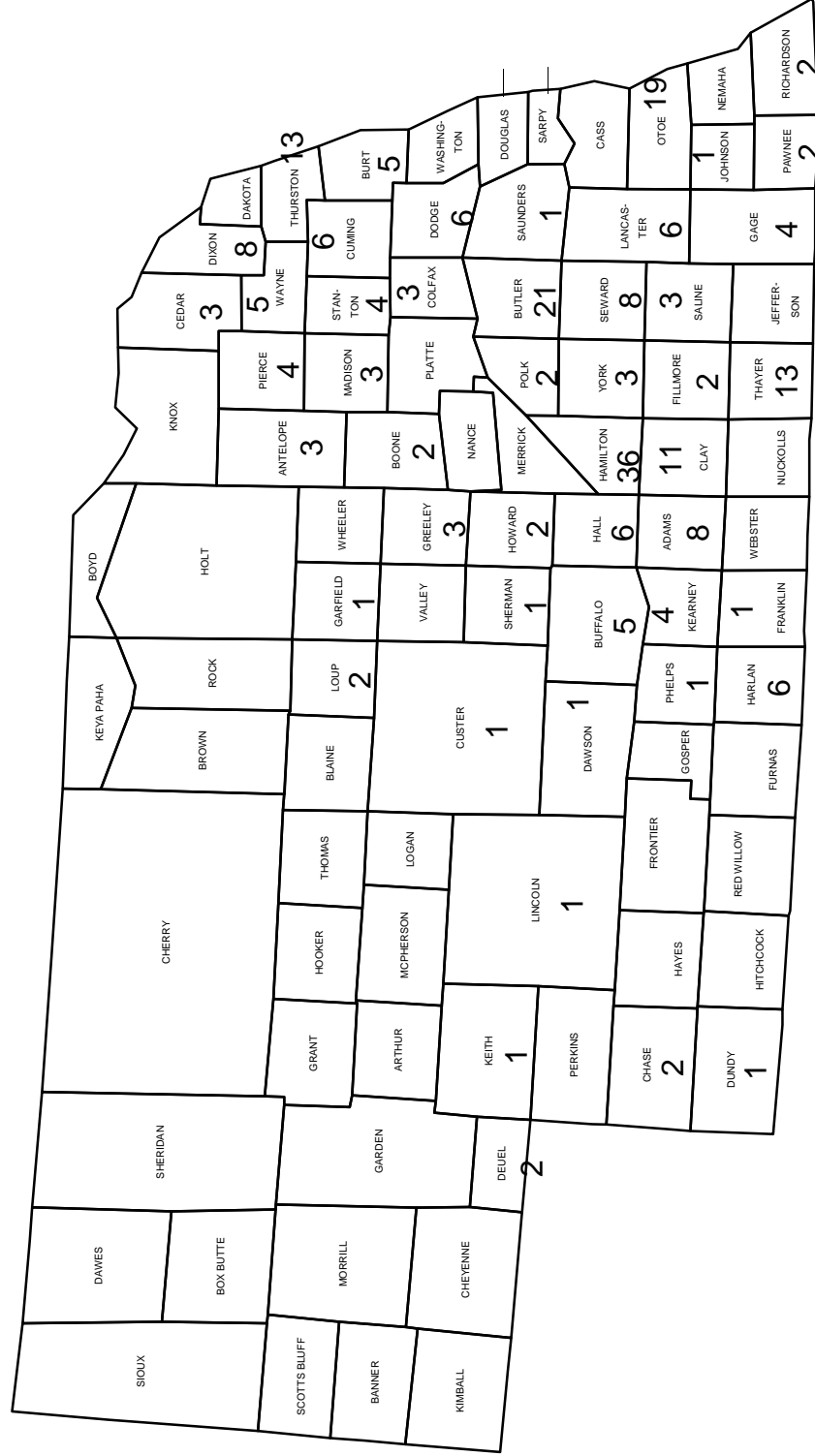
The Covid-19 pandemic experienced last fiscal year continued into this fiscal year. Many traditional in-person industry events, where our outreach efforts are concentrated, were either cancelled or held virtually. Husker Harvest Days, our largest outreach event was cancelled. Staff participated in several virtual presentations to educate producers about NextGen. Total applications were up slightly from the previous year.

