REVENUE CORRESPONDENCE:

Homesteads:

Agricultural, Special Agricultural, Fractional, and Trust-Held Properties

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Please understand that all answers are based on the specific question asked. If any of the facts of the situation change, our opinion will be subject to change as well.

This document is intended to be used as a supplement to the Property Tax Administrator's Manual, *Module 4: Homesteads*.

Updated July 2024

Agricultural Homesteads

June 2, 2003

Laschwen@co.lac-qui-parle.mn.us

Dear Lori,

Thank you for your email last month regarding a farm owned by two brothers and a sister. In that email you described a situation in which three siblings own 160 acres of farmland. The sister and one of the brothers (brother #1) do not live near the farm but the other brother (brother #2) does. The son of brother #2 actively farms the land.

You asked if the ownership of the land has to be 100 percent in order to qualify for an actively farming homestead or if the actively farming homestead could be fractionalized.

I assume that the three siblings own the 160 acres in a fee simple manner (i.e. not via a family farm partnership, corporation, etc.), that the property is not occupied by one of the owners or a relative, and that the sister and brother #1 live further than four townships away from the farm.

Minnesota Statutes, section 273.124, subdivision 14, paragraph (b), item (i), specifies the requirements for an actively farming homestead. The paragraph states (italics added) the following:

> "Agricultural property consisting of at least 40 acres shall be classified as the owner's homestead, *to the same extent as other agricultural homestead property*, if all of the following criteria are met:…."

The answer is that the actively farming homestead should be fractionalized as would be the situation in a non-actively farming homestead scenario. Fractional agricultural homesteads are allowed in situations qualifying for actively farming homesteads.

If all of the following four requirements are met, then a partial actively farming homestead could be granted to the interest in the property that brother #2 has but the remainder of the property, which is owned by the sister and brother #1, should be classified as agricultural nonhomestead.

1. Son of brother #2 is actively farming the property.
2. Brother #2 and his son both are Minnesota residents.
3. Neither Brother #2 nor his spouse claim another agricultural homestead in Minnesota.
4. Neither Brother #2 nor his son live further than four townships or cities from the farm.

There is no potential for a relative agricultural homestead since the property is not occupied. However, a full actively farming homestead on the entire land could be granted if the siblings held the property via a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm and a shareholder, member or partner met the requirements outlined in Minnesota Statutes 273.124, subdivision 14, paragraph (g). I am attaching a copy of that paragraph for your reference.

Please let me know if you have any further questions.

Sincerely,

Maureen Arnold

Enc. *(next page)*

MINNESOTA · REVENUE

March 27, 2003

Cschutz@co.chippewa.mn.us

Dear Carol,

The email you sent to John Hagen last month regarding an agricultural homestead was referred to me for reply.

In that email you described a situation in which a mother and son equally own a 240-acre farm (farm #1) together in a fee simple arrangement. They each own and, up until last year, each occupied a house on the farm and each was given their own homestead.

In addition, the son owned additional farmland (farm #2) on which homestead was extended. The son farms all the land in question and the two farms are within four townships from each other. Both the mother and the son are Minnesota residents. This past year the mother moved to farm #2. The house she vacated on farm #1 remains unused.

The following diagram summarizes the current situation.

Farm #1	Farm #2
Size: 240 Acres	Size: Unknown
Owner: Mother and Son	Owner: Son
Occupied By: Son	Occupied By: Mother
Farmer: Son	Farmer: Son

You then inquired as to how to classify the two farms, given that the mother has now moved to farm #2.

Both farms are eligible for 100 percent homesteads. Farm #1 should be classified as 50 percent owner occupied agricultural homestead and 50 percent agricultural relative homestead. Farm #2 should receive a 100 percent agricultural homestead on the land and a 100 percent residential relative homestead on the house, garage, and one acre that the mother now occupies.

Please let me know if you have any further questions.

Sincerely,
Maureen Arnold, State Program Administrator Senior
Information Education Section
651-297-7975

Property Tax Division
600 North Robert Street
St. Paul, MN 55101

Tel: 651-296-2286
Fax: 651-297-2166
TTY: Call 711 for Minnesota Relay
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June 5, 2003

Debbie Heyda
Scott County Taxation Department
Government Center
200 Fourth Avenue West
Shakopee, Minnesota 55379-1220

Dear Debbie:

Thank you for your inquiry of January 8, 2003. First, let me apologize for the delay in answering your questions. In the past year, we have experienced significant budget cuts and a turnover in staff. In addition, we have spent a great deal of time researching agricultural and actively farming homestead issues in an effort to answer our backlog of agricultural questions. This has resulted in unexpected delays in answering our correspondence. Again, please accept our apology.

In your letter you stated you were in contact with a family who was trying to handle some estate planning issues. Richard E. Mechtel owns five parcels totaling approximately 280 acres. The parcels currently have both Ag Preserve and Green Acres and are actively farmed by Richard with some help from a son. Mr. and Mrs. Mechtel are considering putting their land into a limited liability partnership between them and their twelve children. The parents would each have 48 percent interest and the children would have the remainder. In addition, the entire farm would be put into a trust with the twelve children as the beneficiaries. The Ag Preserve would remain with the land regardless of the change in ownership. The classification would remain as agricultural as long as the property is being farmed. You have asked the following questions:

1. **Do the partnership documents need to specify the partnership as a family farm partnership, partnership operating a family farm or must they incorporate?**

Answer: The partnership, no matter what the form, must be authorized to own and farm land under Minnesota Statute 500.24. I am not sure of how that is stated in ownership documents. That is a question for an attorney.

2. **How can the new partnership retain the homestead?**

Answer: I am assuming that no one occupies the land. If the partnership is authorized to own and farm land under Minnesota Statute 500.24, and a partner in the partnership actively farms the land on behalf of the partnership and meets all other requirements of 273.124, subdivision 14, paragraph (g) which states that the partner must actively farm the property, the partner who is actively farming the property is a Minnesota resident, neither the partner or their spouse claims another agricultural homestead, and the partner lives within four townships of the agricultural property that partner may be granted an actively farming homestead on the property.

(Continued…)

Debbie Heyda
June 5, 2003
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3. If the homestead is removed, would the property still qualify for Green Acres?

Answer: No. Minnesota Statute 273.111, subdivision 3, paragraph (a) is very specific. Property held by a family farm corporation may get Green Acres but a partnership may not unless the property is a nursery or greenhouse.

Sincerely,

STEPHANIE L. NYHUS, Senior Appraiser
Information and Education Section
Property Tax Division

May 19, 2003

Michelle Cote
Polk County Assessor's Office
Courthouse
612 N. Broadway
Suite 201
Crookston, Minnesota 56716-1452

Dear Michelle:

Your e-mail to John Hagen has been referred to me for reply. You have asked for our opinion on a situation you have in Polk County. The situation is as follows:

> Kevin O'Keefe currently owns a 54 acre tract in Woodside Township on which he has an agricultural homestead. In addition, he platted approximately 20 acres of undeveloped lakeshore into the 16 lot subdivision now known as Cable Lake Green Valley Addition. Thirteen of the 16 sites are sold. Mr. O'Keefe feels he should be receiving an agricultural homestead on the three remaining lots in the subdivision. You have denied agricultural homestead on these sites and have asked us if this is correct.

Yes, you are correct in denying Mr. O'Keefe's request for agricultural homestead on these sites. This is based on the following reasons:

1. The sites are not contiguous to his 54 acre parcel that is currently used as his agricultural homestead.
2. There is no agricultural use on the three lakeshore sites.

There is no possibility to extend Mr. O'Keefe's agricultural homestead to these three sites. The parcels should be classified according to their current use. If there is no current use, they should be classified according to their most likely, highest and best use.

If you have further questions, please contact our division.

Sincerely,

STEPHANIE L. NYHUS, Senior Appraiser
Information and Education Section
Property Tax Division
Phone: (651) 296-0335
e-mail: stephanie.nyhus@state.mn.us

March 23, 2005

Tom Houselog
Rock County Assessor's Office
Courthouse
P.O. Box 509
Luverne, Minnesota 56156-0537

Dear Mr. Houselog:

Your email regarding homestead classification has been referred to me for a reply. You provided the following information: A farmer owns a property that consists of 120 acres of agricultural land and a mobile home. The property has been classified as agricultural homestead. In April 2004, he transferred the title of the mobile home to his daughter. However, he still continues to occupy the mobile home. You have asked if the farmer is entitled to receive homestead on the land even though he does not own the structure. If so, is the appropriate classification a relative homestead on the structure and agricultural homestead on the land?

Since the ownership of the land and buildings are different, we would recommend that the mobile home be assessed as personal property to the daughter. It is appropriate that the structure be granted a relative homestead since the structure is occupied by a qualifying relative (her father).

The farmer is entitled to receive homestead on the land since he occupies the land, even though he does not own the structure. The answer would be the same even if he lived in a non-traditional, non-taxable structure such as a tent or an automobile. He clearly owns the land and his presence on the land meets the occupancy requirements.

You have stated that you are unsure if the owner is farming the property. We recommend that you confirm that someone is farming the property. If it is not being farmed, it does not qualify for the agricultural classification.

If you have any further questions or concerns, please contact our division.

Sincerely,

MELISA REDISKE, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6092 Fax (651) 556-3128
E-mail: melisa.rediske@state.mn.us

June 20, 2005

Dean B. Champine
Lyon County Assessor
Courthouse
607 W. Main Street
Marshall, Minnesota 56258

Dear Dean:

Your e-mail to John Hagen has been forwarded to me for reply. You have outlined the following situation. On January 25, 2005, three sons purchased some of their mother's property. You have asked if this property may be tied to the sons' homesteads for the current assessment even though the property did not officially change hands until after January 2nd. This would result in a greater homestead benefit for the mother since the value of her property exceeds $600,000 and would give the sons additional homestead benefits for the property they own.

In our opinion, the answer is yes, you may change the homestead in this case provided appropriate application is made. There are a couple of reasons for this:

1. If the property the sons purchased was non-homestead on January 2, the sons would be able to qualify for a mid-year homestead on the property. It would seem counterintuitive to have required the mother to remove the homestead on the parcels she sold to her sons for the 2005 assessment, only to have the parcels transfer ownership after January 2, and then grant the sons a mid-year homestead after the transfer for the 2005 assessment.

2. Minnesota Statute 273.124, Subdivision 9 states in part that *"…The assessor must not deny full homestead treatment to a property that is partially homesteaded on January 2 but occupied for the purpose of a full homestead on December 1 of a year…."* Even though there is currently no difference between a full year and mid-year homestead, we believe this statute allows homesteads to be "upgraded" during the year. For example, if a property that received a fractional homestead on January 2, but was later sold, and the new owners qualified for a full mid-year homestead, the assessor may grant the full homestead to the new buyers. In another example, if a property was 50% owner-occupied homestead and 50% relative homestead and the person holding the owner-occupied portion of the homestead later bought out the relative during the year, we would recommend that a mid-year 100% owner-occupied homestead be granted to the homeowner reflecting the ownership percentage change.

If you have further questions, please contact our division.

Sincerely,

STEPHANIE NYHUS, Principal Appraiser
Information and Education Section
Property Tax Division
Phone: (651) 556-6109 Fax: (651) 556-3128
E-mail: stephanie.nyhus@state.mn.us

August 17, 2005

Loren H. Benz
Wabasha County Assessor
Courthouse
625 Jefferson Avenue
Wabasha, Minnesota 55981

Dear Mr. Benz:

Thank you for your email regarding agricultural homestead. Donald and Willa are husband and wife. They live in town and are receiving a residential homestead classification on that property. Donald owned 5 other parcels of land and Willa owned one other parcel of land. Their son, Steve, lives on and receives an agricultural relative homestead on the parcel owned by his mother, Willa. Steve farms all 6 parcels of land that consisted of 500 acres. In 2004, all 6 parcels were put into a revocable trust; one parcel in Willa's revocable living trust, and the other 5 parcels in Donald's revocable living trust. However, nothing has changed. Steve is still living on Willa's one trust held parcel and he continues to farm all 6 parcels. In addition, Steve owns 3 parcels of land in his name. You question if the 6 parcels of land, which are now held under revocable living trusts, are eligible to receive the agricultural homestead classification. You also ask if the 3 parcels of land in which Steve owns are eligible for agricultural homestead classification.

To qualify for agricultural homestead classification, the property held under a trust must meet all of the following requirements:

- The grantor, a surviving spouse of the grantor, or a qualifying relative must occupy the property.
- The grantor and the qualifying relative are Minnesota residents
- Neither the grantor nor the qualifying relative claim another agricultural homestead in Minnesota
- Only one relative agricultural homestead per family.

The single parcel of land held under the mother's revocable living trust would qualify for an agricultural relative homestead provided all of the other requirements are met.

However, the 5 parcels of land held under the father's revocable trust and the 3 parcels of land owned by the son, Steve, are not eligible for agricultural homestead classification. Since the parcels are owned by different entities, the properties cannot be linked together for homestead purposes.

If you have any further questions, please direct them to proptax.questions@state.mn.us.

Sincerely,

MELISA REDISKE, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6092 Fax (651) 556-3128
E-mail: melisa.rediske@state.mn.us

December 16, 2005

Becky Kotek
Rice County Assessor's Office
Courthouse
320 Third Street NW
Faribault, Minnesota 55021-6100

Dear Becky:

Thank you for your question regarding homestead. You provided the following:

Parcel #1

- Ag parcel with one house
- Owned by Wayne and Lionel with a life estate to the father, Archie, on entire parcel
- 155.70 acres
- Occupied by Wayne, Lionel, and Archie

Parcel #2 – Noncontiguous

- Ag parcel (bare land only)
- Owned by Wayne and Lionel
- Farmed by Wayne and Lionel
- 136 tillable acres
- Within four townships of Parcel #1

You have asked if the homestead can be extended from parcel #1 (main parcel) to parcel #2 (second parcel) since parcel #2 is only in Wayne and Lionel's names.

In our opinion, because the father, Archie, has a life estate on the entire 155.70 acres of parcel #1 in which he occupies, he would be eligible to receive the class 2a agricultural homestead classification on the entire parcel. Wayne and Lionel would be eligible to receive the special agricultural homestead on parcel #2 which they own together as long as all of the requirements for the special agricultural homestead classification are met and timely application is made.

We recommend you review the situation when and if Archie's life estate terminates.

If you have any further questions, please direct them to proptax.questions@state.mn.us.

Sincerely,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114 Fax (651) 556-3128
E-mail: joan.seelen@state.mn.us

January 17, 2006

Ginger Odegaard
Norman County Assessor's Office
Courthouse
16 E 3rd Avenue
P.O. Box 266
Ada, Minnesota 56510

Dear Ginger:

Your e-mail has been assigned to me for reply. You have stated that you have several situations where a child will live on the parents' farm and farm the land for the parents. The parents typically live in town and receive a residential homestead on that property. In the past, you have granted the child an agricultural relative homestead on the parents' farm. You have asked if the child can receive an agricultural relative homestead on the parents' farm and also receive a special agricultural homestead on land that the child owns as an individual.

