

HOUSE RESEARCH & STATE DEMOGRAPHIC CENTER

A Changing Minnesota

Colbey Sullivan, House Research
Michael Peterson, Minnesota State Demographic Center

Revised: August 2015

The Minnesota Farmer: Demographic Trends and Relevant Laws

Similar to the state workforce as a whole, Minnesota farmers are aging. They have also changed modestly in racial composition, with some groups seeing gains on smaller farms in different parts of the state. In response to demographic and economic trends, state and federal lawmakers have enacted many laws specifically designed to assist beginning, women, and nonwhite farmers. This publication discusses demographic trends and how lawmakers have addressed them.

Note on A Changing Minnesota series: This publication is the second in an occasional series of joint publications between House Research and the State Demographic Center on demography and a changing Minnesota. The goal of this series is to meld data on Minnesota as a changing polity with an overview of statutes and public policies that are affected by those changes.

Contents

Executive Summary	2
Introduction.....	2
Demographic Trends.....	3
Replacing Baby Boomers	11
Implications.....	14
Existing Laws and Programs	16
Recent Minnesota Legislation.....	20

Executive Summary

In 2012, the average age of Minnesota farm operators was 55, part of a 30-year aging trend among U.S. farmers. In terms of the racial makeup of farm operators, 99 percent of Minnesota principal farm operators were white in 2012, but the number of minority principal operators is increasing. For example, Asian principal operators increased from 44 to 266 between 2002 and 2012.

Women also play a significant role on Minnesota farms. Roughly one in ten primary farm operators and two out of every three second—or supporting—farm operators were women in 2012.

Various entities have examined the implications of these trends, particularly the average age data, and have come to different conclusions. State and federal lawmakers have enacted many laws, including federal farm support program preferences and state private low-interest loans, to assist beginning, women, and nonwhite farmers.

Introduction

Minnesota is experiencing an overall aging of the population, as members of the generation known as the Baby Boom¹ advance into retirement age. The first Baby Boomers turned 65 in 2011. The rate of growth anticipated in the 65 and older population group in the current decade and the next will be unlike anything Minnesota has experienced in the past six decades. The number of Minnesotans 65 or older is expected to double between 2020 and 2035, at which point older adults will make up 22 percent of the state's population (compared to an estimated 13.6 percent in 2012).

As people age into retirement, it is crucial that younger cohorts of workers have the skills and education to replace them in the labor force. This is of particular importance today, as an unusually large portion of the state workforce prepares to retire over the next two decades. This aging trend will affect all industries, including agriculture. In 2012 there were 109,349 farm operators in Minnesota. This group consists of 74,542 principal operators, and 34,807 supporting (second and third) operators. In addition to farming skill and education, aspiring farmers may also require access to affordable credit and productive land to buy or rent.

This report uses demographic data from the United States Department of Agriculture's Census of Agriculture to examine trends in those who operate Minnesota farms. The report also identifies policies intended to reduce potential barriers for aspiring farmers who might replace the state's current farm operators in the future, including those from groups deemed "socially disadvantaged" by the USDA.²

¹ Defined as those born between 1946 and 1964.

² Under federal law, a family farm is considered "socially disadvantaged" when the principal farmer or rancher is a member of a group whose members may have been subjected to gender, racial, or ethnic prejudices because of their identity as members of a group, without regard to their individual qualities. Depending on the farm program,

Demographic Trends

Definitions

Every five years, the United States Department of Agriculture (USDA) conducts a nationwide Census of Agriculture. The most recent Census of Agriculture data was collected during calendar year 2012. A few key definitions will help in interpreting USDA's data. USDA defines the **principal farm operator** as the person primarily responsible for the on-site day-to-day operation of the farm or ranch business. The principal operator may be an owner or a hired manager. In addition to principal operators, more recent iterations of the Census of Agriculture asked respondents to list **second and third operators**, that is, those who support the principal operator. Hired laborers are not counted as farm operators.

USDA uses an expansive, sales-based definition of **farm** for its Census of Agriculture. USDA defines a farm as any place from which \$1,000 or more of agricultural products were produced and sold—or normally would have been sold—during the census year.³ As a result, USDA data includes information on farms of all different sizes, including hobby farms and other small or part-time farming operations that the average person may not commonly consider a farm. Those who farm large operations full-time may have characteristics that differ from persons farming much smaller acreages or plots on a part-time basis.

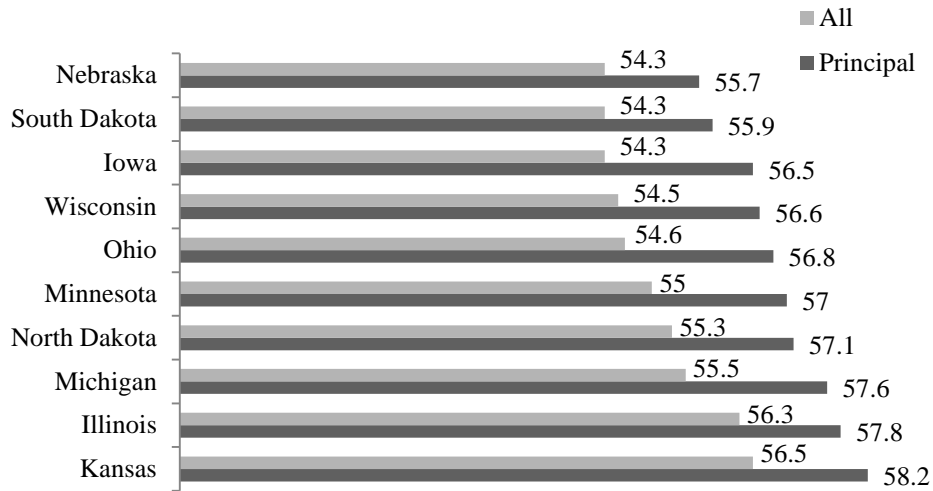
Aging among Minnesota's Farmers

When it comes to age, Minnesota's principal farm operators rank in the middle of ten Midwestern states with an average age of 57.0, just above the U.S. average of 56.3. While nearby states differ somewhat with respect to farmers' average age, they all share a similar age distribution.

socially disadvantaged groups may include women, African Americans, Native Americans, Alaskan Natives, Hispanics, Asians, and Pacific Islanders. Socially disadvantaged farmers have not necessarily experienced prejudices themselves, although they have one or more of these personal characteristics. "Glossary," U.S. Department of Agriculture, Economic Research Service, accessed July 3, 2014, www.ers.usda.gov/topics/farm-economy/beginning-disadvantaged-farmers/glossary.aspx.

