

1.1 **Senator Rest from the Committee on Taxes, to which was referred**

1.2 **S.F. No. 1419:** A bill for an act relating to taxation; individual income; eliminating the
1.3 cap on the available amount of the credit for owners of agricultural assets; amending
1.4 Minnesota Statutes 2024, sections 41B.0391, subdivisions 2, 4; 290.06, subdivision 37.

1.5 Reports the same back with the recommendation that the bill be amended as follows:

1.6 Page 1, after line 5, insert:

1.7 "Section 1. Minnesota Statutes 2024, section 41B.0391, subdivision 1, is amended to read:

1.8 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
1.9 the meanings given.

1.10 (b) "Agricultural assets" means agricultural land, livestock, facilities, buildings, and
1.11 machinery used for farming in Minnesota.

1.12 (c) "Beginning farmer" means an individual who:

1.13 (1) is a resident of Minnesota;

1.14 (2) is seeking entry, or has entered within the last ten years, into farming;

1.15 (3) intends to farm land located within the state borders of Minnesota;

1.16 (4) except as provided in subdivision 2, paragraph (f), is not and whose spouse is not a
1.17 family member of the owner of the agricultural assets from whom the beginning farmer is
1.18 seeking to purchase or rent agricultural assets;

1.19 (5) except as provided in subdivision 2, paragraph (f), is not and whose spouse is not a
1.20 family member of a partner, member, shareholder, or trustee of the owner of agricultural
1.21 assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;
1.22 and

1.23 (6) meets the following eligibility requirements as determined by the authority:

1.24 (i) has a net worth that does not exceed the limit provided under section 41B.03,
1.25 subdivision 3, paragraph (a), clause (2);

1.26 (ii) provides the majority of the day-to-day physical labor and management of the farm;

1.27 (iii) has, by the judgment of the authority, adequate farming experience or demonstrates
1.28 knowledge in the type of farming for which the beginning farmer seeks assistance from the
1.29 authority;

1.30 (iv) demonstrates to the authority a profit potential by submitting projected earnings
1.31 statements;

(v) asserts to the satisfaction of the authority that farming will be a significant source of income for the beginning farmer;

(vi) is enrolled in or has completed within ten years of their first year of farming a financial management program approved by the authority or the commissioner of agriculture;

(vii) agrees to notify the authority if the beginning farmer no longer meets the eligibility requirements within the three-year certification period, in which case the beginning farmer is no longer eligible for credits under this section; and

(viii) has other qualifications as specified by the authority.

The authority may waive the requirement in item (vi) if the participant requests a waiver and has a four-year degree in an agricultural program or related field, reasonable agricultural job-related experience, or certification as an adult farm management instructor.

~~(d) "Emerging farmer" means an emerging farmer within the meaning of section 17.055, subdivision 1.~~

~~(e)~~ (d) "Family member" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

~~(f)~~ (e) "Farm product" means plants and animals useful to humans and includes, but is not limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products, poultry and poultry products, livestock, fruits, and vegetables.

~~(g)~~ (f) "Farming" means the active use, management, and operation of real and personal property for the production of a farm product.

(g) "Limited land access farmer" means a farmer experiencing limited land access as defined in section 17.133, subdivision 1.

(h) "Owner of agricultural assets" means an individual, trust, or pass-through entity that is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner of agricultural assets does not mean an equipment dealer, livestock dealer defined in section 17A.03, subdivision 7, or comparable entity that is engaged in the business of selling agricultural assets for profit and that is not engaged in farming as its primary business activity. An owner of agricultural assets approved and certified by the authority under subdivision 4 must notify the authority if the owner no longer meets the definition in this paragraph within the three year certification period and is then no longer eligible for credits under this section.

(i) "Resident" has the meaning given in section 290.01, subdivision 7.

(j) "Share rent agreement" means a rental agreement in which the principal consideration given to the owner of agricultural assets is a predetermined portion of the production of farm products produced from the rented agricultural assets and which provides for sharing production costs or risk of loss, or both.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Page 2, line 1, strike "and allocation"

Page 2, line 2, after the period, insert "Applications for credits allowed under paragraph (a), clause (1), are due by November 1, 2025, and each year thereafter. Applications for credits allowed under paragraph (a), clauses (2) and (3), are due by July 1, 2025, and each year thereafter."

Page 2, line 25, strike "an emerging" and insert "a limited land access"

Page 3, after line 33, insert:

"Sec. 4. Minnesota Statutes 2024, section 41B.0391, subdivision 6, is amended to read:

Subd. 6. **Report to legislature.** (a) No later than February 1, 2024, the Rural Finance Authority, in consultation with the commissioner of revenue, must provide a report to the chairs and ranking minority members of the legislative committees having jurisdiction over agriculture, economic development, rural development, and taxes, in compliance with sections 3.195 and 3.197, on the beginning farmer tax credits under this section issued in tax years beginning after December 31, 2017, and before January 1, 2024.

(b) The report must include background information on beginning farmers in Minnesota and any other information the commissioner and authority find relevant to evaluating the effect of the credits on increasing opportunities for and the number of beginning farmers.

(c) For credits issued under subdivision 2, paragraph (a), clauses (1) to (3), the report must include:

(1) the number and amount of credits issued under each clause;

(2) the geographic distribution of credits issued under each clause;

(3) the type of agricultural assets for which credits were issued under clause (1);

(4) the number and geographic distribution of beginning farmers whose purchase or rental of assets resulted in credits for the seller or owner of the asset;

4.1 (5) the number and amount of credits disallowed under subdivision 2, paragraph (d);
4.2 and

4.3 (6) data on the number of beginning farmers by geographic region in calendar years
4.4 2017 through 2023, including:

4.5 (i) the number of beginning farmers by race and ethnicity, as those terms are applied in
4.6 the 2020 United States Census; and

4.7 (ii) to the extent available, the number of beginning farmers who are ~~emerging~~ limited
4.8 land access farmers; ~~and.~~

4.9 ~~(7) the number and amount of credit applications that exceeded the allocation available~~
4.10 ~~in each year.~~

4.11 (d) For credits issued under subdivision 3, the report must include:

4.12 (1) the number and amount of credits issued;

4.13 (2) the geographic distribution of credits;

4.14 (3) a listing and description of each approved financial management program for which
4.15 credits were issued; and

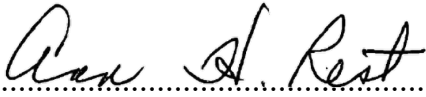
4.16 (4) a description of the approval procedure for financial management programs not on
4.17 the list maintained by the authority, as provided in subdivision 3, paragraph (a).

4.18 **EFFECTIVE DATE.** This section is effective for reports due for credits issued for
4.19 taxable years beginning after December 31, 2024."

4.20 Renumber the sections in sequence

4.21 Amend the title numbers accordingly

4.22 And when so amended the bill do pass and be re-referred to the Committee on
4.23 Agriculture, Veterans, Broadband, and Rural Development. Amendments adopted. Report
4.24 adopted.

4.25 
4.26 (Committee Chair)

4.27 March 5, 2025.....
4.28 (Date of Committee recommendation)