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April 17, 2023

Chair Aisha Gomez  
House Taxes Committee  
453 State Office Building  
St. Paul, MN 55155

Dear Chair Gomez members of the committee:

On behalf of Minnesota Farmers Union (MFU), thank you for the opportunity to share our strong support provisions included in your omnibus tax bill (HF1938 DE). Broadly, we're motivated by the opportunity to leverage the state's historic budget surplus to invest in the farm families and other working Minnesotans.

MFU is a grassroots organization that has represented Minnesota's family farmers, ranchers and rural communities since 1918. Consistent with our grassroots policy, we'd like to express our strong support for:

- **Extending and expanding the Beginning Farmer Tax Credit (BFTC)** (Vang HF2277, DE 7.1) to help ensure that young people can effectively compete for the land, equipment, and other assets needed to build a life in agriculture. Started in 2017, this successful and pioneering program has helped well over 1,000 new farmers grow new farm businesses across the state. This is important not just to those families, but also to rural schools, small businesses, and thriving rural communities.

In addition to extending the tax credit's sunset to 2031, we appreciate you making needed updates that will strengthen the program and help get more young families on the land. First, increasing the credit for sale of ag assets from 5 to 8 percent and up to \$50,000 will further incentivize transition of farmland and other assets. At present, a minority of farmers use the purchase side of the credit. This change will help keep up with rising land values and ensure that the credit is leveraged to help more farmers build equity, benefiting their farm and family long term.

Second, expanding the credit for sale of agricultural land to family members to assist in generational farm transition. As any farmer will tell you, passing on a farm to the next generation is costly, complicated, and far from easy. Allowing kids and grandkids to participate in the credit for the sale of ag land will help more farmers get started in agriculture—an unqualified win for the state.

Third and finally, increasing the credit for sale of agricultural assets to 'underserved farmers and ranchers' (8.26) will help emerging farmers and others who are often not coming into a generational farm operation. This added 'leg up' will help them negotiate

purchases and negotiate relationships with established operators and ensure that everyone has an opportunity to build a life in agriculture.

Access to land, equipment, and other assets continues to be a central challenge for young people seeking to farm. This credit is an important way the state helps address these challenges. Thank you to Chair Vang for her leadership and to the committee for your work to strengthen this program on behalf of the next generation of farmers.

- **Funding Soil and Water Conservation Districts (SWCDs)** (Reyer HF735, 111.20) through a new local government aid program will provide them with the stable, long-term funding they need to best assist our family farmer members in meeting their on-farm conservation goals. For our members' farms, conserving soil and water for future generations is central to long-term sustainability. SWCDs serve as the trusted, local, boots-on-the-ground partners in this important work, providing direct technical assistance, demonstrating new practices, and connecting with state and federal resources. That's why at our annual convention last November our members voted to adopt a resolution in support of increased, general fund support for SWCDs.

The 2021 drought was the worst in a generation, the next fall was the wettest on record, and now many farmers are dealing with flooding. In response to these challenges, our members are actively working to adopt new practices that make them more resilient and promote soil health and water quality. Consistent and reliable funding for SWCDs is a foundational step toward helping our members achieve these important goals, benefiting both their individual operations and the entire state.

Thank you again for your hard work to craft a tax bill that invests in Minnesota's farmers and other working families across the state. We recognize that reaching a final deal requires difficult decisions and appreciate your attention to our priorities. If you have any questions, please contact our Government Relations Director, Stu Lourey, at [stu@mfu.org](mailto:stu@mfu.org) or (320) 232-2047. Thank you for considering the needs and perspectives of Minnesota's farm families.

Sincerely,

A handwritten signature in black ink that reads "Gary Wertish". The signature is written in a cursive, flowing style.

Gary Wertish  
President, Minnesota Farmers Union