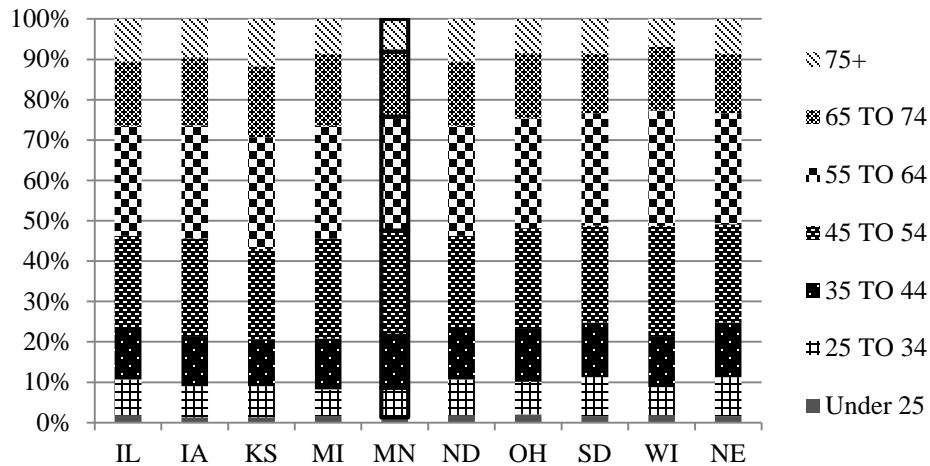
³ U.S. Department of Agriculture. "Appendix A. Census of Agriculture Methodology," 2012 Census of Agriculture, May 2, 2014.

Figure 1: Average Age of Farm Operators, 2012



Source: USDA, 2012 Census of Agriculture

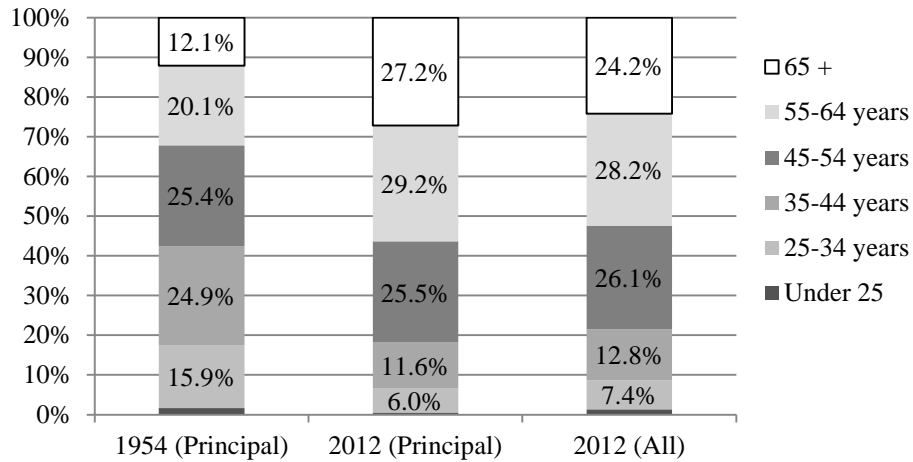
Figure 2: Farm Operators by Age Group, Midwestern States, 2012



Source: USDA, 2012 Census of Agriculture

Principal operators over age 65 represented 12.1 percent of all principal operators in 1954, but grew to represent nearly 27.2 percent in 2012. Many of these farmers were born before the Baby Boom. Remarkably, more than 8,880 principal farm operators in Minnesota in 2012 were age 75 or older.

Figure 3: Age Distribution of Minnesota Farm Operators, 1954 and 2012



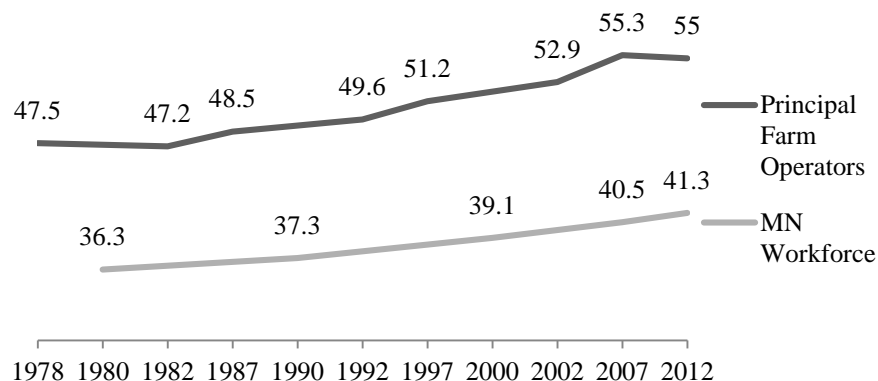
Source: USDA, 2012 Census of Agriculture

The average age of Minnesota’s principal operators has increased by 7.5 years between 1978 and 2012. The average age for principal operators in other Midwestern states increased anywhere from 7.1 to 10.6 years in this same timeframe.

Aging has been more pronounced among principal operators in Minnesota than among all working Minnesotans. While the average age in both groups has increased over the last several decades, this trend has occurred at a greater pace for principal farm operators. Farmers also tend to be older on average than other business owners. Around one-third of U.S. business owners were over 55 in 2007⁴, compared with nearly half of principal farm operators in Minnesota.

⁴ U.S Census Bureau, 2007 Survey of Business Owners. State-level age data is not available in the Survey of Business Owners. Similarly, the authors enlisted the assistance of multiple reference librarians but were ultimately unable to find business owner age data for the entire 34-year period displayed in Figure 4.

