

2022 Survey of Minnesota Beginning Farmer Tax Credit Participants: Results Summary

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Summary

Here are preliminary results from a 2022 survey of participants in Beginning Farmer Tax Credits (**BFTC**) around the country, conducted by the [Indiana University Sustainable Food Systems Science](#) research group as part of a USDA-funded assessment of land access incentive policies nationwide.

A total of 277 beginning farmers and landowners who have enrolled in the Minnesota BFTC filled out the survey (126 beginning farmers and 151 landowners, or "asset owners"). Here are top takeaways for Minnesota. [Find more detailed survey results here.](#)

Takeaways to understand

The Tax Credit is praised, and yet land access challenges persist.

Both beginning farmer and landowner participants in the Tax Credit rate the Tax Credit highly. Clear majorities of both Beginning Farmers and owners find the Tax Credit helpful, are satisfied by it, and view it as a good tool for the state. Beginning farmers also say that the Tax Credit helps them to market themselves and helps their farm operation to succeed. At the same time, there is nuance to their approval. Beginning farmers and ranchers (**BFR**) who have enrolled in the Tax Credit clarify that the policy does not solve their land access challenges.

Over three-quarters of BFRs who have enrolled in the Minnesota BFTC continue to face a land access challenge at the present time (78%).

Another nuance appeared in questions that explored whether the BFTC is inspiring participants to do something different than they were already doing. We were surprised to see that over one-third of participants already rented from/to the same landlord/tenant prior to enrolling in the BFTC (39%). So, in nearly 2 in 5 cases, the incentive is not necessarily catalyzing a new relationship.

In another set of questions, a small majority of owners did attribute their land access agreements to the BFTC, and most beginners said they would have needed to compromise more on land or equipment without the BFTC.

Those responses pointed to the distinctive and helpful function of the Tax Credit. At the same time, small majorities of BFRs and owners also said that the same lease or sale would have happened even without the benefit of the Tax Credit.

So again our raw data indicate that **in about half of cases participants may be enrolling in the Tax Credit to do what they would have done anyway**. These are puzzles we will examine further during our formal statistical analysis of these responses. These preliminary conclusions may shift when that analysis is complete. For now, they suggest that a question for the Tax Credit policy moving forward is:

How could the BFTC be revised to specifically motivate new relationships, or something other than business as usual?

Discounted rental and sale prices are common.

More good news is that the Tax Credit is leading to a price break on most rental or sale agreements (60%). About half of BFRs say they have received a price break from their asset owner or seller (53%). Even more owners say they have given a price break to a BFR (65%).

Sales agreements are somewhat prevalent, but leases aren't yet leading to sales.

Most land access agreements enrolled in the Tax Credit are for cash rent (70%). Few are for share rent (9%). Nearly one in five of the land access agreements enrolled are for sales of land and other assets to BFRs (16%). That's great! However, few lease agreements enrolled in the Tax Credit have later led to a sale of assets to the BFR (only 7%). That's low.

Who is participating among Beginning Farmers?

Largely generational farmers (80%). The other 20% of BFR participants, those who did not grow up on a farm, is actually high among BFTC states. In the other two states that have established BFTCs, Iowa and Nebraska, 90% or more of BFRs enrolling in BFTCs are multi-generational farmers. **The Minnesota Tax Credit is reaching more First Generation farmers than its counterparts in other states.** Farms that enroll in the Tax Credit produce feed grains (69%), followed by food grains (17%), livestock/poultry (7%), and other types of products (horticultural crops / timber / forage) (8%).

Landholdings and scales of operations

Most BFRs who enroll in the Tax Credit already own land (59%). The median value of the landowning BFRs' holdings is 80 acres. The most land owned by a BFR respondent is 2,800 acres. We did not ask if the BFR owned land upon enrolling in the BFTC, so it could be that they purchased land while participating or after. If Minnesota wished to guardrail BFRs' eligibility according to their landholdings, other states' related policies provide templates for that, for example the [Iowa Beginning Farmer Loan Program](#), [Delaware Young Farmers Program](#), and [Kentucky Selling Farmer Tax Credit](#).

Lease agreements through the Tax Credit are generally for 212 acres (median value). Land purchases through the Tax Credit are for 80 acres (median value). BFRs who enroll in the BFTC operate 132 acres (median value). They aspire to farm 2,000 acres one day (median value).

Demographics of BFR survey respondents at time of enrollment

81% were aged 35 and under
94% are men
97% are White
2% are Indigenous
1% are Black

Tax Credit landowner characteristics and land transfer plans

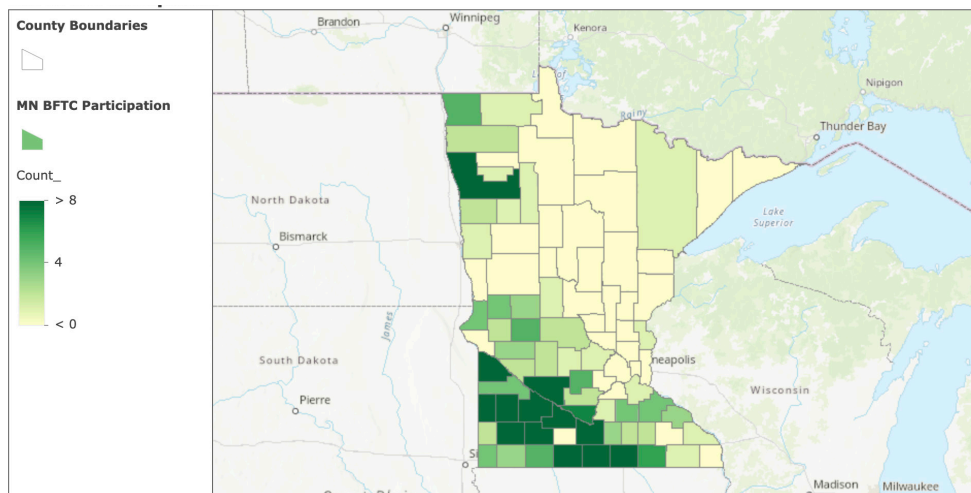
Most landowners enrolled in the Tax Credit have started making plans to transfer their land (80%). Nearly four in five owners will wait to transfer at least some of their land after the time of their death, through their estate (76%). Some will go ahead and transfer at least some land during their lifetimes (32%). Some plan to do both (18%). A large majority of landowners will only transfer their holdings to family (70%). Another 30% will transfer at least some land to a successor from a different family.

Expanding tax credits to serve more groups of Historically Underserved farmers

Our research is assessing other land access policies (such as the federal [CRP-TIP](#)) that incentivize landowners to rent or sell to Black, Indigenous, Hispanic, Asian, and other farmers and ranchers of color, who may not also be BFRs. So we put a question in the survey to ask participants in Minnesota's Tax Credit how much they would agree with expanding the Tax Credit to serve producers of color. Seventy percent of respondents were in agreement or neutral.



MN Beginning Farmer Tax Credit Participation by County



** For more information on the Minnesota BFTC, read the Department of Agriculture's [Beginning Farmer Tax Credit Legislative Report](#).