



## 2021 Beginning Farmer Tax Credit Application Checklist

1. **2021 Applications** - will be accepted until August 1, or until all the 2021 tax credit allocation has been awarded – whichever comes first.
2. **2021 Maximum Net Worth is \$686,000.** For other beginning farmer eligibility, see pages 8-9.
3. **2022 Applications:** Applications for leases that begin in 2022 will be required to use the 2022 Application forms which will be posted in January 2022. Do not submit applications after August 1<sup>st</sup>.
4. **Completed** applications will be processed on first-come/first-completed basis.
5. **Applicants submitting incomplete applications will be notified by email and will have 30 days to correct and/or submit all missing documents. After 30 days, the application will be withdrawn, and a portion of the application fee may be retained.**

**The following items must be provided for the application to be considered complete:**

- 1. Application fee payable to the Iowa Agricultural Development Division (IADD)**

Number of acres leased	Application fee
100 acres or less	\$300
More than 100 acres but not more than 250 acres	\$400
More than 250 acres	\$500

- 2. Asset Owner (AO) Form, page 2 OR 3 of this packet** - See page 8 of Application Instructions
- **Completed and signed**, typed or printed, for **each** separate taxpayer/owner.
  - If the Beginning Farmer is a part owner of the asset, formation articles including a list of all owners and their % of ownership must be included with the application.
- 3. Beginning Farmer (BF) Form, page 4 of this packet** - See pages 8-9 of Application Instructions
- **Completed and signed** for **each** beginning farmer (must be legible).
  - If the Beginning Farmer is an entity, formation articles including a list of all owners and their % of ownership must be included with the application.
- 4. Beginning Farmer Background Form, page 5 of this packet**
- **Completed and signed** for **each** beginning farmer.
- 5. Beginning Farmer's Financial Statement, replace page 6** - See page 9 of Application Instructions
- **Current financial statement must be prepared by financial professional.**
  - If there are multiple beginning farmers or the asset is leased by an entity a financial statement for each beginning farmer, partner, shareholder or member must be submitted.
- 6. Parent/Child Acknowledgement, page 7 of this packet**
- Completed **ONLY** if lease is between beginning farmer and his/her parents or in-laws.
- 7. 2 to 5-year cash rent, crop share or flex lease** – See pages 10-11 of the Application Instructions
- 1-year lease is not eligible.
- 8. USDA FSA 156 Form**
- Obtain from local FSA office -See page 9-10 of the Application Instructions
  - **Names/number of acres on this form MUST match details on AO/BF forms AND lease.**

**Other items may be required** – depending on unique factors of AO/BF, asset being leased, etc.

Questions: Call Steve Ferguson at 515.452.0467 or email [steve.ferguson@iowafinance.com](mailto:steve.ferguson@iowafinance.com)

**Application review will begin when ALL application materials are received. Send along with fee to:**

IADD  
PO Box 7  
Adel, IA 50003



# 2021 Beginning Farmer Tax Credit Application

## Asset Owner Form For Business Entities

<b>FOR IADD USE ONLY</b>
Project No: _____
Fee Received: _____
Date Received: _____

**To be completed if asset owner is a business entity that has its own Tax ID number:  
If none of these, skip this page and go to next page**

Asset is owned by (choose one):  C-Corp  S-Corp  LLC  Trust  Partnership

Is Beginning Farmer a part owner?  Yes  No **If Yes, formation articles including a list of all owners and their % of ownership must be included with the application.**

Name of Asset Owner \_\_\_\_\_

Asset Owner Address \_\_\_\_\_ Telephone \_\_\_\_\_

Asset Owner City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Asset Owner SSN or FEIN \_\_\_\_\_

Name of primary contact \_\_\_\_\_ Contact's Telephone \_\_\_\_\_

Contact E-mail address \_\_\_\_\_

### CERTIFICATIONS OF ASSET OWNER

In submitting this form, the undersigned Agricultural Asset Owner/s, have read the following statements and certify and agree that:

