

Beginning Farmer Tax Credit Act



Annual Report
July 1, 2012 – June 30, 2013

Nebraska Department of Agriculture
Beginning Farmer Program

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Beginning Farmer Program Annual Report

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Beginning Farmer Program Board of Directors

FY 2012 – 2013
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Name	Representing
Greg Ibach	Director Nebraska Department of Agriculture
Marian Beethe (Designee)	Beginning Farmer Program Administrator Nebraska Department of Agriculture
Douglas Ewald	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

Karla Bahm	Staff Assistant
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**Beginning Farmer Program
Board Meeting Dates
and
Attendees**

**FY 2012 – 2013
July 1, 2012 – June 30, 2013**

Meeting Date	Members Attending	Guests Attending	Staff Attending
November 29, 2012	Don Anthony Marian Beethe Mark Graff Brad Lubben Todd Reed John Stavick Melvin Valasek	Katie Pitts, representative to Senator Tom Carlson	Karla Bahm
January 18, 2013	Don Anthony Marian Beethe Mark Graff Brad Lubben John Stavick Melvin Valasek		Karla Bahm

Beginning Farmer Program Administrative Notes

FY 2012 – 2013

July 1, 2012 – June 30, 2013

The Beginning Farmer Tax Credit Act was passed by the Nebraska Legislature and enacted into law on August 28, 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.

Beginning Farmer Tax Credit Program participation continues to grow. Since the inception of the program, approximately 250 beginning farmers and ranchers have utilized the tax credit incentive to gain access to agricultural assets. Approximately \$5,600,000 in tax credits have been issued to landlords who have participated in the program. Past participants are reapplying to the program. Beginning farmers are growing their operations by adding additional farm ground with their current landlord or by leasing from a new landlord. Growing their operation is essential to beginning farmers and ranchers to secure a long term sustainable livelihood in farming.

Promoting the Beginning Farmer Tax Credit Program is a key focus of our staff. Our program administrator is a representative on several advisory councils providing services to the agricultural community. Outreach activities include agricultural farm shows, agricultural college and high school career fairs and farming and ranching workshops. Efforts are also made to educate service providers of farmers and ranchers. Service providers include bankers, tax preparers, accountants, cooperatives and extension agents. This year's outreach activities reached approximately 475,000 attendees. Husker Harvest Days, an annual farm show event featuring state of the art information and technology to today's agricultural producers, attracts approximately 100,000 attendees over the three day event. We experience our highest volume of potential program participants at Husker Harvest Days.

Legal Aid of Nebraska was awarded a three year Beginning Farmer and Rancher Development Grant. This grant provides a means to continue the network created under a grant awarded to Center for Rural Affairs which ended in 2013. Members include state and federal agencies, higher learning institutions, agricultural financial institutions and agricultural interest groups. The Beginning Farmer Tax Credit Program Administrator is a member of the network. The Legal Aid of Nebraska grant allowed for the hiring of a specialist to help beginning and retiring farmers and ranchers navigate the multitude of programs available to them. This specialist has been a valuable resource to our beginning farmer program applicants. She is a licensed attorney and her services are free of charge. She provides financial and business planning, expertise in legal contracts and succession and transition planning. Working together as a network and providing education and support regarding each other's programs provides a valuable resource to Nebraska's next generation of agriculture producers.

Other notes of interest regarding the program and Nebraska agriculture for this fiscal year were:

- The net worth threshold for applicants remains at \$200,000.
- Marian Beethe, Administrator for the Beginning Farmer Tax Credit Act Program was recognized by Governor Heineman as the Department of Agriculture's Administrator of the Year.
- Karla Bahm succeeds Marian Beethe as program administrator.
- One hundred percent of Nebraska's counties experienced extreme or exceptional drought conditions in 2012.
- Nebraska, Wyoming and South Dakota livestock producers experienced extensive cattle losses due to an October blizzard.

Participant Statistics As Reported for the Tax Year

Tax Year Participation	2008	2009	2010	2011	2012	2008 - 2012	
						Last 5 Yrs Total & Avg	Totals - 2001 to 2012 Since the Beginning
# of Owners Receiving Tax Credit	46	147	216	244	187	840	1047
Total Tax Credits Paid To Owners	\$ 372,222	\$ 1,094,696	\$ 1,460,453	\$ 1,385,531	\$ 926,031	\$ 5,238,933	\$ 5,622,353
Average Tax Credit per Owner	\$ 8,092	\$ 7,447	\$ 6,761	\$ 5,678	\$ 4,952	\$ 6,237	\$ 5,370
# of Beg. Farmers Paying Rent	34	119	177	190	137	657	838
Total Rent Paid by Beg. Farmers	\$ 2,877,600	\$ 8,460,149	\$ 10,950,931	\$ 10,671,839	\$ 6,991,484	\$ 39,952,003	\$ 46,124,604
Average Rent Paid per Beg. Farmer	\$ 84,635	\$ 71,094	\$ 61,870	\$ 56,168	\$ 51,033	\$ 60,810	\$ 55,041
Applications Received	43	129	58	66	41	337	527

