

Rural Finance Authority | 651-201-6316, MDA.BFTC@state.mn.us

## APPLICATION INSTRUCTIONS

### 2023 Minnesota Beginning Farmer Tax Credit—Asset Owner

**DEADLINE TO APPLY FOR THE TAX CREDIT: JULY 17, 2023** for leases and **NOVEMBER 1** for sales.

#### Details and Instructions

Asset owners can apply for **one** of the categories below for **each** beginning farmer they work with:

	Credit Amount	Maximum	Application Due Date
<b>Cash Rentals</b>	10% of annual rental income	\$7,000	July 17
<b>Share Crop Rentals</b>	15% of annual rental income. (See instructions below)	\$10,000	July 17
<b>Non-Land Sales</b> (equipment, livestock)	5% of sale price	\$32,000	November 1
<b>*Farmland Sales</b>	8 – 12% of sale price	\$50,000	November 1

#### \*Updates for Land Sales, May 2023

- Parents, grandparents, and siblings are now eligible for the tax credit if they sell farmland to a direct family member. This does not apply to leases or non-land sales.
- Credits for farmland sales will be 8% of the sale price for all buyers and 12% if the buyer is an emerging farmer.
  - » **Emerging Farmers** include farmers or aspiring farmers who are **women, veterans, persons with disabilities, American Indian or Alaskan Natives, members of a community of color, young** (35 and younger), lesbian, gay, bisexual, transgender, queer, intersex, or asexual (**LGBTQIA+**), **urban** (reside in cities with a population over 5,000 or within the boundaries of federally recognized tribal land regardless of population size), and any other emerging farmers as determined by the commissioner.

#### Program Eligibility

##### Beginning farmer must:

- Be a Minnesota resident who has entered farming in the last 10 years.
- Provide the majority of labor and management on a farm that is located in Minnesota.
- Have some farming experience and knowledge
- Provide positive projected earnings statements.
- Have a net worth that does not exceed \$979,000 in 2023.
- Be enrolled in or have completed an approved farm business management program.

#### Asset owners

- May be an individual, trust, LLC, partnership, S-Corp, or other qualified pass-through entity.
- May claim the tax credit for as many years as the beginning farmer(s) they work with are eligible.
- Cannot be an equipment or livestock dealer or other entity in the business of selling agricultural assets for profit.
- Except for land sales, cannot be a direct family member of the beginning farmer.
  - » Direct family includes parents, grandparents, siblings, children, and grandchildren of the beginning farmer and their spouse.
  - » Legal adoption shall be considered in full effect.
  - » For a business entity, this includes any beneficiary, trustee, shareholder, partner, or member.

## Application Instructions

Please complete all sections of this application and attach a signed copy of your lease or sale documents, which include:

- Settlement Statement for land sales. This can be sent later when it is available if the sale has not yet closed and you provide a purchase agreement.
- Notarized contract for deed
- Appraisal for any non-farm assets that are part of the sale (ex. Residential home). These will be subtracted from the sale price when calculating your tax credit.
- Bill of Sale for all other sales

**Email** (preferred) or **mail** the complete application and lease/sale documents to the address below. All beginning farmers you work with will also need to submit an application for you to receive your tax credit.

Rural Finance Authority  
625 Robert St. N  
St. Paul, MN 55155

[MDA.BFTC@state.mn.us](mailto:MDA.BFTC@state.mn.us)  
651-201-6316

An online application is also available at [www.mda.state.mn.us/bftc](http://www.mda.state.mn.us/bftc)

## Note for Share Crop Leases

- The T-yield data and commodity prices are available on our Share Crop Calculator in the 'Forms + Resources' box on the program webpage
- Prices are based on the RMA crop insurance price as of December the previous year.
- Yields are based on the county's previous year average T-yield data or the documented previous year Average Production History (APH) you provide.
- Non-Program and Specialty crops tax credit calculation will be based off the actual production and a documented price at the time of harvest.

Share Crop Prices for the Beginning Farmer Tax Credit 2023	
We will use the Harvest Price as posted on the RMA site for Minnesota as of December of the previous year	
Commodity	Price
Corn	6.86/bu
Soybean	13.81/bu
Wheat (spring)	8.95/bu
Sunflower (oil)	0.352/lb
Organic	
Commodity	Price
Corn	13.62/bu
Soybean	26.42/bu
Wheat (spring)	18.18/bu
Sunflower (oil)	0.641/lb

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## APPLICATION

# 2023 Minnesota Beginning Farmer Tax Credit—Asset Owner

The data on this form will be used to certify your eligibility in the Beginning Farmer Tax Credit Program as defined by Minnesota Statute 41B.0391 subdivision 1. You are not legally required to provide all of the information on this form, but the Department of Agriculture will only certify the eligibility of asset owners who provide all of the requested information. The information provided on this form will be shared with the Minnesota department of Revenue to validate your tax credit.

### A Asset Owner Information *(required by all applicants)*

Sole Proprietor	Partnership	Non-Grantor Trust	Grantor Trust
S Corporation	LLC		

 Asset Owner Name *(NOTE: Applicant name must match that of the owner/lessor on the lease.):*

 Representative Name and Title *(if applicable):*

 Address: City:

State:      Zip:      Phone:      Email:

### B Beginning Farmer Information *(required by all applicants)*

Name:

Address:

 City: State Zip

Are you or your spouse a direct family member of the beginning farmer?    Yes    No

If you share a last name with the beginning farmer, please state your relationship to them:

### C Agricultural Assets Information *(required by all applicants)*

Describe the type of operation you will sell/rent to the beginning farmer if it is a land transaction.

*Ex. farmland, sale of farm with residential home and tillable acres*

Does this sale or lease include a home or other non-agricultural asset?    Yes    No

**C Agricultural Assets Information (Continued)**

Legal description of the land you will sell/rent to the beginning farmer (8-12% tax credit for sale or 10% tax credit for lease).

**ASSETS - CASH LEASES & LAND SALES**

County	# of Acres	Section/Sub-Section (eg.1 1/2-NW 1/4)	Township	Range	Dollar Amount	Tax Credit %	Total Tax Credit \$

Description of the Agricultural Asset you are selling/renting (8-12% tax credit for sale or 10% tax credit for lease).

**ASSETS - EQUIPMENT, VEHICLES, LIVESTOCK**

Description	# of Assets	Make/Model (If Applicable)	Dollar Amount	Tax Credit %	Total Tax Credit \$

**ASSETS- SHARE CROP LEASES**

Crop/County	Acres	APH or T-Yield	Asset Owner's Share Basis %	USDA Fall Price	Tax Credit %	Total Tax Credit \$
					15	
					15	
					15	
					15	

Asset owner must sign this statement. Legal representatives for a corporation may sign on behalf of that entity. Documentation may be required for authorization purposes.

I certify that the above information and any supplemental information is correct and true to the best of my knowledge. Furthermore, I will adhere to the Minnesota Beginning Farmer Tax Credit Program and its Regulations.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_