



**Annual Report**  
**July 1, 2017 – June 30, 2018**

**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 2017 – 2018**  
**July 1, 2017 – June 30, 2018**

<b>Name</b>	<b>Representing</b>
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
HoaPhu Tran (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 2017 – 2018  
July 1, 2017 – June 30, 2018**

Meeting Date	Members Attending	Guests Attending	Staff Attending
October 6, 2017	Don Anthony Karla Bahm Brad Lubben HoaPhu Tran Tyler Weborg	Mat Habrock, Nebraska Department of Agriculture	Joline Gordon
December 19, 2017	Don Anthony Karla Bahm Nadine Hagedorn Brad Lubben HoaPhu Tran Ryan Ueberrhein		Joline Gordon
January 16, 2018	Don Anthony Karla Bahm Nadine Hagedorn Brad Lubben Ryan Ueberrhein Tyler Weborg	Mat Habrock, Nebraska Department of Agriculture Steve Wellman, Nebraska Department of Agriculture	Joline Gordon

# **NextGen Administrative Notes**

**FY 2017 – 2018  
July 1, 2017 – June 30, 2018**

The Beginning Farmer Tax Credit 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. Governor Ricketts appointed Steve Wellman as the new Director of Agriculture in December. Director Wellman replaced Greg Ibach who served as the Department's director since 2005. A Board of Directors appointed by the Governor is charged with reviewing applications and approving applicants in accordance with the Act.

Two legislative bills concerning the Act were introduced during the second session of the 105<sup>th</sup> Legislature. Senator Blood introduced LB 684 which would provide a one-percent increase in tax credits to owners who rent to military veterans. Senator Briese introduced LB 976 directing the Beginning Farmer Board to submit a report to the Legislature examining the net worth limitation of the Act and compare it to similar programs. Both bills were indefinitely postponed.

In 2015 Legislative Bill 538 created an evaluation framework through performance audits for Nebraska tax incentive programs. The primary goal of the performance audit is to provide information to lawmakers about how the tax incentives are benefiting Nebraska's economy and meeting program goals. The audit for the Beginning Farmer Tax Credit Act began in February with a draft report anticipated late August.

Other notes of interest:

- Net worth increased to \$200,000 Oct 1, 2017.
- Administrative staff completed a comprehensive guidance document to aid in the administration of the program.
- The amended Beginning Farmer Tax Credit Regulations were approved by Governor Ricketts and filed with the Secretary of State's Office on May 17, 2018.
- The Nebraska Department of Agriculture completed a beginning farmer article, All in the Family, featuring four beginning farmer brothers which included a supplemental article on their use of NextGen. Two of the brothers, Jack and Austen Godbersen, participated in NextGen as beginning farmers.

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# ALL IN THE FAMILY

*The story of four brothers and a dad keeping their farm dreams alive*

Gary Godbersen knows the ups and downs of farming all too well. His father, Vern, was like many farmers in the 80s. Low commodity and livestock prices, coupled with extraordinarily high interest rates and high input costs, forced him out of the production ag business.

But there is something to be said for how deep the roots of agriculture go, along with a strong desire to keep a family unit working together in one business.

For Gary, it was he and his brother, Wayne, who were determined to continue to grow corn and soybeans in the rolling hills of northeast Nebraska. Even though they both worked full time at a local feedlot, they would farm at night, while their dad took care of necessary chores during the day.

But the 240 acres Vern still owned in Wayne County wasn't going to be enough to sustain a living for multiple families. So, Gary and Wayne put an ad in the local newspaper looking for land to rent. It didn't take long before an elderly couple looking for someone to farm their land came calling. It became a relationship that spanned more than 35 years.

It also became a formula that Gary and Wayne used to expand their operation enough to make it their full-time occupations. And the formula that created the successful Godbersen Farms based in Wisner, which includes Gary and his four sons: Jack, Austen, Dixon and Logan. Unfortunately Gary's brother, Wayne, passed away after a battle with cancer in 1998 or he would be right there alongside them.