At the Special Ag Homestead seminar we instructed in May 2005 at the MAAO Summer Seminars in St. Cloud, we stated that was absolutely impossible since the child would be receiving two homesteads (an ag relative homestead and a special ag homestead). Also, those properties could not be linked for homestead purposes since they were owned by different individuals. After additional research on the subject and after consulting with our legal department, we have modified that answer a bit.

If a child is farming the parents' farm, a special ag homestead should be granted in the name of the *parents who are the owners* of the property. Previously, we stated that the homestead would be in the name of the child/farmer. (This was incorrect at the time and this change in our position will be reflected in an upcoming bulletin.)

Therefore, we have determined that a situation such as the one described above should be handled as follows:

- The parents should receive an **OWNER-OCCUPIED RESIDENTIAL HOMESTEAD** on the property they own/occupy in town, assuming all other requirements for homestead are met;
- The child should receive a **RESIDENTIAL RELATIVE HOMESTEAD** on the house, garage, and first acre of the parents' farm that they occupy;
- The excess land of the parents' farm that is being farmed by the child should receive a **SPECIAL AGRICULTURAL HOMESTEAD** in the name of the owner/parents as long as the ag property is at least 40 acres in size, both owner (parents) and farmer (child) are Minnesota residents, the owners (parents) do not receive another ag homestead in Minnesota, and neither the owner (parents) nor the farmer (child) live farther that four cities/townships from the agricultural property;

(Continued…)

Ginger Odegaard
January 17, 2006
Page 2

- The child should receive a **SPECIAL AGRICULTURAL HOMESTEAD** in the child's name on the ag land that the child owns as an individual and farms. Again, the property must be at least 40 acres in size, the owner/farmer of the property must be a Minnesota resident, the owner/farmer cannot claim another ag homestead in Minnesota and the owner/farmer must live within four cities/townships from the property.

I hope I have sufficiently answered your questions. Please keep in mind that this determination is made solely on the facts provided. If any of the facts were to change, our opinion would be subject to change as well. If you have any questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, Principal Appraiser
Information and Education Section
Property Tax Division
Phone: (651) 556-6109 Fax: (651) 556-3128
E-mail: stephanie.nyhus@state.mn.us

December 11, 2006

Renee Nett
Watonwan County Assessor's Office
Courthouse
2nd Avenue South & 7th Street S.
St. James, Minnesota 56081

Dear Renee:

Thank you for your question regarding an agricultural homestead. You outlined the following situation. A father owns a house and farmland that is currently classified as agricultural non-homestead. His son recently sold his house and farmland (which was receiving an agricultural homestead classification on January 2, 2006) and moved onto his father's property. You have asked if the son can receive a midyear agricultural relative homestead on his father's property.

In our opinion, there is nothing in law that would prevent the son from receiving a midyear agricultural relative homestead on his father's property if all other requirements are met (e.g. neither the father nor the son claim another ag homestead in Minnesota, and only one agricultural relative homestead may be claimed per family). The fact that the son received an owner occupied agricultural homestead for the 2006 assessment is not a factor in this case. This is a common occurrence in the year of a sale where the owner of a property on January 2 of a given year sells that property during the year and then purchases and occupies a non-homestead property by December 1 of the same year.

If you have further questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division
Fax: (651) 556-3128

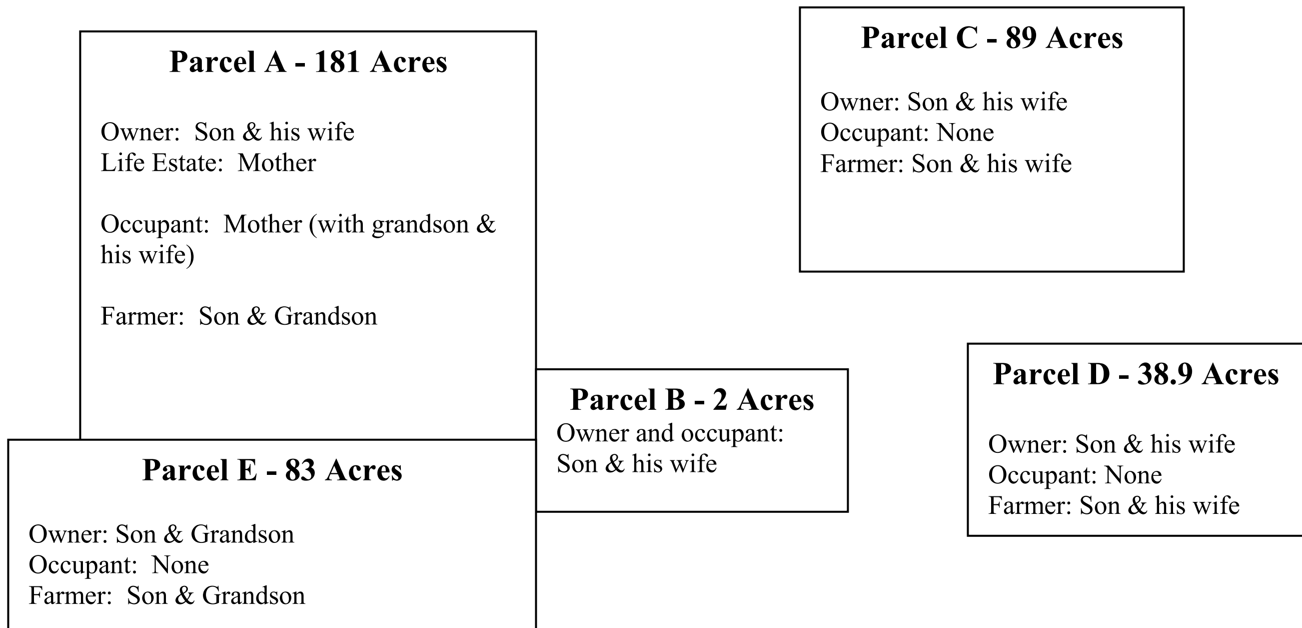
May 11, 2007

Rich Peterson
Courthouse
201 - 1st Street NE
Austin, MN 55912

Dear Rich:

Your e-mail regarding agricultural homesteads has been assigned to me for reply. You outlined the following situation. A mother sold her 181-acre agricultural property to her son and his wife. The mother has retained a life estate on the entire farm. The son and his wife own and occupy a two-acre parcel of property that is contiguous to the 181 acres. In addition, the son and his wife farm two non-contiguous agricultural parcels that are located within four townships of the two-acre parcel they own and occupy. The son and his wife also jointly own and farm an 83-acre parcel of property with their son within four townships of their properties. The mother's grandson and his wife live on the 181-acre parcel with grandma. You have asked how the properties can be homesteaded.

We have determined that the best possible solution would be to illustrate the situation graphically. Please understand that the parcel sizes are not to scale; they are merely included for the purpose of clarifying the situation.



(Continued…)

Rich Peterson
May 11, 2007
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In our opinion, this is how the properties should be classified:

Parcel A — Full Owner-Occupied Agricultural Homestead in Mother's name based on her life estate

Parcel B — Full Owner-Occupied Residential Homestead in son and daughter-in-law's names

Parcel C — Special Agricultural Homestead in son & daughter-in-law's names

Parcel D — Agricultural Non-Homestead (Since the parcel is less than 40 40 acres, it cannot receive a special agricultural homestead)

Parcel E — 50% special agricultural homestead to son & daughter-in-law
50% special agricultural homestead to grandson & wife

Please understand that our opinion is based solely on the facts presented. If any of the facts of the situation differ, our opinion would be subject to change as well. If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

STEPHANIE L. NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

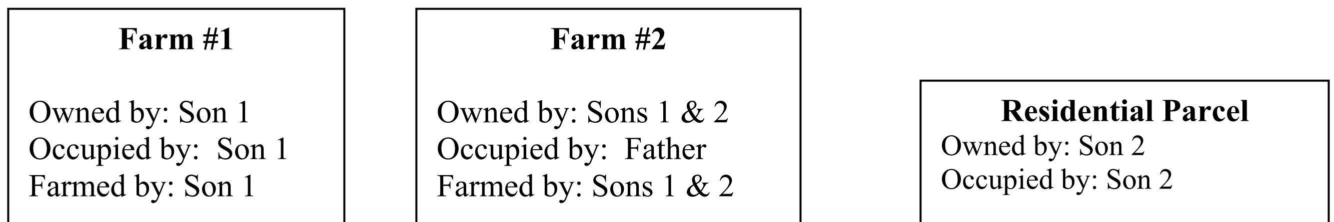
May 11, 2007

Cindy Thompson
Otter Tail County Assessor's Office
505 West Fir Street
Fergus Falls, Minnesota 56537

Dear Cindy:

Your e-mail has been assigned to me for reply. You outlined the following situation. A father has deeded his entire farm to his two sons. All are Minnesota residents. The father continues to occupy the farm. Son #1 has his own agricultural homestead which is linked to his 50 percent ownership of the farm the father occupies. Son #2 has a residential homestead. You have asked if the father can receive an agricultural relative homestead on Son #2's partial ownership.

We have illustrated the situation graphically below.



Based on the information provided, and assuming that all properties are located within four cities or townships of each other, it is our opinion that the properties should be homesteaded as follows:

- The residential parcel of property owned and occupied by Son 2 should receive a residential owner-occupied homestead.
- Farm #1 should receive an owner-occupied agricultural homestead for Son 1.
- Farm #2 – The father should receive a residential relative homestead on the house, garage and first acre (HGA). The excess ag land should receive a 50 percent carryover homestead from Farm #1 for Son 1's interest in the property. Assuming that the farm is at least 40 acres in size, the remainder of the excess ag land can receive a 50 percent special ag homestead for Son 2's interest in the property.

This opinion is based solely on the facts provided. If any of the facts of the situation differ, our opinion would be subject to change as well. If you have further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

STEPHANIE L. NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

June 1, 2007

Mr. Dean Champine
Lyon County Assessor
607 West Main Street
Marshall, MN 56258

Dear Mr. Champine:

Thank you for your recent inquiry; it has been forwarded to me for a reply. In your e-mail, you presented the following information: a son occupies an 80-acre parcel he owns with his father. The father owns and occupies a residential parcel in an adjoining county (less than four townships away). You have currently distributed the homestead benefits in the following way:

- One half agricultural homestead for half of the house, garage and first acre (HGA) and for half of the agricultural land for the son's interest;
- One half relative residential homestead for the other half of the HGA for the father's interest; and
- One half agricultural non-homestead for the other half of the agricultural land for the father's interest.

You asked if this was the correct determination for the homestead benefits.

In our opinion, the property should receive one-half agricultural owner-occupied homestead and one-half agricultural relative homestead treatment based upon Minnesota Statute 273.124, subdivision 1, paragraph (e). It states, in part:

> *"Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:*
> *(1) the relative who is occupying the agricultural property is a son, daughter, grandson, granddaughter, father, or mother of the owner of the agricultural property or a son, daughter, grandson, or granddaughter of the spouse of the owner of the agricultural property;*
> *(2) The owner of the agricultural property must be a Minnesota resident;*
> *(3) The owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota; and*
> *(4) The owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph."*

Based on the information provided, it does not appear that the fact that the son receives a partial agricultural owner-occupied homestead should preclude him from receiving a partial agricultural relative homestead on the remainder of the property.

If you have any further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

MICHAEL STALBERGER
State Program Administrator
Information and Education Section

February 21, 2008

Larry Johnson
Lead Programmer/Analyst
MCIS
413 SE 7th Ave
Grand Rapids, MN 55744

Dear Larry,

Thank you for your recent questions regarding potential homestead benefits in two scenarios involving agricultural parcels; they have been forwarded to me for a reply. In your email, a married couple own, occupy, and receive an agricultural homestead on several parcels. Their son resides in a house on one of these parcels and owns two other parcels (each 40 acres in size) within four cities/townships. He, and his wife, claim no other agricultural homestead in Minnesota. You ask what homestead treatment the son's residence (house, garage, and one acre) and his two other parcels may be eligible for.

Son's residence on parent's parcel. The house, garage, and first acre (HGA) is eligible for a relative residential homestead provided proper and timely application is made and it is approved by the assessor. The excess land on this parcel is eligible for regular agricultural homestead treatment since the parents currently homestead contiguous agricultural land. The HGA is not eligible for a relative agricultural homestead because Minnesota Statutes prohibit owners who already claim an agricultural homestead (as is the case in your example) from also obtaining a relative agricultural homestead.

Son's two other parcels. These two parcels may be eligible for special agricultural homestead treatment provided proper and timely application is made and it is approved by the assessor. Minnesota Statutes, section 273.124, subdivision 14, clause b, provides for agricultural homestead if the property is at least 40 acres and all of the following requirements (as summarized below) are met:

1. the owner (or other individuals listed in the statute) is actively farming the property;
2. both the owner and the person actively farming are Minnesota residents;
3. neither the owner nor the spouse claims another agricultural homestead; and
4. neither the owner nor the person actively farming live more than four townships/cities from the agricultural property.

The information you have provided appears to qualify the son's two other parcels for an agricultural homestead pursuant this statute.

Please review the "Special Agricultural Homestead Flowchart" distributed August, 2006 for additional clarification. If you have any further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

MICHAEL STALBERGER
State Program Administrator
Information and Education Section
Property Tax Division

March 7, 2008

Cheryl Grover
Clearwater County Assessor
213 Main Ave. N. Dept. 203
Bagley, MN 56621

Dear Cheryl,

Your question regarding special agricultural homestead has been forwarded to me for response. You outlined the following situation: An individual owns a parcel of agricultural land. That property owner also rents that land to a cattle rancher. The owner invests 50/50 with the other cattle rancher and the owner has also done “all the fencing and the work needed to get the property ready for pasturing.” You also outlined a situation in which a property owner rents out farmland and is “a 50/50 partner in all the expense and management of the cropland.” You are questioning whether or not either or both of these two properties are eligible for special agricultural homestead classification. We will assume that all other criteria for the agricultural classification are met.

As you are probably aware, the issue of a property owner renting out a portion of their farmland and still qualifying for the special agricultural homestead provision is not addressed in statute. When we discussed this situation with legislative staff, they were not comfortable recommending that rented lands should qualify for the special agricultural homestead. At a bare minimum, if rented lands are allowed to be included in the special agricultural homestead, a significant amount of the tillable acreage/pasture should be farmed by the owner. As such, we have concluded that until we have clear legislative guidelines, **at least 51 percent** of the farmable acreage (tillable plus pasture) should be farmed by the owner in order to qualify for the special agricultural homestead provision.

