



Beginning Farmer Tax Credit

2025 Legislative Report

Laws of Minnesota 2025, Chap. 34, Art. 3, Sec. 24 Subd. 6a(a)

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Overview

Background

Established in 2018, the Minnesota Beginning Farmer Tax Credit provides nonrefundable state tax credits to asset owners who rent or sell farmland, equipment, livestock, and other agricultural assets to beginning farmers. Beginning farmers are defined as farmers who have entered farming in the last ten years. According to the [2022 USDA Census of Agriculture](#), there are 114,868 farmers in Minnesota, and 29,586 (26%) of them are considered beginning farmers.

The Beginning Farmer Tax Credit is administered by the Minnesota Department of Agriculture's (MDA) Rural Finance Authority (RFA) with the goal to support farmland access. The program provides beginning farmers a potential advantage for negotiating leases and purchases — incentive for asset owners to lease and sell to them.

Minnesota is one of seven states with similar tax credits, joining Iowa, Kentucky, Missouri, Nebraska, Ohio, and Pennsylvania. The MDA is a leader in farmland access programs across the country with this program as well as the [Down Payment Assistance Grant](#), [Beginning Farmer Loans](#), and [FarmLink](#). In October 2024, researchers from Indiana University published [an article about land access policies around the country](#) in which they highlight Minnesota's Beginning Farmer Tax Credit program:

“The Minnesota Beginning Farmer Tax Credit of 2017 was a watershed moment for two reasons. It was the first BFTC to incentivize sales of assets to Beginning Farmers and Ranchers, and press coverage inspired other states to introduce similar legislation, which three states proceeded to swiftly pass.”

Funding

The Minnesota Legislature initially funded the tax credit for \$5 million in 2018 and appropriated an additional \$6 million each year from 2019 to 2022.

In 2023, the Minnesota Legislature removed rollover funding and allocated \$6.5 million for asset owner tax credits in 2023. It also reduced future allocations to \$4 million each year from 2024 to 2030, when the program is scheduled to sunset.

Application requests exceeded available allocations significantly in 2025 and 2024. The funding shortfall is likely due to expanding eligibility (direct family now eligible for land sales) and increasing maximum tax credit amounts (from \$32,000 to \$50,000 for sales) at the same time the program budget was reduced by nearly 40%.

Table 1: Funding available, requested, and issued by year

Note: In 2024 and 2025, the RFA removed the application from its website prior to the November 1 deadline because the waitlist exceeded \$2 million. The amount requested would have been higher if the application remained open as late as other years.

Year	Available	Requested by Asset Owners	Issued to Asset Owners	Percent Funded
2018	\$5,000,000	\$2,277,057	\$2,277,057	100%
2019	\$8,989,489	\$2,704,654	\$2,704,654	100%
2020	\$12,696,984	\$2,874,802	\$2,874,802	100%
2021	\$16,047,813	\$3,209,528	\$3,209,528	100%
2022	\$19,534,833	\$3,143,550	\$3,143,550	100%
2023	\$6,500,000	\$6,540,497	\$6,500,000	99%
2024	\$4,000,000	\$6,530,636	\$4,000,000	61%
2025	\$4,000,000	\$8,307,845	\$4,000,000	48%

Asset Owner Tax Credits

In 2025, 395 tax credits were issued to asset owners, totaling \$4 million. The tables below report the number and amount of tax credits issued, as well as the number, amount, and geographic distribution of tax credits issued in 2025 by asset type.

Agricultural assets are most commonly farmland, but also include equipment and facilities. No asset owner or beginning farmer wrote to terminate their rental agreement, disallowing their credit.

For the third year in a row, application requests exceeded available funding in 2025. The RFA denied 585 applications that exceeded the \$4 million allocation and partially funded one. Unfunded requests totaled \$5,317,924.

Table 2: Number and amount of tax credits issued to asset owners in 2025 by type

Type	Number	Amount	Average
Sales <i>8 or 12% of sale price; \$50K maximum</i>	66 17%	\$2,813,281 70%	\$42,625
Cash leases <i>10% of annual rent; \$7K maximum</i>	310 78%	\$1,038,446 26%	\$3,350
Share crop leases <i>15% of annual rent; \$10K maximum</i>	19 5%	\$148,273 4%	\$7,804
Total	395	\$4,000,000	\$10,127

Table 3: Geographic distribution of tax credits issued to asset owners in 2025 by type.

