

GREENER PASTURES FOR NEW FARMERS

CASE STUDY GOVERNMENT MODEL

IOWA BEGINNING FARMER TAX CREDIT

Iowa Agriculture Development Authority | <http://www.iada.state.ia.us/BFTC/index.html>

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Last Updated On: August 19, 2014

In 2006, the Iowa General Assembly adopted the Beginning Farmer Tax Credit (BFTC) Program that provides a state income tax credit to agricultural asset owners who rent their assets to qualified beginning farmers in Iowa. The BFTC is administered by the Iowa Agriculture Development Authority (IADA) and provides a tax credit for leasing agricultural land, depreciable machinery or equipment, breeding livestock, and buildings (excluding residences) for two- to five-year terms. The IADA provides 5 percent credit for cash rent leases and 15 percent for crop-share and livestock-share lease agreements. The difference in the tax credit amounts recognizes that the lessor who participates in a “share” is sharing in risk. The state currently allocates \$6 million for beginning farmer tax credits. Program operating costs are funded through application and maintenance fees.
