

Beginning Farmer Tax Credit Act



**Annual Report
July 2006 – June 2007**

**Nebraska Department of Agriculture
Beginning Farmer Program**

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BOARD OF DIRECTORS FY 2006-2007

<i>NAME</i>	<i>REPRESENTING</i>
Greg Ibach	Director Nebraska Department of Agriculture
Marian Beethe	Beginning Farmer Program Administrator Nebraska Department of Agriculture
Douglas Ewald	Tax Commissioner Nebraska Department of Revenue
Dave Dearmont (Designee)	Research Division Nebraska Department of Revenue
Dr. Darrell Mark	Academic Community Extension Agricultural Economist University of Nebraska - Lincoln
Dale Pohlman	Agricultural Lender
Bert Garvin	Producer, District 1
Timothy Schram	Producer, District 2
Don Anthony	Producer, District 3

STAFF MEMBERS

Mary Jackson	Staff Assistant
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BEGINNING FARMER BOARD MEETING DATES & ATTENDEES
FY 07/2006 – 06/2007

Meeting Date	Members Attending	Guests Attending	Staff Attending
August 21, 2006	Dave Dearmont Dr. Darrell Mark Bert Garvin Don Anthony Timothy Schram Marian Beethe		Marian Beethe, NDA Program Administrator Pam Wurdeman, NDA Administrative Assistant
November 13, 2006	Dale Pohlmann Dave Dearmont Dr. Darrell Mark Bert Garvin Don Anthony Marian Beethe	Pat McGrane, USDA/NRCS Senator Roger Wehrbein Tim Reimer, USDA/FSA	Marian Beethe, NDA Program Administrator Pam Wurdeman, NDA Administrative Assistant
February 21, 2007	Dale Pohlmann Phillip Anthony Dr. Darrell Mark Don Anthony Marian Beethe	David Goeller, UNL	Marian Beethe, NDA Program Administrator Pam Wurdeman, NDA Administrative Assistant

2007 ADMINISTRATIVE NOTES

Last year we were excited about the prospects for this year due to the changes in the Nebraska Beginning Farmer Tax Credit Act that enhanced the program for the participants involved. We had more inquiries and applications, but were surprised it didn't result in more applications. Many of the people who called said they would be starting in 2008 or after.

The increase in the tax credit was most welcomed by the beginning farmers because the owner would receive a larger incentive to rent to them. Also, those who had not already taken a financial management class were glad to get the reimbursement to pay the cost of taking it.

There were several new Board Members whom we welcomed this year. Todd Reed, Melvin Valasek, and Don Anthony, are the new representatives for the three Congressional Districts. They join Mark Graff who represents the banking industry, Dr. Darrell Mark who represents Nebraska Education, Douglas Ewald, State Tax commissioner and Marian Beethe for the Department of Agriculture. The newly elected chairman is Don Anthony and the new vice chairman is Mark Graff. We appreciate the guidance and support from our retired board members: Dale Pohlmann, Bert Galvin and Tim Schram. Thank you!

A proposed draft of the new Beginning Farmer Tax Credit Regulations has been written and is going through the process of studying and reviewing the changes before it is submitted for approval from the Governor's and Attorney General's offices.

The new changes to the act are important for family operations that will be passed down through the generations. The tax credit becomes an incentive for families to develop their plan and to put it in place so the next generation knows how they will become part of the operation. Many times this keeps families from misunderstandings and hard feelings because they didn't all have the same picture of how and when the transition will take place.

We continue to attend many functions and Ag Shows to talk to the individual farmers and ranchers to tell them about the program and encourage them to use it. It's still very surprising to hear so many say they have never heard of the program before. We are also trying to reach people in other ways, such as magazine and newspaper articles.