If you are satisfied that either property owner is actually performing a substantial amount of the day-to-day work, as well as sharing in the income, expenses, and risk associated with these parcels, you may grant the special agricultural homestead as long as all other provisions in the law are met.

I would also like to address your question pertaining to the use of Form 4835 instead of a Schedule F in the application for special agricultural homestead. We have been unable to think of a situation that would allow an individual to qualify for the special agricultural homestead without filing a Schedule F. We have recommended in the past (and continue to recommend) that you require an applicant to provide you with a copy of their Schedule F for all filings.

We hope that this letter answers your questions. Please remember that the answer is based solely on the facts provided. If the facts were to change, our opinion on the matter is also subject to change. If you have future questions, you may direct them to us at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

August 4, 2008

A. Keith Albertsen
Douglas County Assessor
305 8th Avenue West
Alexandria, Minnesota 56308

Dear Mr. Albertsen:

Thank you for your question concerning homestead classification. You have presented us with the following scenario:

> Several agricultural parcels are owned by a limited partnership. The base parcel was transferred to the limited partnership with the former owners reserving a life estate.

You have asked if, for the purposes of receiving homestead benefits, it is proper to link the partnership parcels to the home parcel that has the life estate.

In our opinion, the answer is no. The holders of the life estate may only qualify for homestead on the property they **occupy** if all other requirements for homestead are met. Properties held by different entities cannot be linked together, nor can a homestead be carried over from one entity to another.

We also recommend that you review the deed to determine whether the life estate has been reserved for the entire farm or just the house, garage, and first acre.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well.

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us.

Sincerely,

DREW IMES, State Program Administrator
Information Education Section
Property Tax Division

November 12, 2008

Tom Houselog
Rock County Assessor
Courthouse
P.O. Box 509
Luverne, Minnesota 56156-0537

Dear Mr. Houselog,

Thank you for your recent question concerning special agricultural homesteads. You have outlined the following information: A taxpayer is a member/shareholder of a family farm corporation that qualifies to own and farm the land under Minnesota Statutes, section 500.24. This taxpayer lives on a 15-acre tract owned by the family farm corporation, which is classified as agricultural homestead.

The taxpayer owns an additional 320 acres (within four townships). The family farm corporation has no ownership interest in this property. This land is classified as agricultural non-homestead. The value of the 320-acre tract is significantly greater than the 15-acre tract which the property owner homesteads. You have asked if the taxpayer may "choose" which of these tracts to homestead.

The answer is no. Homestead is determined by ownership and occupancy of a given parcel of property. The taxpayer in question has already filed a homestead application (a legal document) on the 15-acre parcel, and he may not rescind it in order to receive homestead on a 320-acre parcel which he does not occupy. Further, he may not link his homestead to a property which is held under different ownership (his homestead property under the family farm corporation may not be linked to property owned by him as an individual).

If you have any further questions or concerns, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

April 15, 2009

Julie Hackman
Olmsted County Assessor's Office
1st Floor, Government Center
151 4th Street SE
Rochester, Minnesota 55904-3716

Dear Ms. Hackman:

Thank you for your question regarding agricultural homesteads. It has been assigned to me for response. You outlined the following situation: a taxpayer owns two parcels, each consisting of 40 acres, which are titled in the taxpayer's name. The taxpayer occupies and receives an agricultural homestead on both of the parcels. In addition, three parcels are owned in the name of a family farm corporation of which the individual taxpayer is a shareholder. You have asked if the taxpayer is eligible to receive a special agricultural homestead on the parcels owned by the corporation.

No, the property owner cannot receive two agricultural homesteads. Since the properties are titled differently (one is held by a person and the other is held by a corporation), they cannot be linked for homestead purposes. You have indicated that the taxpayer believes that the first paragraph of Minnesota Statutes, section 500.24 specifically states that he qualifies for homestead on the parcels owned by the corporation. We disagree. Minnesota Statutes, section 500.24, subdivision 1, states that:

> *"The legislature finds that it is in the interests of the state to encourage and protect the family farm as a basic economic unit, to insure it as the most socially desirable mode of agricultural production, and to enhance and promote the stability and well-being of rural society in Minnesota and the nuclear family."*

Section 500.24 does not provide any homestead benefits. Rather, it regulates farming by business organizations. Homestead benefits for property tax purposes are provided by section 273.124. Subdivision 1 states in part that:

> *"Agricultural land,... that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead."*

Subdivision 14, paragraph (g) provides for homestead benefits to be granted to a property that is owned by an entity authorized under Minnesota Statutes, section 500.24, which is not occupied but is actively farmed by a qualified person of the authorized entity that owns the land. It states in part that:

(Continued…)

Julie Hackman
Olmsted County Assessor's Office
April 15, 2009
Page 2

> *"Agricultural property of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:*
>
> *(1) the property consists of at least 40 acres including undivided government lots and correctional 40's;*
> *(2) a shareholder, member, or partner of that entity is actively farming the agricultural property;*
> *(3) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;*
> *(4) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota* [emphasis added]*; and*
> *(5) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.*

We are assuming that the corporation that owns the parcels in question is authorized under section 500.24 to own and farm land in Minnesota, and that the taxpayer in question is a qualified person of the authorized entity and actively farms the land. However, the underlined portion of the statute above precludes the taxpayer from receiving a homestead on that corporation land because he already has an agricultural homestead on the land he owns and occupies as an individual.

If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

STEPHANIE L. NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

April 20, 2009

Brad Averbeck
PO Box 84
Detroit Lakes, MN 56502

Brad,

I've been forwarded the question that you received from Cheryl Grover concerning Minnesota Statutes 273.124, subdivision 14, paragraph (a). The question is whether or not this statute can still be used to grandfather property as a special ag homestead.

Minnesota Statutes 273.124, subdivision 14, paragraph (a) reads as follows:

> *(a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:*
>
> *(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;*
>
> *(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;*
>
> *(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and*
>
> *(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.*

This provision only pertains to properties which met the requirements for an agricultural homestead for the 1998 assessment and have continued to meet the conditions set forth by that statute since that time. The statute cannot be used to classify property for the 2009 assessment. Although the provision remains in law, qualification is limited to those who qualified and received the “special provision” for the 1998 assessment. If a property was not classified in this manner for the 1998 assessment, it cannot qualify for an agricultural homestead under this provision now.

The department recommends that the assessor annually (or at least every couple of years) verify that property receiving an agricultural classification under Minnesota Statutes 273.124, subdivision 14, paragraph (a) is continuing to meet the conditions set forth by said statute. Also, if the property has changed ownership since the 1998 assessment, it is not eligible for treatment under this provision.

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us.

Sincerely,

DREW IMES, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA • REVENUE

October 19, 2011

Vicki Giauque
Koochiching County Assessor's Office
vicki.giauque@co.koochiching.mn.us

Dear Ms. Giauque:

You question concerning agricultural classification/homestead has been forwarded to me for reply. You have provided us with the following scenario and question:

> A property owner has requested the agricultural classification on an 11-acre parcel that is being tilled. This property is contiguous to his homestead parcel (residential) that has 7.20 acres and is not being farmed.

You have asked, "Would this property be eligible to receive an agricultural homestead?"

Yes, this property (both parcels) would be eligible to receive an agricultural homestead because there are over ten acres of land being used for an agricultural purpose on contiguous property owned and occupied as a homestead. As an agricultural homestead, the house, garage, and one acre (HGA) has a class rate of 1.0 percent, and the value of the remaining land, including improvements (up to the first tier valuation limit) has a class rate of 0.5 percent of market value.

If you have any further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

May 24, 2012

Marian Paulson
Kittson County Assessor
410 S 5th St., Ste. 206
Hallock MN 56728
mpaulson@co.kittson.mn.us

Dear Ms. Paulson:

Thank you for your recent email to the Property Tax Division regarding application of homestead. You have outlined three parcels and have asked for our opinion as to whether two of them would qualify for agricultural homestead.

Parcel 1: This parcel is owned and occupied by G. Hanson and H. Hanson (husband and wife). The parcel is farmed by G. Hanson. Currently, this property is receiving agricultural homestead.

Parcel 2: This parcel is owned by G. Hanson and his sister, K. Hanson as individual co-owners. The property is within the same township as the property owned by G. Hanson, but the property is not occupied by either G. or K. Hanson. K. Hanson does not live within four cities or townships of this property. G. Hanson farms this property. Because it is within the same township as G. Hanson's agricultural homestead, the portion of this parcel that is owned by G. Hanson as an individual may also be granted homestead (i.e., this parcel is 50% agricultural homestead).

Parcel 3: This parcel is also owned by G. Hanson and K. Hanson. The property is within the same township as the property owned by G. Hanson, but the property is not occupied by either G. or K. Hanson. K. Hanson does not live within four cities or townships of this property. G. Hanson farms this property. Because it is within the same township as G. Hanson's agricultural homestead, the portion of this parcel that is owned by G. Hanson as an individual may also be granted homestead (i.e., this parcel is 50% agricultural homestead).

Please note that these opinions are based solely on the facts as provided. If any of the facts were to change, our opinion is subject to change as well. We also strongly recommend referring to the Property Tax Administrator's Manual, *Module 4 – Homesteads*, which is available on the Department of Revenue website via the following link: http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/Manuals-and-Education.aspx.

If you have any additional questions, please do not hesitate to contact our division via email at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

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July 3, 2013

Brenda Shoemaker
Ottertail County Assessor's Office
BShoemak@co.ottertial.mn.us

Dear Ms. Shoemaker,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead linkage.

Scenario:

- On 5/1/13 a property owner applied for the Agricultural Homestead Tier Linkage benefit (in order to meet the July 1st application deadline for linkage).
- The property owner does not currently have a homestead established, but will be applying for a 2013 mid-year homestead this fall.

Question:

Would the applicant need to have a homestead by July 1st to qualify for the agricultural homestead linkage benefit for the 2013 assessment? Does tier linkage qualify for a mid-year homestead?

Answer:

When an application for agricultural homestead value linkage is completed, the property owner must meet all of the requirements at the time of application. One of those requirements is that the property owner must be homesteading a property. In the scenario you outlined, it appears that the property owner does not meet that requirement. Therefore, the property owner would not qualify for the agricultural homestead linking until a homestead is established.

Once the property owner establishes a homestead, he or she can apply for the agricultural homestead linkage by the application deadline of July 1st. For assessment year 2013, the agricultural homestead linkage application should be denied and the property owner should be advised to reapply for assessment year 2014 once the property owner has established a homestead.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

August 14, 2013

Lynette Snare
Kittson County Assessor's Office
lsnare@co.kittson.mn.us

Dear Ms. Snare:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead.

Scenario: Land has been deeded to and is titled in Smith Farms, a partnership consisting of John Smith and Jeff Smith.

Question: With a "partnership" do you need to have any type of filing on record with the Minnesota Department of Agriculture to grant the agricultural homestead value linkage?

Answer: It depends on which type of "partnership" Smith Farms is. As you know, all of the entities which are regulated under Minnesota Statutes, section 500.24 must be authorized to own and farm land under that section in order to qualify for homestead. Below, please see the list of entities subject to the regulations of Minnesota Statute, section 500.24:

Entities subject to law	**Entities NOT subject to law**
Corporations (S-corps, C-corps, etc.)	Individual owners (sole proprietorships)
Limited Liability Companies (LLCs)	General Partnerships
Limited Partnerships (LPs)	Limited Liability Partnerships (LLPs)
Limited Liability Limited Partnerships (LLLPs)	
Trusts	

Entities including corporations, limited partnerships (LPs and LLLPs), limited liability companies, and trusts must register with the Minnesota Department of Agriculture (MDA) by filing the Minnesota Corporate Farm Application prior to purchasing or engaging in farming of agricultural land.

Additionally, once an entity that is subject to the law meets the requirements of section 500.24, that entity is issued a letter of approval and is required to annually verify eligibility information with the MDA. The entity's name will also appear on MDA's database of approved entities. The database can be searched at: http://www2.mda.state.mn.us/webapp/lis/corpfarm_default.jsp.

In other words, any entity, other than individuals, general partnerships, and LLPs, must be listed on the MDA's database in order to be eligible for agricultural homestead. If the entity is subject to the law and they are not listed on the database, they must contact MDA to get registered before making application for homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

October 23, 2013

Mark Vagts
Waseca County Assessor's Office
mark.vagts@co.waseca.mn.us

Dear Mr. Vagts,

Thank you for submitting your question to the Property Tax Division regarding agricultural homesteads.

Scenario:

- An agricultural property is owned by a Family Farm Partnership LLP.
- The LLP is registered with the MN Secretary of State.
- The property is owner-occupied.
- The farmland is rented out to a non-relative, non-shareholder.
- The owner is not actively engaged in farming the land.
- An LLP is not an entity that is required to register with the Minnesota Department of Agriculture (MDA).

Question:
Since the LLP is not required to register with the MDA, is the Family Farm Partnership LLP still considered an entity for homestead purposes? If so, then is it correct to say that the property would be non-homestead due to the farming participation?

Answer:
You are correct; LLP's are not required to register with the MDA but they are still considered legal organizations just as LLCs are and therefore they are considered an entity for homestead purposes. When reviewing the *Determining if a Property qualifies for the Agricultural Homestead Classification* flow chart it appears that you correct that the property does not qualify for an agricultural homestead because a qualified person is not actively engaged in farming the agricultural property.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

Property Tax Division
600 North Robert Street
Mail Station 3340
St. Paul, MN 55101

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Fax: 651-556-5128
TTY: Call 711 for Minnesota Relay
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November 19, 2013

Robin Johnson
McLeod County Assessor's Office
Robin.johnson@co.mcleod.mn.us

Dear Ms. Johnson:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following:

- Farmer A owns Parcel A (19.16 acres) in his individual name.
- Farmer B owns Parcel B (10.00 acres) in his individual name.
- Farmer C is a member of an LLC. The LLC is comprised of 3 members: Farmers A, B, and C.
- Farmer C homesteads a property owned by the LLC.
- Parcels A and B do not qualify for the special agricultural homestead as stand-alone parcels since they are not 40 acres in size. They are not contiguous with any other individually-owned parcel of Farmer A or B. They are contiguous to a parcel owned by the LLC.

Questions:
As each are 1/3 owners in the LLC, could Farmer A and Farmer B link the LLC homestead to their contiguous parcels A and B?

Answers:
It is not appropriate to link properties where the ownership entities differ such as in the case of individually-owned parcels linked to corporate-owned parcels. Therefore, these parcels do not qualify for linking to the LLC's homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

Property Tax Division
600 North Robert Street
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St. Paul, MN 55146

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December 4, 2013

Mark Vagts
Waseca County Assessor's Office
Mark.vagts@co.waseca.mn.us

Dear Mr. Vagts:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenarios:

Scenario 1:

- Mom lives on a residential homestead property.
- Mom owns a non-contiguous 2a agricultural bare land parcel within 4 townships of her residential property.
- Mom has two sons. Son #1 actively farms ½ of Mom's parcel and son #2 actively farms the other ½ of Mom's parcel.
- Both sons live within 4 townships.

