



Nebraska Department of Agriculture
**Beginning Farmer and
Farm Mediation Programs**

BEGINNING FARMERS

WHO will farm and ranch?

WHAT land will they have?

WHEN will they start?

WHERE will they get help?



Why Don't We Plan?

- Facing our own Mortality
- Don't like to Plan
- Too Complicated
- I don't know how to make it equal.
- It's easier to wait and see what happens!



1. Financial Viability Key Questions

What will we live on? We can't retire yet! We're still in debt!

- How will our operation pay the expenses of two or more families?
- Do we want our kids to struggle to keep this operation going?
- What will we do if someone takes over?



What to do with the Farm/Ranch or Business?

First question to consider:

What does "everyone" really want to happen?

- Communication....Let them know:
 - You want to plan.
 - You will listen to their ideas.
 - You want to treat everyone equal or fair.
 - What your Goals are.



What to do with the Farm or Ranch?

Next question to consider:

A "whole pie" or a "piece of the pie"?

Do you want to transfer the ranch/farm as a "viable business" or simply as a "group of assets"?

- A. Transfer Plan
- B. Estate Plan



What to do with the Farm or Ranch?

- Remember.

- What is **Equal**, isn't always **Fair**
And what is **Fair** isn't always **Equal**!



KEYS TO SUCCESS

- Separate Housing is Required
- Fit the Agreement to the Situation
- Develop a Written Agreement
- Update the Business Arrangement
- Make it Work Attitude
- Tools you can use



Beginning Farmer Tax Credit Act

- Developed to encourage Farmers and Ranchers to transition their Nebraska land and operations.
- Provide a start for Beginning Farmers and Ranchers
- SHARED STRENGTHS – BUILD THE FUTURE



Beginning Farmer Tax Incentives

- The **Beginning Farmer** is eligible for:
 - a Personal Property Tax Exemption on machinery or equipment used in production agriculture valued up to \$100,000.
 - Up to \$500 reimbursement for the cost of the financial management course.



Beginning Farmer Tax Credits

- The **Owner** who rents to a Beginning Farmer or Rancher receives:
 - A state income tax credit for a 3 year lease.
 - Equal to: 10% of the cash rent paid or 15% of the value of the share crop received.
 - Based on rent received on Land, Machinery, Livestock Facilities, Irrigation Equipment, etc.
 - Refundable: Full amount each year for 3 yrs!



Using The Tax Credit Act

- First Steps:
 - What do you need for your operation?
 - Pasture?
 - Row Crops for feed?
 - Livestock facilities or equipment?
 - Additional income?



Using The Tax Credit Act

- Determine how the tax credit incentives can work for you!
 - Provides extra income to someone who rents to you.
 - Add to your herd by leasing cows for a percentage of the calf crop.
 - Develops good will with the owner.



Beginning Farmer Eligibility Requirements:

- Less than \$200,000 net worth for 2012 (may vary according to the Ag price index).
- Farmed less than 10 out of the last 15 years.
- Will personally do the majority of the work.
- Will participate in a financial management educational course.
- Will complete a succession plan and attend a farm transition workshop if you are related to the owner.



Beginning Farmer Application Process

- Easy... Applications
 - Both the Beginning Farmer/Rancher and the Owner complete an application.
 - Attachments Include:
 - Copy of the 3 year lease
 - Beginning Farmer's Net Worth Statement
 - Beginning Farmer's Cash Flow Statement
 - Soil Conservation Plan and a Nutrient Management Plan



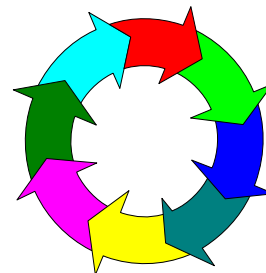
NEBRASKA FARM MEDIATION SERVICE

- Voluntary Process
- Neutral Mediators
- Resolving a Conflict
 - Financial or credit issues
 - USDA agency adverse decision appeals
 - Fence repairs & allocation of costs
 - Farm & ranch estate transition
- Win-Win solution



Convenient Clinics and Workshops

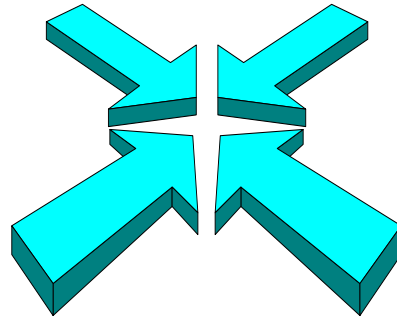
- Provides Financial, legal, and personal assistance.
- Clinics are held in various locations in the State.
- Estate Planning Workshops were developed by Joe Hawbaker and Dave Goeller.
- Free of charge.





Financial Counseling

- Counselors work directly with you.
- Use your own numbers.
- Assist you in developing options.



Nebraska Rural Response Hotline

- **Toll Free Hotline** for farmers, ranchers, and other rural residents.
 - Operated by **Legal Aid of Nebraska**
 - Funded by grants and contracts with **Interchurch Ministries, Farm Mediation Service, USDA Risk Management, and the Department of Health and Human Services**



Rural Response Hotline Provides:

- Financial, legal, and risk management referral and support services,
- Mental health counseling – COMHT Program (Counseling, Outreach and Mental Health Therapy) and
- Farm Mediation educational workshops and individual legal and financial counseling



NEBRASKA DROUGHT CENTRAL

- Federal Agriculture Drought Disaster Program Information
- Livestock Forage and Feeding Resources
- Human Services Resources
- Small Business Drought Disaster Information
- General Public Drought Management Tips
- Other Drought Resources and Contacts



**Nebraska Department of
Agriculture Beginning Farmer
and Farm Mediation Programs**

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