Participant Statistics As Reported for the Tax Year

| Tax Year Participation | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | | 2016 - 2020 | | Totals - 2001 to 2020 | |
|-----------------------------------|------|-----------|------|------------|------|------------|------|------------|------|------------|------------------------|------------|-----------------------|---------------------|
| | | | | | | | | | | | Last 5 Yrs Total & Avg | | | Since the Beginning |
| # of Owners Receiving Tax Credit | | 233 | | 259 | 303 | 250 | 260 | | 1305 | | | 2853 | | |
| Total Tax Credits Paid to Owners | \$ | 1,140,155 | \$ | 1,283,928 | \$ | 1,470,194 | \$ | 1,266,626 | \$ | 1,412,692 | \$ | 6,573,595 | \$ | 14,941,375 |
| Average Tax Credit per Owner | \$ | 4,893 | \$ | 4,957 | \$ | 4,852 | \$ | 5,067 | \$ | 5,433 | \$ | 5,037 | \$ | 5,237 |
| # of Beg. Farmers Paying Rent | | 172 | | 217 | 268 | 235 | 209 | | 1101 | | | 2356 | | |
| Total Rent Paid by Beg. Farmers | \$ | 9,835,160 | \$ | 11,197,860 | \$ | 12,848,552 | \$ | 11,125,488 | \$ | 12,054,169 | \$ | 57,061,229 | \$ | 125,849,916 |
| Average Rent Paid per Beg. Farmer | \$ | 57,181 | \$ | 51,603 | \$ | 47,942 | \$ | 47,343 | \$ | 57,675 | \$ | 51,827 | \$ | 53,417 |
| Applications Received | | 74 | | 86 | 98 | 57 | 62 | | 377 | | | 1085 | | |

Beginning Farmer Tax Credit Program Number of Owners Receiving Tax Credits by County

