



April 6, 2022

Chair Paul Marquart
House Tax Committee
597 State Office Building
St. Paul, MN 55155

RE: HF 3669 (Marquart)

Dear Chair Marquart and Members of the Committees,

The Minnesota Farm Bureau Federation (MFBF) appreciates the opportunity to offer our support of provisions included in HF 3669. We appreciate the work this committee has done to address the tax code that impacts our rural communities, farms and small businesses.

Thank you for the work this committee has done over the last few weeks. We appreciate the conversations and the ability to share the perspectives of our members. From this work, there are pieces of HF 3669 as amended that Farm Bureau **supports** through the priority issues identified by our Board of Directors based on our grassroots policy including:

- **Beginning Farmer Tax Credit:** MFBF supports extending the Beginning Farmer Tax Credit to include the sale of agriculture assets to family members, which will help more young farmers and assist in generational farm transition. As any farmer will tell you, farm transitions are complex, costly, seldom easy – any new farmer on the land is a win for our rural communities and the state. We also support the included authority duties that will allow the RFA to develop an online application system and to administer the credit.
- **Estate Tax Portability:** Estate taxes can be a barrier to passing down farms to future generations by draining the financial resources of farmers and ranchers. At the federal level, portability of the estate tax exemption between married couples means that if the first spouse dies and the value of the estate does not require the use of all the deceased spouse's federal exemption amount, then the amount of the unused exemption may be transferred to the surviving spouse. This enables the surviving spouse to use the deceased spouse's unused exemption plus his or her own exemption when the surviving spouse later dies. However, Minnesota's estate tax laws do not allow for portability. To ensure that the tax code allows for flexibility in generational transfers, MFBF supports portability of the estate tax exemption.
- **Ag2School Tax Credit:** MFBF strongly supports the Ag2School tax credit that provides one of the most historic investments into rural Minnesota's tax code. MFBF supports the increase to 85% beginning with property taxes payable in 2024. This increase will continue to allow for investment into our rural communities without placing the tax burden onto local farms and ranches.
- **Fencing Material definition:** MFBF supports removing fencing material from the state sales tax by adding it to the definition of farm machinery. In light of last year's drought, this is a timely issue that will help livestock farmers especially since this bill retroactively includes sales and purchases made after June 30, 2021.

- **Hemp:** Minnesota Farm Bureau supports the removal of barriers to production of industrial hemp in the state. This will take an important step to remove one of those barriers for farmers by bringing the tax code up to speed with an agricultural commodity that continues to grow in Minnesota.
- **Child Protection Cost Study:** Property taxes are a significant concern for farmers, ranchers, and landowners. This study will begin to look at unfunded mandates that place a burden on counties that ultimately result in increased property taxes. To be clear, these services are important functions of the counties; however, this is a beginning step in looking at the role of property taxes. MFBF supports this provision.

Thank you for the work that you continue to do on behalf of rural Minnesota.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Glessing".

Dan Glessing
President