

## **S.F. No. 1879 – Modification of credit for owners of agricultural assets for sale to a beginning farmer (as proposed to be amended by the A-2 amendment)**

**Author:** Senator Aric Putnam

**Prepared by:** Nora Pollock, Senate Counsel (651/297-8066)

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**Section 1. Definitions.** Adds language modifying the definition of “beginning farmer” to reflect changes made in section 2.

**Section 2. Tax credit for owners of agricultural assets.** Increases the credit percentage for owners of agricultural assets from five to eight percent (of the lesser of the sale price or fair market value of the agricultural asset) and increases the maximum credit for sales from \$32,000 to \$50,000.

Under current law, “beginning farmer” excludes an individual or the individual’s spouse who is a family member of the owner of the agricultural assets, or a family member of a partner, member, shareholder, or trustee of the owner of agricultural assets. This section provides that those exclusions do not apply (i.e., the credit is allowed in the case of a sale to a family member) if the sales price of the agricultural asset equals or exceeds the assessed value of the asset as of the date of sale. “Sale to a family member” means a sale in which the beginning farmer or their spouse is a family member of the owner of the agricultural land or a partner, member, shareholder, or trustee of the owner of the agricultural land.

Provides that, for the sale of an agricultural asset to a disadvantaged farmer or rancher, as defined under federal law, the credit percentage is twelve instead of eight percent.

Effective for taxable years beginning after December 31, 2022.

**Section 3. Authority duties.** Strikes obsolete language and retains the current law allocation for the credit of \$6 million per taxable year. Effective for taxable years beginning after December 31, 2022.

**Section 4. Report to legislature.** Strikes obsolete language and requires the report required under current law to be provided by February 1, 2024. Adds a requirement that the report include, for the period 2017 through 2023, the number of beginning farmers by race and ethnicity, as those terms were applied in the 2020 census, and, to the extent available, the number of beginning farmers who are members of a socially disadvantaged group. Effective the day following final enactment.

**Section 5. Repealer.** Repeals the credit sunset, so that the credit would be ongoing. Under current law, the credit is scheduled to expire after tax year 2023.