PARTICIPANT STATISTICS
AS REPORTED FOR THE TAX YEAR

	A	B	C	D	E	F	G	H
1	Tax Year Participation	2003	2004	2005	2006	2007	2003 - 2007	Totals - 2000 to 2007
2							Last 5 Yrs Total & Avg	Since the Beginning
3	# of Owners Receiving Tax Credit	46	47	32	18	23	166	220
4	Total Tax Credits Paid To Owners	\$ 81,580	\$ 66,298	\$ 46,604	\$ 26,883	\$ 76,781	\$ 298,146	\$ 354,198
5	Average Tax Credit per Owner	\$ 1,773	\$ 1,441	\$ 1,456	\$ 1,493	\$ 3,338	\$ 1,796	\$ 1,610
6	# of Beg. Farmers Paying Rent	46	46	32	18	23	165	180
7	Total Rent Paid by Beg Farmers	\$ 1,631,584	\$ 1,325,961	\$ 932,086	\$ 479,960	\$ 697,105	\$ 5,066,696	\$ 6,245,458
8	Average Rent Paid per Beg Farmer	\$ 35,469	\$ 28,825	\$ 29,128	\$ 26,664	\$ 30,309	\$ 30,707	\$ 34,697

**BEGINNING FARMER TAX CREDIT ACT
FINANCIAL REPORT
AS OF JUNE 30, 2007**

Account Code Description	Budgeted Amount	Year-To-Date	% of Budget	Variance-Favorable (Unfavorable)
<u>510000 Personal Services</u>				
511100 Permanent Salaries – Wages	\$2,420.00	\$1,923.26	79.47	\$496.74
512100 Vacation Leave Expense		\$268.72		\$268.72-
512200 Sick Leave Expense		\$97.72		\$97.72-
512300 Holiday Leave Expense		\$121.01		\$121.01-
512500 Funeral Leave Expense		\$9.31		\$9.31-
<u>Personal Services Subtotal</u>	\$2,420.00	\$201.65	100	\$.02-
515100 Retirement Plans Expense	\$174.00	\$181.55	104.34	\$7.55-
515200 OASDI Expense	\$185.00	\$166.00	89.74	\$19.00
515400 Life& Accident Insurance Expense	\$1.00	\$.77	77.00	\$.23
515500 Health Insurance Expense	\$482.00	\$516.31	107.12	\$34.31-
516500 Worker Comp Premium	\$26.00	\$25.93	99.73	\$.07
<u>Major Account 4100 Total</u>	\$3,288.00	\$3,310.58	100.39	\$22.58-
<u>520000 Operating Expenses</u>				
521100 Postage Expense	\$81.56	\$114.23	140.06	\$32.67-
521200 Com. Exp – Voice/Data	\$65.00	\$119.25	183.46	\$54.25-
521290 Com. Exp – Data only	\$5.00	\$1.93	38.60	\$3.07
521300 Freight Expense		\$21.17		\$21.17-
521400 Data Processing Expense	\$643.05	\$1,298.07	201.86	\$655.02-
521500 Pub. And Print Expense	\$595.00	\$352.90	59.31	\$242.10
522100 Dues and Sub. Expense	\$500.00	\$500.00	100.00	
522200 Conf. Registration		\$25.75		\$25.75-
524744 Exhibit Space	\$50.00	\$15.63	31.26	\$34.37
534900 Misc. Supplies Expense	\$5.00			\$5.00
532100 Non-Capitalized Equip PU		\$1.63		\$1.63-
532101 Non-Capitalized Computer Eq		\$18.06	72.24	\$6.94
534946 Promotional Supplies				
541100 Accounting & Auditing Service	\$25.00	\$2,468.62	125.34	\$499.01-
555200 Software-New Purchases				
<u>Major Account 520000 Total</u>	\$1,969.61	\$2,468.62	125.34	\$499.01-
<u>570000 Travel Expense</u>				
571100 Board and Lodging	\$223.39	\$184.09	82.41	\$39.30
571600 Meals - Not Travel Stat	\$25.00	\$9.99	39.96	\$15.01
572100 Commercial Transport		\$26.94		\$26.94-
574500 Pers. Vehicle Mileage	\$1,250.00	\$1,122.08	89.77	\$127.92
575100 Misc. Travel Expense	\$50.00	\$76.00	152.00	\$26.00-
<u>Major Account 570000 Total</u>	\$1,548.39	\$1,419.10	91.65	\$392.30-
<u>Budgeted Expenditures Total</u>	\$6,806.00	\$7,198.30	105.76	\$392.30-
<u>1 General Fund</u>	\$6,806.00	\$7,198.30	105.76	\$392.30-
<u>Budgeted Expenditures Total</u>	\$6,806.00	\$7,198.30	105.76	\$392.30-

