NEBRASKA
Good Life. Great Roots.

NEBRASKA DEPARTMENT OF AGRICULTURE

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NextGen Beginning Farmer Program: A win-win-win for Nebraska Agriculture

Land. It's an essential asset for anyone who wants to make a livelihood out of farming in Nebraska. It also can be one of the most difficult assets to acquire for someone just starting out in the business. This is especially true for row-crop producers.

With tight margins, and less product diversity in many farming operations, today's crop farmer needs significantly more acres to farm than in the past in order to be profitable. With limited farmland for sale, today's producers must rely on the ability to rent acres from other landowners. However, finding a landlord willing to rent to a younger person just starting out in the business can be a difficult task.

For Nebraska agriculture, it is becoming more and more important to open the doors to beginning farmers. According to the **2017 USDA Census of Agriculture**, the average age of a Nebraska farmer is 56.4 years old. That is almost two years older than what was recorded in the **2012 Census of Agriculture**, showing a real need to get more young people involved in production agriculture in Nebraska.

In 1999, the Nebraska Legislature provided a better opportunity for beginning farmers in Nebraska to acquire needed assets to get started in crop or livestock production. They passed the **Beginning Farmer Tax Credit Act**, which allows asset owners to receive state income tax credits for entering into a three-year rental agreement with a beginning farmer. Assets were identified as agricultural land and livestock, as well as buildings and machinery used in farming or livestock production.

CULTIVATE YOUR LEGACY

NEXT GEN

BEGINNING FARMER BENEFITS

- A three-year lease rather than a year-to-year lease.
- Up to a $500 tax credit reimbursement for the financial management class.
- Personal Property Tax Exemption

PERSONAL CONNECTIONS & RELATIONSHIPS BUILT

ASSET OWNER BENEFITS

- 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.

As part of the Act, the **Nebraska Department of Agriculture** administers the program, which is now referred to as **NextGen**. A board comprised of farmers, educators, agri-business representatives and other stakeholders was formed and given the duty of reviewing and approving applications for the program.

For beginning famers, NextGen provides stability in their operation because it requires the asset owner to enter into a three-year lease. Beginning farmers may also benefit from a personal property tax exemption from the county assessor on their own farm equipment and machinery used in production agriculture.

The asset owner benefits through NextGen by receiving three years of state income tax credits.

For Nebraska, the program means getting more of the next generation involved in production agriculture.

Someone Who Knows

Lexington farmer Don Anthony knows as much about NextGen as almost anyone. He served on the program's board for 16 years from 2003 to 2018. Anthony helped review hundreds of applications during that time and has seen several beginning farmers get a foothold in the industry as a result of being approved for the program.

Don Anthony

"NextGen has been a really bright star," said Anthony. "I can't think of too many other government ag programs that have had as much success."

He referenced a 2015 survey that was conducted to measure how many successful NextGen applicants were still farming after three years in the program. Of the 86 beginning farmers surveyed, 99% were still farming, 86% were still farming the same ground enrolled in NextGen, 91% said the program was helpful, and 100% would recommend NextGen.

"It's been amazing to me there have been a lot more young people that want to farm than I ever thought there would be," said Anthony. "It's really satisfying to be driving

down the road and see people that have gotten into the program still out in the field farming."

However, Anthony said he feels that sometimes landlords need a boost to consider renting to a beginning farmer.

"It can be too easy sometimes for a retiring farmer to look at an already successful farmer in the business and just rent to them," said Anthony. "But the state income tax credit provided in NextGen can give them the incentive needed to go and hunt for that young person that needs an opportunity to get started."

Anthony said the Nebraska Legislature has amended the Beginning Farmer Tax Credit Act through the years, allowing for more flexibility in the regulations which has resulted in an overall increase in the number of applicants.

NextGen goes beyond just providing benefits to the parties involved. It creates bonds between generations and provides a path for more young people to be an integral part of Nebraska production agriculture.

