

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.

Definitions and Eligibility

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

Beginning Farmer

A farmer who has entered into farm in the last 10 years. We determine the number of years by how many years they claimed farm income (Schedule F) on federal tax returns. Years filing as a minor or dependent (ex. 4-H or FFA project) do not count.

Socially Disadvantaged Farmer

According to Section 2501(e)(2) of the federal Food, Agriculture, Conservation, and Trade Act of 1990, a socially disadvantaged farmer is a farmer who has been subjected to racial or ethnic prejudices because of their identity as a member of a group without regard to their individual qualities. Those groups include African Americans, American Indians or Alaskan natives, Hispanics, and Asians or Pacific Islanders.

Program Eligibility

The beginning farmer must:

- Be a resident of Minnesota
- Have entered farming in the last 10 years. If the current year is the 10th year, the beginning farmer still qualifies for this program.
- Provide the majority of labor and management on the farm
- Have a net worth under \$979,000 in 2023
- Have some farming experience (this does not apply to FBM tuition only credits for beginning farmers)
- Expect that farming will become (if it has not been already) profitable and a significant source of income.
- The land being farmed must be within the borders of the State of Minnesota.
- The transaction taking place must not involve a family member by blood or marriage **unless it is a land sale**. “Family member” is defined by the IRS 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, and cousins 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 Instructions

Please complete all sections of this application, unless otherwise noted. Sign and date the application and submit it using the email or address on page 4. You must also submit a signed copy of your lease or sale documents and FBM tuition receipt. Your asset owner(s) will also need to submit an application to receive their tax credit.

An online application is also available at www.mda.state.mn.us/bftc

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.

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 *(Optional)*: _____ County: _____

Please answer the following yes/no questions

Question	YES	NO
Are you a Minnesota Resident?	YES	NO
Are you a beginning farmer? <i>(See definition in instructions)</i>	YES	NO
Are you a socially disadvantaged farmer? <i>(See definition in instructions)</i>	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
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
Does your purchase or lease include a home or other non-agricultural asset?	YES	NO

B Farming Experience *(check all that apply)*

Farm Experience	Length of Time	Farm Experience	Length of Time
Grew up on a farm		Work experience on a farm	
Participated in FFA, 4-H		Farm owner	
Member of farming club/association		Other:	

Education/Training: List schools, workshops, and course attended (*include farm financial training*)

School/Organization	Course Name or Degree Major Ex. "Farm Business Management Essentials" or "Animal Science"	Degree or Length of Program Ex. "3 years" or "Associate's Degree"	Date

Describe the type of farming operation you will be running.

C Farm Profitability

Provide a Cash Flow:

If you need additional years to show a positive net profit, you can attach a separate sheet

Note:

Please **do not** send us your entire financial report (*ex. Finpack*).

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

D Farm Business Management Program Requirement

Please select one of the following for your Farm Business Management (FBM) program requirement:

I am applying for a FBM tuition reimbursement tax credit.

I have already been reimbursed for 3 years of FBM tuition and no longer qualify for the tax credit.

I am requesting a waiver because 1) I have already completed a 30-credit or equivalent approved FBM program, or 2) I have a two or four year degree in agriculture or work experience in ag finance. (*Provide information/rationale in Section B above.*)

If you are applying for the tuition reimbursement tax credit, please complete the details below. If you do not know the out of pocket cost, you can leave it blank and send your receipt by Nov 1.

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*)

List the names of **all** your asset owners (landlords, sellers) here.

Note: Please submit **one beginning farmer application** each year. Do not submit multiple for each asset owner you work with.

E Agricultural Assets Information Cont'd**ASSETS - FARMLAND**

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

ASSETS - EQUIPMENT, VEHICLES, LIVESTOCK

Description of the Agricultural Asset you are purchasing/leasing: (complete applicable fields)

County	# of Assets	Asset Description (Ex. 20 Beef Cattle, 1941 Mpls-Moline GT)	Dollar Amount

I certify that information on this application and any supplemental information is correct and true to the best of my knowledge. If any information on this application changes, I will contact the RFA. Furthermore, I will adhere to the Beginning Farmer Tax Credit policies and regulations.

Signature / Date: _____

Application SubmissionEMAIL (preferred): Mda.bftc@state.mn.us**Mail**

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

This is a two-part application. You and your asset owner must email or mail the following documents:

1. Beginning Farmer Application with FBM tuition receipt (receipt can be submitted later in the year when it is available if needed)
2. Asset Owner Application with copy of signed farm lease or sale documents (settlement statement, bill of sale, etc.). You may submit your application before the sale has closed and use a purchase agreement as a place holder for an official sale document, which must be submitted eventually.

Deadlines

Applications are due by 11:59 p.m. on **July 17, 2023 for leases** and **November 1, 2023 for sales**. Tax credits are funded in a first-come, first-served manner. Applicants are highly encouraged to submit applications early in the year.

Note

If you are a beginning farmer submitting a **tuition-only application**, it is due by November 1, 2023. You do not need to submit an asset owner application.

For questions, contact:

Jenny Heck, 651-201-6316
Mda.bftc@state.mn.us

In accordance with the Americans with Disabilities Act, this information is available in alternative forms of communication upon request by calling 651-201-6000. TTY users can call the Minnesota Relay Service at 711. The MDA is an equal opportunity employer and provider.