Question:
Is it correct to accept two special agricultural applications, one from each son, giving Mom one tier eligibility of special agricultural homestead on her parcel?

Answer:
In this scenario, the mother is the one receiving the special agricultural homestead since her children are farming the parcel on her behalf. This is assuming that the parcel is greater than 40 acres. You would only need to require one application which is to be filled out by the owner (the mother).

Scenario 2:

- Mom lives on residential homestead property.
- Mom owns 2 non-contiguous 2a agricultural bare land parcel within 4 townships of her residential property.
- Son #1 actively farms parcel #1
- Son #2 actively farms parcel #2
- Sons #1 and #2 do not farm together and both live within 4 townships.

Question:
Is it correct to accept two special agricultural applications, one from each son, giving Mom one tier of eligibility of special agricultural homestead on her 2 parcels, linking the two parcels together?

Answer:
In this situation, the mother is the one receiving the special agricultural homestead since her children are farming the parcels on her behalf. This is assuming that the parcels are greater than 40 acres. You would only need to require one application which is to be filled out by the mother.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

December 9, 2013

Susie Sohlman
Koochiching County Assessor's Office
Susie.Sohlman@co.koochiching.mn.us

Dear Ms. Sohlman:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead and the Sustainable Forest Incentive Act (SFIA).

Scenario: A taxpayer's property classification was changed from 200 acres of agricultural property to 10 acres of residential homestead and the remainder class 2b rural vacant land. He was upset because his taxes are proposed to increase by over 200%. His wife returned a farm survey stating 137 acres of the property are enrolled in SFIA. The taxpayer says about 80 acres are being hayed.

Question: Can someone get agricultural classification on acres that are enrolled in SFIA or class 2c managed forest land?

Answer: Acreage that is enrolled in the SFIA program cannot receive the agricultural classification. However, a property as a whole can have acres that are enrolled in SFIA and separate acres that receive the agricultural classification.

Land that is enrolled in class 2c managed forest land cannot also receive the agricultural classification or class rate. However, a property can be split-classed as class 2c managed forest land and class 2a agricultural land if the appropriate requirements for each class are met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

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October 1, 2013

Dean Champine
Lyon County Assessor's Office
DeanChampine@co.lyon.mn.us

Dear Mr. Champine,

Thank you for submitting your question to the Property Tax Division regarding trust owned agricultural homestead.

Scenario:

- In your county, there is a parcel consisting of a house and 5 acres that is grandfathered in with the agricultural homestead classification based on Minnesota Statutes 273.124, subdivision 14, paragraph (a).
- A husband and wife previously owned the parcel.
- Recently, the parcel was put into two trusts, half owned by the husband's trust and the other half by the wife's trust.

Questions:

1) Does placing the land in the trust trigger a new homestead application?
2) Does putting the 5 acres in the trusts constitute a change in ownership that would eliminate the grandfathered agricultural homestead and cause the parcel to go to a residential classification?

Answers:

Question number 1: It is recommended that you gather the new data on the ownership of the 5-acre parcel, even though homestead would not be denied assuming none of the other facts have changed.

Question number 2: The ownership change of this parcel is not significant enough to eliminate the grandfathered agricultural homestead classification. As long as the grantors of the trust are the same people as the original individual owners of the property, then everything should remain the same. The property would still receive a full agricultural homestead, 50% on the husband's trust and 50% on the wife's trust.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

Property Tax Division
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MINNESOTA · REVENUE

October 27, 2014 *Edited 10/2020*

Terrie Johnson
Mahnomen County Assessor's Office
Terrie.Johnson@co.mahnomen.mn.us

Dear Ms. Johnson:

Thank you for submitting your question to the Property Tax Division regarding homestead. You have provided the following scenario and question.

Scenario:

- A taxpayer owns four agricultural parcels with his two children (Child A and Child B).
- The father lives on one of the parcels.
- Child A lives in Florida.
- Child B owns and occupies a farm site two townships away.
- They have separated their ownership into percentages.

Question: Can Child B's interest in the property qualify for homestead on the four agricultural parcels and be linked?

Answer: As stated in the scenario above, Child B owns and occupies a farm site two townships away so homestead is established on the base parcel. Child B's homestead can link the homestead interest to the four parcels in which s/he has ownership.

As a very brief reminder, Minnesota Statutes, section 273.124, subdivision 14, paragraph (c), allows noncontiguous agricultural property to be linked to the base agricultural homestead. It states that:

> *"Noncontiguous land shall be included as part of a[n agricultural]homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county."*

In order to be linked, the properties must first be owned by the exact same ownership entity. It is not appropriate to link properties where the ownership entities differ such as individually-owned parcels to corporate- or partnership-owned parcels.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Hagen, State Program Administrator
Information and Education Section
Property Tax Division

June 25, 2015

Kathy Hillmer
Redwood County Assessor's Office
Kathy_H@CO.REDWOOD.MN.US

Dear:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead.

Scenario:

- A natural person owns farmland in your county.
- The homestead parcel is 10.29 acres, with several large grain bins and sheds, as well as 2.29 acres of tillable land.
- The homestead parcel is intensively used for agricultural purposes.
- The remaining parcels are non-contiguous, but all are classified as 2a agricultural land (at least in part).
- The noncontiguous parcels are all at least 40 acres in size.
- The person farms all of the land.
- The person is considering transferring ownership of all the parcels into an LLC.

Question: If the parcels were transferred into LLC ownership, would they still qualify for homestead?

Answer: Yes. The base homestead parcel (if it continues to be used intensively) would qualify for an owner-occupied agricultural homestead, as it would be occupied by a qualifying member of the LLC who is actively engaged in the farming operation.

Because the base parcel qualifies for homestead, any class 2a agricultural land that is within 4 cities and/or townships of the base and is under the same ownership would be linked to the homestead.

In this way, entity-owned properties are much the same as individual-owned properties. When then base parcel receives homestead, the same linking rules apply.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6340
Email: proptax.questions@state.mn.us

June 30, 2015

Mark Vagts
Waseca County Assessor's Office
mark.vagts@co.waseca.mn.us

Dear Mr. Vagts,

Thank you for contacting the Property Tax Division regarding homestead. You provided us with the following information.

Scenario 1:

- 100 acre agricultural parcel
- Owned and occupied by two brothers
- Property classified as agricultural homestead

Question 1: Is this property only eligible for one first-tier class rate for the agricultural homestead?

Answer 1: Yes, the property qualifies for one full homestead: 50% homestead for Brother A and 50% homestead for Brother B. Therefore, since the property is only receiving one homestead it is only eligible for one first-tier class rate.

Scenario 2:

- Brother A owns and occupies parcel A, which is a 100-acre ag parcel
- Brother B owns and occupies parcel B, which is a 50-acre ag parcel
- Brother A and B own parcel C, which is an 80-acre ag parcel

Question 2: Should parcel C be broken into two records, one for each owner? If so, should each record receive a full homestead through linking?

Answer 2: When a property is owned by multiple owners, it is up to the county on how they want to enter the information into their system. Regarding PRISM, PRISM is capable of accepting data at both the parcel level and the record level so it is up to the county on how they want to enter the information.

We would recommend that Parcel C be broken into two records, one for each owner. Each brother would establish homestead on their base parcel and then link their homestead to their half ownership of Parcel C, meaning that Parcel C could qualify for a full homestead (50% Brother A + 50% Brother B= 100%) if all other requirements are met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY
State Program Administrator Principal
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

July 1, 2015

Lindsey McCloskey
Mahnomen County Assessment Technician
lindsey.mccloskey@co.mahnomen.mn.us

Dear Ms. McCloskey:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You submitted the following scenario and question.

Scenario:

- A property is owned by David R. and Evaliz P.
  - This property is bare land and is 42.55 acres
  - David and Evaliz receive special agricultural homestead on this property
- Another property is owned by David's parents.
  - This is 40 acres and includes two records: agricultural homestead, and residential relative homestead to David.

Question: Can David receive both special agricultural homestead and relative homestead?

Answer: David can receive a special agricultural homestead and a relative *residential* homestead, but not a relative *agricultural* homestead.

It was not clear from the information you provided why the 40 acre parcel owned by David's parents receives full agricultural homestead (through linking, or because it is occupied by David's parents, etc.). You may wish to review the property to ensure that homestead is being granted appropriately.

We also recommend referring to the *Determining if a property qualifies for the agricultural homestead classification* flow chart that is available in the Property Tax Administrator's Manual, Module 4 – Homesteads.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6091
Email: proptax.questions@state.mn.us

December 3, 2015

Steve Hurni
Property Tax Compliance Officer
Minnesota Department of Revenue
steve.hurni@state.mn.us

Dear Steve:

Thank you for submitting your question to the Property Tax Division regarding agricultural homesteads.

Question: When a property owner is not the farmer (e.g., in a rent situation), whose Schedule F should be collected to verify farming? The owner's, or the farmer's?

Answer: If the property is owner-occupied but the land is leased to another farmer, the property owner would file a Schedule E for farm rental income, but not necessarily a Schedule F. A Schedule E could be collected to verify farm rental income.

However, a Schedule E will not be able to show whether someone is actively engaged in farming, if the property is owned by an entity. In all likelihood, a Schedule F would be preferred to determine if someone is actively engaged in farming, as they would need to have a stake in the profits/losses of the farm.

The assessor may ask for whatever information is deemed necessary to verify the appropriate level of farming depending on the ownership and occupancy of the situation.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6340
Email: proptax.questions@state.mn.us

January 27, 2016

Connie J. Erickson
Yellow Medicine County Assessor
connie.erickson@co.ym.mn.gov

Dear Ms. Erickson:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead.

Scenario:

- Mother owned 80 acres.
- Mother sold her property to her Son on a Contract for Deed, but retained life estate on the house, garage, and one acre of land (HGA).
- Mother occupies the HGA.
- Son actively farms the land, but he lives more than four townships away and is ineligible for special agricultural homestead.
- Mother receives a residential (owner-occupied) homestead on the HGA.

Question: Is the farmland eligible for any homestead?

Answer: The farmland is not eligible for homestead based on the facts provided. The HGA is owned, occupied, and homesteaded by Mother. The farmland is not occupied by a relative, and the owner – who actively farms the land – does not live within four cities/townships.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6091
Email: proptax.questions@state.mn.us

February 3, 2016

Rena Simon
Otter Tail County Assessor's Office
ssimon@co.ottertail.mn.us

Dear Ms. Simon:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question.

Scenario:

- Four brothers each have a parcel in their individual names with life estate to their parents.
- The parents both passed away in 2010 and life estate has not been removed.
- All four brothers are MN residents, and the only son that lives in the county is Michael.
- Michael has filed a relative homestead application for where he lives.
- The agricultural portion of his parcel, along with his brothers' parcels, went to non-homestead after the parents passed away.
- Michael's parcel has over 40 acres enrolled in the Conservation Reserve Program (CRP).

Question 1:
Does Michael qualify for a relative agricultural homestead on his parcel?

Answer 1:
The four parcels are considered individually-owned by each brother now that the parents have passed. Life estates are arrangements made on the property prior to an owner's death and determine what will happen to the ownership of the property once the owner is deceased. Once the parents passed away, the ownership should have transferred to their sons in their individual names.

If Michael occupies the property on his individually-owned parcel, the property may qualify for owner-occupied homestead on the HGA and agricultural land.

Question 2:
Would Michael's agricultural homestead be extended to the parcels in his brothers' names?

Answer 1:
No, in order for homestead to be extended, the parcels must first be owned by the exact same ownership entity. Since each brother's parcel is held in their individual name, it would not be considered the same ownership.

Additional information on "linking" agricultural homesteads can be found in *Module 4 – Homesteads* in our Property Tax Administrator's Manual.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Anderson
State Program Administrator
Information and Education Section, Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

February 4, 2016

Daryl Moeller
Chisago County Assessor's Office
Daryl.Moeller@chisagocounty.us

Dear Mr. Moeller,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have submitted the following scenario and question.

Scenario:
- A 15 acre property consists of 7 tilled acres that are rented out, a house, and a mixture of remaining lands.
- The owner has purchased 3 goats to graze on 3 acres of the remaining land.
- The goats will be contained in a transportable pen and there will not be a permanent fence.

Question: Can the additional 3 acres from goat grazing be used towards the 10 acre requirement for 2a land and thus qualify the home as an agricultural homestead?

Answer: No. In order for the land to be classified as 2a agricultural land, several requirements from Minnesota Statute 273.13, subdivision 23 must be met. These include:
- At least 10 contiguous acres must be used to produce agricultural products in the preceding year (or be qualifying land enrolled in an eligible conservation program, or be used for intensive livestock or poultry confinement);
- The agricultural products are defined by statute; and
- The agricultural product must be produced for sale.

From the information received, it does not appear there are 10 acres of property in agricultural production. Three acres used to support three goats is not sufficient to be considered qualifying agricultural production for property tax purposes. In our opinion this property would not receive the agricultural classification.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jeff Holtz
Senior State Program Administrator
Property Tax Division
Phone: 651-556-4861
Email: proptax.questions@state.mn.us

February 18, 2016

Sandy Vold
Big Stone County Assessor
sandy.vold@co.big-stone.mn.us

Dear Ms. Vold:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question.

Scenario:

- Two parcels were combined into one parcel for tax purposes.
- The parcel contains: House/garage, grove, 2 pole buildings, 2 barns, 3 grain bins, 4 miscellaneous older buildings, and a silo.
- The parcel is 10.40 acres with approximately 2.75 acres utilized for cattle to pasture on.

Question: How should this parcel be classified?

Answer: This property should be classified as residential. If a property is less than 11 acres in size and has a residential structure, it must be used for one of the following to be considered agricultural:

- intensive grain drying or storage;
- intensive storage of machinery or equipment used to support agricultural activities on other parcels of property operated by the same farming entity;
- intensive nursery stock production, provided that only those acres used to produce nursery stock are considered as agricultural land (land used for parking, retail sales, etc. does not qualify);
- intensive market farming, which means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated.

From the information provided it appears the property does not meet any of the above qualifications to be considered agricultural for a parcel of less than 11 acres and improved with a residential structure.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

February 23, 2016

Gary Amundson
Property Tax Compliance Officer
gary.amundson@state.mn.us

Dear Mr. Amundson:

Thank you for submitting your question to the Property Tax Division regarding homestead. You have provided the following scenario and question.