**The Godbersen Family (from left): Jack and fiancée Paige Dietrich, Logan, Carmen, Gary, Dixon, Arlo, Jessie and Austen.**



## ALL ROADS LEAD TO GODBERSEN FARMS

"Remembering the 80s and even the 90s, there was a long stretch where farming was ugly. My wife and I had zero extra money and all we did was work," said Gary. "So at that point I said 'I'm not going to be disappointed if my sons do something else.' But low and behold they wanted to farm, so that was a good thing."

As the Godbersen sons have grown older, they each have had to decide on the path that eventually would keep the family farming together.

Jack, the oldest, had an interest in farming early in life but things began to change a bit as he got into high school.

"I started getting interested in other things besides farming," Jack said. "I decided to go to college at the University of Nebraska in Lincoln. But then I ended up in the ag college, and it didn't take me long to realize I needed to be back home farming."

Jack got his degree in mechanized systems management, which he may not have known at the time, would be important to his role as part of the family farm operation. That also was the case with his other job off the farm, selling seed.

Austen, next in the pecking order among the brothers, also chose to go to college. However, he always knew he wanted to go back home to farm.

"I guess I never questioned it much," said Austen. "I grew up riding shotgun with dad, putting hundreds of miles on in a day checking center pivots. It really wasn't much of a question for me what I wanted to do."

Austen's education and experience in agronomy has not only been important in making decisions in the family operation but has also allowed him to have additional employment as a local agronomy consultant.

For Dixon, the third brother in line, farming is all he ever wanted to do.

"I really never thought of doing anything else," he said. "I've always wanted to farm and I stuck around and learned by doing it hands on."

Dixon spent a lot of time around his dad learning the production side of the business from planting to harvest. He was also able to learn the ins and outs of maintaining and fixing equipment from a former hired hand who had a lot of experience in mechanics.

The youngest brother of the four, Logan, is just starting to forge his path. He is currently a sophomore at UNL studying diversified agriculture.

"I'm taking a lot of classes in agronomy such as plant sciences, but I'm also interested in livestock so I am studying animal science as well," said Logan.

Like his brothers before him, Logan started on the bottom rung of the ladder doing such mundane chores as sweeping out the shop. But soon he was helping run equipment and still takes time on weekends to run the grain cart during harvest.

"I am not exactly sure what I will be doing in the future but my plan is to go back and help on the farm," Logan said.



*Logan is studying diversified agriculture at UNL's East Campus.*

## MAKING IT WORK



*Austen utilizes group texts to coordinate scheduling on Godbersen Farms.*

With the brothers and dad working together side by side, day by day, one would think there would be a lot of differences of opinion on how things should be done. But the Godbersens have found a way to keep the challenges to a minimum.

"We have a lot of communication amongst each other," said Jack. "We all try to understand each person's point of view. Everybody pitches in and gives their opinion and we decide collectively what our next moves will be."

So, how do they communicate?

"One thing we utilize a lot are group texts," said Austen.

The reason the group texts work so well is that they don't rely on just one person having to remember what has to be done the next day. It also gives them a written record of the communications. That's important when numbers are involved such as how much fertilizer they plan to apply on a specific field the next day.

Another key Godbersen dynamic is each member of the family assumes roles that best fit his skill set.

According to Jack, "We all have an area that we are really good at and we just stay out of each other's

way when it comes to those areas."

Dixon is the day-to-day manager of the operation overseeing equipment and production needs; Gary and Logan help operate much of the equipment during peak seasons; and Jack and Austen utilize their work and educational experience to make agronomic and product selections.

Carmen, wife and mother of the family, is very involved in the operation as well assisting with bookkeeping and providing valuable input on important decisions such as marketing.



## UTILIZING THE FORMULA

As Godbersen Farms continued to add family members to the operation, the need to find additional land to farm increased. However, with high land costs and limited acres available for sale, the opportunities to purchase land were limited. So, the family went back to the same formula Gary and Wayne used initially to expand: find landlords willing to rent land to them.

Finding farmland to rent was challenging at times given the stiff competition among area farmers. By building a reputation as good stewards of the land they rented, the family acquired several rental contracts.

"We use conservation practices such as no-till and implement precision agriculture methods that we know are good for the land

we rent," said Dixon. "We have the philosophy to try to leave the land in better condition than when we got it."