1. I currently own the asset being leased to the beginning farmer and certify that I am not at fault for terminating a prior lease consistent with Iowa Code 16.79(1) (c).
2. I am not a party to a pending administrative or judicial action relating to an alleged violation involving an animal feeding operation. I have not been classified as a habitual violator by the Dept. of Natural Resources or Attorney General.
3. The agricultural assets being leased are not rented at a rate more than 30% above the average cash rent for the county according the previous year's ISU cropland survey
4. I understand that leases cannot be subleased to another person or lease cannot be canceled until lease expires unless there is termination language outlined in the original lease.
5. I plan to retain the property for the term of the lease. I understand that the tax credit cannot be transferred or assumed by another person or entity except in the case of the death of the asset owner. The tax credit can be transferred to the trust or estate of the deceased asset owner under Iowa Code § 16.82(8)(b)

### CONFIDENTIAL RELEASE OF INFORMATION

The undersigned is an applicant or recipient of a tax credit by the Iowa Agricultural Development Division (IADD) of the Iowa Finance Authority (IFA). The undersigned hereby authorizes IFA to provide Department of Revenue information on file pertinent to this tax certificate and for the Department of Revenue to provide IFA related information.

**I certify that the above information and all attachments are correct and true to the best of my knowledge. Furthermore, I agree to adhere to all rules and regulations of the Beginning Farmer Tax Credit Program.**

**I authorize IADD to request and receive the FSA 156 form pertinent to this Application and leased asset from USDA offices.**

If form is completed by a management company or other third party, I certify that I am legally authorized to sign on behalf of the asset owner.

\_\_\_\_\_ Date \_\_\_\_\_ Signature of Asset Owner \_\_\_\_\_

\_\_\_\_\_ Title of contact \_\_\_\_\_



# 2021 Beginning Farmer Tax Credit Application

## Asset Owner Form For Individuals

<b>FOR IADD USE ONLY</b>	
Project No:	_____
Fee Received:	_____
Date Received:	_____

**To be completed if asset owner is an Individual, joint ownership or partnership (Using personal SSN) – each owner must complete this page separately:**

Name of Asset Owner: \_\_\_\_\_ Spouse\*: \_\_\_\_\_  
**Asset owner name MUST match landowner name on FSA 156 AND lease.**

Asset Owner SSN\*\*: \_\_\_\_\_ Spouse SSN: \_\_\_\_\_  
**\*\*The tax credit certificate will be issued to the Asset owner’s SSN unless otherwise requested.**

Asset Owner Address \_\_\_\_\_ Telephone \_\_\_\_\_

Asset Owner City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Percentage of Ownership: \_\_\_\_\_ %

Contact E-mail address \_\_\_\_\_

**\*List spouse if Asset Owner and Spouse file joint Iowa income tax returns. If Asset Owner and Spouse file separate Iowa income tax returns, the Spouse must complete a separate form.**

### CERTIFICATIONS OF ASSET OWNER

In submitting this form, the Agricultural Asset Owner/s, have read the following statements and certify and agree that:

1. I currently own the asset being leased to the beginning farmer and certify that I am not at fault for terminating a prior lease consistent with Iowa Code 16.79(1) (c).
2. I am not a party to a pending administrative or judicial action relating to an alleged violation involving an animal feeding operation. I have not been classified as a habitual violator by the Dept. of Natural Resources or Attorney General.
3. The agricultural assets being leased are not rented at a rate more than 30% above the average cash rent for the county according to the previous year’s ISU cropland survey.
4. I understand that leases cannot be subleased to another person or lease cannot be canceled until lease expires unless there is termination language outlined in the original lease.
5. I plan to retain the property for the term of the lease. I understand that the tax credit cannot be transferred or assumed by another person or entity except in the case of the death of the asset owner. The tax credit can be transferred to the trust or estate of the deceased asset owner under Iowa Code § 16.82(8)(b).