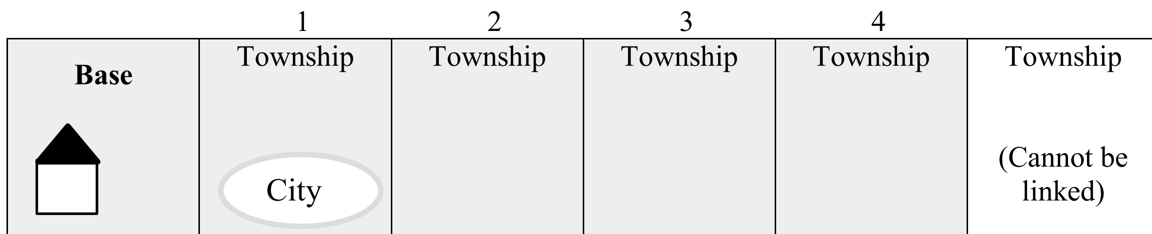
Scenario:
There are unorganized districts and municipalities that consist of several congressional townships.

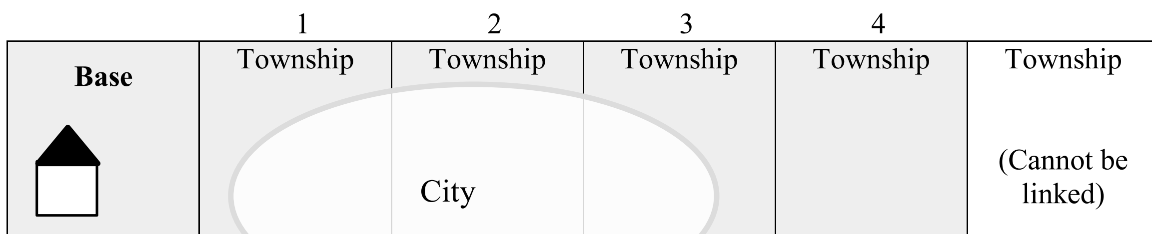
Question:
Does the four township rule regarding homestead mean 4 congressional townships (36 sections)? Can you be within 4 unorganized districts or municipalities that are a number of congressional townships and meet the 4 township rule?

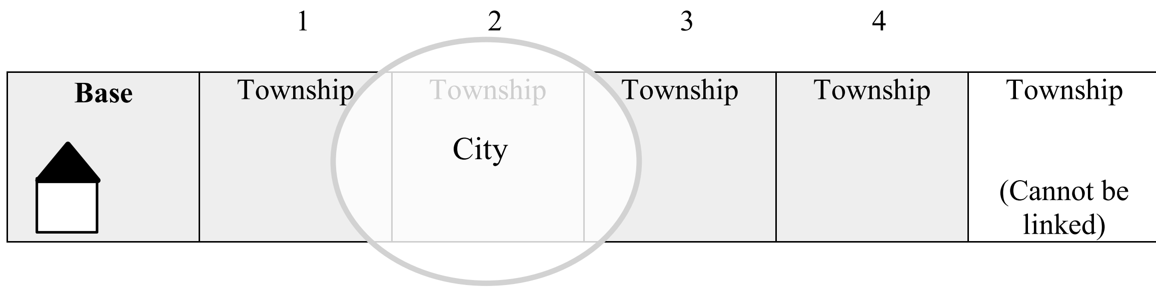
Answer:
Yes, Minnesota Statutes, section 273.124, subdivision 14, paragraph (c), allows non-contiguous agricultural property to be linked to the base agricultural homestead if it is not farther than four townships or cities or combination thereof from the homestead.

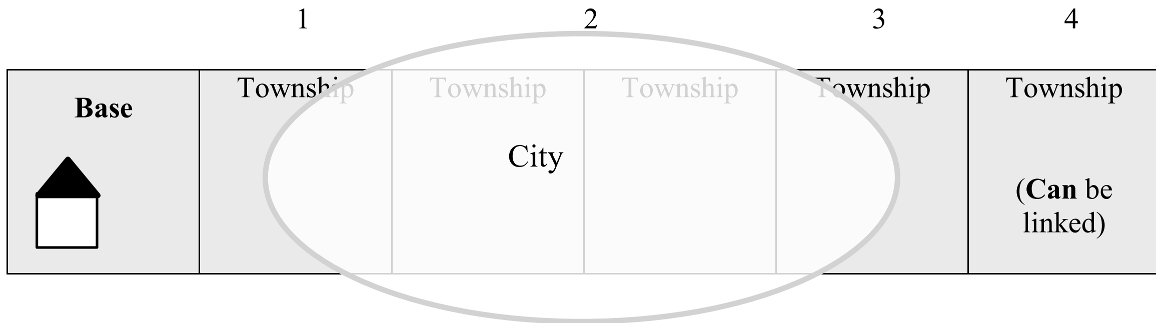
Though not specifically stated, Department of Revenue has said the townships referred to in this statute include congressional townships. If unorganized districts or municipalities are located within these townships, they should not be counted in addition to the township. However if the unorganized district or municipality covers multiple townships, the townships should be counted.

Examples:









If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Anderson
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

April 4, 2016

Franci Gleason
Ottertail County Assessor's Office
FGleason@co.ottertail.mn.us

Dear Ms. Gleason:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- A property owner has a homestead and agricultural land nearby.
- There are four parcels and a lake located between the homestead and the agricultural land.
- The property owner believes his home is contiguous to his agricultural land.

Question:
What constitutes as contiguous property?

Answer:
Based on the map provided and the definition of contiguous, the agricultural land parcels do not appear to be contiguous to the homestead property.

"Contiguous" is defined by the dictionary provided by law.com as "connected to or 'next to,' usually meaning adjoining pieces of real estate." For property tax purposes, roads, streets, waterways, or other similar intervening property does not break contiguity. Please note, the term "waterway" does not include a lake and, therefore, two parcels separated by a lake cannot be considered contiguous. Similarly, property separated by other parcels are also not considered contiguous.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Anderson
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6099
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April 19, 2016

Robert Wagner
Polk County Director of Assessment
Robert.wagner@co.polk.mn.us

Dear Mr. Wagner,

Thank you for submitting your question to the Property Tax Division regarding tier value linking. You have provided the following scenarios and questions:

Scenario 1:

- Tom owns and occupies a farm on parcel #1 that qualifies for agricultural homestead.
- Parcel #2 has 80 acres of tillable agricultural land and is owned by Tom Farms Inc.
- Parcel #2 is within 4 cities or townships of parcel #1.
- Tom is the only shareholder for Tom Farms Inc.

Question 1: Can parcel #2 qualify for tier value linking?

Answer 1: Yes. Minnesota Statute 273.124 subdivision 8(d) allows nonhomestead agricultural property owned by a qualifying entity to be linked to an individual's agricultural homestead up to the amount remaining on the first tier of market value that is unused from the individual's homestead land. This does not mean the land owned by the entity qualifies for other benefits of homestead.

Scenario 2:

- Bob lives on and farms an agricultural parcel #1 that is owned by Bob Farms Inc. and qualifies for agricultural homestead.
- Bob is the sole shareholder of Bob Farms Inc.
- Bob Farms Inc. also owns parcel #2 that has 80 acres of tillable agricultural land.
- Parcel #2 is within 4 cities or townships of parcel #1.

Question 2: Can parcel #2 qualify for tier value linking?

Answer 2: No. Tier value linking would not be applicable in this situation as parcel #1 is not owned by an individual. Per Minnesota Statute 273.124 subd.8(d), the agricultural property owned by a qualifying entity can only link for tier value purposes to "agricultural land that is owned, and used for the purposes of a homestead by an individual who is a shareholder, member, or partner" of the qualifying entity.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jeff Holtz
Senior State Program Administrator
Information and Education Section, Property Tax Division
Phone: 651-556-4861
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

April 29, 2016

Terri Johnson
Mahnomen County Assessor
Terrie.Johnson@co.mahnomen.mn.us

Dear Ms. Johnson:

Thank you for submitting your question to the Property Tax Division regarding homestead. You have provided the following scenario and question.

Scenario:

- In Mahnomen County a husband and wife own many parcels individually.
- The owners would like to change the ownership of their base parcel, containing their home and building site, to an entity.

Question: You have asked if the entity owned based parcel will impact the properties homestead and homestead agricultural credit.

Answer: Yes, if the owners change the ownership, they may lose homestead on either their base parcel or their individually-owned property. If the home and building site or the individually-owned land are no longer eligible for homestead then the property would no longer receive an agricultural homestead credit.

In this scenario if the base parcel becomes entity owned it is inappropriate to link properties where the ownership entities differ such as individually-owned parcels to corporate- or partnership-owned parcels.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

May 24, 2016

Bonnie Lay
Pope County Assessor's Office
bonnie.lay@co.pope.mn.us

Dear Ms. Lay:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- Farmer A lives in County A where he has a full agricultural homestead on his base parcel and two other agricultural parcels. He owns all parcels as an individual.
- Farmer A also owns agricultural property in County A and County B with his 3 siblings.
- The siblings are Minnesota residents but do not live within 4 cities or townships.

Question: Would farmer A get full homestead in County B or would it only be homestead on the percentage he owns?

Answer: Farmer A would only be eligible for extending his homestead (from his base parcel) to his percentage of ownership for parcels owed with his 3 siblings in County A and B. For homestead purposes, we do not consider percentage ownership interest beyond considering the number of actual owners. In this scenario it appears farmer A would be eligible to link to his 25% ownership in the parcels owned with his 3 siblings. The remaining ownership would be agricultural non-homestead.

As a very brief reminder, Minnesota Statutes, section 273.124, subdivision 14, paragraph (c), allows noncontiguous agricultural property to be linked to the base agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

July 21, 2016

Monica Sanford
Wadena County Assessor's Office
Monica.sanford@co.wadena.mn.us

Dear Ms. Sanford,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead and linking. You have submitted the following scenario and question:

Scenario:

- 177.68 acres of farm land is owned by a father and his son.
- The son lives on the property and actively farms it.
- The father has an agricultural homestead in an adjoining county that is located within 3 townships.

Question: Can the father be linked for homestead purposes?

Answer: Yes, the son would get 50% owner occupied agricultural homestead and the father may receive 50% agricultural homestead through linking his base agricultural homestead to the property he owns with this son. Overall it is not appropriate to link properties where the ownership entities differ. There are few exceptions to this rule:

- The homestead of a base parcel owned and occupied by an individual may be linked to a parcel of property that the owner owns with other individuals;
- The homestead of a base parcel owned and occupied by an individual may be linked to a parcel of property that is owned by a trust and the individual owners of the base parcel are the grantors of the trust-held property (and vice versa);
- Properties that are held solely in the name of one spouse may be linked to parcels that are held solely by the other spouse and parcels that are titled in both names.

In your situation, the first exception is applicable. If the father occupies the agricultural homestead that is in the adjoining county, 50% of that homestead may be linked to the 177 acre agricultural property in question..

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jeff Holtz
Senior State Program Administrator
Information & Education Section
Property Tax Division
Phone: 651-556-4861
Email: proptax.questions@state.mn.us

November 14, 2016

Jackie Paquette
Scott County Assessor's Office
JPaquette@co.scott.mn.us

Dear Mrs. Paquette:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- A family has a farm with eight parcels, seven of which are contiguous.
- The contiguous parcels contain a house, garage, & agricultural buildings.
- The non-contiguous parcel is within the same township.
- Six of the seven contiguous parcels are owned by a Limited Partnership (LP) with 8 members (mom, dad, son & siblings).
- The son (a qualified member) is actively farming the six parcels and currently claims agricultural homestead on the farm, house, garage and first acre.
- Parcel 7 (which is contiguous to the other six parcels) and Parcel 8 (non-contiguous) are owned by a different entity, Family Farm Corporation.
- The entity that owns parcels 7 and 8 consists of two members (mom and dad)**.** The son of the members is actively farming these two parcels.
- Mom and dad currently have an agricultural homestead in their individual names

Question 1: Can parcels 7 & 8 be linked to the base parcel for homestead? Why or why not?

Answer: No, in order to link the parcels, the parcels must first be owned by the exact same ownership entity. It is not appropriate to link parcels where the ownership entities differ such as individually-owned parcels to corporate or partnership-owned parcels. In the scenario presented, the base parcel is owned by the LP and parcels 7 & 8 are owned by a Family Farm Corporation so linking would not be appropriate.

Question 2: If the son becomes a member of the Family Farm Corporation could parcels 7 & 8 qualify for homestead?

Answer: As we stated in question one, these two parcels cannot be linked back to the base parcel due to the ownership of the base parcel being different than the ownership of these two parcels. Since these are owned by a separate entity the county could review parcels 7 & 8 for special agricultural homestead, however since the active farmer is already claiming another agricultural homestead on parcels 1 - 6, parcels 7 & 8 would not qualify for special agricultural homestead either.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Kristine Moody
Property Tax Division
Phone: (651) 556-6091

January 13, 2017

Jason Jorgensen
Meeker County Assessor's Office
Jason.Jorgensen@co.meeker.mn.us

Dear Mr. Jorgensen,

Thank you for submitting your question to the Property Tax Division regarding classification. You have provided the following scenario and question:

Scenario:

- There are multiple parcels in your county that are owned by 2 brother-in-laws, MD & FH.
- Parcel 1 is 145 acres and is mostly ag, owned by MD
- Parcel 2 is a separate 2 acre parcel owned by MD
  - MD lives on this parcel
  - Contiguous to parcel 1
- Parcel 3 is a separate 2 acre parcel owned by FH
  - FH lives on this parcel
  - This parcel qualifies for the agricultural classification due to Minnesota Statute 273.124, subdivision 14
  - Contiguous to parcels 1 and 4.
- Parcel 4 is 8.52 acres owned 50/50 by MD and FH
  - Contiguous to parcels 1 and 3
  - There are 6 small grain bins and some old unused farm buildings on it

Question: What is the correct classification for these properties?

Answer: It is important to remember that the property must be classified according to use and then reviewed for homestead eligibility. According to the information you provided, the parcels should be classified as follows:

- Parcel 1: property is being used agriculturally and should be classified as 2a, agricultural.
- Parcel 2: property is occupied by MD who is the owner. Since it is contiguous to parcel 1 and owned by the same owner as parcel 1, the property should be classified as 2a agricultural. Also, since parcel 2 is occupied by the owner, both parcels 1 and 2 would qualify for agricultural homestead.
- Parcel 3: property is occupied by FH who is the owner and meets the requirements under Minnesota Statute 273.124, subdivision 14, therefore this parcel qualifies for agricultural homestead.
- Parcel 4: Since this parcel is not 10 acres of agricultural production it does not qualify for the agricultural classification. However, if the assessor determines that the property is being used intensively then the property may qualify for the agricultural classification. The use of the property must be determined by

the assessor. If it is determined that the classification is agricultural, then the assessor should review the property for homestead linking. Please note, this parcel has a different ownership than the contiguous agricultural parcels, therefore the parcel must qualify for the agricultural classification on its own.

