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April 30, 2024

Chair Ann Rest
Senate Tax Committee
75 Rev. Dr. Martin Luther King Jr. Blvd.
Capitol, Room 328
St. Paul, MN 55155

Dear Chair Rest and members of the committee:

On behalf of Minnesota Farmers Union (MFU), I write to share our support for provisions included in your omnibus tax bill (SF5234 DE). Both building off last year's historic tax bill, we're grateful that you prioritized allowing small farms to qualify for the Agricultural Homestead Tax Credit and providing additional support to Soil and Water Conservation Districts (SWCDs).

MFU is a grassroots organization that has represented Minnesota's family farmers, ranchers, and rural communities since 1918. Consistent with our grassroots policy, we'd like to express our strong support for:

- **Expanding the agricultural homestead tax credit to small farmers** (Putnam SF4828, DE 26.6-32.28) – this provision will help more small, beginning, and emerging farmers build their farm businesses by allowing them to benefit from the ag homestead tax credit. Last session, this committee led in expanding this signature credit to keep pace with skyrocketing land values and help family farmers retain their land—a move MFU strongly supported. Unfortunately, very small farmers operating on less than 11 acres are unable to benefit.

This proposal will rectify that while establishing new safeguards to ensure that the tax credit goes to farmers who are genuinely building farm businesses. Importantly under the proposal, qualifying farmers would be required to provide either a Schedule F demonstrating at least \$5,000 in gross income in the previous year or farm financial plan demonstrating a plan to earn \$5,000 in the next two years. The farm financial plan would need to be prepared by a 'farm financial management program,' which are already certified by the Minnesota Department of Agriculture for farmers who enroll in the Beginning Farmer Tax Credit (BFTC).

This is a small change that will make a big difference for entrepreneurs who are working to build farm businesses across the state. Thank you for including this provision and in advance for championing it through conference.

- **Providing additional aid to Soil and Water Conservation Districts (SWCDs)** (Hauschild SF4422, DE 46.23-47.8) – first, we again appreciate this committee's work last session to provide stable, long-term funding to SWCDs through a new local government aid program. Today, we appreciate your inclusion of additional support that will help districts assist our family farmer members in meeting their on-farm conservation goals, increasing climate resilience.

With challenges from drought to nitrates in groundwater—and with opportunities including funding from the Inflation Reduction Act—SWCDs are being asked for a lot. That's because they employ the trusted, local, boots-on-the-ground experts that provide technical assistance, demonstrate new practices, and connect farmers with state and federal resources. This additional funding will help districts manage these challenges and position Minnesota and our state's farmers to take advantage of new opportunities.

Thank you again for prioritizing these proposals in your supplemental omnibus tax bill. Not included in this proposal, but also heard by the committee, we also support Senator Drazkowski's proposal to pilot a new property tax credit for acres enrolled in the Minnesota Agriculture Water Quality Certification Program (MAWQCP) in counties in Southeast Minnesota. We believe this would help accelerate interest in and adoption of soil health practices, helping to continue to reduce nitrates in groundwater over the long-term. We understand that assembling an omnibus requires difficult decisions between worthy priorities and we appreciate your inclusion of the provisions highlighted above.

If you have any questions, please contact our Government Relations Director, Stu Lourey, at stu@mfu.org or (320) 232-2047. Thank you for considering the needs and perspectives of Minnesota's farm families.

Sincerely,

A handwritten signature in black ink that reads "Gary Wertish". The signature is fluid and cursive, with the first name "Gary" being more prominent than the last name "Wertish".

Gary Wertish
President, Minnesota Farmers Union