

HOUSE RESEARCH

Bill Summary

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Overview

This bill expands on the Rural Finance Authority's (RFA) beginning farmer program. It authorizes credits against state income and/or franchise tax for (a) persons who sell or rent farm assets to qualified beginning farmers, and (b) 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 farmer intends to purchase or rent; and
- meets several other eligibility requirements (e.g. net worth, farming acumen, participation in a financial management program.)

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.

Section

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. 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. Requires approval and certification by the RFA. Specifies that the credit may carryover for 3 taxable years.
- 4 **Effective date.** All sections effective for taxable years after December 31, 2006.