Meanwhile, Jack and Austen utilized a program administered by the Nebraska Department of Agriculture called NextGen. Under this program, a land owner is able to receive a tax credit by entering into a contract with beginning farmers who meet specific requirements.

"The primary advantage the program offered us was to be competitive with more established farmers that have the ability to pay higher rent," said Jack. "The tax credit incentive put us on a level playing field."



*Jack and Dixon discussing the next day's schedule.*

NextGen allowed the brothers to enter into a three-year agreement to lease much needed additional land.

## KEEPING IT TOGETHER

Having to rent the large majority of land they farm, the Godbersens understand how important it has been to build and maintain relationships with all of their landlords.

In addition to communicating directly with the owners, the Godbersen Farms website provides a special log-in portal that allows landlords to track exactly how their land is being farmed.

The Godbersens also believe in utilizing the latest technology in order to farm their rented ground in the most efficient and practical manner.

Gary has seen all the ups and downs of farming throughout the years. But with the love of farming all of his family members possess, he knows they can all ride the roller coaster together.

"Some people have one kid on one coast, and another kid on the other coast," he said. "We're lucky enough to have all our sons close by, which is really special."



# NextGen: A Tool for Beginning Farmers in Nebraska

*For Jack and Austen Godbersen of Wisner, it was a “win-win” situation*

For a beginning farmer planning to grow row crops in Nebraska, acquiring enough land to stay profitable can be quite challenging.

High sale prices, property taxes and finding enough capital to buy land make the purchase option an almost impossible choice. While renting is a more viable route to get started, the competition to obtain a contract for rental acres is very strong.

The Godbersen family in northeast Nebraska, created Godbersen Farms by attaining almost all of the land they farm through rental agreements. When brothers Jack and Austen decided to join dad Gary and brother Dixon they knew they would have to find more acres to farm in order to make the family operation successful. However, they soon found out securing additional rental acres was difficult.

“As beginning farmers, Austen and I were at a disadvantage when we were bidding for rental ground against someone who was well established,” said Jack. “They could put in a higher bid because they already had all their equipment and the available capital they needed.”

Jack soon remembered a program he had heard about from one of his professors at the University of Nebraska-Lincoln: NextGen.

Administered by the Nebraska Department of Agriculture (NDA), NextGen utilizes the Beginning Farmer Tax Credit Act to help new producers get a head start in farming and ranching, while giving back to the farmers and ranchers who own agricultural assets. NextGen presented the perfect tool Jack and Austen needed to “level the playing field” as they sought more rental ground.

First they had to find a landowner interested in entering into a three-year lease. One of the objectives of the NextGen program is to give the beginning farmer more than just a one-year opportunity, thus the landowner is given a tax credit for three years.

“We found a family that owned quite a bit of land in our area and believed in giving young farmers a real opportunity to be successful in agriculture,” said Jack. “But they also needed it to be profitable for them, so NextGen was a real win-win situation for us.”

After a conversation with the landlord, Jack contacted NDA and put the wheels in motion for Austen and him to enter into a three-year agreement under NextGen.

“It was a 50-50 proposition in that Jack and I would acquire equal amounts of land that we could farm and the land owner would get a tax credit for the entire number of acres,” said Austen. “NextGen gave us the opportunity to rent ground in an environment where it was very hard for beginning farmers to compete against established farmers.”

The program has certain requirements and criteria to meet in order for the parties involved to be eligible. Jack and Austen said working closely with NDA made the process go smoothly. They received assistance and had their questions answered from the start.

After it was all said and done, NextGen assisted Jack and Austen to meet their primary objective.

“It allowed Austen and me the opportunity to expand the family operation and come back home,” said Jack.

And being back home was what it is all about for the Godbersen family.



# **NEXT GEN**

CULTIVATE YOUR LEGACY

NextGen utilizes the Beginning Farmer Tax Credit Act to help new producers get a head start in farming and ranching, while giving back to the farmers and ranchers who own agricultural assets.

## **BEGINNING FARMER BENEFITS**

- A three-year lease rather than a year-to-year lease to get started in farming or ranching.
- Up to a \$500 tax credit reimbursement for the financial management class.
- The beginning farmer may apply for the Personal Property Tax Exemption.

