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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3999

05/11/2016 Authored by Baker; Anderson, P.; Hamilton; Kiel and Clark  
The bill was read for the first time and referred to the Committee on Agriculture Policy

1.1 A bill for an act  
1.2 relating to agriculture; establishing an apprentice farmer assistance program;  
1.3 authorizing income tax credits for participating established farmers; requiring  
1.4 rulemaking; amending Minnesota Statutes 2014, section 290.06, by adding a  
1.5 subdivision; proposing coding for new law in Minnesota Statutes, chapter 17.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. [17.111] APPRENTICE FARMER ASSISTANCE PROGRAM; TAX  
1.8 CREDITS.

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

1.11 (b) "Agricultural assets" means agricultural land; livestock, poultry, or crop  
1.12 production, processing, or storage facilities; and machinery used to farm in Minnesota.

1.13 (c) "Apprentice farmer" means a resident of Minnesota who:

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

1.15 (2) intends to farm land located in Minnesota; and

1.16 (3) possesses other qualifications required by the commissioner.

1.17 (d) "Established farmer" means a person authorized to own or operate agricultural  
1.18 land under section 500.24 who regularly participates in the physical labor or management  
1.19 of farming and is required by federal law to file a Schedule F with United States Internal  
1.20 Revenue Service Form 1040 or indicates farming as the primary business activity under  
1.21 Schedule C, K, or S, or any other applicable report to the United States Internal Revenue  
1.22 Service.

1.23 Subd. 2. Tax credit for eligible established farmers. (a) As authorized by the  
1.24 commissioner, an established farmer may take a credit against the tax due under chapter  
1.25 290 for sharing agricultural assets with an apprentice farmer, transferring agricultural

2.1 assets to an apprentice farmer, or providing farming-related investment capital to an  
2.2 apprentice farmer.

2.3 (b) By rule, the commissioner, in consultation with the commissioner of revenue,  
2.4 must establish eligibility criteria, application and reporting requirements, and the size of  
2.5 the tax credits in a manner that most effectively and efficiently encourages established  
2.6 farmers to mentor and financially assist apprentice farmers.

2.7 (c) The credit is limited to the liability for tax as computed under chapter 290 for  
2.8 the taxable year. If the amount of the credit determined by the commissioner for any  
2.9 taxable year exceeds this limitation, the excess is a credit carryover under section 290.06,  
2.10 subdivision 37.

2.11 (d) If the apprentice farmer is related by blood or marriage to the established farmer  
2.12 or to a partner, member, shareholder, or trustee of the established farmer, the established  
2.13 farmer may receive a tax credit under this section no more than once every five calendar  
2.14 years.

2.15 Subd. 3. **Rulemaking required.** The commissioner must adopt rules to implement  
2.16 this section.

2.17 Sec. 2. Minnesota Statutes 2014, section 290.06, is amended by adding a subdivision  
2.18 to read:

2.19 Subd. 37. **Apprentice farmer assistance credit.** (a) An apprentice farmer  
2.20 assistance credit is allowed against the tax due under this chapter if expressly authorized  
2.21 by the commissioner of agriculture under section 17.111.

2.22 (b) The credit is limited to the liability for tax, as computed under this chapter, for  
2.23 the taxable year. If the amount of the credit determined by the commissioner of agriculture  
2.24 for any taxable year exceeds this limitation, the excess is a credit carryover to each of the  
2.25 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable  
2.26 year is carried first to the earliest of the taxable years to which the credit may be carried  
2.27 and then to each successive year to which the credit may be carried. The amount of the  
2.28 unused credit which may be added under this paragraph must not exceed the taxpayer's  
2.29 liability for tax, less the apprentice farmer assistance credit for the taxable year.