### CONFIDENTIAL RELEASE OF INFORMATION

The undersigned is an applicant or recipient of a tax credit by the Iowa Agricultural Development Division (IADD) of the Iowa Finance Authority (IFA). The undersigned hereby authorizes IFA to provide Department of Revenue information on file pertinent to this tax certificate and for the Department of Revenue to provide IFA related information.

**I certify that the above information and all attachments are correct and true to the best of my knowledge. Furthermore, I agree to adhere to all rules and regulations of the Beginning Farmer Tax Credit Program.**

**I authorize IADD to request and receive the FSA 156 form pertinent to this Application and leased asset from USDA offices.**

If form is completed by a management company or other third party, I certify that I am legally authorized to sign on behalf of the asset owner.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Asset Owner

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Spouse/Joint Asset Owner



## 2021 Beginning Farmer Tax Credit Application Beginning Farmer Form

To be completed by each beginning farmer on the lease.

**Beginning Farmer's Type of Business:** Check which option you will operate with this lease.

Individual    Joint    Partnership    C-Corp    S-Corp    LLC    Trust

**Legal Name ONLY if Business Entity:** \_\_\_\_\_

\*Formation articles including a list of all owners and their % of ownership must be included with the application.

\*If the beginning farmer is a partnership, family farm corporation or limited liability company all partners, shareholders or members must be residents of Iowa.

BF Name: \_\_\_\_\_ Spouse Name: \_\_\_\_\_

Address: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Email: \_\_\_\_\_

Are you related to the Asset Owner(s):    Yes    No   If Yes, explain the relationship \_\_\_\_\_

**If Asset Owner is your parent or parent-in-law, complete the Parent/Child Acknowledgement (Page 7):**

Do you own any % of the leased asset?    Yes    No   If Yes, what Percentage? \_\_\_\_\_ %

\*Formation articles including a list of all owners and their % of ownership must be included with the application.

### CERTIFICATIONS OF BEGINNING FARMER

In submitting this application, I am the Beginning Farmer, have read the following statements and certify and agree that:

1. I am providing a current financial statement and supporting sub-schedules of my assets, liabilities, and those of my spouse and/or minor children, along with a current financial statement and schedules for each company that I/we have a financial interest. All have been prepared in the last 30 days.
2. I am a permanent resident of the state of Iowa and at least 18 years old at the time of this application.
3. I have sufficient education, training, or experience for the type of farming required for this lease.
4. The leased asset shall be used only for farming by me and/or my co-applicant, and I/we will perform the labor and provide the management needed to operate the leased asset for farming and I will not sub-lease the asset to anyone else.
5. I have or will have access to adequate working capital, farm equipment, machinery and/or livestock and land needed to operate the project for farming. I also meet the net worth requirements.

### CONFIDENTIAL TAX RELEASE OF INFORMATION

The undersigned is an applicant of a tax credit by the Iowa Agricultural Development Division (IADD) of the Iowa Finance Authority (IFA). The undersigned hereby authorizes IFA to provide Department of Revenue information on file pertinent to this tax certificate and for the Department of Revenue to provide IFA related information.

**I certify that the above information and all attachments are correct and true to the best of my knowledge. Furthermore, I agree to adhere to all rules and regulations of the Beginning Farmer Tax Credit Program. I authorize IADD to request and receive information pertinent to this Application from USDA offices.**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Beginning Farmer



## Beginning Farmer Background Form

To be completed by each beginning farmer participating in the lease

Print Name of Beginning Farmer: \_\_\_\_\_

1. Describe your experience, training and/or education that will allow you to carry out this lease agreement:

2. List the name of your ag lender, the bank, describe the types of loans and line of credit you have arranged for your farming operation:

3. Explain your access to adequate machinery and equipment – do you own all the equipment you will need, or do you have arrangements to lease or trade labor for equipment?

