

HB660 INTRODUCED



1 HB660
2 6Y97C13-1
3 By Representatives Gray, Forte, Lands, Warren, Chestnut,
4 Jackson
5 RFD: Ways and Means General Fund
6 First Read: 31-Mar-26



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SYNOPSIS:

This bill would establish the Beginning Farmer and Succession Continuity Act to establish financial incentives, support, and credit assistance to facilitate the transfer of farmland to resident beginning farmers.

This bill would provide succession planning services, tax credits for sale or long-term lease to qualified beginning farmers, and state-backed loan guarantees.

This bill would require the Department of Agriculture and Industries to provide a report to the Governor and Legislature detailing program results.

This bill would establish the Beginning Farmer Assistance Fund in the State Treasury to be used by the department to administer the program.

A BILL
TO BE ENTITLED
AN ACT

Relating to commerce; to establish the Beginning Farmer and Succession Continuity Act; to provide definitions; to establish a refundable income tax credit to an owner for the



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29 sale or long-term lease of agricultural land to a qualified
30 beginning farmer; to require the Department of Agriculture and
31 Industries to guarantee loans for beginning farmers; to
32 establish the Beginning Farmer Assistance Fund in the State
33 Treasury; to create an online registry for the transfer of
34 agricultural land; to allow program participants to be
35 audited; and to establish penalties for noncompliance with
36 program requirements.

37 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

38 Section 1. This act shall be known and may be cited as
39 the Beginning Farmer and Succession Continuity Act.

40 Section 2. It is the intent of the Legislature to
41 support the transfer of farmland to beginning farmers to
42 preserve generational farming.

43 Section 3. For the purposes of this act, the following
44 terms have the following meanings:

45 (1) BEGINNING FARMER. An individual with less than 10
46 years of farming experience and an estimated net worth below
47 one million dollars (\$1,000,000), excluding the primary
48 residence of the individual who will materially participate in
49 farm management.

50 (2) DEPARTMENT. Alabama Department of Agriculture and
51 Industries.

52 Section 4. (a) A refundable income tax credit may be
53 claimed by a taxpayer who is an owner that sells or provides a
54 long-term lease of agricultural land to a beginning farmer,
55 provided that the land must remain in agricultural use for
56 five years after the land transfer.



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57 (b) A taxpayer may claim a credit in an amount equal to
58 10 percent of the amount of the sale price or annual lease
59 price of the land, not to exceed two hundred thousand dollars
60 (\$200,000).

61 (c) The income tax credit authorized by this act is
62 limited to an aggregate amount for all taxpayers of two
63 million dollars (\$2,000,000) annually.

64 (d) The income tax credit is nontransferable and may be
65 carried forward for up to five years.

66 (e) A taxpayer shall not claim this income tax credit
67 for more than three tax years.

68 (f) The income tax credit allowed under this section
69 may be claimed beginning with the 2027 tax year and may not be
70 claimed for tax years after the 2031 tax year, except for tax
71 credits carried forward as provided in subsection (d).

72 (g) The Alabama Department of Revenue may adopt rules
73 for the implementation and administration of this section.

74 Section 5. (a) The Beginning Farmer Assistance Fund is
75 established in the State Treasury from which the department
76 shall administer the program. The fund shall consist of any
77 monies appropriated by the Legislature and any voluntary
78 contributions, gifts, and grants.

79 (b) Monies deposited into the fund shall be disbursed
80 only upon warrants of the Comptroller drawn upon the State
81 Treasury on itemized vouchers approved by the commissioner. No
82 monies shall be withdrawn or expended except as budgeted and
83 allocated according to Article 4 of Chapter 4 and Chapter 19
84 of Title 41, Code of Alabama 1975, and only in amounts as



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85 stipulated in the general appropriations act, other
86 appropriations acts, or this section. At the end of each
87 fiscal year, any unencumbered balance shall not revert to the
88 State General Fund under Section 41-4-93, Code of Alabama
89 1975.

90 Section 6. (a) The department may guarantee up to 75
91 percent of the principal of loans for qualifying beginning
92 farmers to purchase or enter into a lease on agricultural land
93 in the state from any funds appropriated to the fund or
94 otherwise made available for such purpose. The loan guarantee
95 shall not create a new debt against the state.

96 (b) The department shall establish rules for
97 application procedures, documentation requirements, and
98 qualifying loans.

99 (c) The department may contract with extension services
100 and nonprofits to provide estate and transition planning
101 assistance to beginning farmers.

102 Section 7. The department shall maintain a voluntary
103 online registry to match retiring farmers with beginning
104 farmers.

105 Section 8. The department shall deliver an annual
106 report to the Governor, the President Pro Tempore of the
107 Senate, the Senate Minority Leader, the Speaker of the House
108 of Representatives, and the House Minority Leader detailing
109 the following:

110 (1) The amount of acres transitioned to beginning
111 farmers.

112 (2) The amount of credits claimed by beginning farmers.



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113 (3) Guarantees and default rates on loans issued to
114 beginning farmers.

115 Section 9. (a) The department, the Alabama Department
116 of Revenue, the State Auditor, and the Attorney General may
117 audit any recipients of tax credits, loan guarantees, or other
118 support under this act.

119 (b) Participants claiming tax credits or receiving loan
120 guarantees shall retain required documents proving eligibility
121 for participation in any programs under this act for not less
122 than seven years following the final year in which the
123 participant receives any benefits under this act.

124 (c) The Alabama Department of Revenue shall verify the
125 following:

126 (1) That transferred land remains in agricultural use
127 for the required period of time.

128 (2) That holding requirements are satisfied.

129 (3) That beginning farmers maintain compliance with all
130 eligibility requirements during the required period.

131 (d) If agricultural land subject to a tax credit is
132 sold, converted to nonagricultural use, or transferred to a
133 nonqualified purchaser within five years of being sold or
134 transferred to a beginning farmer:

135 (1) The full tax credit amount shall be repaid to the
136 state by the beginning farmer;

137 (2) Interest shall accrue from the date the original
138 credit was issued; and

139 (3) The Alabama Department of Revenue may assess
140 additional penalties on the beginning farmer.



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141 (e) The department shall monitor guaranteed loans and
142 may require annual certification of continued eligibility.

143 Section 10. This act shall become effective
144 immediately.