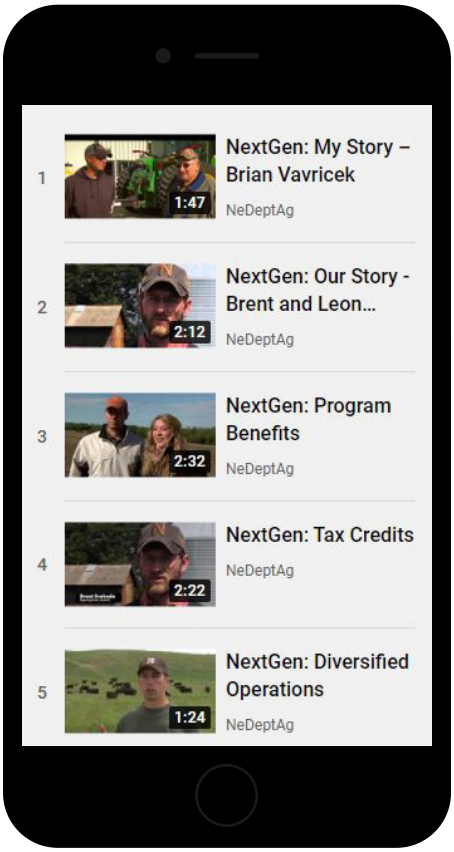
The Bond That Ties

"I grew up on a farm, always have wanted to farm, and didn't really want to do anything else," said 31-year old Brad Consbruck of Giltner. "It's not just collecting a monthly paycheck but seeing your rewarding work pay off at the end of the year."

Coming out of high school in 2008 and going straight into the farming business was not an easy task for Consbruck. Finding enough land to farm to make his operation profitable was a challenge.

"Back in the day, it seemed like you had enough relatives or neighbors with land that you might be able to buy," said Consbruck. "But nowadays, if you don't own enough land, you have to work really hard to find enough to lease."

Chuck O'Donnell and Brad Consbruck



View the NextGen Video Series on YouTube:
https://tinyurl.com/NextGenVideoSeries

Sometimes, timing is everything. For Consbruck it boiled down to lifelong farmer and family friend Chuck O'Donnell who realized he no longer wanted to keep expanding his operation.

"I was visiting with my accountant, and I told him I didn't want to buy bigger equipment and didn't know where I would pick up more acres anyway," said O'Donnell. "He told me I might want to consider renting some of the land I already owned to a beginning farmer I knew well."

O'Donnell has known the Consbruck family all his life. He grew up a mile from Brad's grandparents and saw Brad's dad grow up and farm right along

side him. He was well aware that the younger Consbruck wanted to grow his operation in order to better support his wife and three children.

The idea of renting his land to a younger farmer was made even more appealing to O'Donnell after a trip to the annual Husker Harvest Days farm show near Grand Island.

"I saw the NextGen booth, and it piqued my interest," said O'Donnell. "I visited with Karla Bahm, (NextGen Program Administrator), and she gave me the details, and it sounded very much like a worthwhile program."

Soon after, O'Donnell approached Consbruck to see if he was interested in the program, and it didn't take long before they submitted an application together. It was then just a matter of meeting all the NextGen requirements.

"Having come right out of high school into farming, I was missing coursework that is one of the NextGen requirements," said Consbruck. "I was able to take a correspondence course, and it proved to be very beneficial for me in running my operation."

Both men commented that the process to apply for the program was relatively easy, especially given the benefits it offers. They also commended Bahm and Joline Gordon (Program Assistant for NextGen) for the support they provided in completing the application.

Consbruck said that building a solid relationship with a landlord is an important component of making the NextGen arrangement work.

"There are no rash decisions between Chuck and I," said Consbruck. "We'll just sit down at the kitchen table, have a cup of coffee, and talk back and forth until we reach a decision that works for both parties."

For O'Donnell, NextGen was more than just about getting a tax credit benefit.