4. Please provide any additional background information you would like to include:

\_\_\_\_\_ Date

\_\_\_\_\_ Signature of Beginning Farmer



REPLACE THIS PAGE WITH:

**BEGINNING FARMER**  
**CURRENT FINANCIAL STATEMENT**

Financial Statement needed for EACH Beginning Farmer

**READ CAREFULLY**

- MUST be less than 30 days old (must show date prepared).**
- MUST be prepared by lender or financial professional**
- MUST include beginning farmer, spouse, and minor children\***  
\*All assets of the beginning farmer's spouse and minor children MUST be included on the financial statement
- All assets MUST be valued at fair market value\***  
\*Fair market value is what a willing buyer would pay a willing seller in the locality
- Financial statement MUST include all schedule pages**
- Financial statement MUST include a machinery list\* (if applicable)**  
\*Machinery list should include year, make, model and value of all machinery

**DO YOU HAVE AN OWNERSHIP INTEREST IN AN ENTITY?**

- No, you are done.**
- Yes, see below.**

Note: A financial statement is also required of any partnership, corporation, LLC or other entity in which the beginning farmer, spouse and/or minor children has a financial interest and MUST also abide by the above criteria.

**ALL OF THE ABOVE FINANCIAL STATEMENT CRITERIA MUST BE FOLLOWED  
OR THE APPLICATION WILL BE RETURNED**

## Parent/Child Acknowledgement

**To be completed if the lease is between a beginning farmer  
and his/her parents or in-laws**

**We certify the following to be true:**

1. The beginning farmer has the education, training and/or experience for the type of farming required to operate the leased asset.
2. The beginning farmer will make all operational and managerial decisions on the property covered by the lease
3. The beginning farmer will perform the labor necessary to fulfill the lease conditions.
4. The beginning farmer has access to working capital, farm equipment, machinery and/or livestock to fulfill the conditions of the leases.
5. The beginning farmer will be responsible for all financial expenses necessary to lease and manage the property.

The undersigned is an applicant or recipient of a tax credit by the Iowa Agricultural Development Division (IADD) of the Iowa Finance Authority (IFA).

I certify that the above information and all attachments are correct and true to the best of my knowledge. Furthermore, I agree to adhere to all rules and regulations of the Beginning Farmer Tax Credit Program.

Date	Signature of Asset Owner
Date	Signature of Asset Owner
Date	Signature of Beginning Farmer
Date	Signature of Beginning Farmer
Date	Signature of Beginning Farmer

## 2021 Beginning Farmer Tax Credit (BFTC) Application Instructions

### Asset Owners

1. The asset owner cannot:
  - a. Be at fault for terminating a prior lease consistent with Iowa Code 16.79(1) (c).
  - b. Be a party to a pending administrative action, judicial action, or a contested case relating to an alleged violation involving an animal feeding operation regulated by the Iowa Department of Natural Resources.
  - c. Be classified as a habitual violator for a violation of state law involving an animal feeding operation as regulated by the Iowa Department of Natural Resources.
  - d. Terminate the lease if the beginning farmer has complied with all lease terms unless there is termination language outlined in the original lease.
  - e. Cannot participate in the program more than a total of 10 years, effective 2019 and thereafter.
2. **If the asset owner does not file taxes, please consult your tax advisor, before applying.**
3. If the asset owner is a partnership, LLC, corporation, estate, or trust:
  - a. One tax credit certificate will be issued to the federal tax id number of that entity.
  - b. The beginning farmer cannot have more than a 10% ownership interest in the leased asset. If the beginning farmer is a part owner of the leased asset, the tax credit will be reduced by the percentage of ownership the beginning farmer has in the entity. Formation articles including a list of all owners and their % of ownership must be included with the application.
  - c. The asset owner must provide documentation demonstrating that the signer of the application and lease has the legal authorization to enter into agreements on behalf of the business. Such documentation could include board minutes, power of attorney, trust documents, etc.
4. If the asset is owned by multiple individuals or by a married couple filing their taxes separately:
  - a. Each owner must complete and sign a separate “Asset Owner Form” (page 3).
5. If the asset is owned jointly by a married couple that files their Iowa income taxes jointly, only the primary taxpayer needs to complete the form.
6. **The asset owner must provide their Federal Tax Identification Number on the application.**
7. **If the lease is between a beginning farmer and his/her parents or in-laws, all parties must complete the Parent/Child Acknowledgement form:**