Figure 4: Average Age, Principal Operators and Minnesota Workforce, 1978-2012



Source: USDA, Census of Agriculture & Integrated Public Use Microdata from the U.S. Census Bureau

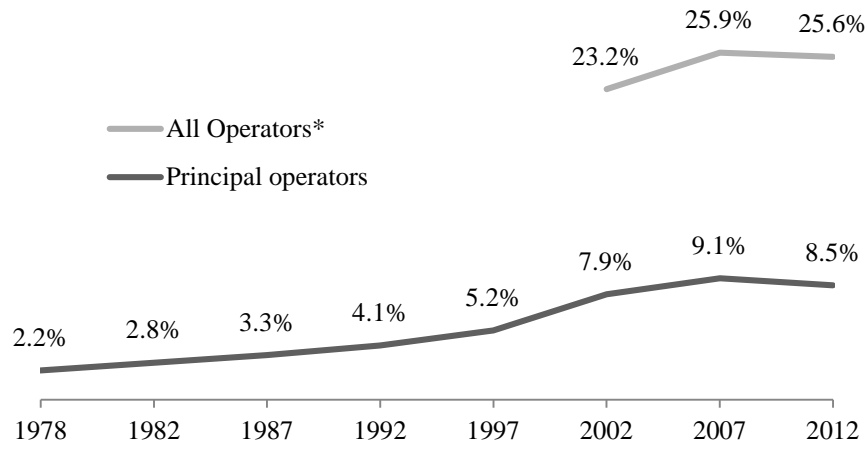
The growth in farmers over age 65 began before the Baby Boomers started to make their mark, perhaps because changes in agricultural practices or advancements in farm technology have led to farmers working longer into old age. Considering that the current wave of Baby Boomer farm operators totals nearly 60,000, Minnesota can expect the current aging trend to continue.

Women Operating Minnesota Farms

The role of women in agriculture has been underrepresented in historical data on farm operators. The Census of Agriculture first collected data on sex in 1978, yet it only asked about principal operators. It failed to capture women who worked alongside their husbands on U.S. farms, and for whom farming was most likely a shared family enterprise. Data from 2002 revealed that women account for a much higher percentage of Minnesota farmers – around a quarter – when all operators are measured.

Among principal operators, women’s presence has been growing. While they are still a minority of all operators (25.6 percent), their share as principals has increased nearly fourfold since 1978. Additionally, many women who are listed in the data as second and third operators are spouses of male “principal” operators. Notably, the data does not permit “joint operations,” which may understate their contributions. Women account for 66 percent of all second operators, 92 percent of which are spouses of male principal operators, and they account for 33 percent of third operators, 37 percent of which are spouses of male principal operators.

**Figure 5: Women as a Share of Operators
 Minnesota, 1978-2012**

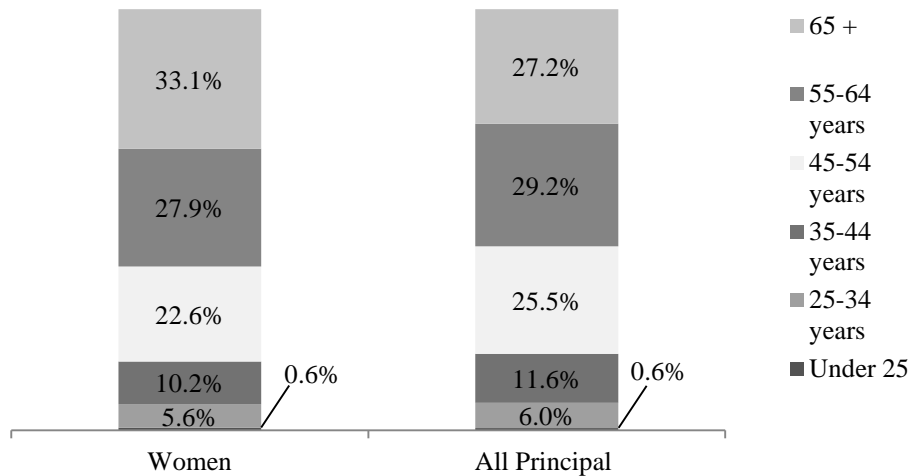


Source: USDA, 2012 Census of Agriculture

*The 2002 Census of Agriculture was revised to collect data on second and third operators, in addition to principal operators

Women were slightly more likely to be older than age 45 than all principal operators in 2012—83.6 percent compared to 81.9 percent.

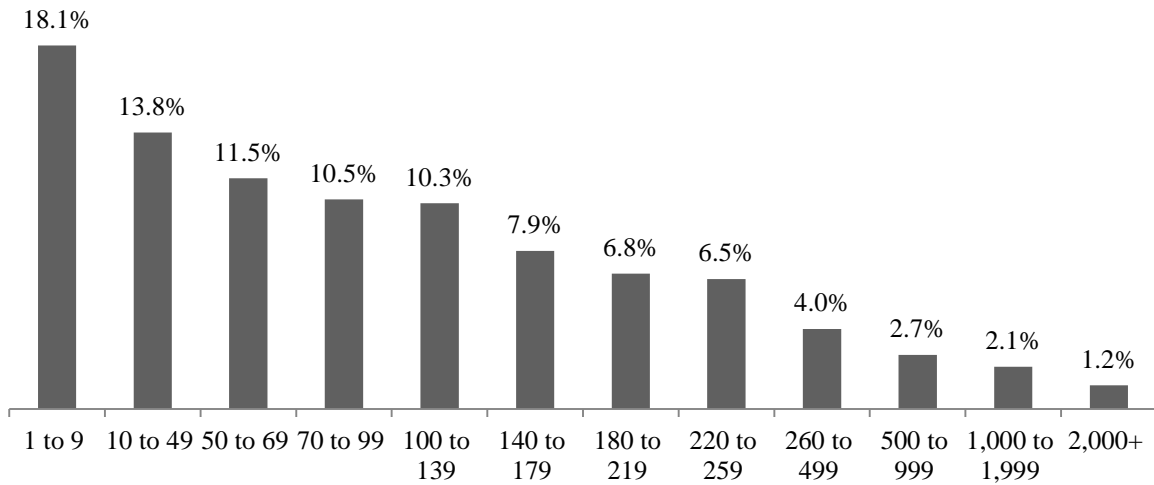
**Figure 6: Age Distribution of Female Principal Operators
 Minnesota, 2012**



Source: USDA, 2012 Census of Agriculture

The smaller the farm, the more likely it is to be principally operated by a woman. Among 2012 principal operators, women operated 18.1 percent of all farms smaller than ten acres, while operating just 1.2 percent of Minnesota’s largest farms.

