

Frequently Asked Questions

Tax Credit:

Q: *How does the program work?*

A: Qualified owners of agricultural assets who agree to rent to an eligible beginning farmer for 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 succession planning workshop and complete a Succession Workshop Confirmation form to submit with your application. You also need to complete and submit a Succession Plan Form that is signed and dated by the beginning farmer/rancher, asset owner, and a notary public attesting that a written succession plan for the assets included in their rental agreement exists that meets the intent of the requirements set forth by the Beginning Farmer Tax Credit Act §77-5211(5).

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 livestock, crop storage, livestock facilities, equipment, and machinery qualify as well.

Q: *Can I rent from different people or just one at a time?*

A: Yes, you can rent from different people. You can submit them all at one time, or you can add owners and their information within one year of your application and net worth statement. You will need to complete a new cash flow which includes the additional farming operation information. If a year has lapsed since your original application and net worth statements were submitted, you must reapply and meet the eligibility requirements.

Q: *Once my three-year term is up for the current farm I am renting, can I apply for the tax credit on another farm for three years?*

A: Yes, as long as you still meet 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 \$250 cash rent per acre = \$25,000 total cash rent x 10% = \$2,500 each year for three years, for a total of \$7,500.

Share crop rent: 100 acres x 200 bushels per acre x 50% (owner's share) = 10,000 bushels x \$4.50 = \$45,000 for owner's share x 15% = \$6,750 each year for three years, for a total of \$20,250.

Cow/calf share rent: 100 calves x 50% (owner's share) = 50 calves x \$825 (value of animal at time of division of calves) = \$41,250 x 15% = \$6,188 each year for three years, for a total of \$18,563.

- 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 he or she owes in state income taxes?**
A: The Act states that this is a refundable tax credit. This means the asset owner would receive a check for any amount in excess of that owed to the state for income taxes.
- Q: Is there a deadline for applying for the tax credit?**
A: Yes, you have until December 31st 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 2015, and you list a tractor and a grain bin as tax exempt items. These items will be tax exempt for 2015, 2016, and 2017.

Year 2 is 2016, and you add a pivot to your tax exemption list. The pivot is only tax exempt for 2016 and 2017.

Year 3 is 2017, and you add a baler to your tax exemption list. The baler is only tax exempt for 2017.

Figure 1

Item	2015	2016	2017
Tractor	Tax Exempt	Tax Exempt	Tax Exempt
Grain Bin	Tax Exempt	Tax Exempt	Tax Exempt
'11 add Pivot		Tax Exempt	Tax Exempt
'12 add Baler			Tax Exempt

- Q: I currently do not have a lot of items. If I apply for the tax credit now, should I apply for the Personal Property Tax Exemption, or can I apply for the Personal Property Tax Exemption later?**
A: It would be in your best interest to wait on the tax exemption until you have more items. You can apply for the Personal Property Tax Exemption in year 1, year 2, or year 3 of the tax credit program, or you may reapply for the Personal Property Tax Exemption, as long as you still meet the eligibility requirements.

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