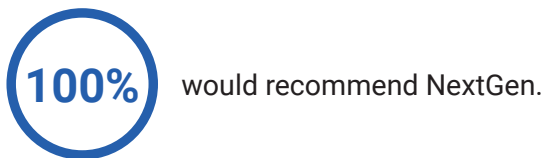
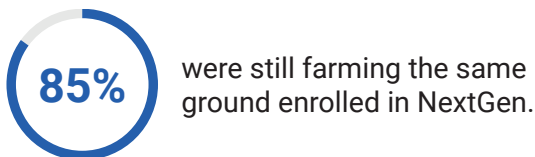
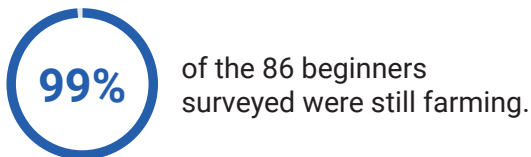


**PERSONAL  
CONNECTIONS &  
RELATIONSHIPS BUILT**

## **ASSET OWNER BENEFITS**

- An eligible asset owner will receive a 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.

NextGen is committed to assisting farmers and ranchers beginning a career in production agriculture. But what are the benefits to participating in the program? A 2015 survey of NextGen participants led to the following results:



## **FOR MORE INFORMATION**

Visit [nextgen.nebraska.gov](http://nextgen.nebraska.gov) or call 800-446-4071.

**To apply**, access application online or request by mail. Complete application form and required supplemental documents and mail to:

