STATE OF MINNESOTA
Legislative Budget Office

Beginning Farmer Management Credit
Evaluation Summary

Objective

The objective of the Beginning Farmer Management Credit is to incentivize beginning farmers to participate in a financial management program approved by the Rural Finance Authority (RFA) to improve the farming operation success rate in the state of Minnesota.

Background

The Beginning Farmer Management Credit is a nonrefundable credit that eligible farmers can claim to compensate them for enrollment costs of a financial management program approved and certified by the RFA. This credit works in tandem with the Credit for Sale of Agricultural Assets. Beginning farmers must meet certain educational requirements to be party to a sale or rental agreement that would leverage the credit program that benefits agricultural asset owners.

The credit can be claimed for up to three years with a maximum credit of $1,500 each year. However, eligibility for the Beginning Farmer Management Credit is not contingent on engaging in a sale or lease agreement, only enrolling in an RFA-approved educational program.

Summary Information

Year Enacted	2017
Statute	Minnesota Statutes 2025, section 290.06, subdivision 38 and section 41B.0391
Tax Type	Individual Income Tax
Provision Type	Nonrefundable Credit
Latest Fiscal Impact Estimate	$500,000 – Fiscal Year 2027
Latest Claims Estimate	260 – Tax Year 2022
Expiration Date	December 31, 2030

Key Findings

- The LBO is unable to make causal claims about the effectiveness of the Beginning Farmer Management Credit with respect to improving farming operation success rates in Minnesota, based on a rigorous statistical analysis of income tax and application data.
- However, there is a positive correlation between net income and beginning farmers who claim the Beginning Farmer Management Credit.
- The Beginning Farmer Management Credit represents about 25% of the average net farm income of beginning farmers who claimed the credit.
- Credit certificates issued by the RFA to beginning farmers totaled $253,691 in 2025, with an average credit amount of $1,138.

- About 45% of beginning farmers receiving a credit certificate by the RFA in 2025 also took part in an agreement under the Credit for Sale of Agricultural Assets, or 223 out of 489.
- According to the 2022 USDA Census of Agriculture, just over 9,000 farmers were considered both “new and beginning” and “young farmers” out of 114,800 total farmers counted in Minnesota.
- Table 1 displays the latest figures of actual claims for the credit filed with the Minnesota Department of Revenue for Tax Years 2018-2023.

Table 1. Beginning Farmer Management Credit Recipients, Tax Years 2018 - 2023

Tax Year	Claimants	Average Federal Adjusted Gross Income	Average Net Farm Income	Average Credit
2018	306	$45,390	-$5,789	$979
2019	393	$54,139	-$6,976	$1,048
2020	356	$67,729	$5,393	$1,240
2021	221	$75,604	$9,412	$1,185
2022	221	$86,546	$16,554	$1,229
2023	222	$106,512	$10,290	$1,571

Potential Modifications

No potential modifications were identified for the Beginning Farmer Management Credit.

Limitations

- Tax filing data does not differentiate between beginning farmers or established farmers.
- Proxy data was used categorizing beginning farmers as farmers with federal adjusted gross income (FAGI) under $100,000 and established farmers as those with FAGI over $100,000.
- Inherently both groups will include beginning farmers and established farmers.

Contact Information and Disclaimer

- This tax expenditure evaluation was prepared by the Legislative Budget Office for the Tax Expenditure Review Commission.
- For more information, please visit the Tax Expenditure Review Commission website. For the complete report visit the TERC report page.
- Contact the Legislative Budget Office at 651-297-7146 or lbo@lbo.mn.gov with questions.