### Beginning Farmers

1. The beginning farmer must be at least 18 years old and a resident of the state of Iowa. **If the beginning farmer is a partnership, family farm corporation or limited liability company all partners, shareholders or members also must be residents of Iowa.**
2. If the asset is being leased by multiple beginning farmers or the beginning farmer is an entity:
  - a. Each beginning farmer, partner, shareholder or member must complete and sign a separate “Beginning Farmer Form” (page 4).
  - b. Each beginning farmer, partner, shareholder or member must submit a financial statement that abides by the criteria on the financial statement placeholder and in 3a below.
3. **Net Worth Requirement** – For **2021**, the beginning farmer’s net worth must be less than **\$686,000**.





- a. Financial Statement and Supporting Schedules - The beginning farmer must submit a professionally prepared financial statement, including all supporting schedules, showing his/her current net worth. The financial statement and schedules must:
  - 1) Be prepared within **30 days** of submitting the application (must show date prepared).
  - 2) Be completed by a financial professional: lender, CPA, FSA officer or other financial professional. The name and title of financial professional should be clearly provided.
  - 3) Include the assets and liabilities of the spouse (if married) and any minor children. All assets must be valued at fair market value. Fair market value is what a willing buyer would pay a willing seller in the locality.
  - 4) If applicable a machinery list must be included with the financial statement schedules. The machinery list should include year, make, model and value of all machinery.
- b. If the beginning farmer is also an owner in any other partnership, corporation, LLC or other entity:
  - 1) The farmer must also submit a copy of the current financial statement for that entity, which must abide by the criteria on the financial statement placeholder and in 3a above.
  - 2) Formation articles including a list of all owners and their % of ownership must be included with the application.
4. For an individual, the combined net worth of the individual and spouse and minor children cannot be greater than the Net Worth Requirement.
5. For a partnership, the combined net worth of all partners, including each partner's net capital in the partnership, and each partner's spouse and minor children cannot be greater than twice (2x) the Net Worth Requirement. However, the net worth of each partner, including that partner's spouse and minor children, also cannot exceed the Net Worth Requirement.
6. For a family farm corporation, the combined net worth of all shareholders, including each shareholder's net capital in the partnership, and each shareholder's spouse and minor children cannot be greater than twice (2x) the Net Worth Requirement. However, the net worth of each shareholder, including that shareholder's spouse and minor children, also cannot exceed the Net Worth Requirement.
7. For a family farm limited liability company, the combined net worth of all members, including each member's net capital in the LLC, and each member's spouse and minor children cannot be greater than twice (2x) the Net Worth Requirement. However, the net worth of each member, including that member's spouse and minor children, also cannot exceed the Net Worth Requirement.
8. The beginning farmer must perform the duties required to operate the asset according to the lease. The beginning farmer cannot sub-lease to any other person or entity.
9. If the beginning farmer is found to be in violation of these requirements, a tax credit will not be issued, and the matter will be referred to the Iowa Department of Revenue for potential administrative action or judicial enforcement.
10. Once a BFTC application is approved, the beginning farmer does not need to re-qualify during the term of the lease.

### FSA 156 Form

1. Submit an FSA 156 form for the leased acres. The form must meet the following requirements:
  - a. Be issued for the current crop year
  - b. Land - The land description shown on the FSA 156 form must match the lease in terms of: county, number of tillable acres (effective DCP Cropland acres that exclude CRP acres), and legal description.



