

Subject Income tax; beginning farmers

Authors Lippert and others

Analyst Colbey Sullivan

Date March 11, 2019

Overview

This bill would modify eligibility requirements and the allocation of state income tax credits available to eligible beginning farmers and persons who rent or sell agricultural assets to an eligible beginning farmer.

Under current law, the Rural Finance Authority (RFA) certifies eligible beginning farmers. The bill would remove the requirement that applicants demonstrate profit potential to RFA by submitting projected farm earnings statements. It would also specify that an applicant satisfies the education requirement if the applicant has completed an approved financial management program during the first ten years of farming. It would also allow the Minnesota Department of Agriculture to waive the education requirement altogether if the applicant has a four-year agricultural degree, reasonable agricultural work experience, or is a certified adult farm management instructor. These changes would be effective for tax years beginning after December 31, 2018.

The bill would also reserve 20 percent of the credits each year for beginning farmers who are female, persons with disabilities, or members of the following minorities – Black, Hispanic, Asian or Pacific Islander, and American Indian or Alaskan native (Minn. Stat. § 43A.02, subd. 33). This change would be effective for tax years beginning after December 31, 2019.