Finally, if the assessor determines that this property is not being used intensively, the parcel should be classified as 4b(1), residential non-homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey
State Program Administrator Coordinator
Property Tax Division
Information & Education
Phone: 651-556-6091

April 17, 2017

Jill Murray
Norman County Assessor's Office
jill.murray@co.morman.mn.us

Dear Ms. Murray,

Thank you for submitting your question to the Property Tax Division regarding homestead for a property owner currently residing in a nursing home. You have provided the following scenario and question:

Scenario:

- There is a HGA/AG farm site with five linked parcels.
- The property is owned by a trust that is in the name of the husband and wife.
- The property is classified as an owner occupied agricultural homestead.
- The husband is deceased and the wife is currently in a nursing home.
- During a countywide homestead application update, it was discovered the daughter and son-in-law either occupy the residence, or spend a large amount of time at the residence.
    - The daughter and son in law claim homestead in Otter Tail County.
- The property is not being rented, it has not sold, and nobody has applied for relative homestead.

Question: Should the homestead be removed from the property since the wife is in a nursing home, and due to the daughter and son-in-law occupying the residency?

Answer: Homestead should not be removed in this scenario. MN Statute 273.124, subdivision 1(f) (2) clearly explains that homestead should not be denied in the case of a property owner being absent due to residence in a nursing home. The only time homestead should be removed in a nursing home situation is if the property is being rented for occupancy, a relative has applied for and received relative homestead, or the property has recently sold. In this situation, none of those three scenarios are taking place, therefore the homestead should remain on the property.

In regards to the daughter and son in law using the property, we would recommend that Otter Tail County verify their homestead to be sure they are still using the residence in Otter Tail County as their principle place of residency. It will be up to Otter Tail County to decide whether the homestead in their county should be granted or denied.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Gary Martin
State Program Administrator
Property Tax Division
Information & Education
Phone: 651-556-6091

May 12, 2017

Sherry Steffl
County Assessor's Office
Sherry.Steffl@co.mahnomen.mn.us

Dear Ms. Steffl,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- James C. and Cythia C. have several agricultural homestead parcels in Mahnomen County and reside on one of the parcels, Parcel A.
- The couple quit claim deeded parcel B to themselves and their daughter in 2016.
- The daughter has since built a house on parcel B.
- James C., Cythia C., and their daughter entered into a contract for deed to obtain another parcel, Parcel C, in 2017.
- Parcel C is currently classified as rural vacant non-homestead.
- Parcel C adjoins parcel A, but it does not adjoin Parcel B, where the daughter lives.

Question 1: Should the daughter's partial interest in parcel B where her home is located be treated as a fractional homestead?

Answer: Yes, this would qualify for fractional homestead. The 50% owned by the daughter would receive an owner occupied agricultural homestead, and the 50% owned by the parents would qualify for a 50% relative agricultural homestead. Linking would not be needed for this parcel since the daughter qualifies the parcel for one full homestead (50% owner occupied and 50% relative).

Question 2: Would the daughter receive a fractional homestead on Parcel C even though the property does not adjoin her parcel?

Answer: The information provided states that Parcel C is currently classified as rural vacant non-homestead, precluding the daughter or the parents from receiving any homestead status on the parcel since it is not being used for agricultural purposes. Agricultural homestead cannot be linked to rural vacant land, it can only be linked to land classified as agricultural. If the parcel is reclassified for agricultural purposes in the future, the property should be reviewed for homestead linking.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Gary Martin
State Program Administrator
Property Tax Division
Information & Education
Phone: 651-556-6091

July 14, 2017

Bonnie Lay
Pope County Assessors Office
bonnie.lay@co.pope.mn.us

Dear Ms. Lay,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- The agricultural base parcel is in County A and is individually-owned by Mr. and Mrs. Nohl.
- The remaining parcels in County A and Pope County are held under their business, ALLE, LLP.
- County A has the individual-owned property being the base agricultural parcel qualifying for agricultural homestead.
- Then the remaining parcels under ALLE, LLP in County A are linked to the individual-owned base parcel for agricultural homestead purposes.
- In Pope County you do not have the ALLE, LLP property linked to the individual-owned property for homestead purposes.

Question:

Should the entity-owned property in Pope County link to the base parcel located in County A for homestead?

Answer:

No. It would be inappropriate to link the entity-owned property to the individually-owned property because the properties are not owned by the exact same ownership entity.

Properties held by different entities **cannot** be linked together, nor can the homestead be carried over from one entity to another.

Exceptions to this are limited to:

- Base parcel owned by individual can be linked to a parcel owned by individual and other individuals
- Base parcel owned by individual can be linked to a parcel owned by a trust where the same owner is the grantor
- Base parcel owned by one spouse can be linked to a parcel owned by the other spouse (no entities)

Because the situation outlined above is not one of those exceptions, homestead cannot be linked to the entity-owned property from the individiually-owned entity.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Anderson
Supervisor, Property Tax Division
Information & Education
Phone: 651-556-6091

September 18, 2017

Amy McDonnell
Clay County Assessor
amy.mcdonnell@co.clay.mn.us

Dear Ms. McDonnell,

Thank you for submitting your question to the Property Tax Division regarding the requirements for maintaining agricultural homestead status. You have provided the following scenario and question:

Scenario:

- Mr. and Mrs. F own and homestead an agricultural parcel in Clay County.
- Mr. F passed away in August of 2017.
- Mrs. F lives in Nevada with their son during the school year.
- Both Mr. and Mrs. F have Minnesota driver's licenses, receive mail in Minnesota, file taxes in Minnesota, and are registered to vote in Minnesota.

Question: Can Mrs. F retain the homestead status on her property in Clay County while living in Nevada during the school year?

Answer: Homestead is a fact situation. The property owner or occupant must prove that he or she meets the requirements for homestead. While there is no single factor that determines whether a property meets the qualifications for homestead, there are strong indicators. First and foremost, owner-occupants must be Minnesota residents for income tax purposes. That means that they must pay Minnesota income tax if they have a taxable income. At the request of an assessor, the Department of Revenue may verify an individual who is requesting or receiving a homestead has or has not filed a tax return as a Minnesota resident for the most recent year the information is available. Homestead requirements are prescribed in state law. Local jurisdictions have no authority in law to impose additional or fewer requirements.

Along with verifying income tax, there are other indicators that may be helpful to assessors. A list of those verification indicators can be found in the Property Tax Administrators Manual, Module 4 Homesteads.
It is important to stress that property owners do not have to meet all of the suggested factors, they are merely listed to assist assessors in making a final determination. Attached is a letter that was sent to Ramsey County regarding temporary absence from a property and a reference to a 2009 tax court case regarding this specific topic. Please use this additional information to help guide your decision on whether homestead should be granted or not. Finally, the department always recommends that the assessor follow a reasonableness test and consider whether the request for homestead is reasonable.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section

Property Tax Division
Phone: 651-556-6091

September 5, 2018

Tom Goedken
Olmsted County Assessor's Office
goedken.thomas@co.olmsted.mn.us

Dear Mr. Goedken,

Thank you for submitting your question to the Property Tax Division regarding linking agricultural properties. You have provided the following scenario and question:

Scenario:

- An owner-occupied agricultural homestead property is deeded under the owner's name.
- A contiguous 155 acre agricultural property with an unoccupied home was recently acquired by the owner under a Bremer Trust FBO IRA.

Question:

Can the newly purchased property under Bremer Trust FOB IRA be linked/tied to the owner's agricultural homestead?

Answer:

No. In order for different parcels to be linked, they must have the exact same ownership. In this case the parcel ownership is not the same. The exceptions to this requirement are limited, such as when the grantor of a trust is also the owner of the base parcel. However, in this case the IRA would not be meet any of the allowable linking exceptions as an owner.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

September 20, 2018

Denise Sylvester
Wabasha County Assessor's Office
dsylvester@co.wabasha.mn.us

Dear Ms. Sylvester,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- Owner A owns and actively farms three agricultural parcels.
- A structure is located on one of the parcels but is not being used for residential purposes.
- Owner A and his siblings inherited a farm after the death of their parents.
- The farm is located within 4 cities or townships of the farmer's parcels.
- The farm consists of two agricultural parcels.
- One of the parcels has a structure, which is where owner A lives.
- The two parcels are currently farmed by a neighbor.
- Agricultural land co-owned with his siblings is rented out.

Question: How should homestead be applied in this scenario?

Answer: In the scenario given, owner A co-owns the property and occupies the property therefore the HGA would qualify for one full residential homestead. Depending on the number of owners, owner A could get a fractional residential owner occupied homestead and for the portion that his siblings own he could receive a residential relative homestead. Since it is unclear how many siblings own the farm we will provide an example. If owner A has three siblings the HGA could qualify for 25% or ¼ owner occupied residential homestead and 75% or ¾ residential relative homestead. The remaining agricultural land would not be eligible for special agricultural homestead because the land is being farmed by a neighbor, who is not a qualifying relative. In addition, the parcel may not qualify for an occupied agricultural homestead if Brother A is already receiving an agricultural homestead on his individually owned parcels.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

September 27, 2018

Sherry Steffl
Mahnomen County Assessor's Office
Sherry.Steffl@co.mahnomen.mn.us

Dear Ms. Steffl,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- Three parcels of land are owned by an LLP that currently consists of seven siblings.
- There was an eighth sibling who is now deceased.
- Each sibling was deeded equal interest 1/8 or 12.5% as a member of the entity.
- One of the siblings now has 2/8 or 25% deeded interest in the LLP due to the death of a sibling.
- One sibling lives out of state.
- Of the six siblings living in Minnesota, three live within 4 townships of the parcels in question.
- The only person who farms the property is the daughter of one of the siblings who lives within 4 townships.
- The daughter claims an agricultural homestead elsewhere.
- The parcel currently receives 38% agricultural homestead.

Question 1: Should these parcels be receiving agricultural homestead?

Answer: No. The parcels are not eligible for agricultural homestead, because the property is unoccupied and the farmer is not a qualifying member of the entity. Entities are not people, therefore statute does not allow for qualifying relatives to farm since an entity cannot have a relative. Minnesota Statute 273.124, subdivision 14 clause (g) allows for LLPs to receive special agricultural homestead, however there are a number of criteria that must be met. Consulting the "Establishing Agricultural Homestead Flowchart" in the Property Tax Administrator's Manual, we can determine the following:

- An authorized entity owns the property.
- A qualified person of the authorized entity **does not** physically occupy the property.
- A qualified person of the authorized entity **is not** actively farming the property.

From the information given, it does not appear that the daughter is a member of the LLP. Since the only person actively farming the property is not a qualified person of the authorized entity (the LLP), the property should not be receiving a special agricultural homestead. None of the remaining owners of the land would be able to claim special agricultural homestead either, because they are not actively farming the land on behalf of the authorized entity.

Furthermore, a person is only entitled to one agricultural homestead. Therefore the siblings and daughter who already receive agricultural homestead on their own property would not be eligible for a special agricultural homestead on property owned by the LLP, even if they met the other criteria.

Question 2: Can an entity receive a fractional homestead?

Answer: While land owned by an LLP or other authorized entity is eligible for agricultural homestead, it is important to remember that entity-owned homesteads are granted to the qualified person who is actively farming or actively engaged in farming the land. The ownership interest that qualified person has in the entity would not determine the amount of homestead they are eligible for. As long as that qualified person meets the farming requirements, they are eligible for a full agricultural homestead as a member of the owning entity. The only way an entity could receive a fractional homestead would be in a rare situation where the authorized entity has **partial ownership** of a property, and all other homestead criteria are met. For example, if a parcel is owned by Entity A and Entity B, each entity would only be eligible for up to a 50% agricultural homestead if all requirements were met.

LLPs or other authorized entities **can** provide multiple special agricultural homesteads to its members. Each qualified person of the authorized entity who is actively farming can receive their own special agricultural homestead on the entity owned land, up to 12 homesteads for the entity.

Please note that our opinion is based solely on the information provided. If any of the facts change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

November 27, 2018

Kim Kylander
Pine County Assessor's Office
Kim.Kylander@co.pine.mn.us

Dear Ms. Kylander,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- S. Farm Inc. owns eight contiguous agricultural parcels.
- S. Farm Inc. shareholders include four people, two brothers and their spouses.
- Both brothers live in separate residences located on the base parcel.
- One of the brothers purchased 175 acres within four cities and townships of the base parcel under the owners name only.

Question: Should the recently purchased 175 acres of individually owned property be linked to S. Farms Inc. for homestead purposes?

Answer: No, it is inappropriate to "link," for homestead purposes, agricultural properties held by an individual to other agricultural properties owned by an authorized entity of which the individual person is a shareholder, member, or partner in that authorized entity. There is no exception to the rules when linking entity owned agricultural property, the property must be owned by the same entity when linking noncontiguous parcels.

Additional information on linking agricultural homestead can be found in Module 4 – Homesteads in the Property Tax Administrator's Manual.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

January 3, 2019

Amy McDonnell
Clay County Assessor's Office
amy.mcdonnell@co.clay.mn.us

Dear Ms. McDonnell,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- A corporation owns agricultural land.
- The corporation listed a separate entity as the operator on the 156EZ form, and most of the land is rented out.
- There is a colony of 176 people who are all shareholders of the corporation.
- The colony is located on the main parcel.

Question: Does this property qualify for agricultural homestead?

Answer: No. If one entity owns land and another entity is listed as an operator of the land, the owning entity cannot qualify for homestead.

Additionally, Minnesota Statute 273.124, subdivision 8 states that an entity with 13 or more members is unable to qualify for agricultural homestead. Subdivision 8 also restricts the types of entities that can qualify for homestead, which from the information provided, may also prevent the corporation from receiving homestead.

If you have any further questions, please consult the Property Tax Administrator's Manual's, Module 4-Homesteads, or contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

February 20, 2019

Peggy Trebil
Goodhue Co Assessor's Office
Peggy.Trebil@co.goodhue.mn.us

Dear Ms. Trebil,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- A married couple owned two contiguous parcels.
- The two parcels, a 7 acre parcel with a residence and a 25 acre parcel of agricultural land, received an agricultural homestead due to 28 total contiguous acres being tilled.
- The property owners recently quit claimed the 25 acre parcel to an LLC of which they are the sole members.
- The ownership of the 7 acre parcel has not changed and they are occupying the property.

Question: Are the property owners still entitled to an agricultural homestead?