- c. Asset Owner - The asset owner on the FSA 156 form must match the lease and application. If the FSA 156 form shows that different tracts of land are owned by different taxpayers or owner combinations, separate applications will most likely be required. Please call before submitting your application if you have questions.
  - d. Beginning Farmer - The beginning farmer must be listed as the Operator or Other Producer on the FSA 156 form.
  - e. If there are additional Operators/Other Producers listed on the 156 Form, provide an explanation of the other producer's current or past involvement on the farm. Specifically, state whether the other producer is helping with the leased acres.
2. If Asset Owner does not participate in USDA programs and is not able to produce a current FSA 156 form, proof of ownership, and number of acres owned will be required.

## Lease Requirements

1. Submit a written lease with a term of 2-5 years signed by all parties (owners and tenants). The lease must:
  - a. Be current and specify the Asset owner and tenant (**names on the lease must match those on the application and the current year's FSA 156 form – including any spouses listed**).
  - b. List the agricultural assets involved with the lease, the county and legal description of the property, the volume of the lease (i.e., number of acres and/or pieces of equipment).
  - c. Include payment terms with the lease (i.e., dates, amounts or percentages).
2. The term of the lease must be a minimum of 2 years but not more than 5 years with starting and ending dates noted. The start date of a lease must be prior to planting, and the lease end date must be post-harvest.
3. **Cash rent leases** - The amount of cash rent does not have to remain the same for the entire term of the lease, but the actual cash rents must be specified in the lease agreement for each year. The rent cannot be more than 30% above the average cash rent for the county according to the most recent ISU cropland survey. A list of maximum rents is available on our website.
4. **Crop share leases** - do not have to be the traditional 50/50 crop split.
5. **Flex leases** – Most flex leases will have a base cash rent along with a potential bonus. Depending on the variable factors used to calculate the flex bonus, the following factors will need to be addressed in the lease:
  - a. Variable threshold amount that will initiate a flex bonus.
  - b. Acres will be split with ½ corn and ½ beans unless lease states differently.
  - c. Previous 10-year county average yields/acre for corn and soybeans and 5-year average state prices will be used to calculate gross income unless lease states differently.
6. Upon expiration of the lease, the asset owner and beginning farmer may re-apply. Any taxpayer may only receive tax credits for a maximum of 10 years, beginning with 2019 applications.
7. A beginning farmer may have a lease with a family member.
8. **Eligible agricultural assets:**
  - a. All leases must include agricultural land. They may also include buildings, machinery or equipment used for farming purposes.
  - b. The agricultural assets involved with the lease must be located in the state of Iowa.

## 9. Ineligible assets:

- a. The rental of a rural residence or subleased assets is not permitted. If a residence is part of the lease agreement, the lease value of the residence must be clearly identified so it can be excluded from tax credit calculations.
- b. The rental of farmland that is enrolled in CRP is not permitted. If CRP land is part of the lease agreement, the lease value of the CRP ground must be clearly identified so it can be excluded from tax credit calculations.

## Changes to the Lease

1. Modifications to the original lease are only allowed if:
  - a. The name of the asset owner or beginning farmer has changed.
  - b. The Asset Owner died, and the asset has been transferred to an estate or trust.
  - c. Amended lease terms are beneficial for the beginning farmer tenant.
2. An IADD "Request to Adjust Lease Terms or Conditions" must be submitted within 30 days of the date of any amendment.

## Lease Termination

1. The beginning farmer may terminate the lease.
2. An asset owner may terminate a lease only as outlined in the original lease agreement.
3. The asset owner **and** beginning farmer must notify IFA within 30 days of the date of termination.
4. If the taxpayer is determined to be at fault for the termination, the landowner will lose the tax credit issued for the year of the termination.
5. If IFA determines the asset owner is not at fault for the termination, tax credits for the current year are allowed.

