

Rural Finance Authority Phone: 651-201-6316

APPLICATION INSTRUCTIONS

2023 Minnesota Beginning Farmer Tax Credit – Beginning Farmer Certification

DEADLINE TO APPLY FOR THE TAX CREDIT

- **JULY 17, 2023** for leases
- **NOVEMBER 1** for sales and beginning farmer tuition only credits.

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 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 the last 10 years. If the current year is the 10th year, the beginning farmer still qualifies for this program. The 10 years is based on number of years filing 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 \$979,000.
- The farmer must have previous farming experience.
- The beginning farmer 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" is defined by the Internal Revenue Service Code, section 267(c)(4) and includes parents, grandparents, brothers, sisters, spouses, children, and grandchildren. Legal Adoption shall be considered in full effect. Transactions between aunts/uncles and nieces/nephews, cousins, and other family members not listed above are eligible.
- The beginning farmer must be enrolled in or have completed an approved financial business management (FBM) program within ten years of their first year of farming: [List of Approved FBM Programs](#)
 - Beginning farmers are eligible for a nonrefundable MN income tax credit equal to their tuition paid up to a maximum of \$1,500. The credit is available for up to three years.
 - If the beginning farmer has already completed 30 credits of FBM courses (or the equivalent hours in another approved FBM program), they do not need to register for additional courses to be eligible for the tax credit.
 - Beginning farmers may request to waive the FBM program requirement if they have a 4-year agricultural degree or reasonable work experience in agricultural finance.

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)

- Complete the cash flow grid to demonstrate profit potential. If you need additional years in which to show a profit, you can attach a separate sheet.
- Please do not send us your complete financial report. We only need the information in this chart.

Application Part D - Farm Business Management Program Requirement

- 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: 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.
- The program only allows for 3 years' worth of reimbursement. If you have already been reimbursed through this program for 3 years, you are still required to take a course, but cannot be reimbursed for it.
- Assuming you qualify for reimbursement, you must include a tuition statement before your educational tax credit will be processed. Please provide what you expect to pay out-of-pocket for the entire 2021 calendar year.
- You must include a tuition statement before your educational tax credit will be processed.
- You may request a waiver to the FBM program requirement if you have a four-year agricultural or related degree, have reasonable agricultural finance job experience, or if you have already completed three years (or equivalent hours) of an approved FBM program. If you are requesting a waiver, make sure you provide the rationale in the Education/Training section on part B of this application.

Application Part E – 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.
- Provide a signed copy of the lease with all terms if leasing.
- Provide a signed copy of the Settlement Statement if purchasing land (this can be done later if sale has not taken place).
- Provide a signed bill of sale if purchasing equipment or livestock.
- 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.
- New in 2023: An online application is now available at www.mda.state.mn.us/bftc

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

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APPLICATION

2023 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
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A Beginning Farmer Information *(Note: Applicant name must match that of the purchaser/renter on the lease)*

Name:	Spouse's Name (if applicable):	
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.

Do you meet the following requirements? Please check (Yes) or (No) Boxes.	YES	NO
Are you a Minnesota Resident?	YES	NO
Have you entered farming in the last 10 years?	YES	NO
Is your farm located within Minnesota's borders?	YES	NO
Will you (and your spouse) provide the majority of physical labor and management for your farm?	YES	NO
Is your net worth less than \$979,000?	YES	NO
Do you have farming experience?	YES	NO
Are you enrolled in or have you already completed 3 years of an approved Farm Business Management program?	YES	NO
Do you expect your farm will eventually be profitable and a significant source of income?	YES	NO
Is the asset owner(s) you're buying/leasing from a direct family member?	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	Length of Time	Date

EDUCATION/TRAINING: List schools, workshops, and course attended (include farm financial training)			
School/Organization	Course Description	Length of Course	Date

C Beginning Farmer Information (Note: Applicant name must match the name on the lease)

Provide a Cash Flow:
Cash flow must demonstrate a positive net outcome for profit potential. If you need additional years to show a profit, you can attach a separate sheet.

Estimated Cash Flows	2023	2024	2025
Farming Income	\$	\$	\$
Farming Expenses	\$	\$	\$
Net	\$	\$	\$

Note:
We do not need your complete financial report (ex. Finpack), only the information in this chart.

D Farm Business Management Program Requirement

Beginning farmers must be enrolled in or have completed an approved farm business management (FBM) program within ten years of their first year of farming. Find a list of approved FBM programs at: www.mda.state.mn.us/fbmprograms

New in 2023: If the beginning farmer has already completed 30 credits of FBM courses (or the equivalent hours in another approved FBM program), they do not need to register for additional courses to be eligible for the tax credit.

I have been reimbursed for 3 years and do not qualify for a reimbursement

I am requesting a waiver of the requirement because 1) I have already completed a 30-credit or equivalent approved FBM program, or 2) I have a 4-year ag degree or work experience in ag finance.
(provide information/rationale in the above Education/Training Section of the application or on a separate page).

If you are applying for the tuition reimbursement tax credit, please complete the details below.

Name of Course(s):

Date: Out of Pocket Cost of Courses \$

School Name:

Instructor's Name:

Phone #:

Instructor's Email Address:

E Agricultural Assets Information (Do not complete section E 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

Description of the Agricultural Asset you are purchasing/leasing: (complete applicable fields)			
County	# of Assets	Make/Model	Dollar Amount

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:

Tax credits are funded in a first-come, first-served manner. Applicants are highly encouraged to submit applications early in the year.

This is a two-part application. Both beginning farmers and asset owners must submit applications by **July 17, 2023 for rental land** and by **November 1, 2023 for sales**. If you are a beginning farmer only submitting a tuition reimbursement application, it is due by November 1, 2023.

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

For any questions, contact:

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 Minnesota Department of Agriculture
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