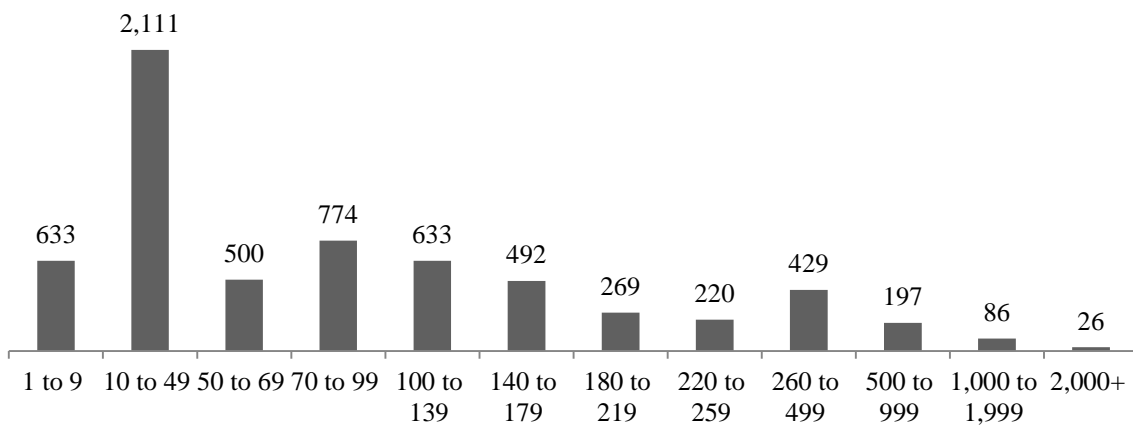
**Figure 7: Farms with Women as Principal Operators
 by Farm Acreage as a Share of All Farms
 Minnesota, 2012**



Source: USDA, 2012 Census of Agriculture

Women are most likely to principally operate farms between ten and 49 acres. Among all operators (male and female), the statewide average farm size was 349 acres.

**Figure 8: Farms With Women as Principal Operators by Farm Acreage
 Minnesota, 2012**

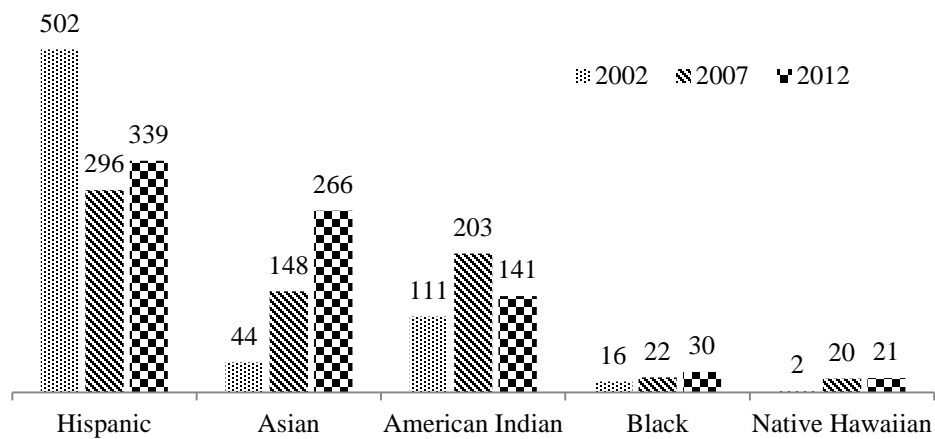


Source: USDA, 2012 Census of Agriculture

Racial Diversity Among Minnesota Farmers

The racial composition of Minnesota’s population is becoming increasingly diverse. Between 2000 and 2010, 85 of Minnesota’s 87 counties saw increases in their populations of color,⁵ while the white, non-Hispanic population decreased in 50 counties. This trend is not as prominent among Minnesota farmers, though the number of white principal operators decreased from 80,460 in 2007 to 73,984 in 2012 while the state experienced a small net gain in farmers of color.

**Figure 9: Principal Operators by Selected Racial Groups
 Minnesota, 2002-2012**

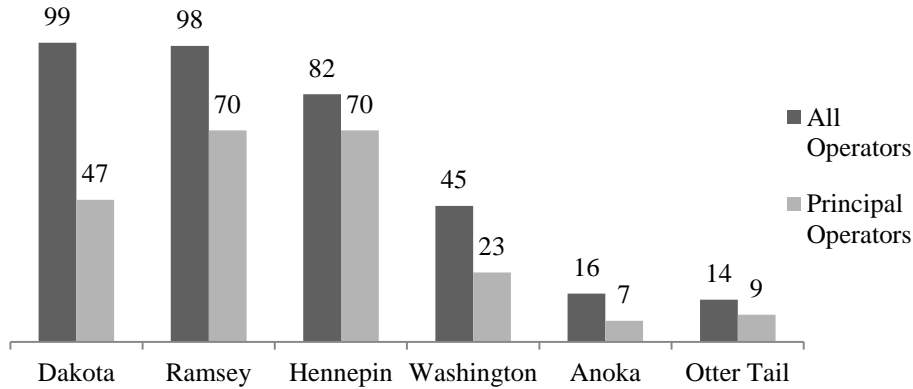


Source: USDA, 2012 Census of Agriculture

Despite a small increase in diversity among our state’s total pool of farmers, white Minnesotans remain the overwhelming majority of principal operators. Of the 74,542 principal operators in Minnesota, 73,984 (99.3 percent) were white in 2012. Whites tend to principally operate larger farms—just under half work on farms greater than 180 acres. While minority farmers represent a very small share of farmers statewide, some groups are prominent or growing in different parts of Minnesota. Minnesota experienced a net gain of 122 principal operators of color since 2002. This growth has largely been driven by Asian principal operators, which have increased from just 44 in 2002, to 266 in 2012. Most are located on very small farms (one to nine acres) within the seven-county Twin Cities metropolitan area.

⁵ Refers to those who self-identified as any race other than white alone, and/or those who indicated they were Hispanic or Latino.