## Tax Credits

1. **Only the asset owner receives the tax credit. Beginning farmers do not receive a tax credit.**
2. A non-transferable tax credit certificate will be issued by January 15 of each crop year during the term of the lease. If the agricultural asset owner is a partnership, LLC, corporation, estate, or trust, only one tax credit certificate will be issued for the entity.
3. If the tax credit exceeds the amount of Iowa State income taxes owed, excess credits can be carried forward for up to 10 years.
4. If starting date of lease is prior to the year application is received, asset owner will only receive tax credits for the remaining years of the lease and there must be at least two years remaining on the lease.
5. If an agricultural asset owner has multiple leases with qualified beginning farmers, they will receive one tax credit certificate that consolidates all the respective lease tax credit amounts.
6. A taxpayer may not receive more than \$50,000 in tax credits for any one year.
7. **Cash Rent Lease** -The asset owner will receive a tax credit equal to 5% of the rental income received.

**Cash Rent Example** – A farmer leases 160 acres of crop ground at \$200 an acre for a total of \$32,000 in gross rental income. The tax credit is  $\$32,000 \times 5.00\% = \$1,600$ .

## 8. Crop Share Lease

- a. The asset owner will receive a tax credit equal to 15% of the owner's share of the crop, which will be calculated by a formula based on the 10-year average for yields in the relevant county and 5-year average price for the grain harvested.
  - 1) All tax credit calculations for a corn/soybean rotation will be completed with 1/2 of the acres allocated to corn and 1/2 of the acres allocated to soybeans (unless the lease clearly states specific crop acres) using the respective county's 10-year average corn and soybean yield data and 5-year average RMA Iowa corn and soybean prices.
    - a) This information will be posted on the IADD website.
    - b) If farmland is in multiple counties, the tax credit will be calculated using the acres and average yields for each of the respective counties.

***Crop Share Lease Example – A farmer leases 160 acres of crop ground on a 50/50 share basis with ½ acres allocated to corn and ½ to soybeans.***

<b>Crop Share</b>	<b>Corn</b>	<b>Soybeans</b>	<b>Total</b>
<b>Acres</b>	80 acres	80 acres	160 acres
<b>Yield Calculation</b>	167 bu/acre = 13,360 bushels	48 bu/acre = 3,840 bushels	17,200 bushels
<b>Price</b>	\$3.56 /bu = \$47,561.60	\$8.57 /bu = \$32,908.80	\$80,470.40
<b>Owner's Share</b>	50% = \$23,780.80	50% = \$16,454.40	\$40,235.20
<b>Owner's Tax Credit</b>	15% = \$3,567.12	15% = \$2,468.16	<b>\$6,035.28</b>

## 9. Flex leases

- a. Asset owner will receive 5% on base cash rent
- b. Asset owner will receive 15 % on flex bonus amount that is calculated as follows:
  - 1) Acres will be split with ½ corn and ½ beans unless lease states differently.
  - 2) Compare 10-year county average yields to threshold yields where asset owner will potentially receive additional farm income.
  - 3) 5-year average RMA Iowa corn and soybean prices.
  - 4) Flex bonus will be issued if the 10-year county average yield is more than the threshold yield.

***Flex Lease Example – A farmer leases 160 acres of crop ground with \$200/acre cash rent base and a flex bonus if the corn yield exceeds 174.4 bu/acre and the soybean yield exceeds 55 bu/acre allocating ½ of the acres to corn and ½ to soybeans.***

Cash rent – 160 acres cash rent at \$200 per acre X 5% = \$1,600

County Average Yield	Threshold Yield	Bonus Available For Tax Credit	15% Tax Credit
Corn = 185 bu	Corn = 174.4	10.6 bu @ \$3.56 on 80 acres	\$452.83
Soybeans = 53.7 bu	Soybeans = 55	No bu @ \$8.57 on 80 acres	\$0

Total Flex Bonus Tax Credit = \$452.83

**Total Iowa Tax Credit = \$2,052.83**