PARTICIPANT STATISTICS

As Reported for the Tax Year

Participation Per Tax year	Tax year 2003	Tax Year 2004	Tax year 2005	Tax Year 2006	Tax Year 2007
Average Tax Credit Rec'd by Owner	\$1,862.13	\$1,407.26	\$1,166.39	\$2,557.63	\$3,073.22
Average Rent Paid by Beg. Farmer	\$37,242.37	\$28,850.93	\$27,856	\$33,648	\$32,599
# of Owners receiving tax Credits (see #1)	46	47	35	20	29
# of Beginning farmers paying rent (see #2)	46	47	32	18	22
# of Cases per tax year (See #3)	43	44	34	19	23

1. Agricultural Asset owner – Each individual, partnership, or corporation who is qualified as an agricultural asset owner is counted once. An agricultural asset owner may have more than one contract with one or more beginning farmers but will be counted only once.
2. Beginning Farmers – Each individual who is qualified as a beginning farmer is counted once. A beginning farmer may have more than one contract with one or more agricultural asset owners but will be counted only once.
3. Cases – An application packet that has been sent in with applications completed by the owner of agricultural assets and the beginning farmer who has signed a three-year rental agreement that qualifies for the tax credit.

*An agricultural asset owner may rent to more than one beginning farmer, and a beginning farmer may rent from more than one agricultural owner. Therefore, the number of agricultural asset owners and beginning farmers may not be the same.

OUTREACH ACTIVITIES

FY 7/2006-6/2007

Beginning Farmer Website was launched – www.nebraskabeginningfarmer.org

Beginning Farmer Connections – listing of landowners and beginning farmers

Beginning Farmer Advisory Council met July 10-12, 2006 in Washington DC – Beethe attended, NRCS pursuing ways to aid beginning farmers

National Farm Transition Network Meeting and Workshop, Des Moines IA, August 6-10, 2006, attended by Beethe and Dave Goeller (UNL)

News articles November 2006 in Nebraska Farmer Magazine and Cattle Business Weekly

NE Bankers Association Ag Credit Conference, October 2006 – Beethe attended

Gateway Farm Expo, Kearney, November 15-16, 2006 – Beethe attended

USDA/NRCS representative Pat McGrave attended November 2006 Board Meeting. Would like to partner the NRCS EQUIP program with our BF program, possibly a joint brochure

FSA Representative, Tim Reimer attended November 2006 Board Meeting. Would like to promote the Beginning Farmer program by adding our link to their website.

NE Cattleman's Convention, Lincoln, November 29-30, 2006

Farm Bureau Conference, December 3-4, 2006

NE Ag Classic, Kearney December 13-14, 2006

North Platte Ag Show, February 7-8, 2007 – Beethe interviewed with local television station, received at least one call directly as a result of the television exposure

Mediator Newsletter – Fall Addition included article on Beginning Farmer Program

Beethe met with Weldon Sleight regarding 100 cow program offered by Nebraska College of Technical Agriculture

Governor's Ag Conference, Kearney – February 28 thru March 1, 2007

FFA Conference, Lincoln, March 28-30, 2007

International Farm Succession Conference

Nebraska State Fair

University of Nebraska Field Day

Husker Harvest Days

Northeast Nebraska Career Day

Agromedicine Conference