

Subject Beginning farmer tax credit

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Summary

This bill would expand the definition of a “beginning farmer” for purposes of the beginning farmer tax credit to include Limited Liability Companies (LLCs) whose owner meets the same requirements as an individual beginning farmer and whose entity is authorized to engage in farming under the corporate farm law.

The definition of “beginning farmer” would be modified to add an LLC owned by an individual who meets the same requirements as an individual beginning farmer. Like an individual beginning farmer, the owner of the LLC must (1) be a resident of Minnesota; (2) seek entry, or have already entered within the last ten years, into farming; (3) intend to farm land within the state; (4 and 5) not be (and the producer’s spouse is not) a family member of the owner or member of an entity that owns the assets the beginning farmer wishes to purchase; and (6) meet specified financial, management, and knowledge requirements.

This bill also defines an LLC for purposes of the beginning farmer tax credit as a family farm LLC, authorized farm LLC, or other LLC authorized to engage in farming under the corporate farm law.

- Family farm LLCs under the corporate farm law are restricted where (1) the majority of the members are related to each other within three generations, (2) either one of the related members resides on the farm or actively operates the farm or one of the related members owned the land for at least five years before it was transferred to the LLC, and (3) none of the members are themselves LLCs or corporations.
- Under the corporate farm law, an authorized LLC (1) has no more than five members; (2) has only natural persons as members; (3) has only one class of membership interest; (4) has less than 20% of its gross receipts due to rent, royalties, dividends, interest, and annuities; (5) has members holding at least 51% of both governance rights and financial rights who also reside on the farm or actively engage in farming; (6) does not have an interest in more than 1,500 acres; and (7) none of the members are members of a separate authorized LLC with an interest in more than 1,500 acres.