Beginning Farmer Program Financial Report

FY 2012 – 2013
July 1, 2012 – June 30, 2013

Account Code Description	Budgeted Amount	Year-To-Date	% of Budget	Variance-Favorable (Unfavorable)
<u>510000 Personal Services</u>				
511100 Permanent Salaries – Wages	\$40,688.78	\$24,587.91	60.43	\$16,100.87
511800 Com Time Payment		\$41.61	0.00	(\$41.61)
512100 Vacation Leave Expense		\$3,333.28	0.00	(\$3,333.28)
512200 Sick Leave Expense		\$1,250.27	0.00	(\$1,250.27)
512300 Holiday Leave Expense		\$1,676.89	0.00	(\$1,676.89)
515100 Retirement Plans Expense	\$3,051.64	\$2,448.27	80.23	\$603.37
515200 FICA Expense	\$3,100.35	\$2,149.36	69.33	\$950.99
515400 Life & Accident Insurance Exp	\$11.00	\$9.18	83.45	\$1.82
515500 Health Insurance Expense	\$8,377.00	\$6,365.66	75.99	\$2,011.34
516300 Employee Assistance Program	\$15.00	\$15.00	100.00	0.00
516500 Workers Comp Premiums	\$289.00	\$357.71	123.78	(\$68.71)
<u>510000 Personal Services Total</u>	\$55,532.77	\$42,235.14	76.05	\$13,297.63
<u>520000 Operating Expenses</u>				
521100 Postage Expense	\$395.00	\$165.93	42.01	\$229.07
521200 Com. Exp – Voice/Data	\$648.00	\$480.71	74.18	\$167.29
521290 Com. Exp – Data only	\$7.00	\$2.72	38.86	\$4.28
521400 Data Processing Expense	\$903.90	\$1,141.19	126.25	(\$237.29)
521500 Publication & Print Expense	\$1,075.00	\$694.93	64.64	\$380.07
522100 Dues & Subscription Exp		\$2.69	0.00	(\$2.69)
522200 Conference Registration	\$121.00	\$16.25	13.43	\$104.75
524744 Exhibit Space	\$90.00	\$59.38	65.98	\$30.62
527400 Repairs & Maint-Data Proc		\$49.00	0.00	(\$49.00)
531100 Office Supplies Expense	\$5.00	\$12.27	245.40	(\$7.27)
532100 Non-Capitalized Equip PU	\$12.00	\$3,500.88	29,174.00	(\$3,488.88)
532101 Non-Capitalized Computer Eq		\$550.50	0.00	(\$550.50)
533132 Uniform/Clothing		\$25.27	0.00	(\$25.27)
534500 Agricultural Supplies Exp		\$1.50	0.00	(\$1.50)
534800 Construction & Maint Supplies	\$7.00	\$0.00	0.00	\$7.00
534900 Miscellaneous Supplies Exp		\$0.12	0.00	(\$0.12)
534946 Promotional Supplies	\$55.00	\$69.76	126.84	(\$14.76)
538182 Gas Expense		\$5.64	0.00	(\$5.64)
541100 Accounting & Auditing Service	\$85.00	\$103.21	121.42	(\$18.21)
<u>520000 Operating Expenses Total</u>	\$3,403.90	\$6,881.95	202.18	(\$3,478.05)
<u>570000 Travel Expense</u>				
571100 Board & Lodging	\$500.00	\$472.38	94.48	\$27.62
571600 Meals – Not Travel Status	\$302.00	\$150.88	49.96	\$151.12
573100 State-Owned Transport	\$500.00	\$108.76	21.75	\$391.24
574500 Personal Vehicle Mileage	\$2,341.00	\$875.98	37.42	\$1,465.02
575100 Misc Travel Expense	\$126.00	\$54.00	42.86	\$72.00
<u>570000 Travel Expense Total</u>	\$3,769.00	\$1,662.00	44.10	\$2,107.00
Budgeted Expenditures Total	\$62,705.67	\$50,779.09	80.98	\$11,926.58

Beginning Farmer Program Outreach Activities

**FY 2012 – 2013
July 1, 2012 – June 30, 2013**

- Nebraska Ag Youth Institute Career Fair, Lincoln – July 12, 2012
- Nebraska Farm Business Assoc. Lincoln – August 8, 2012
- Nebraska College of Technical Agriculture Advisory Council Meeting, Curtis – August 16, 2012
- Beginning Farmer Network Meeting, Kearney – August 28, 2012
- Nebraska State Fair, Grand Island – August 31-September 3, 2012
- Center for Rural Affairs Beginning Farmer Meeting, Nebraska City – September 7, 2012
- Husker Harvest Days, Grand Island – September 11-13, 2012
- Aksarben Livestock Show, Omaha - September 21-23, 2012
- Nebraska Pork Producers Assoc., Lincoln – October 11, 2012
- Beginning Farmer Network Meeting, Kearney – November 8, 2012
- McCook Ag Show, McCook – November 14-15, 2012
- AgCeptional Women’s Conference, Norfolk – November 16, 2012
- Nebraska Power Farming Show, Lincoln – December 4-6, 2012
- Center for Rural Affairs Beginning Farmer Meeting, Hartington – December 13, 2012
- Buffalo Bill Expo, North Platte – February 6-7, 2013
- Nebraska College of Technical Agriculture Career Fair, Curtis – February 7, 2013
- Center for Rural Affairs Market Place, West Point – February 12, 2013
- Governor’s Ag Conference, Kearney – February 12-13, 2013
- Women in Ag Conference, Kearney – February 21-22, 2013
- Beginning Farmer Network Meeting, Kearney – March 7, 2013
- FFA Annual Convention, Lincoln – April 3-5, 2013
- Women Caring for the Land Workshop, Blue Hill – May 6, 2013
- Beginning Farmer Rancher Development Meeting, Omaha – May 15, 2013
- Coalition of Agricultural Mediation Programs, Des Moines, IA - June 24-26, 2013

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