



## 2024 Beginning Farmer Tax Credit Application Checklist

1. **2024 Applications will be accepted until August 1, 2024, or until all the 2024 tax credit allocation has been awarded, whichever comes first.**
2. **2024 Maximum Net Worth is \$833,000.** For other beginning farmer eligibility, see pages 10-11.
3. **Completed applications will be processed on a first come/first completed basis.** Application review will begin once ALL required application materials are received.
4. **ALL correspondence for the BFTC Program is done through email.** Please save [BFTC@iowafinance.com](mailto:BFTC@iowafinance.com) to your address book and watch for emails regarding your application.
5. **Applicants will be notified by email if there are missing documents and/or necessary changes.** Applicants will have 30 days to correct and/or submit all missing information or changes. After 30 days, the application will be withdrawn, and a portion of the application fee may be retained.
6. Please send completed applications, along with a check for the application fee, to the below address:  
**Iowa Agricultural Development Division (IADD)**  
**1963 Bell Ave. Suite 200**  
**Des Moines, IA 50315**
7. Contact the IADD office by Email: [BFTC@IowaFinance.com](mailto:BFTC@IowaFinance.com) or Phone: 515-452-0467 if you have any questions.
8. **2025 Applications:** Applications for leases that begin in 2025 are required to use the 2025 Application forms which are not posted until January 2025. Do not submit applications before January 2025.

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

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

Acres	2-year lease	3-year lease	4-year lease	5-year lease
100 or Less	\$300	\$350	\$400	\$450
101 to 250	\$400	\$450	\$500	\$550
251 or More	\$500	\$550	\$600	\$650

2. **Asset Owner (AO) Form - page 2 OR 3 of this packet** - See page 11 of Application Instructions
- Completed and signed for **each** separate taxpayer/owner (must be legible).
  - 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 11-12 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 6 & 12 of Application Instructions
6. **2 to 5-year Lease - replace page 7** – See page 7 & 12-13 of the Application Instructions
7. **USDA FSA 156 Form - replace page 8** – See page 8-9 & 13-14 of the Application Instructions
- Obtain from local FSA office.
8. **Parent/Child Acknowledgement, page 10 of this packet**
- Completed **ONLY** if lease is between beginning farmer and his/her parents or in-laws.
9. **Other Items** – Additional items may be required depending on unique factors of AO/BF, asset being leased, etc. Please see Application Instruction pages for additional items needed.



# 2024 Beginning Farmer Tax Credit Application

## ASSET OWNER FORM For Business Entities

FOR IADD USE ONLY	
Project No:	_____
Fee Received:	_____
Date Received:	_____

**To be completed if Asset Owner is a business entity that has its own Tax ID number:**

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

Is the Beginning Farmer a part owner?  Yes\*  No If Yes, what Percentage? \_\_\_\_\_%

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

Asset Owner Entity Name: \_\_\_\_\_

Asset Owner Address: \_\_\_\_\_ Phone: \_\_\_\_\_

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

Asset Owner SSN or FEIN: \_\_\_\_\_ Percentage of Ownership: \_\_\_\_\_%

Name of primary contact: \_\_\_\_\_ Title: \_\_\_\_\_

Contact Phone: \_\_\_\_\_ Contact E-mail address: \*

\*ALL Correspondence for the BFTC Program is done through email. Please save [BFTC@IowaFinance.com](mailto:BFTC@IowaFinance.com) to your safe list and watch for emails regarding the status and/or information related to your application.

### 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 the Iowa Department of Revenue (IDR) information to access tax incentive information pertinent to the responsibilities of IDR, including but not limited to information IDR is required to report to the Iowa General Assembly and information required to process tax incentive claims. The undersigned hereby authorizes IDR 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, trustee, or other third party, I certify that I am legally authorized to sign on behalf of the asset owner (Please provide power of attorney or authorization document).

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Title



# 2024 Beginning Farmer Tax Credit Application

## ASSET OWNER FORM For Individuals (using personal SSN)

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

**If more than one owner, EACH OWNER MUST COMPLETE THIS PAGE SEPARATELY**

Asset Owner Name: \_\_\_\_\_

*\*Asset Owner Name(s) MUST match Owner name on 156 Form and Lease.*

List spouse below if Asset Owner and Spouse own the asset jointly and file joint Iowa income tax returns. If Asset Owner and Spouse file separate Iowa income tax returns, the Spouse MUST COMPLETE A SEPARATE FORM.