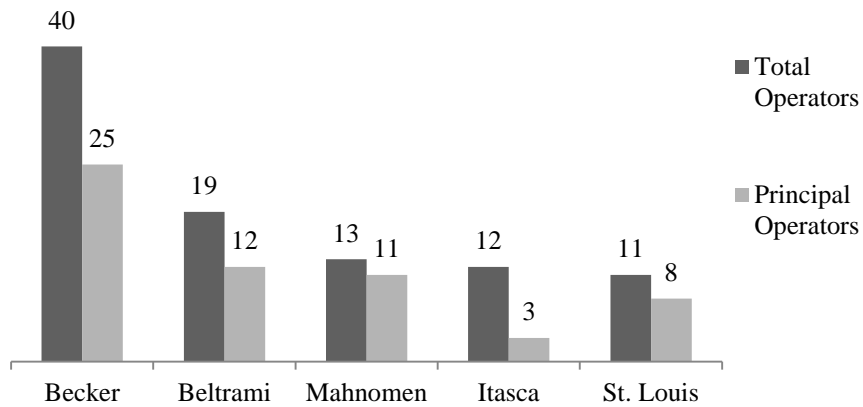
Figure 10: Minnesota Counties with Largest Numbers of Asian Operators, 2012



Source: USDA, 2012 Census of Agriculture

American Indian operators are clustered in counties containing reservation land. Becker and Mahnommen counties contain part of the White Earth Indian Reservation, and the Leech Lake and Red Lake reservations cover portions of Beltrami County. A quarter of American Indian farmers work ten to 49 acres, while another quarter work farms in the range of 50 to 179 acres.

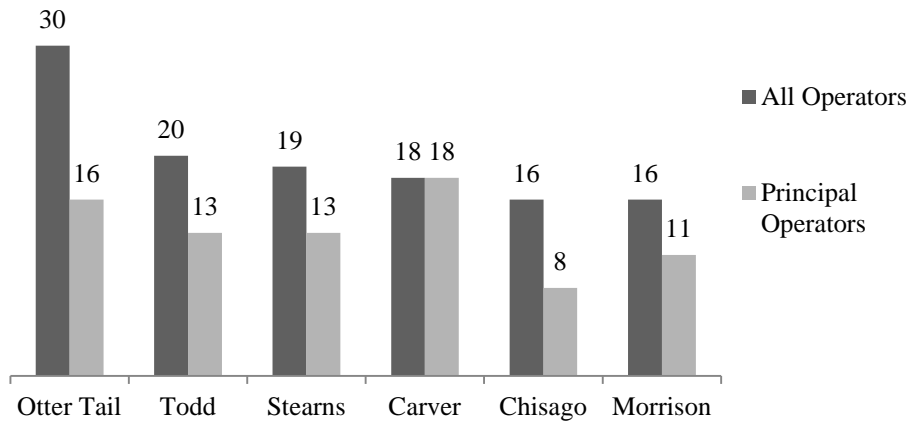
Figure 11: Minnesota Counties with Largest Numbers of American Indian Operators, 2012



Source: USDA, 2012 Census of Agriculture

Hispanic farm operators are concentrated in West Central Minnesota counties and are most likely to work on farms between 50 to 179 acres.

Figure 12: Minnesota Counties with Largest Numbers of Hispanic/Latino Origin Operators, 2012



Source: USDA, 2012 Census of Agriculture

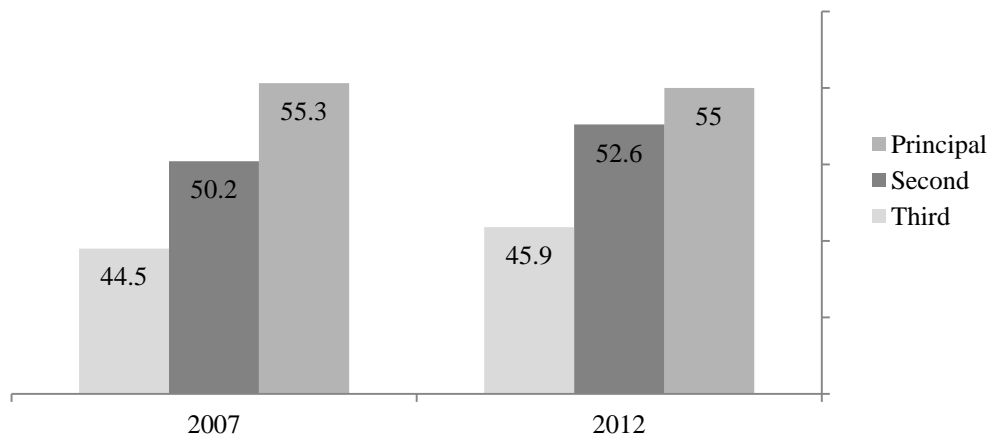
Together, black and Native Hawaiian/Pacific Islanders totaled just 51 of Minnesota's principal operators in 2012, and can be found in small numbers within the Twin Cities metro area, exurban counties, and in Greater Minnesota.

Replacing Baby Boomers

Supporting Operators

As the large numbers of Baby Boomers move into old age and eventually retire, it is worth examining the next generation of farmers. It's possible these groups might potentially include younger farmers and family members who may one day take the reins as principal operators. As discussed earlier and shown in Figure 13, the average age of principal operators in 2012 was 55.

Figure 13: Average Age of Operators by Operator Type Minnesota, 2007-2012



Source: USDA, 2012 Census of Agriculture

Relative to principal operators in Minnesota, second operators—66 percent of which are women—averaged about 3.5 years younger. This small age difference may be due in part to the large number of women working as secondary operators to their spouses. Third operators were on average about ten years younger than principal operators. Despite being relatively younger than principal operators, second and third operators aren't necessarily new to farming. Just one-fifth of second operators are beginning farmers, and while third operators are more likely than principal operators to be beginning farmers, only one-third have been farming for less than ten years.

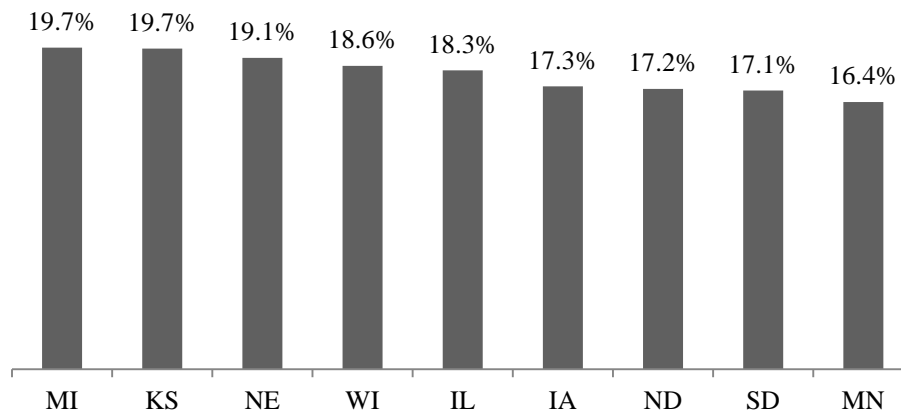
While some supporting operators may represent successors for aging principal operators, more than half of Minnesota's principal operators did not list a second operator in 2012.