County	Total Credits	Sales	Cash Leases	Share Crop Leases
Aitkin	0	-	-	-
Anoka	0	-	-	-
Becker	1	-	1	-
Beltrami	0	-	-	-
Benton	0	-	-	-
Big Stone	6	2	4	-
Blue Earth	17	2	15	-
Brown	11	2	9	-
Carlton	0	-	-	-
Carver	0	-	-	-
Cass	0	-	-	-
Chippewa	7	-	7	-
Chisago	0	-	-	-
Clay	3	1	2	-
Clearwater	6	2	4	-
Cook	0	-	-	-
Cottonwood	13	1	11	1
Crow Wing	0	-	-	-
Dakota	3	2	1	-
Dodge	0	-	-	-
Douglas	3	-	3	-
Faribault	13	4	9	-
Fillmore	1	-	1	-
Freeborn	23	4	18	1
Goodhue	5	4	1	-
Grant	3	-	3	-
Hennepin	0	-	-	-
Houston	1	-	1	-
Hubbard	0	-	-	-

County	Total Credits	Sales	Cash Leases	Share Crop Leases
Isanti	0	-	-	-
Itasca	0	-	-	-
Jackson	6	1	4	1
Kanabec	1	1	-	-
Kandiyohi	3	-	3	-
Kittson	1	-	1	-
Koochiching	0	-	-	-
Lac qui Parle	15	1	14	-
Lake	0	-	-	-
Lake of the Woods	0	-	-	-
Le Sueur	1	-	2	-
Lincoln	4	-	3	1
Lyon	28	4	23	1
Mahnomen	6	-	6	-
Marshall	6	4	2	-
Martin	8	3	5	-
McLeod	12	1	11	-
Meeker	4	2	2	-
Mille Lacs	0	-	-	-
Morrison	5	1	4	-
Mower	6	-	6	-
Murray	24	2	18	4
Nicollet	4	1	3	-
Nobles	14	1	12	1
Norman	9	-	9	-
Olmsted	0	-	-	-
Otter Tail	2	2	-	-
Pennington	1	-	1	-
Pine	0	-	-	-
Pipestone	16	2	11	3

County	Total Credits	Sales	Cash Leases	Share Crop Leases
Polk	6	6	-	-
Pope	0	-	-	-
Ramsey	0	-	-	-
Red Lake	1	-	1	-
Redwood	12	-	9	3
Renville	23	1	22	-
Rice	2	1	1	-
Rock	1	-	1	-
Roseau	0	-	-	-
Scott	1	1	-	-
Sherburne	1	-	1	-
Sibley	6	-	6	-
St Louis	0	-	-	-
Stearns	7	-	6	1
Steele	4	-	4	-
Stevens	2	-	2	-
Swift	4	3	1	-
Todd	2	-	2	-
Traverse	6	-	5	1
Wabasha	1	1	-	-
Wadena	0	-	-	-
Waseca	4	-	4	-
Washington	0	-	-	-
Watonwan	11	2	8	1
Wilkin	0	-	-	-
Winona	2	1	1	-
Wright	1	-	1	-
Yellow Medicine	10	1	9	-

Beginning Farmer Credits

Overview

Beginning farmers must complete an approved Farm Business Management program (FBM) for their asset owners to receive the tax credit. Beginning farmers may request a waiver from this requirement if they have already completed one of the RFA's approved FBM programs, have a four-year agricultural degree, or reasonable work experience in farm finance (e.g., farm loan officer, FBM instructor, etc.). The Beginning Farmer Tax Credit will reimburse beginning farmers for their FBM tuition in the form of a nonrefundable state tax credit. They are eligible for this tax credit for up to three years, and it has an annual maximum of \$1,500.

To approve FBM programs, the RFA reviews a summary of the education provided and bios of the instructors. A list of approved programs and their descriptions can be found on the [MDA's FBM webpage](#).

2025 and historic data

In 2025, the RFA issued 223 tax credits to beginning farmers, totaling \$253,691. Forty-six percent (266 farmers) chose to waive the FBM tuition reimbursement or had already received the maximum three years and were no longer eligible. Forty percent (87 farmers) who applied for the tax credit applied for the “tuition only” tax credit just to reimburse their FBM tuition, without an asset owner.

