

HOUSE RESEARCH

Bill Summary

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Overview

Expands on the Rural Finance Authority's (RFA) beginning farmer program, and authorizes nonrefundable income tax credits for

- persons who sell or rent farm assets to qualified beginning farmers, and
- qualified beginning farmers who take an approved financial management course.

Section

1 Beginning farmer program; tax credits.

Subd. 1. Definitions. Defines several terms used in the bill.

Defines "beginning farmer or livestock producer" as a resident of Minnesota who:

- is seeking to enter or has entered farming within the last two years;
- intends to farm on land in Minnesota;
- is not related to the current owner of the agricultural assets that the beginning

Section

farmer intends to purchase or rent; and

- meets several other eligibility requirements (e.g., net worth, farming acumen, participation in a financial management program.)

Defines "agricultural assets" as land, livestock, production facilities or buildings, and machinery used for farming or livestock production.

Subd. 2. Tax credit for owners of agricultural assets. Grants an income/franchise tax credit to a person who sells or rents agricultural assets to a beginning farmer. The credit equals:

- 5 percent of the sale price of an agricultural asset,
- 10 percent of the gross rental income in the first three years of a rental agreement, or
- 15 percent of the cash equivalent of the gross rental income in the first three years of a share rent agreement.

Specifies credit amounts and details related to rental arrangements. Allows a credit carryover.

Subd. 3. Beginning farmer management tax credit. Grants an income/franchise tax credit to a beginning farmer who completes an approved financial management program. The credit is equal to the greater of program costs paid or \$500. Allows a credit carryover.

Subd. 4. Authority's duties. Specifies the RFA's duties in carrying out this program.

- 2 Beginning farmer incentive credit.** Amends the income/franchise tax code to add a non-refundable credit for selling assets to beginning farmers, as described in section 0. Requires approval and certification by the RFA. Specifies that the credit may carryover for 15 taxable years.
- 3 Beginning farmer management credit.** Amends the income/franchise tax code to add a non-refundable credit for beginning farmers who participate in an approved financial management program, as described in section 0. Requires approval and certification by the RFA. Specifies that the credit may carryover for three taxable years.
- 4 Effective date.** All sections effective for taxable years after December 31, 2006.