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

Asset Owner Address: \_\_\_\_\_ Phone: \_\_\_\_\_

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

Asset Owner SSN: \_\_\_\_\_ Percentage of Ownership: \_\_\_\_\_ %

E-mail address: \*

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### 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 the Iowa Department of Revenue (IDR) information to access tax incentive information pertinent to the responsibilities of IDR, including but not limited to information IDR is required to report to the Iowa General Assembly and information required to process tax incentive claims. The undersigned hereby authorizes IDR 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, trustee, or other third party, I certify that I am legally authorized to sign on behalf of the asset owner *(Please provide power of attorney or authorization document).*

\_\_\_\_\_ Date

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

\_\_\_\_\_ Date

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



# 2024 Beginning Farmer Tax Credit Application

## BEGINNING FARMER FORM

**MUST be completed by EACH Beginning Farmer on the lease.**

**Beginning Farmer's Type of Business:** Check which option you are using to operate *this* lease.

Individual    Joint    Partnership    C-Corp    S-Corp    LLC    Trust

Legal Name (For Business Entities ONLY) \*\*: \_\_\_\_\_

*\*\*If operating as a business, 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.*

Beginning Farmer Name: \_\_\_\_\_ Age: \_\_\_\_\_

Spouse Name: \_\_\_\_\_ Age: \_\_\_\_\_

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

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

Email\*\*:

**\*\*ALL Correspondence for the BFTC Program is done through email, please save [BFTC@IowaFinance.com](mailto:BFTC@IowaFinance.com) to your safe list and watch for emails from this mailbox for the status of, or any needed items for, your application.**

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 9)*

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 (with current real estate values), liabilities, and those of my spouse and/or minor children, along with a current financial statement and schedules for each entity that I/we have a financial interest. All have been prepared in the last 30 days and my net worth is below the maximum.
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.

### CONFIDENTIAL TAX 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 the Iowa Department of Revenue (IDR) information to access tax incentive information pertinent to the responsibilities of IDR, including but not limited to information IDR is required to report to the Iowa General Assembly and information required to process tax incentive claims. The undersigned hereby authorizes IDR 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 and the bank, then describe the types of loans and/or 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:

**THE BEGINNING FARMER'S  
CURRENT FINANCIAL STATEMENT**

A Financial Statement is required for EACH Beginning Farmer.

**READ CAREFULLY**

- MUST be less than 30 days old (must show the date prepared)**
- MUST be prepared by lender or financial professional**
- 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
- MUST include the 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 (including land) MUST be valued at fair market value\***  
\*Fair market value is what a willing buyer would pay a willing seller in the locality

**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 in and MUST also abide by the above criteria.

**ALL OF THE ABOVE FINANCIAL STATEMENT CRITERIA MUST BE FOLLOWED  
OR THE APPLICATION WILL NOT BE CONSIDERED COMPLETE**



**REPLACE THIS PAGE WITH:**  
**2 TO 5 YEAR**  
**CASH RENT, CROP SHARE, OR FLEX LEASE**

**READ CAREFULLY**

- The lease MUST be current and 2-5 years in length**
- The lease MUST include a start and end date.**
  - \*Lease start and end date MUST be listed. The start date of the lease must be prior to planting and the lease end date must be post-harvest.
- NAMES: The lease MUST specify the Asset Owner and Beginning Farmer**
  - \*Names on the lease MUST match the names on the FSA 156 Form and AO/BF applications – *only include a spouse if they are listed as a joint owner on the FSA 156 form.*
- AGRICULTURAL ASSETS: The lease MUST list the agricultural assets involved with the lease**
  - \*I.E., number of acres, facilities and/or pieces of equipment
  - \*The agricultural assets associated with the lease MUST be located in the state of Iowa
- LAND DESCRIPTION: The lease MUST include the County, number of tillable acres, and legal description matching the FSA 156 Form.**
  - \*Include farm number(s) and tract number(s) matching the FSA 156 Form
- PAYMENT TERMS: Lease MUST include payment terms**
  - \*I.E., dates, amounts or percentages
- LEASE TYPE: Lease can be CASH RENT, CROP SHARE OR A FLEX LEASE\***
  - \*CASH RENT LEASES**
    - Do not have to have the same cash rent amount for each year, but the actual cash rent for each year MUST be specified in the lease agreement
    - 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.*
  - \*CROP SHARE LEASES**
    - Do not have to be the traditional 50/50 crop split.
  - \*FLEX LEASES.**
    - Most flex leases will have a base cash rent along with a potential bonus
    - The variable threshold amount that will initiate a flex bonus must be in the lease
    - If flex lease has variable factors that prevent IADD from calculating the Flex Bonus portion of the lease, complete the “Acknowledgement to Forfeit Flex Lease Bonus” form available on our website

**Ineligible assets:**

The rental of a rural residence, subleased assets, or farmland enrolled in CRP is not permitted. If any of the above are a factor on a lease, the lease value must be clearly identified so it can be excluded from tax credit calculations.

