

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1103

Introduced by Brandt, 32.

Read first time January 19, 2022

Committee: Revenue

- 1 A BILL FOR AN ACT relating to the Beginning Farmer Tax Credit Act; to
- 2 amend sections 77-5203 and 77-5209, Revised Statutes Cumulative
- 3 Supplement, 2020; to redefine a term; to change provisions relating
- 4 to net worth qualifications; to harmonize provisions; and to repeal
- 5 the original sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-5203, Revised Statutes Cumulative Supplement,
2 2020, is amended to read:

3 77-5203 For purposes of the Beginning Farmer Tax Credit Act:

4 (1) Agricultural assets means agricultural land, livestock, farming,
5 or livestock production facilities or buildings and machinery used for
6 farming or livestock production located in Nebraska;

7 (2) Board means the Beginning Farmer Board created by section
8 77-5204;

9 (3) Cash rent agreement means a rental agreement in which the
10 principal consideration given to the owner of agricultural assets is a
11 predetermined amount of money. A flex or variable rent agreement is an
12 alternative form of a cash rent agreement in which a predetermined base
13 rent is adjusted for actual crop yield, crop price, or both according to
14 a predetermined formula;

15 (4) Farm means any improved or unimproved tract of land ~~over ten~~
16 ~~acres in area~~ used for or devoted to the commercial production of farm
17 products;

18 (5) Farm product means those plants and animals useful to man and
19 includes, but is not limited to, forages and sod crops, grains and feed
20 crops, dairy and dairy products, poultry and poultry products, livestock,
21 including breeding and grazing livestock, fruits, and vegetables;

22 (6) Farming or livestock production means the active use,
23 management, and operation of real and personal property for the
24 production of a farm product;

25 (7) Financial management program means a program for beginning
26 farmers or livestock producers which includes, but is not limited to,
27 assistance in the creation and proper use of record-keeping systems,
28 periodic private consultations with licensed financial management
29 personnel, year-end monthly cash flow analysis, and detailed enterprise
30 analysis;

31 (8) Owner of agricultural assets means:

1 (a) An individual or a trustee having an ownership interest in an
2 agricultural asset located within the State of Nebraska who meets any
3 qualifications determined by the board;

4 (b) A spouse, child, or sibling who acquires an ownership interest
5 in agricultural assets as a joint tenant, heir, or devisee of an
6 individual or trustee who would qualify as an owner of agricultural
7 assets under subdivision (8)(a) of this section; or

8 (c) A partnership, corporation, limited liability company, or other
9 business entity having an ownership interest in an agricultural asset
10 located within the State of Nebraska which meets any additional
11 qualifications determined by the board;

12 (9) Qualified beginning farmer or livestock producer means an
13 individual who is a resident individual as defined in section 77-2714.01,
14 who has entered farming or livestock production or is seeking entry into
15 farming or livestock production, who intends to farm or raise crops or
16 livestock on land located within the state borders of Nebraska, and who
17 meets the eligibility guidelines established in section 77-5209 and such
18 other qualifications as determined by the board; and

19 (10) Share-rent agreement means a rental agreement in which the
20 principal consideration given to the owner of agricultural assets is a
21 predetermined portion of the production of farm products from the rented
22 agricultural assets.

23 Sec. 2. Section 77-5209, Revised Statutes Cumulative Supplement,
24 2020, is amended to read:

25 77-5209 (1) The board shall determine who is qualified as a
26 beginning farmer or livestock producer based on the qualifications found
27 in this section. A qualified beginning farmer or livestock producer shall
28 be an individual who: (a) Has a net worth of not more than one million
29 ~~two hundred thousand~~ dollars, including any holdings by a spouse or
30 dependent, based on fair market value; (b) provides the majority of the
31 day-to-day physical labor and management of his or her farming or

1 livestock production operations; (c) has, by the judgment of the board,
2 adequate farming or livestock production experience or demonstrates
3 knowledge in the type of farming or livestock production for which he or
4 she seeks assistance from the board; (d) demonstrates to the board a
5 profit potential by submitting board-approved projected earnings
6 statements and agrees that farming or livestock production is intended to
7 become his or her principal source of income; (e) demonstrates to the
8 board a need for assistance; (f) participates in a financial management
9 program approved by the board; (g) submits a nutrient management plan and
10 a soil conservation plan to the board on any applicable agricultural
11 assets purchased or rented from an owner of agricultural assets; and (h)
12 has such other qualifications as specified by the board. The qualified
13 beginning farmer or livestock producer net worth thresholds in
14 subdivision (a) of this subsection shall be adjusted annually beginning
15 October 1, 2009, and each October 1 thereafter, by taking the average
16 Producer Price Index for all commodities, published by the United States
17 Department of Labor, Bureau of Labor Statistics, for the most recent
18 twelve available periods divided by the Producer Price Index for 2008 and
19 multiplying the result by the qualified beginning farmer's or livestock
20 producer's net worth threshold. If the resulting amount is not a multiple
21 of twenty-five thousand dollars, the amount shall be rounded to the next
22 lowest twenty-five thousand dollars.

23 (2) When determining a qualified beginning farmer's or livestock
24 producer's net worth, the board shall exclude from such determination any
25 pension, retirement, or other types of deferred benefit accounts owned by
26 the beginning farmer or livestock producer, including such accounts owned
27 by a spouse or dependent.

28 ~~(3)~~ (2) A qualified beginning farmer or livestock producer who has
29 participated in a board approved and certified three-year rental
30 agreement with an owner of agricultural assets shall be eligible to file
31 subsequent applications for different assets.

1 Sec. 3. Original sections 77-5203 and 77-5209, Revised Statutes
2 Cumulative Supplement, 2020, are repealed.