

**APPLICATION INSTRUCTIONS****2019 Minnesota Beginning Farmer Tax Credit—Asset Owner****Application Part A – Asset Owner Information** *(required by all applicants)*

- Complete basic demographic section.

**Application Part B – Beginning Farmer Information** *(required by all applicants)*

- Complete the section with the name of the person or entity that you will be purchasing/renting agricultural assets to.

**Application Part C – Agricultural Assets Information** *(required by all applicants)*

- Describe the type of operation you will be selling or renting to the beginning farmer.
- Detail the land information as required if this is a land transaction.
- Detail the asset information as required if this transaction involves anything other than land.
  - “Agricultural Assets” means agricultural land, livestock, facilities, buildings and machinery used for farming in Minnesota.
  - You must notify the RFA of any future termination of a rental or share rent agreement.

**Crop Share Lease**

- The asset owner will receive a tax credit equal to 15% of the cash equivalent of the gross rental income in each of the first, second and third years of the share rent agreement as calculated below.
- The T-yield data will be posted on the MDA website. The price will be based off of the crop insurance program Fall Price which averages the month of October. If an asset owner is using the T-yield method and the farmland is located in multiple counties, the tax credit will be calculated using the T-yields for the county with the majority of acres.
- All tax credit calculations will be completed with the respective county’s previous year’s historical average T-yield data or the documented previous year’s Average Production History (APH) for the specific plot of land.
- Non-Program and Specialty crops tax credit calculation will be based off of the actual production and a documented price at the time of harvest.

**Crop Share Lease Examples**

A beginning farmer leases 160 acres of crop land on a 65/35 share basis with ½ of the acres allocated to corn and ½ the acres allocated to soybeans. Asset owner receives 35% of the crop:

**CORN**

80 acres x 170 bu/acre (APH or T-Yield) x 35% (Crop share) x \$3.50 (USDA Fall Price) x 15% (Tax Credit) = \$2,499.00

**SOYBEANS**

80 acres x 50 bu/acre (APH or T-Yield) x 35% (Crop share) x \$9.75 (USDA Fall Price) x 15% (Tax Credit) = \$2,047.50

**TOTAL SHARE LEASE TAX CREDIT = \$4,546.50**

**Non-Program and Specialty Crop Share Lease Example****PEAS**

80 acres x 3,100 (actual harvest) x 35% (Share rent) x .12 (actual price at harvest) x 15% = \$1,562.40

## **Application Part D –**

### **Are you or your spouse a family member of the beginning farmer who will be purchasing/renting from you?**

- The transaction taking place must not involve a family member by blood or marriage. “Family member” means a family member within the meaning of the Internal Revenue Service Code, section 267(c)(4). This includes parents, grandparents, brothers, sisters, spouses, children, and grandchildren. Legal Adoption shall be considered in full effect.

## **Application Part E – Purchase/Rental/Lease Agreement Information**

- Include any relevant documentation if completing the application or include with your package you mail to the RFA.
- Sign and date application and submit either via email or by printing out and mailing to:

Rural Finance Authority  
Minnesota Department of Agriculture  
625 Robert St. N.  
St. Paul, MN 55155

## APPLICATION

# 2019 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)*

Mark which form of business describes your operation. The owner of agricultural assets cannot be an equipment dealer, livestock dealer, or a comparable entity engaged in the business of selling agricultural assets for profit. If the asset owner is a grantor trust (files tax returns with a SSN), complete the application with the individual grantor’s name and information. If the asset owner is a non-grantor trust (files tax return with a FEIN), complete the application using the trust’s name and information. Names, addresses, and percentages must be provided for credits to be issued. If applying on behalf of one of these entities, provide documentation with the above requested information. Authorization to sign or additional signatures on the application may be required if the entity is a trust.

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

Name of the sole proprietor or individual grantor of a grantor trust  
*(NOTE: Applicant name must match that of the owner/lessor on the lease.):*

Business Name as it appears on tax return *(Partnership, non-grantor trust, S Corp., LLC.):*

Representative/Title:

Address:

City:

State:

Zip:

Phone:

Email:

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

Name:

Address:

City:

State

Zip

### 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.

Legal description of the land you will sell/rent to the beginning farmer (5% tax credit for sale or 10% tax credit for lease).

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 (complete applicable fields; 5% tax credit for sale or 10% tax credit for lease).

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

Crop Share Lease Information

*Program Crop Calculation Table*

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

*Non-Program or Specialty Crop Table*

Crop/ County	Acres	Actual Harvest	Asset Owner's Share Basis %	Actual Price at Harvest	Tax Credit %	Total Tax Credit \$
					15	
					15	
					15	
					15	

**D Are you or your spouse a family member of the beginning farmer who will be purchasing/renting from you?**

“Family member” means a family member within the meaning of the Internal Revenue Service Code, section 267(c)(4). This includes parents, grandparents, brothers, sisters, spouses, children, and grandchildren. Legal Adoption shall be considered in full effect. For a Trust, Corporation, Partnership, or LLC, the transaction cannot involve a family member of any beneficiary, trustee, shareholder, partner, or member.

YES      NO

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

**E Purchase/Rental/Lease Agreement Information**

Provide a copy of the purchase/rental/lease agreement that includes the following

- Names of beginning farmer(s) and owner(s) of the agricultural asset(s).
- Dates the agreement is effective.
- The written legal description (county, subsection, township, range) of all land and/or all relevant identifying information of other assets.
- The methods of rent payments and the payment schedule(s):
  - **Cash Rent Lease:** The dollar amount, payment dates, and the yearly total to be paid each year.
  - **Share crop Lease:** The percentage of the owner’s and beginning farmer’s share of the crops to be divided each year.
  - **Livestock Share lease:** The percentage of the owner’s and the beginning farmer’s share of the livestock to be divided each year.
  - **Purchase:** The amount paid for the purchase of the agricultural asset.
- Signed and dated by the beginning farmer and the asset owner

**Note:** only one copy of the lease is needed from the beginning farmer and the owner.

If using Average Production History, provide documentation of historical prices

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: \_\_\_\_\_

**Deadline to Apply:** October 1<sup>st</sup> of the year for which the tax credit is sought.

Applicants are highly encouraged to submit applications early in the year.

If any information on this application changes, the applicant is required to contact the RFA with the changes.

**For any questions, contact:**

Rural Finance Authority  
Minnesota Department of Agriculture  
625 Robert Street North, St. Paul, MN 55155  
Phone 651-201-6004  
[Mda.bftc@state.mn.us](mailto:Mda.bftc@state.mn.us)