Regardless of operator type, it is worth noting that many Minnesota farmers rely on nonfarm income as their primary income source. For 47 percent of principal operators, 58 percent of second operators, and 51 percent of third operators, something other than farming serves as their primary occupation.

Beginning Farmers

The USDA defines a beginning farmer as an operator that has operated a farm for less than ten years, regardless of age.⁶ Beginning farmers account for 16.4 percent of all farmers in Minnesota—the lowest share for beginning farmers among Midwestern states.

**Figure 14: Beginning Farmers as a Share of All Farmers
Midwestern States, 2012**



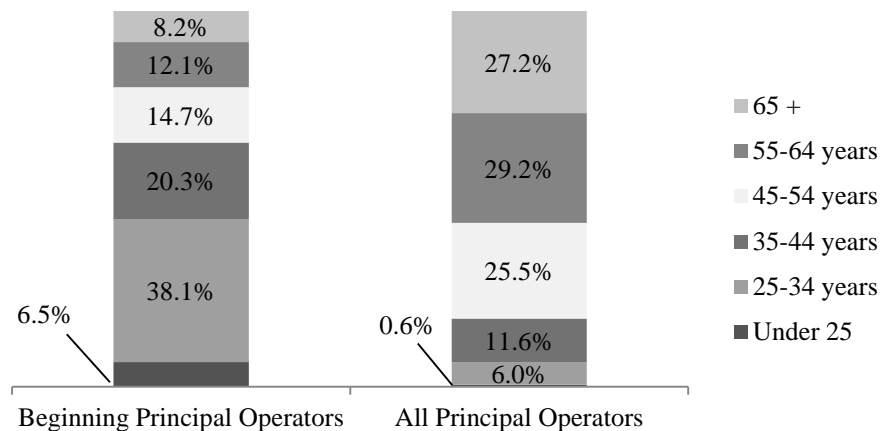
Source: USDA, 2012 Census of Agriculture

Not all beginning farmers are young. The nationwide average age of a beginning principal operator is 49.⁷ Around 35 percent of Minnesota’s beginning farmers are Baby Boomers or older. Still, the majority of beginning farmers are under age 45. Yet most young farmers aren’t beginners. Just 2,275 of the 13,551 principal operators under 45 in 2012 have been operating for fewer than ten years (16.8 percent).

⁶ U.S. Department of Agriculture, *2012 Census of Agriculture – Minnesota Highlights*. Other definitions of beginning farmer exist. For example, Minnesota’s Beginning Farmer Loan Program essentially defines beginning farmers by net worth, rather than the length of their farming experience (Minn. Stat. § 41B.03, subd. 3).

⁷ U.S. Department of Agriculture, Economic Research Service, “Beginning Farmers and Ranchers and the Agricultural Act of 2014,” *Amber Waves*, June 2, 2014.

**Figure 15: Age Distribution of Beginning Farmers vs. All Operators
 Minnesota, 2012**



Source: USDA, 2012 Census of Agriculture

Women are somewhat more likely to be beginning principal operators, as 21 percent of women have been farming for fewer than ten years, compared to 14 percent of all principal operators (both male and female).

Implications

In the years ahead, the demographic trends identified above could affect Minnesota’s agricultural industries, rural areas, and the state economy as a whole. Various entities have examined the implications of these trends, particularly the average age data, and have come to different conclusions. Reactions range from calls to action to caution that the USDA’s data paints an imperfect picture and that it is important to keep these trends in proper perspective.

Beginning Farmers

Some entities, including the state and federal departments of agriculture, have expressed concern about the rising average age of farmers. They contend that the rising average age of American farmers reveals a shortage of younger farmers entering the profession that could lead to a decline in future food production if this trend is not addressed. According to the Minnesota Department of Agriculture:

A shortage of new farmers threatens the future of agriculture. And while there are people who want to farm, new generations of farmers must overcome significant barriers to start and succeed in farming. Traditional patterns of farm entry and

farmer support are no longer adequate; farmers of all backgrounds are challenged to find the resources they need to get started in farming.⁸

Often-cited barriers to entry and success in farming include high land prices and difficulty obtaining loans and other credit.

According to the USDA, one of the largest obstacles for beginning farmers is the high price to purchase productive agricultural land.⁹ Farmland prices in Minnesota have increased markedly in recent years, with some of the largest gains evident in the state's productive southern agricultural region. Farmland value in southern Minnesota roughly doubled between 2009 and 2014, with 2014 average values per acre estimated to be \$6,600 to \$8,000.¹⁰

Beginning farmers may require a loan or some other form of credit to purchase land, equipment, livestock, seed, and other inputs. However, this credit may not be readily available from banks and other commercial lenders. To a lender, asset-poor young and beginning farmers—particularly those who do not inherit farmland from family—may represent a greater default risk. Lenders may require beginning farmers to provide considerable collateral to compensate for this perceived risk.¹¹

Others feel that concerns about the rising average age of farmers are overblown, concluding the following:

- In spite of aging trends, U.S. agriculture remains very productive and technological advances allow farmers to continue farming—full- or part-time—into old age if they wish.
- The widely reported “average age of principal operator” is misleading for farms operated by multiple generations. For these farms, the other operators are often younger members of the same family who intend to take over the operation once the elder and principal operator chooses to retire completely.
- Farmers are aging at roughly the same pace as the U.S. workforce as a whole and are older on average simply because agriculture is a capital-intensive industry.
- A sustained strong agricultural economy will facilitate the transition to a younger generation as it did during the 1970s.

⁸ Minnesota Department of Agriculture, “Beginning Farming,” accessed July 2, 2014, www.mda.state.mn.us/en/protecting/sustainable/mfo/mfo-diversification/beginningfarming.aspx. See also “Nation’s farmers, ranchers aging, USDA fears” *The Washington Post*, April 9, 2012, accessed July 2, 2014, www.washingtonpost.com/politics/nations-farmers-ranchers-aging-usda-fears/2012/04/08/gIQAPCem5S_story.html.

