

ONE HUNDRED SIXTH LEGISLATURE - FIRST SESSION - 2019
COMMITTEE STATEMENT
LB560

Hearing Date: Wednesday March 20, 2019
Committee On: Revenue
Introducer: Geist
One Liner: Change provisions relating to tax credits under the Beginning Farmer Tax Credit Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Briese, Crawford, Friesen, Groene, Kolterman, Lindstrom,
Linehan, McCollister

Nay:

Absent:

Present Not Voting:

Oral Testimony:

Proponents:

Senator Suzanne Geist

Representing:

Introducer

Opponents:

Roger Wehrbein

John Hansen

Representing:

Self

Nebraska Farmers Union

Neutral:

Craig Beck

Don Anthony

Martha Carter

Representing:

Legislative Audit Office

Beginning Farmer Board

Legislative Audit Office

Summary of purpose and/or changes:

LB560 proposes to address issues stated in a recent Performance Audit Committee on the Beginning Farmer Tax Credit Act.

The bill will limit a qualified beginning farmer or livestock producer to participate as a qualified beginning farmer or livestock producer in one 3-year rental agreement with an owner of agricultural assets. The limit on participation would not apply if the rental agreement is terminated prior to the end of the 3-year period through no fault of the qualified beginning farmer or livestock producer.

A qualified beginning farmer or livestock producer who is participating or has participated in a board approved and certified 3-year rental agreement shall not be eligible to file a subsequent application with the board. The qualified beginning farmer or livestock producer may refer to the board for additional support and participate in programs established or recommended by the board that are applicable to the continued success of such farmer or livestock producer.

A qualified beginning farmer or livestock producer in the first, second, or third year of a qualifying 3-year rental agreement shall be allowed a one-time refundable credit for the cost of participation in the financial management

program required for eligibility under the Beginning Farmer Tax Credit Act. The amount of the credit shall be the actual cost of participation in an approved program incurred during the tax year for which the credit is claimed, up to a maximum of \$500 hundred dollars.

Except as otherwise disallowed under subsection (5) of this section, an owner of agricultural assets shall be allowed a refundable credit to state income tax liability of such owner for agricultural assets rented on a rental agreement basis. This includes cash rent of agricultural assets or cash equivalent of a share-rent rental, to qualified beginning farmers or livestock producers. Such asset shall be rented at prevailing community rates as determined by the board.

A credit may be granted to an owner of agricultural assets for renting agricultural assets, including cash rent of agricultural assets or cash equivalent of a share-rent agreement, to any qualified beginning farmer or livestock producer for a period of 3 years.

An owner of agricultural assets shall not be eligible for further credits under the Beginning Farmer Tax Credit Act and shall not be eligible for further participation with a qualified beginning farmer or livestock producer unless the rental agreement is terminated prior to the end of the 3-year period through no fault of the owner of agricultural assets.

Explanation of amendments:

The amendment becomes the bill. It replaces LB560 with the provisions of LB623. Both bills addressed changes to the Beginning Farmer Tax Credit Act.

The amendment adds a definition of a cash rent agreement and clarifies that the credits issued are refundable. Qualified participants in an approved three-year rental agreement would be eligible to file subsequent applications for different assets.

LB 623 (Williams) - Change provisions relating to qualifications under the Beginning Farmer Tax Credit Act

LB 623 was heard on March, 30th 2019.

Testifiers were:

Proponent:

- Roger Wehrbein, Self
- John Hansen, Nebraska Farmers Union

Opponent:

- NONE

Neutral:

- Don Anthony, Beginning Farmer Board

Lou Ann Linehan, Chairperson