**ALL OF THE ABOVE LEASE CRITERIA MUST BE FOLLOWED  
OR THE APPLICATION WILL NOT BE CONSIDERED COMPLETE**



## REPLACE THIS PAGE WITH:

### **FSA 156 FORM**

**FSA 156 form is required for EACH Farm Number included in the lease.**  
See next page for a sample FSA 156 Form.

### **READ CAREFULLY**

- DATE:** The 156 Form **MUST** be issued for the current crop year
- LAND DESCRIPTION:** The 156 Form **MUST** match the land description in the lease.  
\*Make sure the County, number of tillable acres (effective DCP Cropland acres that *exclude* CRP acres), and legal description match.
- ASSET OWNER NAME:** The Asset Owner name **MUST** match the name on the lease and AO 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.
- BEGINNING FARMER NAME:** The Beginning Farmer **MUST** be listed as Operator or Other Producer and match the name(s) on the lease and BF application
- Other Producer/Operator:** 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.
- If Asset Owner does not participate in USDA programs and is not able to produce a current FSA 156 form, proof of ownership and the number of acres owned will be required.**

**ALL OF THE ABOVE FSA 156 CRITERIA MUST BE FOLLOWED  
OR THE APPLICATION WILL NOT BE CONSIDERED COMPLETE**



## 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



## 2024 Beginning Farmer Tax Credit (BFTC) Application Checklist and 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 15 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 (page 9).**
8. If the asset owner 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.

### 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 (page 6) and in 3a below.
3. **Net Worth Maximum** – For **2024**, the beginning farmer's net worth must be less than **\$833,000**.
  - 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 (page 6) 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 Maximum.
5. For a partnership, family farm corporation or family farm limited liability company, the combined net worth of all partners, shareholders, or members, including each partner, shareholder or member's net capital in the partnership, corporation or limited liability company, and each partner, shareholder or member's spouse and minor children cannot be greater than twice (2x) the Net Worth Maximum. However, the net worth of each partner, shareholder, or member, including that partner, shareholder or member's spouse and minor children, also cannot exceed the Net Worth Maximum.
6. 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.
7. 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.
8. Once a BFTC application is approved, the beginning farmer does not need to re-qualify during the term of the lease.

## 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 and list the **starting and ending dates**. 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  $\frac{1}{2}$  corn and  $\frac{1}{2}$  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.
  - d. If flex lease has variable factors that prevent IADD from calculating the Flex Bonus portion of the lease, complete the “Acknowledgement to Forfeit Flex Lease Bonus” form available on our website.
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 15 years, beginning with 2019 applications.
7. A beginning farmer may have a lease with a family member.
8. **Eligible agricultural assets:**
  - a. Leases may include agricultural land, machinery, equipment, buildings and/or livestock used for farming purposes.
    - 1) Leases for buildings cannot have variable factors tied to livestock production, they must have an annual cash rent rate for the building, whether it is occupied the entire year or not.
  - 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.

## **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. The beginning farmer name MUST match the lease and beginning farmer application.
  - 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.

## 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 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. A taxpayer may not receive more than a \$50,000 annual tax credit for any one application.
6. All tax credits will be rounded to the nearest dollar.
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.**

Crop Share	Corn	Soybeans	Total
Acres	80 acres	80 acres	160 acres
Yield Calculation	167 bu/acre = 13,360 bushels	48 bu/acre = 3,840 bushels	17,200 bushels
Price	\$3.56 /bu = \$47,561.60	\$8.57 /bu = \$32,908.80	\$80,470.40
Owner's Share	50% = \$23,780.80	50% = \$16,454.40	\$40,235.20
Owner's Tax Credit	15% = \$3,567.12	15% = \$2,468.16	<b>\$6,035</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 = \$2,053**