The tables below report the historic number, amount, and geographic distribution of credits issued to beginning farmers. The RFA does not have geographic distribution of beginning farmers that received tax credits before 2022 or historic data on beginning farmers’ race and ethnicity. In 2025, 389 (80%) of the total 489 beginning farmers who participated in the program are emerging farmers. Emerging farmers are defined as farmers who are young (35 and younger), veterans, women, persons with disabilities, American Indian or Alaskan Natives, members of a community of color, LGBTQIA+, and urban (reside or farm in cities with a population over 5,000).

Table 4: Historic beginning farmer credits

Year	Total Number of Beginning Farmers (Includes those with FBM waivers and 3-yr max)	Number of Beginning Farmer Credits Issued	Amount Issued	Average Credit
2018	382	377	\$359,061	\$940
2019	545	529	\$545,789	\$1,032
2020	479	437	\$523,444	\$1,198
2021	461	347	\$386,196	\$1,113
2022	393	257	\$291,815	\$1,135
2023	498	285	\$308,411	\$1,082
2024	439	230	\$249,599	\$1,085
2025	489	223	\$253,691	\$1,138

Table 5: 2022-2025 Geographic distribution of beginning farmers that received FBM reimbursement tax credits

County	2022	2023	2024	2025
Aitkin	-	1	-	-
Anoka	-	2	-	1
Becker	5	5	4	6
Beltrami	-	5	2	1
Benton	-	2	1	3
Big Stone	2	4	2	3
Blue Earth	8	5	7	11
Brown	8	9	7	6
Carlton	-	-	-	-
Carver	-	-	-	-
Cass	-	2	1	-
Chippewa	6	10	6	5
Chisago	-	2	1	1
Clay	-	2	1	5
Clearwater	-	-	-	1
Cook	-	-	-	-
Cottonwood	10	12	7	3
Crow Wing	-	1	-	-
Dakota	1	1	4	2
Dodge	3	2	1	1
Douglas	5	2	3	2
Faribault	-	5	4	8
Fillmore	6	4	4	2
Freeborn	10	12	4	7
Goodhue	6	5	4	4

County	2022	2023	2024	2025
Grant	2	1	4	2
Hennepin	1	3	1	4
Houston	1	2	-	2
Hubbard	-	-	-	-
Isanti	-	1	2	-
Itasca	1	-	-	-
Jackson	4	4	-	1
Kanabec	-	-	-	1
Kandiyohi	-	-	-	-
Kittson	-	-	-	-
Koochiching	-	-	-	-
Lac qui Parle	-	4	7	8
Lake	-	-	-	-
Lake of the Woods	-	-	-	-
Le Sueur	1	4	-	3
Lincoln	10	3	-	5
Lyon	19	17	14	20
Mahnomen	-	1	-	1
Marshall	-	2	3	1
Martin	13	10	12	8
McLeod	5	3	4	3
Meeker	2	4	-	2
Mille Lacs	1	-	-	-
Morrison	-	4	4	1
Mower	6	6	8	7
Murray	8	8	6	12

County	2022	2023	2024	2025
Nicollet	4	7	5	2
Nobles	5	4	5	6
Norman	1	1	-	2
Olmsted	3	2	2	2
Otter Tail	2	5	3	2
Pennington	1	1	-	-
Pine	-	1	-	-
Pipestone	15	11	9	9
Polk	5	4	6	3
Pope	2	-	-	-
Ramsey	1	1	-	-
Red Lake	1	-	1	-
Redwood	5	12	16	9
Renville	6	7	5	7
Rice	2	1	2	-
Rock	4	-	1	1
Roseau	-	-	-	-
Scott	-	-	2	-
Sherburne	-	2	-	1
Sibley	2	4	3	4
St Louis	-	2	-	-
Stearns	4	6	6	3
Steele	5	2	3	-
Stevens	3	3	-	3
Swift	3	-	4	2
Todd	1	6	2	-

County	2022	2023	2024	2025
Traverse	4	6	4	3
Wabasha	2	3	1	4
Wadena	-	4	3	-
Waseca	5	2	-	1
Washington	-	-	-	-
Watonwan	2	3	1	2
Wilkin	2	2	-	-
Winona	4	8	11	2
Wright	-	1	-	1
Yellow Medicine	10	7	7	1