⁹ U.S. Department of Agriculture, Farm Service Agency, *USDA Announces Programs to Conserve Sensitive Land and Help Beginning Farmers*, News Release, June 4, 2014.

¹⁰ Analysis of 2009-2014 assessed values for Class 2a agricultural land parsed by USDA National Agricultural Statistics Service region, as obtained from the University of Minnesota’s Minnesota Land Economics website on July 30, 2014, www.landeconomics.umn.edu.

¹¹ Nathan S. Kauffman, “Credit Markets and Land Ownership for Young and Beginning Farmers.” *Choices* (Agricultural and Applied Economics Association) 28 (2) (2nd Quarter 2013).

- Recognizing the economic realities of American agriculture, policymakers should consider redirecting young and beginning farmer assistance programs away from the goal of ownership towards programs that encourage beginning farmers to lease land instead.¹²

Minority and Women Farmers

At least one state-funded rural policy center believes that the growing immigrant population in rural Minnesota will replace “a dwindling population of traditionally White farmers.”¹³ Others have noted the challenges that immigrant farmers who lease their land face in obtaining the sustained access to quality farmland that is necessary to justify the significant investments in farming equipment and structures that arguably are necessary to earn a suitable living from farming.¹⁴

Men and women who are spouses jointly operate more than one in four of the state’s farms, and women are the sole operators of many more. The USDA data discussed above and anecdotal evidence reveal that on average, women principal farm operators tend to farm acreages that are significantly smaller than the state average. Women farmers may also be more prone to participate in organic or specialty agriculture (e.g., grass-fed goats or heirloom tomatoes) than their male counterparts.¹⁵

Existing Laws and Programs

Both federal and state lawmakers have created programs to assist beginning, women, and farmers of minority races (“farmers of color”).

Federal

The latest four-year federal agriculture law—often referred to as the “Farm Bill” —continues the congressional practice of providing preference and support specifically for beginning and “socially disadvantaged” farmers. Support includes increased funding for beginning farmer

¹² Carl Zulauf, “Putting the Age of U.S. Farmers in Perspective,” *farmdoc daily* website, October 23, 2013, farmdocdaily.illinois.edu/2013/10/putting-age-us-farmers-perspective.html. Nathan Kauffman, “Financing Young and Beginning Farmers,” *The Main Street Economist*, (Federal Reserve Bank of Kansas City) Issue 2 (2013). Dan Grant, “Ag Census reaction: Age just a number to ‘average’ farmers,” *FarmWeekNow.com*, Illinois Farm Bureau, May 16, 2014. Jim Putnam, “11 Myths About Northeast Farming Busted by the 2012 Census of Agriculture,” *Knowledge Exchange Report*, Farm Credit East, July 2014. Shannon L. Ferrell, et al., “The Policy and Legal Environment for Farm Transitions,” *Choices* (Agricultural and Applied Economics Association) 28(2) (2nd Quarter, 2013). . .

¹³ Thaddeus McCamant, “Educational Interests, Needs and Learning Preferences of Immigrant Farmers,” Center for Rural Policy and Development, 2014.

¹⁴ Tom Meersman “Hmong farmers in Dakota County are business pioneers,” *Minneapolis StarTribune*, September 12, 2014.

¹⁵ See Jean Hopfensperger, “Women farmers taking root,” *Minneapolis StarTribune*. August 5, 2011.

assistance, programs to facilitate the transfer of farmland to the next generation of farmers, and improved outreach to military veterans regarding farming and ranching opportunities.¹⁶

Below are a few examples of programs administered by the USDA that were either reauthorized or established in the 2014 Farm Bill:

- **Conservation Reserve Program Transition Incentives Program:** Congress continued and increased funding for this program to encourage retired or retiring farmers to transfer land enrolled in an expiring Conservation Reserve Program (CRP) contract to a beginning or socially disadvantaged farmer who will farm the land.
- **Conservation program set-asides:** Congress reserved a portion of total funding for the Environmental Quality Incentives and Conservation Stewardship programs for beginning and socially disadvantaged farmers.
- **CRP Managed Haying and Grazing:** Congress waived the 25 percent CRP payment reduction for beginning farmers who hay or graze land enrolled in CRP.
- **Value-Added Development Grant priority:** USDA must give priority to socially disadvantaged and beginning farmers who apply for funding from the Value-Added Development Grant Program in order to develop business plans and strategies that will enable these farmers to market value-added agricultural products.
- **Beginning Farmer and Rancher Development Program:** Congress increased funding for training, education, outreach, and technical assistance to beginning farmers and ranchers with priority given to partnerships and collaborations led by or including nongovernmental and community organizations.
- **Loan programs continued and enhanced:** Congress modified the maximum acreage limit threshold under the Direct Farm Ownership Loan Program for beginning farmers, which may result in additional beginning farmers who are eligible for these low-interest direct loans from the federal government. Congress also raised loan limits for the Microloan and Down Payment Loan programs to the benefit of beginning and socially disadvantaged farmers. Other loan programs from the prior Farm Bill were also reauthorized for another four years.¹⁷
- **Lower crop insurance premiums and fees:** Historically, beginning farmers have been less likely to participate in the Federal Crop Insurance Program than established

¹⁶ James Williamson. "Beginning Farmers and Ranchers and the Agricultural Act of 2014," *Amber Waves* (U.S. Department of Agriculture, Economic Research Service), June 2, 2014.

¹⁷ U.S. Department of Agriculture, Farm Service Agency, "2014 Farm Bill Fact Sheet – What's in the 2014 Farm Bill for Farm Service Agency Customers," March 2014.

farmers.¹⁸ The 2014 Farm Bill places additional emphasis on the crop insurance component of the federal farm “safety net.”¹⁹ To encourage additional participation in the crop insurance program, Congress decreased crop insurance premiums for beginning farmers and exempted them from the administrative fee for catastrophic-level policies.²⁰

Minnesota

The Rural Finance Authority (RFA) is the state’s main agricultural lending arm. RFA partners with private lenders to purchase or “participate” in a portion of the private lender’s loan to an eligible farmer. The lender retains majority ownership of the loan, with the state holding a smaller share.