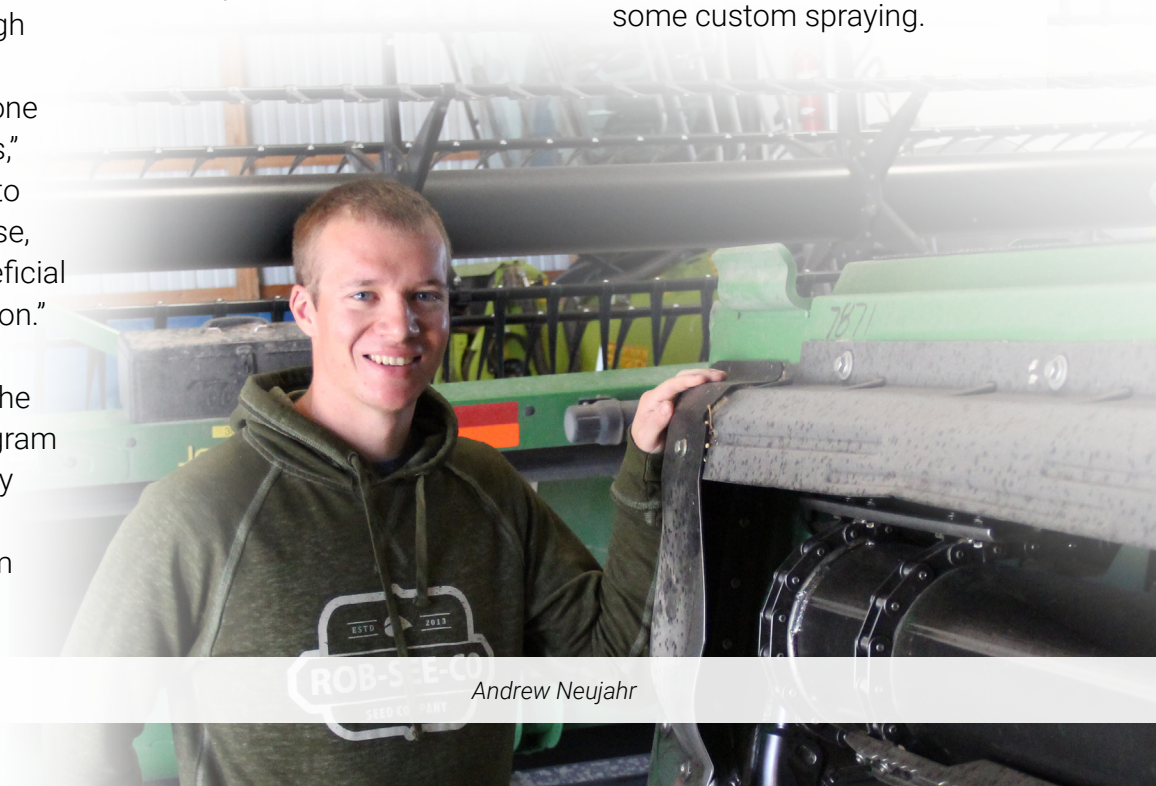
"It has always been in the back of my mind that someday, somebody else would be farming this ground, and the best thing I could do to honor my family was to find somebody that would take good care of it and be proud of it."

Sometimes It Takes More Than One

Andrew Neujahr grew up on a family farm but didn't always plan on building his own farming operation. He went to the University of Nebraska with the intention of going into some type of agri-business. But between his junior and senior years of college, Neujahr realized that farming was indeed his career calling.

"My uncle (Lynn) had mentioned he wanted to start slowing down and ease into retirement at his own pace," said Neujahr. "So, I put together a three- to five-year transition plan with my family which included building my own row-crop operation."

The plan started with Neujahr working for a short time at a seed corn company in sales recruitment. It didn't take long before he decided to farm around 500 acres of row crops, run a seed-treating business and do some custom spraying.



Andrew Neujahr

But in today's row-crop business environment, the 26-year old, recently married Neujahr, realized he was going to need a lot more acres to farm to be successful.

"I knew it was going to take time, it was going to take relationships, and it was going to take finding different opportunities," said Neujahr.

Neujahr found out about NextGen when he visited the booth with his dad, Loren, at Husker Harvest Days. He saw the program as an extra incentive when pitching potential landlords to rent farmland to him. But he is quick to point out that he had a lot of help building relationships.

"I owe a lot to my dad and my uncle," said Neujahr. "They established trust within the community that has created a network of people that includes a lot of landlords. It was important that they became aware I was getting into the business fulltime and needed to expand."

When Neujahr was approached to rent farm ground from interested landlords, he was able to give them the benefits of entering into the NextGen program. That often helped seal the deal.

"I would simply go online, print off the information and fill out a lot of paperwork if they agreed to go into the program with me," said Neujahr. "The first one took a little bit of time but after that, it was a pretty easy process."

Neujahr's hard work and relationship building has paid off as he is now in partnership with five landlords as part of the NextGen program. This has allowed him to almost double the number of acres from where he started.

"It starts with good relationships and having a good team of people on your side," said Neujahr. "I have great landlords, a great banker, a great accountant and a lot of other people who have supported me."

The NextGen program has accomplished what it was designed to do. It has provided landlords a benefit for leasing agriculture assets to beginning farmers. It has provided beginning farmers more opportunities to expand their operations. And it assists Nebraska in having more of the next generation enter, and stay, in production agriculture. In other words, it is a win, win, win.

For More About NextGen...

Visit the NextGen website at **nextgen.nebraska.gov**, or contact the NextGen program staff at 402-471-4876 or **agr.nextgen@nebraska.gov**.

Karla Bahm
NextGen Program Administrator

Joline Gordon
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The NextGen program staff attends various events throughout the year, including:

Husker Harvest Days
Grand Island, NE

AgCeptional Women's Conference
Norfolk, NE

Women in Agriculture Conference
Kearney, NE

Nebraska Agricultural Youth Institute Career Day
Lincoln, NE