Answer: No, it appears that neither parcel qualifies for an agricultural homestead. Since the ownership has changed, the county must first review the classification of the property and then determine the homestead status. Minnesota statute 273.13, subdivision 23(e) states that agricultural land must contain at least 10 contiguous acres to be classified as agricultural. In the scenario described, the 25 acre parcel is now owned by an entity and would likely continue to be classified as agricultural. The 7 acre parcel must now be viewed as separate and distinct from the larger contiguous parcel because it is still under the names of the individual owners, not the entity. Since the two parcels have different owners and the occupied parcel is less than 10 acres, the occupied parcel cannot be classified as agricultural. The occupied parcel can qualify for residential homestead assuming all other conditions are met, and the 25 acre parcel should be classified as agricultural non-homestead.

Should the LLC own the occupied parcel, then both parcels could qualify for an entity-owned homestead, assuming that the property owner is actively engaged in farming and all other requirements are met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

March 7, 2019

Kyle Holmes
Carlton County Assessor
Kyle.Holmes@co.carlton.mn.us

Dear Mr. Holmes,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- A property owner owns a 30.1 acre parcel with a home, garage, pole building, and miscellaneous outbuildings.
- 24 acres of the 30 acre parcel are enrolled in Sustainable Forest Incentive Act (SFIA).
- The property owner produces substantial amounts of vegetables from greenhouses and hoop buildings on their property.
- The property owner also produces honey from bees in conjunction with their property.

Question: Does this property qualify for an agricultural homestead?

Answer: According to the information provided, it appears that this property does not qualify for an agricultural homestead because no acreage can be classified as agricultural. Minnesota Statute 273.13, subdivision 23 provides the requirements for a property to receive the agricultural classification.

Minnesota Statute 273.13, subdivision 23 (e) (1) defines agricultural land as "contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes". Because ten acres are not being used for agricultural purposes, the property does not qualify for an agricultural classification under this section. There are provisions in statute that allow exceptions to the 10 acre requirement that are used for exclusive and intensive purposes. These exceptions are only for when a parcel is 11 acres or less and contains a house garage and 1 acre, or if a parcel is 10 acres or less. Because this parcel is greater than 11 acres, it would not qualify for these exceptions regardless of any acreage used intensively or exclusively.

Also, it's important to note that if the if the classification of acres enrolled in SFIA did change, the parcel would be in violation of the program under Minnesota Statute 290C.11 (c) due to the acres being used for purposes other than forest land and would trigger the applicable penalties.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.
Sincerely,
Information & Education Section

Property Tax Division
Phone: 651-556-6091

March 28, 2019

Ryan Kraft
Olmsted County Assessor's Office
kraft.ryan@CO.OLMSTED.MN.US

Dear Mr. Kraft,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead value tier linking. You have provided the following scenario and question:

Scenario:

- Owner A (husband and wife) have an agricultural homestead deeded in their names of which they reside.
- Owner B (husband and wife) have an agricultural homestead deeded in their names of which they reside.
- Owner C (husband and wife) own land and residence is unknown.
- There are two corporate farm owned parcels, one is a LLC and the other is a LLP, and both are 500.24 certified.
- The assumption has been made that all the owners (Owners A, B, & C) are members/shareholder of both the LLC and the LLP.

Question: Can the assessor link all the agricultural value from the LLC to owner A and all the agricultural value from the LLP to owner B? Or should only 33% of the each agricultural value be linked to the primary homestead due to partial ownership?

Answer: Minnesota Statute 273.124, subdivision 8, clause (d) allows for agricultural property within four cities or townships to be linked up to the first tier value limit only if the base agricultural homestead property is an **individually owned and occupied homestead** of a shareholder, member, or partner of the entity owning the land to be linked. Linking is not limited to the ownership percentage that the individual has in the entity-held land. Because the base homesteaded parcels are fully owned by **each respective owner**, and owners A and B are both assumed to be members of the LLC and LLP, they would be able to link any remaining first tier market value to the remaining value of the entity owned properties. It is important to remember that only the .5% class rate is being linked when linking agricultural value tiers. Homestead benefits are not linked when linking the .5% class rate; therefore, the entity owned property will still be classified non homestead, but the taxes will be calculated using the .5% class rate up to the remaining tier value.

Question 2: If owner C is residing on the LLC parcel, and a qualifying member actively engaged in farming the homestead, would it be appropriate to link any remaining agricultural value (above owner C's tier limit) to owner A's tier limit?

Answer: No. As in the answer above, M.S. 273.124 allows agricultural property to be linked up to the first tier value limit only if the base agricultural homestead property is **individually owned** by a shareholder, member, or

partner of the entity. In the scenario described the base homestead parcel is owned by the by the LLC; therefore, the parcel would be ineligible for agricultural value tier linking.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

August 14, 2019

Anne Grunert
Brown County Assessor's Office
anne.grunert@co.brown.mn.us

Dear Ms. Grunert,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- Parcel one is agricultural property owned by an entity with four members
- Member one occupies parcel one
- Parcel one is classified as an agricultural homestead
- Member one also owns parcel two which is bare land and meets the requirements for the agricultural classification
- The entity farms both parcel one and parcel two

Question: Does parcel two qualify for agricultural homestead, homestead linking, or value tier linking?

Answer: From the information provided, it appears that the parcel would not qualify for any of the above. We can evaluate parcel two's eligibility for homestead, homestead linking, and value tier linking separately.

Homestead: Since member one is qualifying the entity-owned parcel for occupied agricultural homestead, member one cannot also qualify parcel two for a special agricultural homestead.

Homestead Linking: Since parcel one (the base parcel) is owned by an entity and parcel two is owned by an individual, homestead linking would not be allowed due to the parcels having different ownership.

Value Tier Linking: Minnesota Statutes 273.124 allows for agricultural property within four cities or townships to be linked up to the first tier value limit if the base agricultural homestead parcel is **individually owned and occupied by** a shareholder, member, or partner of the entity owning the land to be linked. In the scenario provided the base homestead parcel is owned by the entity; therefore, the parcel would be ineligible for agricultural value tier linking.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

September 12, 2019

Mike Sheplee
Martin County Assessor
mike.sheplee@co.martin.mn.us

Dear Mr. Sheplee,

Thank you for submitting your question to the Property Tax Division regarding homestead treatment on parcels with multiple homes. You have provided the following scenarios and questions:

Scenario 1:

- An agricultural parcel is owned by an individual (24% deeded ownership interest), trust A, and trust B (together making up the remaining 76% ownership interest)
- The sole grantor of trust A is the individual's father and the sole grantor of trust B is the individual's mother
- Two houses exist on the property, one occupied by the individual and the other occupied by the mother
- The father recently passed away
- The owning entities are the same from before and after the father passed away
- The mother qualifies for the Homestead Exclusion for a Surviving Spouse of a Veteran who was Permanently Disabled
- The parcel qualifies for an agricultural homestead

Question 1: Who qualifies for homestead?

Answer: We are assuming that this agricultural property is owned as tenants-in-common, which necessitates that we use deeded ownership interest when determining fractional homestead. Note: if the property is owned as joint tenants, each owner would instead have a 33% share in the homestead rather than their deeded ownership interest.

To determine if the property qualifies for homestead, we must evaluate the homestead requirements for each owner. The individual qualifies their **ownership interest** for agricultural homestead, as they own and occupy the property. The mother's trust qualifies its **ownership interest** for agricultural homestead, because the mother occupies the property as the sole grantor. The father's trust qualifies its **ownership interest** for agricultural homestead, because the sole grantor's surviving spouse occupies the property. Therefore, the property may receive a full agricultural homestead.

Question 2: How should the Homestead Market Value Exclusion and/or the Homestead Exclusion for a Surviving Spouse of a Veteran who was Permanently Disabled be applied?

Answer: Minnesota Statute 273.13, subdivision 34, states that if a property qualifies for the Homestead Exclusion for a Veteran with a Disability (or any of its associated exclusions such as the surviving spouse

provision), it is ineligible for the Homestead Market Value Exclusion. This means that a parcel is statutorily prohibited from receiving both exclusions, even if there are multiple qualifying homesteads.

To determine the percentage of the Homestead Exclusion for a Surviving Spouse of a Veteran who was Permanently Disabled, we must evaluate each owning entity to see if they qualify.

- The daughter's ownership interest does not qualify because she is not a veteran who is disabled or the surviving spouse of a veteran.

- Trust B would also not qualify, as the sole grantor is the mother/wife. Statute specifies that the veteran must have owned the property prior to their death for the surviving spouse to qualify for the exclusion. Therefore, since the qualifying veteran never had any ownership interest in trust B, trust B may not receive the surviving spouse exclusion.

- Trust A **would** qualify for the homestead exclusion for a surviving spouse, because the qualifying veteran was the grantor, and his surviving spouse still occupies and uses the homestead.

Therefore, should the property owners decide to apply for the Exclusion for a Surviving Spouse of a Veteran who was Permanently Disabled, the exclusion would be prorated to whatever ownership interest held by trust A if the parcel is owned as tenants in common, or 33% of the exclusion if the parcel is owned as joint tenants.

Scenario 2:

- An agricultural parcel is owned by a married couple
- There are two houses on the property
- The mother of the wife had a life estate on the HGA of one of the houses
- The mother recently passed away
- The couple live in the other house
- The husband qualifies for the Market Value Exclusion for Veterans with a Disability
- Both houses qualify for agricultural homestead

Question: How should homestead be administered?

Answer: The property would qualify for a full owner-occupied agricultural homestead assuming all requirements are met. Once the mother passed away, the life estate ceases to factor into determining homestead. The house that the mother lived in should be classified according to its use.

If the husband qualifies for the Market Value Exclusion for Veterans with a Disability, they would receive the full value of the exclusion on the HGA occupied by the qualifying veteran. Please note that a parcel is prohibited from receiving both a homestead market value exclusion and a homestead exclusion for a veteran who is disabled.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,
Information & Education Section
Property Tax Division
Phone: 651-556-6091

September 17, 2019

Gale Bondhus
Cottonwood County Assessor
Gale.Bondhus@co.cottonwood.mn.us

Dear Ms. Bondhus,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- Nine unoccupied agricultural parcels are owned by an LLP
- The LLP has 7 shareholders: Living trust, Management trust, Irrevocable trust, son A, son B, grandson and granddaughter
- Living Trust has two grantors, mom and dad
- Dad passed away in 2017
- Living Trust owns an agricultural parcel within 4 cities and townships of the LLP owned land
- Mom occupies the trust parcel and receives owner-occupied agricultural homestead as the grantor
- Son A and son B both receive an agricultural homestead on their individually owned agricultural land
- Of the LLP's parcels, one is farmed by mom, two are farmed by son A, one is farmed by grandson, and seven are farmed by son B

Question 1: Which parcels are eligible for agricultural homestead?

Answer: According to the information provided, it appears that the parcel owned by the Living Trust and occupied by the grantor, mom, is correctly receiving an owner-occupied homestead. Additionally, it appears that the grandson would be able to receive a special agricultural homestead for the parcel(s) owned by the LLP that he is actively farming, assuming all special agricultural homestead requirements are met.

Any entity owned parcels that son A and son B farm are **not** eligible for homestead, because both sons already claim an owner-occupied agricultural homestead. The LLP-owned parcel(s) that mom farms is also **not** eligible for homestead because she already receives an owner-occupied agricultural homestead on the trust-owned agricultural property.

Question 2: Which parcels are eligible to value-tier link?

Answer: Minnesota Statutes 273.124, subdivision 8 (d) allows for agricultural property within four cities or townships of the base agricultural homestead parcel to be linked to the first tier value limit of **individually owned and occupied property** used as a homestead by a shareholder, member, or partner of the entity owning the land. Therefore, it appears that son A and son B may qualify to value-tier link their owner-occupied agricultural homestead to the LLP owned non-homesteaded parcels if their base parcels have remaining ag value tier.

It is important to note that **only** the 0.5% class rate is linked when value-tier linking from agricultural homesteads. Homestead benefits **are not** linked when value tier linking the 0.5% class rate. The entity owned property will still be classified as non-homestead, but taxes will be calculated using the 0.5% class rate up to the remaining tier value.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

December 5, 2019

Kristi Botzek
Sherburne County Assessor's Office
Kristina.Botzek@co.sherburne.mn.us

Dear Ms. Botzek,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- A property owner has been receiving agricultural homestead on a 2.5 acre parcel containing his house and garage since 1998
- The property owner owns three noncontiguous agricultural parcels within four cities or townships
- The 2.5 acre parcel was surrounded by agricultural land owned and farmed by his father in 1998
- The father's property was recently sold

Question: Does the 2.5 acre parcel qualify for agricultural homestead based on Minnesota Statutes 273.124, Subdivision 14 (a)?

Answer: Based on the information provided it appears the property **may** qualify, however, the special provisions found in M.S. 273.124, Subd. 14(a) require more information to make a final determination. In order for a parcel of less than 10 acres to qualify for agricultural homestead under this subdivision, one of the noncontiguous agricultural parcels under common ownership must be at least 20 acres and be no further than four cities or townships away. Additionally, the value of that noncontiguous agricultural land and farm buildings (if any) must be at least 50 percent of the value of the HGA. If it is determined that this is the case, and given that this property received homestead in 1998 and has been under the same ownership since that assessment year, it would continue to qualify for agricultural homestead. The ownership of the surrounding farm land in 1998 was not a qualifying factor, only that it was agricultural land. Even if the use of that land has changed since that time statute specifically allows for the continuation of the agricultural homestead assuming the ownership of the homestead has not changed, and the owner continues to own noncontiguous farm land meeting the aforementioned criteria.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

December 19, 2019

Terrie Johnson
Mahnomen County Assessor
Terrie.Johnson@co.mahnomen.mn.us

Dear Ms. Johnson,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- A married couple jointly owned 22 parcels of land
- The husband recently passed away
- "Tract A" consists of 120 acres, including the home where the wife lives
- Tract A has been split into three separate parcels with different ownership:
  - Parcel 1: 6 acres, the wife fully owns and occupies, is not used for intensively agricultural production
  - Parcel 2: 15 acres, owned 50% by the wife, 25% by son A, and 25% by son B
  - Parcel 3: 99 acres, owned 50% by the wife and 50% by Family Trust
- All three parcels are contiguous to each other
- The husband and wife are the sole grantors of the family trust
- Son A owns and occupies his own agricultural homestead
- Son B lives in town, he owns and farms agricultural land and is receiving a special agricultural homestead
- Both sons live within four cities or townships of the parcels in question

Question 1: Does parcel 1 qualify for the agricultural classification?

Answer: No. Minnesota Statutes 273.13, subdivision 23(e) states that agricultural land must consist of "contiguous acreage of ten acres or more", or acreage used for intensive or exclusive use. Contiguous acreage is further defined as "all of, or a contiguous portion of a tax parcel…or…a set of contiguous tax parcels…**that are owned by the same person"** (emphasis added). There are no exceptions within 273.13 that allow partial ownership or trust ownership to be considered the same as individual ownership. Since parcels 2 and 3 both have different ownership structures than parcel 1, they cannot be included when determining the acreage of parcel 1. Therefore, parcel 1 would not meet the agricultural classification requirements and would not be able to receive an owner-occupied agricultural homestead. The parcel would be able to receive a residential homestead if all other conditions are met.