An eligible farmer may be able to pair a state RFA loan with an applicable federal loan to receive additional financial assistance.²¹

Since the late 1980s, the state legislature and executive branch have developed several RFA loan-participation programs that targeted beginning farmers, and more recently, programs to provide tuition subsidies and microloans for specialty crops.²²

- **Aggie Bond Beginning Farmer Loan:** A state-federal program administered by the RFA to offer affordable loans to qualified beginning farmers who purchase land, breeding stock or dairy animals, or machinery. A participating beginning farmer pays interest at a rate lower than market rates and must attend farm management and financial planning training.²³
- **Beginning Farmer Loan:** A program that offers affordable financing and a reasonable down payment to eligible beginning or aspiring farmers who meet specific net worth

¹⁸ James Williamson, “Beginning Farmers and Ranchers and the Agricultural Act of 2014,” *Amber Waves* (U.S. Department of Agriculture, Economic Research Service), June 2, 2014.

¹⁹ Jody Campiche, Joe Outlaw, and Henry Bryant, “Agricultural Act of 2014: Commodity Programs,” *Choices* (Agricultural and Applied Economics Association) 29(2) (2nd Quarter 2014).

²⁰ In contrast to other USDA programs, for purposes of the new crop insurance provisions, Congress defined an eligible beginning farmer as one who has farmed for no more than five years. Other programs use a ten-year eligibility threshold. See James Williamson.

²¹ Email correspondence with Thomas Decock, Farm Loan Program Specialist, U.S. Department of Agriculture, Farm Service Agency – Minnesota, June 28, 2013.

²² A previous state program to assist beginning farmers was less successful. In contrast to today’s loan participation programs, in 1976 Minnesota lawmakers created a program to guarantee 90 percent of a loan issued by a private lender to a qualifying young beginning farmer. Due to poor market conditions, many farmers defaulted on the loans at a cost to the state of approximately \$24 million, or roughly \$53 million in today’s dollars. See John Earl Haynes, “Applied History or Propaganda? The Influence of History on Farm Credit Legislation in Minnesota,” *The Public Historian*, vol. 10, no. 1 (1988).

²³ [Minn. Stat., ch. 41C](#); [Minn. Rules, parts 1650.0501 to 1650.0600](#).

limits. Participating farmers must attend farm management and financial planning training.²⁴

- **Seller Assisted Loan:** A program representing a cooperative financing effort involving a buyer entering or reentering farming, a seller, a local lender, and the RFA. The seller assists in the sale of his or her farm by providing a portion of the financing.²⁵
- **Pilot Agricultural Microloan Program:** Enacted in 2012, this program offers small loans of up to \$10,000 through a qualified intermediary to farmers who are women, persons with disabilities, qualified noncitizens, or people who are nonwhite, and who will raise poultry, sheep, or goats or grow specialty crops such as flowers, annuals, and other horticultural products.²⁶
- **Farm business management (FBM) education scholarships:** Minnesota residents who have farmed less than ten years are eligible to receive scholarships that pay half the cost of enrolling in up to 40 credits of FBM education programs offered by Minnesota State Colleges and Universities or the Southwest Farm Business Management Association. Eligible scholarship applicants must have a financial interest in the farm, participate in farm management decisions, and operate the farm on a regular basis.²⁷

²⁴ Minn. Stat. § 41B.039; Minn. Rules, parts 1650.0011 to 1650.0500.

²⁵ Minn. Stat. § 41B.042; Minn. Rules, ch. 1651.

²⁶ Minn. Stat. § 41B.056.

²⁷ Minnesota Department of Agriculture, “New scholarships available for Minnesota’s beginning farmers,” news release, September 8, 2014.

Recent Minnesota Legislation

In recent years, legislators from both political parties have introduced or co-authored bills to assist beginning, women, or minority farmers. The bills focus primarily on income tax credits that encourage beginning farmers to take approved farm financial management courses and that incentivize the sale or rental of agricultural assets to beginning farmers. Other bills would increase opportunities for urban agriculture or create matched savings accounts for participating beginning farmers.

The table below lists bills introduced between 2007 and 2014 that were not enacted.

Table 1: Relevant Bills Introduced But Not Enacted, 2007 - 2014

File No.	Short Description	House Authors	Bipartisan Authors
2013-2014			
HF 2110/SF 1918	Modifying existing agricultural loan programs to foster urban agricultural development in cities with a population greater than 60,000 in order to increase access to fresh local food	Clark and others	Yes
HF 2111/SF 2537	Requiring cities with a population greater than 60,000 to incorporate urban agricultural development zones in local land use planning and zoning actions	Clark and others	Yes
2011-2012			
HF 860/SF 1144	Providing state income tax credits to (1) owners of farm assets who sell or rent the assets to a beginning farmer and (2) beginning farmers who participate in an RFA-approved farm financial management education program	Hamilton and others	Yes
HF 970/no Senate companion	Providing state income tax credits to (1) owners of farm assets who rent the assets to a beginning farmer and (2) beginning farmers who participate in an RFA-approved farm financial management education program	Anderson, P., and Swedzinski	No
2009-2010			
HF 3290/SF 3228	Providing income tax credits to (1) owners of farm assets who sell or rent the assets to a beginning farmer and (2) beginning farmers who participate in an RFA-approved farm financial management education program. Creating a Beginning Farmer Individual Development Account program to provide a 1:1 matching grant of up to \$3,500 to qualified beginning farmers for the purchase of agricultural land, equipment, livestock, or supplies. Twenty-five percent of program funds would be reserved for socially disadvantaged farmers or ranchers, as defined under federal law.	Thissen and others	No

File No.	Short Description	House Authors	Bipartisan Authors
2007-2008			
HF 568/SF 704	Providing income tax credits to (1) owners of farm assets who sell or rent the assets to a beginning farmer and (2) beginning farmers who participate in an RFA-approved farm financial management education program	Heidgerken and others	Yes
HF 484/SF 287	Providing state income tax credits to (1) owners of farm assets who rent the assets to a beginning farmer and (2) beginning farmers who participate in an RFA-approved farm financial management education program	Koenen and others	Yes

For more information about farmers and farming in Minnesota, visit the agriculture area of our website, www.house.mn/hrd/.

***About “A Changing Minnesota” series:** This is an occasional series of joint publications between House Research and the State Demographic Center on demography and a changing Minnesota. The goal of this series is to meld data on Minnesota as a changing polity with an overview of statutes and public policies that are affected by those changes. If you have comments on this piece, or on the concept of such a series, please contact Colbey Sullivan at colbey.sullivan@house.mn.*