

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 684

Introduced by Blood, 3; Brewer, 43.

Read first time January 03, 2018

Committee:

- 1 A BILL FOR AN ACT relating to the Beginning Farmer Tax Credit Act; to
- 2 amend sections 77-5203, 77-5213, and 77-5215, Reissue Revised
- 3 Statutes of Nebraska; to define a term; to change provisions
- 4 relating to tax credit amounts; to provide for applicability; and to
- 5 repeal the original sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-5203, Reissue Revised Statutes of Nebraska, is
2 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) Farm means any tract of land over ten acres in area used for or
10 devoted to the commercial production of farm products;

11 (4) Farm product means those plants and animals useful to man and
12 includes, but is not limited to, forages and sod crops, grains and feed
13 crops, dairy and dairy products, poultry and poultry products, livestock,
14 including breeding and grazing livestock, fruits, and vegetables;

15 (5) Farming or livestock production means the active use,
16 management, and operation of real and personal property for the
17 production of a farm product;

18 (6) Financial management program means a program for beginning
19 farmers or livestock producers which includes, but is not limited to,
20 assistance in the creation and proper use of record-keeping systems,
21 periodic private consultations with licensed financial management
22 personnel, year-end monthly cash flow analysis, and detailed enterprise
23 analysis;

24 (7) Owner of agricultural assets means:

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

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

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

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

12 (9) Share-rent agreement means a rental agreement in which the
13 principal consideration given to the owner of agricultural assets is a
14 predetermined portion of the production of farm products from the rented
15 agricultural assets; and -

16 (10) Veteran has the same meaning as in section 48-225.

17 Sec. 2. Section 77-5213, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 77-5213 (1) The tax credit approved and certified by the board under
20 section 77-5211 for an owner of agricultural assets in the first, second,
21 or third year of a qualifying rental agreement that is a cash rent
22 agreement shall be equal to:

23 (a) Ten ten percent of the gross rental income stated in the a
24 rental agreement if the qualified beginning farmer or livestock producer
25 involved in the agreement is not a veteran; or

26 (b) Eleven percent of the gross rental income stated in the rental
27 agreement if the qualified beginning farmer or livestock producer
28 involved in the agreement is a veteran.

29 (2) The tax credit approved and certified by the board under section
30 77-5211 for an owner of agricultural assets in the first, second, or
31 third year of a qualifying rental agreement that is a share-rent

1 agreement shall be equal to:

2 (a) Fifteen that is a cash rent agreement or (b) fifteen percent of
3 the cash equivalent of the gross rental income in the a rental agreement
4 if the qualified beginning farmer or livestock producer involved in the
5 agreement is not a veteran; or

6 (b) Sixteen percent of the cash equivalent of the gross rental
7 income in the rental agreement if the qualified beginning farmer or
8 livestock producer involved in the agreement is a veteran.

9 ~~(3) that is a share-rent agreement.~~ Tax credits shall only be
10 approved and certified for rental agreements that are approved and
11 certified by the board under the Beginning Farmer Tax Credit Act.

12 ~~(4) (2)~~ To qualify for the greater rate of credit allowed under
13 subsection (2) subdivision (1)(b) of this section, a share-rent agreement
14 shall provide for sharing of production expenses or risk of loss, or
15 both, between the agricultural asset owner and the qualified beginning
16 farmer or livestock producer. The board may adopt and promulgate rules
17 and regulations, consistent with the policy objectives of the act, to
18 further define the standards that share-rent agreements shall meet for
19 approval and certification of the tax credit under the act.

20 ~~(5) (3)~~ The board shall review each existing three-year rental
21 agreement between a beginning farmer or livestock producer and an owner
22 of agricultural assets on a semiannual basis and shall either certify or
23 terminate program eligibility for beginning farmers or livestock
24 producers or tax credits granted to owners of agricultural assets on an
25 annual basis.

26 Sec. 3. Section 77-5215, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 77-5215 (1) The changes made in sections 77-5201, 77-5203, 77-5208,
29 77-5209, and 77-5211 to 77-5213 by Laws 2006, LB 990, shall become
30 operative for all credits earned in tax years beginning or deemed to
31 begin on and after January 1, 2007, under the Internal Revenue Code of

1 1986, as amended. For all credits earned in tax years beginning or deemed
2 to begin prior to January 1, 2007, under the code, the provisions of the
3 Beginning Farmer Tax Credit Act as they existed prior to such date shall
4 apply.

5 (2) The changes made in sections 77-5203, 77-5209, and 77-5211 by
6 Laws 2008, LB 1027, shall become operative for all credits earned in tax
7 years beginning or deemed to begin on and after January 1, 2008, under
8 the Internal Revenue Code of 1986, as amended. For all credits earned in
9 tax years beginning or deemed to begin prior to January 1, 2008, under
10 the code, the provisions of the Beginning Farmer Tax Credit Act as they
11 existed prior to such date shall apply.

12 (3) The changes made in sections 77-5203 and 77-5213 by this
13 legislative bill shall become operative for all credits earned in tax
14 years beginning or deemed to begin on and after January 1, 2019, under
15 the Internal Revenue Code of 1986, as amended. For all credits earned in
16 tax years beginning or deemed to begin prior to January 1, 2019, under
17 the code, the provisions of the Beginning Farmer Tax Credit Act as they
18 existed prior to such date shall apply.

19 Sec. 4. Original sections 77-5203, 77-5213, and 77-5215, Reissue
20 Revised Statutes of Nebraska, are repealed.