NextGen  
P.O. Box 94947  
Lincoln, NE 68509-4947

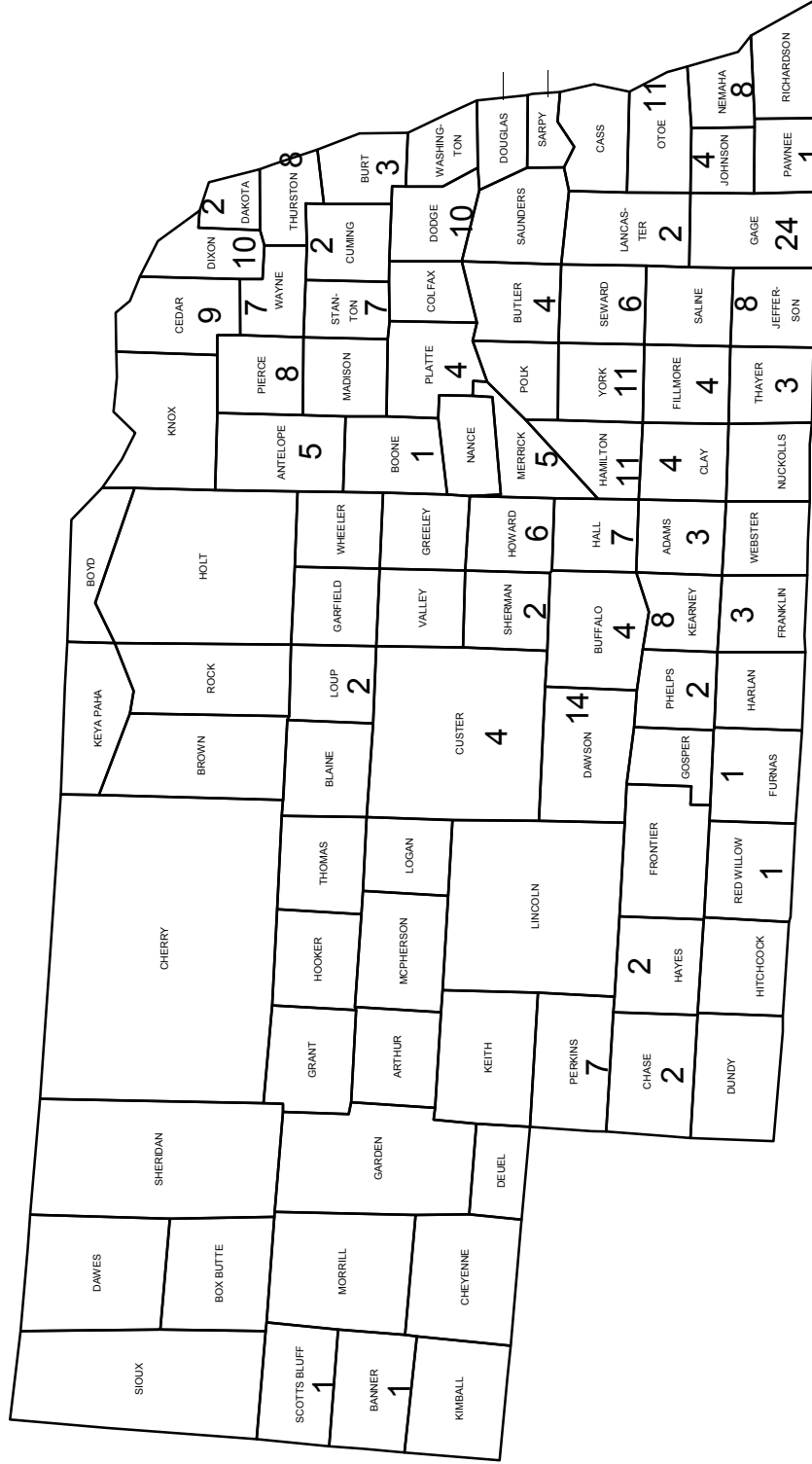


## Participant Statistics As Reported for the Tax Year

Tax Year Participation	2013	2014	2015	2016	2017	2013 - 2017	
						Last 5 Yrs Total & Avg	Totals - 2001 to 2017 Since the Beginning
# of Owners Receiving Tax Credit	159	164	178	233	259	993	2040
Total Tax Credits Paid to Owners	\$ 842,864	\$ 954,659	\$ 947,904	\$ 1,140,155	\$ 1,283,928	\$ 5,169,510	\$ 10,791,863
Average Tax Credit per Owner	\$ 5,301	\$ 5,821	\$ 5,325	\$ 4,893	\$ 4,957	\$ 5,206	\$ 5,290
# of Beg. Farmers Paying Rent	126	134	145	172	217	794	1644
Total Rent Paid by Beg. Farmers	\$ 6,551,624	\$ 7,641,412	\$ 7,871,791	\$ 9,835,160	\$ 11,197,860	\$ 43,097,847	\$ 89,821,707
Average Rent Paid per Beg. Farmer	\$ 51,997	\$ 57,025	\$ 54,288	\$ 57,181	\$ 51,603	\$ 54,279	\$ 54,636
Applications Received	61	51	58	74	86	330	868