Crop Year 2020



NextGen Financial Report

FY 2020 – 2021
July 1, 2020 – June 30, 2021

| Account Code Description | Budgeted Amount | Year-To-Date | % of Budget | Variance-Favorable (Unfavorable) |
|---|--------------------|--------------------|--------------|----------------------------------|
| <u>510000 Personal Services</u> | | | | |
| 511100 Permanent Salaries – Wages | \$38,768.75 | \$27,986.39 | 72.19 | \$10,782.36 |
| 512100 Vacation Leave Expense | \$15.52 | \$4,302.88 | 27724.74 | (\$4,287.36) |
| 512200 Sick Leave Expense | \$1,591.51 | \$5,108.30 | 320.97 | (\$3,516.79) |
| 512300 Holiday Leave Expense | \$102.41 | \$2,048.24 | 2000.04 | (\$1,945.83) |
| 515100 Retirement Plans Expense | \$3,035.58 | \$2,953.95 | 97.31 | \$81.63 |
| 515200 FICA Expense | \$3,065.02 | \$2,576.33 | 84.06 | \$488.69 |
| 515400 Life & Accident Insurance Exp | \$11.40 | \$0.00 | 0.00 | \$11.40 |
| 515500 Health Insurance Expense | \$15,220.14 | \$15,063.40 | 98.97 | \$156.74 |
| 516300 Employee Assistance Program | \$15.00 | \$0.00 | 0.00 | \$15.00 |
| 516500 Workers Comp Premiums | \$530.00 | \$498.84 | 94.12 | \$31.16 |
| <u>510000 Personal Services Total</u> | \$62,355.33 | \$60,538.33 | 97.09 | \$1,817.00 |
| <u>520000 Operating Expenses</u> | | | | |
| 521100 Postage Expense | \$443.88 | \$380.73 | 85.77 | \$63.15 |
| 521400 Data Processing Expense | \$4,183.35 | \$3,931.46 | 93.98 | \$251.89 |
| 521412 OCIO – Voice Expense | \$385.00 | \$298.54 | 77.54 | \$86.46 |
| 521500 Publication & Print Expense | \$520.00 | \$322.47 | 62.01 | \$197.53 |
| 522200 Conference Registration | \$0.00 | \$20.00 | 0.00 | (\$20.00) |
| 531100 Office Supplies Expense | \$0.00 | \$31.59 | 0.00 | (\$31.59) |
| 533900 Food Expense | \$100.00 | \$0.00 | 0.00 | \$100.00 |
| 533901 Food-Official Function | \$0.00 | \$121.27 | 0.00 | (\$121.27) |
| 534600 Ed & Recreational Sup Ex | \$0.00 | \$34.64 | 0.00 | (\$34.64) |
| 534946 Promotional Supplies | \$86.73 | \$86.73 | 100.00 | \$0.00 |
| 541100 Accounting & Auditing Service | \$210.00 | \$165.27 | 78.70 | \$44.73 |
| 541200 Purchasing Assessment | \$10.00 | \$4.32 | 43.20 | \$5.68 |
| 541400 HRMS Assessment | \$50.00 | \$49.56 | 99.12 | \$0.44 |
| 559100 Other Operating Expense | \$15.00 | \$0.00 | 0.00 | \$15.00 |
| <u>520000 Operating Expenses Total</u> | \$6,003.96 | \$5,446.58 | 90.72 | \$557.38 |
| <u>570000 Travel Expense</u> | | | | |
| 571100 Board & Lodging | \$235.00 | \$0.00 | 0.00 | \$235.00 |
| 571600 Meals – Not Travel Status | \$0.00 | \$107.70 | 0.00 | (\$107.70) |
| 573100 State-Owned Transport | \$65.00 | \$0.00 | 0.00 | \$65.00 |
| 574500 Personal Vehicle Mileage | \$560.00 | \$720.47 | 128.66 | (\$160.47) |
| 575100 Misc Travel Expenses | \$650.00 | \$80.00 | 12.31 | \$570.00 |
| <u>570000 Travel Expense Total</u> | \$1,510.00 | \$908.17 | 60.14 | \$601.83 |
| Budgeted Expenditures Total | \$69,869.29 | \$66,893.08 | 95.74 | \$2,976.21 |

NextGen Outreach Activities

**FY 2020 – 2021
July 1, 2020 – June 30, 2021**

- Rural Response Council, Lincoln – July 17, 2020
- Scottsbluff Star Herald Article “Beginning Farmers Receive Competitive Edge” – July 27, 2020
- Nebraska Investment Finance Authority Webinar: Financing and Program Options for Farmers & Ranchers – August 5, 2020; <https://www.youtube.com/watch?v=h-67HVKzRIE&feature=youtu.be>
- Let’s Eat Investment Group, virtual – September 30, 2020
- Flatwater Bank, virtual – October 6, 2020
- Deadline for Beginning Farmer Tax Credit Approaching; KTIC article, October 14, 2020
- Rural Response Council, virtual – October 16, 2020
- Nebraska Ag Update Social Media – October 23, 2020
- Women Managing Ag Land Workshop, Omaha, pre-recorded video – December 2, 2020
- Rural Response Council, virtual – December 18, 2020
- Women in Ag Conference, virtual – February 18-19, 2021
- AgrAbility Advisory Council Meeting, virtual – February 24, 2021
- Center for Rural Affairs – presentation by Dave Goeller – February 25, 2021
- AgCeptional Women’s Conference, virtual – March 12, 2021
- Ag Leaders Group, Lincoln – June 23, 2021