
Beginning Farmer Tax Credit Summary

Iowa

Program Description: The Iowa Beginning Farmer Tax Credit was enacted in 2006 or 2007? to keep land in production agriculture, by allowing agricultural asset owners to earn tax credit for leasing their land to beginning farmers. The program is administered by the Iowa Agricultural Development Division. The program includes a tax credit for the leasing of agricultural land, depreciable machinery or equipment, breeding livestock and buildings.

Term of Lease: minimum of two years can be as long as five years. Can reapply after lease ends.

Amount of Credit:

5 % on cash rent received; 15% on cash equivalent of the share rent received. The Iowa legislature made some changes to the BFTC program, starting in 2018: The allocation for Beginning Farmer Tax Credits is being reduced from \$12 million to \$6 million.

There are currently more than \$6 million in tax credits approved to carry over into 2018.

This means IADD will not be able to accept any new tax credit applications in 2018.

Other changes to the tax credit program for 2018 include a reduction in tax credits from 7% to 5% for cash rent leases and from 17% to 15% on crop share leases.

We anticipate having approximately \$2 million in tax credits to allocate in 2019.

Information on 2019 applications will be posted in late 2018 or early 2019.

Is credit refundable? No

Does the program require related training? No

Source: <http://www.iowafinanceauthority.gov/Home/DocumentSubCategory/156>

Citation for State Statutes: Code Citation(s): Section 16.78 through 16.82, Code of Iowa (program descriptions) Section 422.11M, Code of Iowa (individual income tax) Section 422.33 (21), Code of Iowa (corporation income tax) 15 B. Administrative Rules Citation(s): 701 IAC 42.36 (Iowa Department of Revenue, individual income tax) 701 IAC 52.33 (Iowa Department of Revenue, corporation income tax) 265 IAC 44.6 (Iowa Finance Authority, Agricultural Assets Transfer Tax Credit) 265 IAC 44.7 (Iowa Finance Authority, Custom Farming Contract Tax Credit)

Minnesota

Program Description: The Minnesota Beginning Farmer Tax Credit provides an incentive to sell or rent land or other agricultural assets—machinery, buildings, facilities, livestock, etc.—to a beginning farmer. The program is being administered by the Minnesota Rural Finance Authority.

Term of Lease: 3 years

Amount of Credit:

(1) five percent of the lesser of the sale price or the fair market value of the agricultural asset, up to a maximum of \$32,000;

(2) ten percent of the gross rental income in each of the first, second, and third years of a rental agreement, up to a maximum of \$7,000 per year; or

(3) 15 percent of the cash equivalent of the gross rental income in each of the first, second, and third years of a share rent agreement, up to a maximum of \$10,000 per year.

Is credit refundable? No

Does the program require related training? Yes - The beginning farmer will need to participate in an approved financial management program. Costs of financial management programs up to a maximum of \$1,500 per year (for up to 3 years) may also be eligible for a tax credit. The financial management credit need not be tied to any agricultural asset sale or rental.

Sources: <https://www.mda.state.mn.us/bftc>
<https://landstewardshipproject.org/morefarmers/beginningfarmertaxcredit>

Citation for State Statutes: 41B.0391 BEGINNING FARMER PROGRAM

Nebraska

Program Description:

The Beginning Farmer Tax Credit Program provides a direct credit from the State of Nebraska to individuals who rent agricultural assets (land, facilities, breeding stock, and equipment) to a new farmer. For a landowner to be eligible for a Nebraska tax credit under this program, the new farmer/rancher lessee must have a net worth less than \$200,000. The new farmer must also be a legal resident, demonstrate adequate farming or livestock production experience, and provide a majority of the day-to-day physical labor and management of the operation. This program can be used prior to using the Aggie bond program offered by the Nebraska Investment Finance Authority described below.

Term of lease: minimum of three years

Amount of Credit:

10 % on cash rent;
15 % on share rent

Is credit refundable? Yes

Does the program require related training? Yes -The beginning farmer/rancher must attend a financial management class and be reimbursed for the cost.

A qualified beginning farmer/rancher may receive a one-time state income tax credit for the actual cost of participation in an approved financial management program incurred during the tax year for which the credit is claimed, up to a maximum of \$500.

Sources:

<http://www.nextgen.nebraska.gov/eligibility.html>

<http://www.nextgen.nebraska.gov/>

http://www.nextgen.nebraska.gov/reports/annual_report_10_11.pdf

https://www.cfra.org/resources/beginning_farmer/tax_incentives#beg

Citation for State Statutes: Beginning Farmer Tax Credit Act §77-5211(5)

Wisconsin (ended in 2013)

Program Description:

This law authorizes Beginning Farmer and Farm Asset Owner tax credits in Wisconsin. The Beginning Farmer credit is equal to the amount paid by the beginning farmer to enroll in a financial management program. The maximum credit is \$500 and the credit is available on a one-time basis. The Farm Asset Owner credit is equal to 15 percent of the lease amount received by the established farmer. The established farmer may only claim the credit for the first three years of any lease of the agricultural assets to a beginning farmer.

Term of lease: minimum of three years

Amount of Credit: 15% of the lease amount

Is the credit refundable? Couldn't find this information

Does the program require related training? Not required but can get a max. credit of \$500 for cost of approved training.

Sources:

<https://www.farmlandinfo.org/sites/default/files/Beginning%20Farmer%20Tax%20Credit.pdf>

Citation for State Statutes: Wis. Stat. Ann. § 93.53 (2013).