



May 10, 2022

Chair Carla Nelson  
Senate Tax Committee  
95 University Avenue W.  
Minnesota Senate Bldg., Room 3235  
St. Paul, MN 55155

RE: HF 3669 as Amended

Dear Chair Nelson and Members of the Committees,

The Minnesota Farm Bureau Federation (MFBF) appreciates the opportunity to offer our support of provisions included in the Senate DE of HF 3669. We appreciate the work this committee has done to address the tax code that impacts our rural communities, farms and small businesses.

Thank you for the work this committee has done over the last few weeks. We appreciate the conversations and the ability to share the perspectives of our members. From this work, there are pieces of HF 3669 as amended that Farm Bureau **supports** through the priority issues identified by our Board of Directors based on our grassroots policy including:

- **Estate Tax Portability:** Estate taxes can be a barrier to passing down farms to future generations by draining the financial resources of farmers and ranchers. At the federal level, portability of the estate tax exemption between married couples means that if the first spouse dies and the value of the estate does not require the use of all the deceased spouse's federal exemption amount, then the amount of the unused exemption may be transferred to the surviving spouse. This enables the surviving spouse to use the deceased spouse's unused exemption plus his or her own exemption when the surviving spouse later dies. However, Minnesota's estate tax laws do not allow for portability. To ensure that the tax code allows for flexibility in generational transfers, MFBF supports portability of the estate tax exemption.
- **Fencing Material definition:** MFBF supports removing fencing material from the state sales tax by adding it to the definition of farm machinery. In light of last year's drought, this is a timely issue that will help livestock farmers especially since this bill is retroactive.
- **Agricultural Riparian Buffer Tax Credit:** MFBF supports creating an agricultural riparian buffer credit. Farm land converted to buffers should not continue to be taxed as though the land is still producing income-generating crops

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- **Homestead Valuation:** MFBF supports raising the agricultural homestead valuation limit to \$2.5 million. Agricultural land values have been rising at a rapid pace and the current size of an agricultural homestead has not kept up with what is commercially viable.

Thank you for the work that you continue to do on behalf of rural Minnesota.

Sincerely,

A handwritten signature in black ink that reads "Dan Glessing". The signature is written in a cursive, flowing style.

Dan Glessing  
President