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

## Crop Year 2017







# NextGen Financial Report

**FY 2017 – 2018**  
**July 1, 2017 – June 30, 2018**

Account Code Description	Budgeted Amount	Year-To-Date	% of Budget	Variance-Favorable (Unfavorable)
<b><u>510000 Personal Services</u></b>				
511100 Permanent Salaries – Wages	\$39,332.68	\$34,122.34	86.75	\$5,210.34
512100 Vacation Leave Expense	\$465.34	\$2,458.66	528.36	(\$1,993.32)
512200 Sick Leave Expense		\$563.51	0.00	(\$563.51)
512300 Holiday Leave Expense	68.87	\$1,810.79	2,629.29	(\$1,741.92)
512500 Funeral Leave Expense	267.84	267.84	100.00	0.00
515100 Retirement Plans Expense	\$3,009.82	\$2,938.47	97.63	\$71.35
515200 FICA Expense	\$3,044.99	\$2,587.66	84.98	\$457.33
515400 Life & Accident Insurance Exp	\$11.58	\$11.61	100.26	(\$0.03)
515500 Health Insurance Expense	\$14,465.82	\$14,274.69	98.68	\$191.13
516300 Employee Assistance Program	\$14.70	\$0.00	0.00	\$14.70
516500 Workers Comp Premiums	\$355.74	\$375.93	105.68	(\$20.19)
<b><u>510000 Personal Services Total</u></b>	<b>\$61,037.38</b>	<b>\$59,411.50</b>	<b>97.34</b>	<b>\$1,625.88</b>
<b><u>520000 Operating Expenses</u></b>				
521100 Postage Expense	\$326.36	\$369.03	113.07	(\$42.67)
521200 Comm Expense – Voice/Data	\$495.88	\$0.00	0.00	\$495.88
521290 Comm Expense – Data only	\$6.86	\$0.00	0.00	\$6.86
521400 Data Processing Expense	\$1,274.31	\$4,809.21	377.40	(\$3,534.90)
521412 OCIO – Voice Expense		\$522.86	0.00	(\$522.86)
521500 Publication & Print Expense	\$850.79	\$728.28	85.60	\$122.51
522200 Conference Registration		\$4.85	0.00	(\$4.85)
524744 Exhibit Space	\$69.58	\$0.00	0.00	\$69.58
531100 Office Supplies Expense	\$36.26	\$88.25	243.38	(\$51.99)
534946 Promotional Supplies	\$231.28	\$81.00	35.02	\$150.28
541100 Accounting & Auditing Service	\$72.52	\$81.57	112.48	(\$9.05)
541200 Purchasing Assessment		\$16.10	0.00	(\$16.10)
541400 HRMS Assessment		\$57.91	0.00	(\$57.91)
559100 Other Operating Exp	208.74	\$31.02	14.86	\$177.72
<b><u>520000 Operating Expenses Total</u></b>	<b>\$3,572.58</b>	<b>\$6,790.08</b>	<b>190.06</b>	<b>(\$3,217.50)</b>
<b><u>570000 Travel Expense</u></b>				
571100 Board & Lodging		\$67.44	0.00	(\$67.44)
571600 Meals – Not Travel Status		\$262.29	0.00	(\$262.29)
574500 Personal Vehicle Mileage		\$1,259.39	0.00	(\$1,259.39)
575100 Misc Travel Expense	\$463.54	\$112.00	24.16	\$351.54
<b><u>570000 Travel Expense Total</u></b>	<b>\$463.54</b>	<b>\$1,701.12</b>	<b>366.98</b>	<b>(\$1,237.58)</b>
<b>Budgeted Expenditures Total</b>	<b>\$65,073.50</b>	<b>\$67,902.70</b>	<b>104.35</b>	<b>(\$2,829.20)</b>

# **NextGen Outreach Activities**

**FY 2017 – 2018  
July 1, 2017 – June 30, 2018**

- Beginning Farmer and Rancher Development Meeting, Ashland – July 13, 2017
- Nebraska Agriculture Youth Institute Career Fair, Lincoln – July 13, 2017
- Rural Response Council, Lincoln – July 25, 2017
- Husker Harvest Days Radio Spot – September 4, 2017
- Husker Harvest Days, Grand Island – September 12-14, 2017
- Rural Response Council New Office Meet & Greet, Lincoln – October 25, 2017
- Farm Crisis Response Council, Lincoln – October 31, 2017
- National Ag Bankers Conference, Milwaukee, WI – November 12-15, 2017
- Nebraska College of Technical Agriculture Advisory Committee Meeting, Curtis – November 14, 2017
- AgCeptional Women’s Conference, Norfolk – November 17, 2017
- Nebraska Power Farm Show, Lincoln – December 7-9, 2017
- Beginning Farmer and Rancher Development Meeting, Lincoln – January 11, 2018
- Northeast Nebraska Farm Show, Norfolk – January 18, 2018
- AgrAbility Advisory Council Meeting, Kearney – January 31, 2018
- Farm Crisis Response Council, Lincoln – February 13, 2018
- Women in Ag Conference, Kearney – February 22-23, 2018
- Governor’s Ag Conference, Kearney – March 7-8, 2018
- Farm Beginnings, Omaha – March 17, 2018
- Alliance for the Future of Agriculture in Nebraska Panel Discussion – UNL Lincoln, April 12, 2018
- Rural Response Council, Lincoln – April 17, 2018
- Beginning Farmer and Rancher Development Meeting, Lincoln – May 3, 2018
- KRVN Radio Public Service Announcement on Rural Response Hotline – May 2018
- Answering the Call – Veteran Farm Tour – May 24, 2018
- Social Media (Facebook / Twitter) Farmers and Suicide/Resources – June 28, 2018