

**25—6.1 (175) Definitions.**

“*Agricultural asset*” means agricultural land, agricultural improvements or depreciable agricultural property used for farming purposes. “Farming” is defined by Iowa Code section 175.2(10).

“*Agricultural asset transfer agreement*” means any commonly accepted written agreement which specifies the terms of the transfer of operation of the agricultural asset. This may be made on a cash basis or a commodity share basis.

“*Agricultural improvements*” means any improvements, buildings, structures or fixtures suitable for use in farming which are located on agricultural land. “Agricultural improvements” includes a single-family dwelling located on agricultural land which is or will be occupied by the beginning farmer and structures attached to or incidental to the use of the building.

“*Agricultural land*” means land suitable for use in farming and which is or will be operated as a farm.

“*Application*” means a completed instrument with all of the information required by rule 25—6.3(175). The time of application is when a completed application from all parties is received by the authority.

“*Cash basis agreement*” means an agreement whereby operation of the agricultural asset is transferred via a fixed cash payment per annum.

“*Commodity share basis*” means an agreement whereby operation of the agricultural asset is transferred via a risk-sharing mechanism, whereby the agricultural asset owner receives a portion of the production and payment for use of the agricultural asset.

“*Depreciable agricultural property*” means personal property suitable for use in farming for which an income tax deduction for depreciation or cost recovery is allowable in computing federal income tax under the Internal Revenue Code and which is eligible for the beginning farmer tax credit.

“*Eligible applicant*” means an individual who has a net worth of less than \$300,000 and who satisfies all of the criteria contained in 2006 Iowa Acts, Senate File 2268, and provisions of these rules relating to recipient eligibility, and who operates or will operate a farm.

“*Farm*” means a farming enterprise which is recognized in the community as a farm rather than a rural residence.

“*Taxpayer*” means a person or entity who may acquire or otherwise obtain or lease agricultural land in the state pursuant to Iowa Code chapter 9H or 9I. An individual may claim a tax credit of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed shall be based upon the pro-rata share of the individual earnings from the partnership, limited liability company, S corporation, estate, or trust. A taxpayer must also meet the requirement of 2006 Iowa Acts, Senate File 2268, section 2.

“*Total assets*” shall include but not be limited to the following: cash; crops or feed on hand; livestock held for sale; breeding stock; marketable bonds and securities; securities (not readily marketable); accounts receivable; notes receivable; cash invested in growing crops; net cash value of life insurance; machinery, equipment, cars and trucks; farm and other real estate including life estates

and personal residence; value of beneficial interest in a trust; government payments or grants; any other assets.

“Total assets” shall not include items used for personal, family or household purposes by the applicant; but in no event shall any property be excluded, to the extent a deduction for depreciation is allowable for federal income tax purposes. All assets shall be valued at fair market value by the applicant. The value shall be what a willing buyer would pay a willing seller in the locality. A deduction of 10 percent may be made from fair market value of farm and other real estate. The applicant should complete the financial statement disregarding this deduction and the authority will make the appropriate adjustments to the statement.

“*Total liabilities*” shall include but not be limited to the following: accounts payable; notes or other indebtedness owed to any source; taxes; rent; amount owed on real estate contracts or real estate mortgages; judgments; accrued interest payable; any other liabilities.

Liabilities shall be determined on the basis of generally accepted accounting principles.

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