



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB5506

Introduced 2/13/2026, by Rep. Sonya M. Harper

SYNOPSIS AS INTRODUCED:

35 ILCS 5/246 new

Amends the Illinois Income Tax Act. Creates an income tax credit for an owner of an agricultural asset that sells or rents that agricultural asset to a beginning farmer. Sets forth the amount of the credit. Creates an income tax credit for a beginning farmer who participates in a financial management program approved by the Department of Agriculture. Effective immediately.

LRB104 17478 HLH 30904 b

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Income Tax Act is amended by
5 adding Sections 246 and 247 as follows:

6 (35 ILCS 5/246 new)

7 Sec. 246. Beginning farmer tax credits.

8 (a) As used in this Section:

9 "Agricultural asset" means agricultural land, livestock,
10 facilities, buildings, and machinery used for farming in
11 Illinois.

12 "Beginning farmer" means an individual who:

13 (1) is a resident of Illinois;

14 (2) is seeking entry into farming or has entered into
15 farming within the 10 years immediately preceding the
16 taxable year for which the credit under this Section is
17 awarded;

18 (3) intends to farm land located in the State;

19 (4) except as otherwise provided, is not a family
20 member of the owner of the agricultural asset giving rise
21 to the credit under this Section or the spouse of a family
22 member of the owner of the agricultural asset giving rise
23 to the credit under this Section;

1 (5) except as otherwise provided, is not a family
2 member of a partner, member, shareholder, or trustee of
3 the owner of the agricultural asset giving rise to the
4 credit under this Section or the spouse of a family member
5 of a partner, member, shareholder, or trustee of the owner
6 of the agricultural asset giving rise to the credit under
7 this Section; and

8 (6) meets the following eligibility requirements, as
9 determined by the Department:

10 (A) the person has a total net worth, including
11 assets and liabilities of the borrower's spouse and
12 dependents, of less than \$1,700,000;

13 (B) the person provides the majority of the
14 day-to-day physical labor and management of the farm;

15 (C) the person has, in the judgment of the
16 Department, adequate farming experience or
17 demonstrates knowledge in the type of farming for
18 which the person seeks assistance under this Section;

19 (D) the person demonstrates to the Department a
20 profit potential by submitting projected earnings
21 statements;

22 (E) the person asserts to the satisfaction of the
23 Department that farming will be a significant source
24 of income for the person;

25 (F) the person is enrolled in or has completed
26 within 10 years of the person's first year of farming a

1 financial management program approved by the
2 Department; and

3 (G) the person has other qualifications as
4 specified by the Department.

5 "Department" means the Department of Agriculture.

6 (b) For taxable years beginning on or after January 1,
7 2027, an owner of an agricultural asset may apply to the
8 Department for a credit against the tax imposed under
9 subsections (a) and (b) of Section 201 in connection with the
10 sale or rental of an agricultural asset to a beginning farmer.

11 A qualifying rental agreement includes cash rent of
12 agricultural assets or a share rent agreement. The
13 agricultural asset must be rented at prevailing community
14 rates as determined by the Department. The amount of the
15 credit shall be equal to:

16 (1) 8% of the lesser of the selling price or the fair
17 market value of the agricultural asset, up to a maximum of
18 \$50,000;

19 (2) 10% of the gross rental income from the
20 agricultural asset in each of the first, second, and third
21 years of a rental agreement, up to a maximum of \$7,000 per
22 year; or

23 (3) 15% of the cash equivalent of the gross rental
24 income in each of the first, second, and third years of a
25 share rent agreement, up to a maximum of \$10,000 per year.

26 (c) For taxable years beginning on or after January 1,

1 2027, a beginning farmer may take a credit against the tax
2 imposed under subsections (a) and (b) of Section 201 for
3 participating in a financial management program approved by
4 the Department. The credit shall be in an amount equal to 100%
5 of the amount paid for participating in the program, not to
6 exceed \$1,500 per year. The credit is available for up to 3
7 years while the farmer is in the program. The Department shall
8 maintain a list of approved financial management programs and
9 establish a procedure for approving equivalent programs that
10 are not on the list.

11 (d) The credits under this Section are exempt from the
12 provisions of Section 250.

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.