

APPLICATION INSTRUCTIONS

2020 Minnesota Beginning Farmer Tax Credit – Beginning Farmer Certification

Application Part A – Beginning Farmer Tax Credit

(Note: Applicant name must match that of the owner/lessor on the lease)

Complete basic demographic section and answer the 10 qualifying questions beneath.

- The beginning farmer must be a resident of Minnesota. Resident information: [Residency Fact Sheet](#)
- The beginning farmer must have entered farming in no more than the last 10 years. If the current year is the 10th year, the beginning farmer does qualify for this program. The 10 years is based off of filing of farm income (schedule F) on tax returns.
- The land being farmed must be within the borders of the State of Minnesota.
- The beginning farmer must be planning on providing the majority of the day-to-day physical labor on the farm.
- The beginning farmer's net worth must be under \$816,800.
- The farmer must have previous farming experience.
- The beginning farmer must attend an RFA certified Farm Financial Management course. You must expect that farming will become (if it has not been already) profitable and a significant source of income.
- 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 B – Past Experience *(Required by all applicants. Continue on a separate page if necessary)*

- Complete the Past Experience part of the application with a listing of job duties, the amount of time those duties were performed and the approximate dates.
- Complete the Education and Training section of the application with the schools or organizations you have attended or were a part of. Detail any specific courses if applicable as well as length of time you have attended and approximate dates.

Application Part C – Beginning Farmer Information *(Note: Applicant name must match the name on the lease)*

- You must submit earning projections showing a profit in the future. The number of years required would be equivalent to the number of years you expect it to take to become profitable. Complete the cash flow grid on the last page of the application. If you need additional years in which to show a profit, you can attach a separate sheet.
- The beginning farmer must enroll in a certified Farm Financial Management course. Complete the application with the required course, out of pocket cost (outside of any grants, etc.) and instructor information.

A listing of courses are available on MDA's website: <https://www.mda.state.mn.us/fbmprograms>.

These are not necessarily an all-inclusive list. If there are programs that may qualify, contact the RFA for potential certification of a program.

- You must include a tuition statement before your educational tax credit will be processed.
- You may request a waiver in regards to the educational requirement if you have completed a four year degree in an agricultural program or related field, have reasonable agricultural job related experience, or have a certification as an adult Farm Management Instructor. Please provide information/rationale in the Education/Training Section of the application or on a separate page.

Application Part D – Agricultural Assets Information

(Does not need to be completed if only applying for an educational reimbursement credit)

- Complete the section with the name of the person or entity that you will be purchasing/renting agricultural assets from.
 - Describe the type of operation you will be running.
 - 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
 - Complete the Cash Flow grid. No additional documentation is necessary unless you need more years to show a profit.
- “Agricultural Assets” means agricultural land, livestock, facilities, buildings and machinery used for farming in Minnesota.
- You must notify the RFA of any future termination or change to a rental or share rent agreement.
- Sign and date application and submit either by email or by printing out and mailing to:
Rural Finance Authority
Minnesota Department of Agriculture
625 Robert St. N.
St. Paul, MN 55155
Mda.bftc@state.mn.us

Rural Finance Authority Phone: 651-201-6004

APPLICATION

2020 Minnesota Beginning Farmer Tax Credit

The data on this form will be used to certify your status as a beginning farmer 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 beginning farmers 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.

| New Application | Recertification of a Previous Year's Multi-year Lease Application | Educational Credit Only Application |
|-----------------|---|-------------------------------------|
|-----------------|---|-------------------------------------|

A Beginning Farmer Information *(Note: Applicant name must match that of the purchaser/renter on the lease)*

| | |
|--|-------------|
| Name: | Spouse: |
| Address: | |
| City: | State: Zip: |
| Phone #: | Email: |
| Age at Time of Application <i>(Optional)</i> : | County: |

Do you meet the following requirements? Please check (Yes) or (No) Boxes.

| | | |
|--|-----|----|
| I am a Minnesota Resident. <i>(An individual whose home is in Minnesota and who spends, in total, more than six months of the taxable year in this state.)</i> | YES | NO |
| I have entered farming within the last 10 years. | YES | NO |
| I will farm land located within Minnesota. | YES | NO |
| I will provide the majority of the daily physical labor and management. | YES | NO |
| My net worth is less than \$816,800. | YES | NO |
| I have farming experience | YES | NO |
| I will attend a Farm Financial Management course for every year in which the tax credit is being requested. | YES | NO |
| I expect my farming enterprise to be profitable and to be a significant source of income. | YES | NO |
| The owner/renter of the agricultural asset is not a family member of myself or my spouse. <i>"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.</i> | YES | NO |

B Past Experience *(Required by all applicants. Continue on a separate page if necessary)*

EXPERIENCE: List all farm/livestock experience, related hobbies, affiliation with clubs/organizations, growing up on a farm, etc.

| Experience | Job Duties | Lenth of Time | Date |
|------------|------------|---------------|------|
| | | | |
| | | | |
| | | | |
| | | | |

EDUCATION/TRAINING: List schools, workshops, and course attended (include farm financial training)

| School/Organization | Course Description | Lenth of Course | Date |
|---------------------|--------------------|-----------------|------|
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C Beginning Farmer Information (Note: Applicant name must match the name on the lease)

Provide a Cash Flow analysis:

- A cash flow analysis with a positive outcome includes all farm and off-farm income and expenses, including any rented ground, facilities, livestock, equipment, or other assets, and family living expenses of the beginning farmer, spouse, and dependent(s).
- The analysis must be dated within 12 months of the beginning farmer application date.
- The cash flow analysis must be signed and dated by the beginning farmer.

I have signed up for an approved Farm Financial Management course. (The cost of course will be the out-of-pocket cost of the course, outside of any grants, etc.)

Name of Courses:
 Date: _____ Cost of Courses: \$ _____ Location: _____
 Instructor's Name: _____ Phone #: _____
 Instructor's Email Address: _____

I am requesting a waiver of the educational requirement per instructions on page 1
 (provide information/rationale in the above Education/Training Section of the application or on a separate page).

D Agricultural Assets Information (Do not complete section D if you are only applying for an education reimbursement credit)

Name of all owner(s)/landlord of the agricultural assets:

Describe the type of farming operation you will be running:

If land, legal description of the land you will purchase/lease under the Beginning farmer Tax Credit

| County | # of Acres | Section/Sub-Section (eg. S 1/2-NW 1.4) | Section | Township | Range | Dollar Amount |
|--------|------------|---|---------|----------|-------|---------------|
| | | | | | | |
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| Description of the Agricultural Asset you are purchasing/leasing: (complete applicable fields) | | | |
|--|-------------|------------|---------------|
| County | # of Assets | Make/Model | Dollar Amount |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

| Estimated Cash Flows | 2020 | 2021 | 2022 |
|----------------------|------|------|------|
| Farming Income | \$ | \$ | \$ |
| Farming Expenses | \$ | \$ | \$ |
| Net | \$ | \$ | \$ |

The individual purchasing/rental agreement must sign this statement. 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 Beginning Farmer Tax Credit Act and Regulations.

Signature / Date: _____

Deadline to Apply: October 1st 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