Question 2: How should homestead be administered on parcels 2 and 3?

Since parcel 2 and 3 are unoccupied, special agricultural homestead will need to be established on **each parcel.** Remember, homestead must be established before any linking may take place.

Parcel 3:

- 50% owned by wife: if all requirements are met, it would qualify for 50% special agricultural homestead.
- 50% owned by Family Trust: if all requirements are met, it would qualify for 50% special agricultural homestead.
- As long as all requirements are met, parcel 3 would receive a full special agricultural homestead going to the wife; she is the sole owner of her 50% share, and the grantor/surviving spouse of the grantor of Family Trust
- Since the wife is receiving a special agricultural homestead on parcel 3, she would be able to link to any other agricultural parcels that she and/or the trust owns, assuming that all linking requirements are met. Minnesota Statute 273.124, subdivision 21(f) allows the grantor of a trust to link homestead with their individually owned land and vice-versa.

Now that special agricultural homestead is established on parcel 3, the county can look at parcel 2 and link the agricultural homestead from parcel 3 to wife's 50% ownership interest in parcel 2, if all linking requirements are met.

Parcel 2:

- No one can currently establish occupied agricultural homestead on parcel 2 because the parcel is not occupied.
- No one can establish special agricultural homestead on parcel 2 because each owner is already receiving an agricultural homestead and the parcel contains fewer than 40 acres.
- Son A could link to his 25% ownership of parcel 2 from his agricultural base parcel that he occupies, assuming all linking requirements are met.
- Son B would **not** be able to link from his established main parcel to parcel 2 due to the unoccupied linking requirement that the noncontiguous parcel is at least 40 acres.
- According to the information provided, it appears parcel 2 would qualify for a 75% special agricultural homestead, with the other 25% classified as agricultural non-homestead.

Neither son would be able to link to any Family Trust-owned land regardless of its homestead status. When establishing or linking agricultural homestead for property owned by trusts, the grantor of the trust and the spouse of the grantor are considered the owners. The beneficiaries of the trust are not considered to have ownership interest.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,
Information & Education Section

Property Tax Division

Phone: 651-556-6091

December 31, 2019

Amber Hansen
Murray County Assessor's Office
AHansen@co.murray.mn.us

Dear Ms. Hansen,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead linking. You have provided the following scenario and question:

Scenario:

- There are three ownership entities: Entity 1 INC, Entity 2 LLC, & Entity 3 LLP.
- Each entity has the same three members/shareholders: C, D, and L. All three members are brothers.
- All of the entity owned parcels are classified as agricultural.
- Members D and L both own and occupy their own individual agricultural homestead property.
- Member C occupies a parcel owned by Entity 1 INC and receives an agricultural homestead.
- The county has split each parcel into three records, one for each brother.
- Brothers D and L link their base agricultural homestead to the agricultural property owned by three different entities.

Question: Is it appropriate to split/fractionalize parcels owned by entities for linking purposes?

Answer: No, agricultural property that is owned by a single entity should not be fractionalized. Only one member of the entity needs to qualify the property for a full agricultural homestead. In this situation, member C occupies the Entity 1 INC parcel. Therefore, assuming all other requirements are met, C would qualify the property for an agricultural homestead due to occupancy of the property and actively engaging in farming.

Question: Should the parcels owned by Entity 1 INC. be all one record receiving one full homestead based on occupancy and not linked to individual members of the entities?

Answer: Yes, it is not appropriate to link different entities even when membership is the same. As we stated above, it only takes one member to qualify the entity owned land for a full agricultural homestead. Entity owned agricultural property is allowed to qualify for a full agricultural homestead for each member (up to 12) if each member of the entity meets the requirements.

Question: Would it be appropriate to grant ag-tier linkage to Entity 2 LLC and Entity 3 LLP, linking them to L's base agricultural homestead and to D's base agricultural homestead? If so, would the LLC/LLP need to register with Dept. of Ag first?

Answer: Yes, the only option for the entity owned land to receive the .5 class rate would be to value tier link from each member's individually owned agricultural land. Minnesota Statute section 273.124, subdivision 8(d) allows non-homestead agricultural land to be "linked" to an individual's agricultural homestead up to the amount remaining of the first tier of market value that is unused from the individual's homestead land, assuming all parameters are met. The LLC would not need to register with the Department of Agriculture because they are not receiving an agricultural homestead, they are only receiving the .5 class rate. Different entities **may not** link full homestead benefits between entities, even if the members of the entity are the same.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

January 24, 2020

Alyssa Gustafson
Kittson County Assessor's Office
agustafson@co.kittson.mn.us

Dear Ms. Gustafson,

Thank you for contacting the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- An entity owns agricultural property
- There are two members of the entity
- There are two homes on the entity owned agricultural property
- Member 1 occupies house 1
- Member 2 occupies house 2
- Member 2 also owns additional agricultural land as an individual

Question 1: Can the entity qualify for two full agricultural homesteads due to the members occupying the entity owned property?

Answer: Yes. Qualifying family farm entities may qualify for up to 12 full agricultural homesteads depending on the number of qualifying members and farming activity. In the scenario you provided, there are two qualifying members that occupy entity owned property. As long as all other requirements are met, both members can establish a full agricultural homestead on the entity-owned property. We would recommend that you review the ***Establishing Entity Owned Agricultural Homestead Flowchart*** for each member to determine if all requirements are met.

Question 2: Can member 2 also establish a special agricultural homestead on his individually owned land?

Answer: No. If member 2 qualifies for an entity owned and occupied agricultural homestead, then he cannot also establish special agricultural homestead on his individually owned land. Per Minnesota Statute 273.124, subdivision 14(b), neither the owner nor their spouse can claim another agricultural homestead in Minnesota. It is also important to remember that if a property owner lives on agricultural land, the county must establish on the occupied parcel as the base parcel; the property owner cannot request that the homestead be established on an unoccupied agricultural parcel to gain a bigger benefit.

Therefore, if member 2 qualifies for an entity owned and occupied agricultural homestead, the county must establish the homestead on the entity owned land and classify the individually owned land as non-homestead.

Finally, agricultural value tier linking is not an option for the individually owned land since the owner's base parcel is owned by an entity. For a parcel to qualify for agricultural value tier linking, the base parcel must be individually owned and occupied.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

August 27, 2020

Liz Lund
Roseau County Assessor's Office
liz.lund@co.roseau.mn.us

Dear Ms. Lund,

Thank you for contacting the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- There are multiple agricultural parcels owned by an entity
- One of the parcels is occupied by two members of the entity
- Member 1 occupies the home
- Another structure is located on the parcel that is used as a "shop" for agricultural purposes and also contains living quarters which is where member 2 lives.
- Both members are farming the entity owned land
- Member 1 owns additional agricultural land as an individual and farms the land
- Member 2 owns additional agricultural land as an individual and through his trust of which he is the grantor. He also farms the additional land.

Question: With both members occupying the base parcel, how should the homestead be granted for the entity owned agricultural property?

Answer: It depends on the type of homestead the owner applies for. As with all homestead situations, the assessor cannot make any decisions without the submission of a homestead application. In this situation, the members of the entity could qualify for either an occupied agricultural homestead on the entity-owned land, or special agricultural homestead on their unoccupied parcels. While the members may qualify for multiple homestead scenarios, once they have applied for and received homestead on a parcel, they may not choose to switch to a different homestead scenario at will; it is not appropriate for a property owner to rescind their original homestead application unless circumstances change such as ownership/occupancy/farming etc.…since their **initial** application.

Therefore, if members 1 or 2 have a homestead application on file for the entity owned occupied agricultural land and **nothing has changed** since the initial application was filed, then the assessor will need to use that application to establish the homestead under that member. If something has changed which triggers a new application for this owner, then the property owner can decide to establish agricultural homestead on a different agricultural parcel.

There are multiple scenarios that could affect the homestead status of this entity owned agricultural land dependent on what applications have been submitted. If one member is qualifying the entity owned agricultural land for agricultural homestead, then it would be possible for the other member to establish special agricultural homestead on land that they own as an individual and/or a trust, if all requirements are met.

We will go over each scenario to provide guidance, however it is important that the assessor base their decision on factual information provided by the property owner.

- **Scenario 1: No current application on file for the entity owned agricultural land.** The members can decide where they would like to establish the agricultural homestead (either on the occupied parcel or any of the unoccupied parcels) and who will complete the application on behalf of the entity. The member will need to submit the application for the parcel they would like to establish homestead on, the assessor will then need to make a determination based on the information provided. If that member qualifies the entity owned agricultural land for homestead, they cannot qualify for another agricultural homestead on any additional land they own. They also cannot link to any additional agricultural land that they own due to the different ownerships. The structure that the **other** member is occupying that is located on the entity owned land should be classified according to use. It appears that the correct classification of the structure or portion of the structure would be residential non-homestead due to the entity ownership of the property.

  Finally, if both members want to apply and establish agricultural homestead on the entity owned agricultural land, they could do so under Minnesota Statute 273.124, subdivision 8. That subdivision allows each member of qualifying entities to receive a full agricultural homestead (up to 12 members). Please note that if that is the decision they make, then neither of the members could qualify for another agricultural homestead on any additional agricultural land that they own.

- **Scenario 2: Member 1 and/or 2 have an application on file on behalf of the entity and nothing has changed since that application was submitted.** The assessor will need to use that application to establish homestead on the base parcel. The homestead will be attached to the member that originally submitted the application and should include the structure that the member is occupying. The structure that the other member occupies should be classified according to use which according to the information submitted.

- **Scenario 3: Member 1 or 2 are already receiving special agricultural homestead on the individually and/or trust owned agricultural property**. If this is the case, then the member who is already receiving special agricultural homestead would not be able to establish homestead on behalf of the entity.

This opinion is based solely on the information provided and how we interpreted the scenario. If any of the facts of the situation were to change, our opinion would be subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

November 9, 2020

Dear Ms. Schmidt,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- Entity A owns two parcels:
  - Parcel 1 is 160 acres with two homes and agricultural buildings supporting a dairy operation
  - Parcel 2 is 150 acres of bare land
- The shareholders of Entity A are the husband and wife and a corporation, Entity B, whose shareholders are the daughter and son-in-law
- The husband and wife live in one of the homes on Parcel 1
- The daughter and son-in-law recently moved into the second home on Parcel 1
- All four individuals actively farm
- The operating entity of the farm is Entity A which is registered with the Minnesota Department of Agriculture
- Entity B is not registered with the Minnesota Department of Agriculture

Question 1: Can Entity B qualify for an agricultural homestead?

Answer: No, Entity B is not the owning entity, therefore it cannot qualify for an occupied agricultural homestead.

Question 2: Can Entity A establish an additional occupied agricultural homestead since members of Entity B, which is a shareholder of Entity A, occupy the property?

Answer: No, as Entity B does not qualify as an occupying shareholder. The daughter and son-in-law are actively farming, however they are members of Entity B, not Entity A. This does not meet the requirements for homestead treatment under Minnesota Statutes 273.124, subdivision 8(b) which states "any residences owned by the…[entity]…which are located on agricultural land and occupied as homesteads by its shareholders, members, or partners who are actively engaged in farming on behalf of that…[entity]…must also be assessed" as homestead property. While Entity A owns the secondary residence, it is not occupied by members of Entity A. The daughter and son in law are members of Entity B, which is in turn a member of the owning/operating Entity A, but the daughter and son-in-law are not themselves members of Entity A. Therefore, the homestead provision in subdivision 8(b) does not afford homestead treatment to the secondary residence.

Our opinion is based on the facts provided, if the facts of the situation were to change or the shareholders of Entity A or Entity B were to change, then our opinion could change as well.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

February 10, 2021

Brian Folden
Wadena County Assessor's Office
brian.folden@co.wadena.mn.us

Dear Mr. Folden,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and questions:

Scenario:

- Parcel A is 2.5 acres, owned and occupied by Jane Doe
- Parcel B is 155.5 acres and contiguous to Parcel A
- Parcel B is owned as tenants in common between three different owners:
    - 50% by a trust
    - 16.67% by Jane Doe
    - 33.33% by Jill Doe
- Parcel B contains 90 acres of 2a agricultural land, where 70 acres are farmed by an outside farm corporation and 20 acres are farmed by Jill Doe
- Jane and Jill are siblings and are **not** grantors of the trust
- Jill lives within 4 cities/townships of both parcels

Question 1: Does Parcel A qualify for full agricultural homestead?

Answer: No. Minnesota Statutes 273.13, subdivision 23(e) states that agricultural land must consist of "contiguous acreage of ten acres or more", or acreage used for intensive or exclusive use. Contiguous acreage is further defined as "all of, or a **contiguous portion of** a tax parcel…or…a set of contiguous tax parcels…**that are owned by the same person"** (emphasis added). There are no exceptions within 273.13 that allow **partial ownership** or trust ownership to be considered the same as individual ownership. Assuming the 2.5 acres on Parcel A do not qualify for the agricultural classification due to intensive use, Parcel A would not qualify for an agricultural homestead.

Question 2: Does Jill Doe qualify for special agricultural homestead on Parcel B?

Answer: No. Because Jill farms less than 50% of the farmed land, she would not be eligible to receive special agricultural homestead on Parcel B regardless of whether other requirements are met.

Question 3: How would the situation change if Parcel B was owned as joint tenants rather than tenants in common?

Answer: The type of ownership (joint tenancy/tenants in common) does not affect the homestead status of this property since neither Jane nor Jill Doe qualify for homestead on Parcel B. If the trust, Jane, or Jill did qualify for

homestead on Parcel B, then the qualifying owner would receive 33% homestead under joint tenancy rather than their deeded interest under tenants in common.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

May 14, 2021

Jill Murray
Norman County Assessor's Office
Jill.murray@co.norman.mn.us

Dear Ms. Murray,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- A 10.06-acre parcel was receiving relative agricultural homestead since 1994
- Homestead status was continued after 1998 based on the exceptions found in Minnesota Statutes 273.124, subdivision 14(a)
- In 2003, the owner quit claim deeded the property to the owner's occupying son
- The owner retained a life estate on the property
- The son continued to receive a relative agricultural homestead based on the father's life estate
- A 177-acre non-contiguous parcel of agricultural land was quit claim deeded to the owner's son and daughter in 2014
- The owner retained a life estate on this parcel as well
- The non-contiguous property has also been receiving relative agricultural homestead
- The non-contiguous farmland is currently rented out
- The daughter is not a resident of Minnesota
- Owner died in January of 2021
- The life estate interest was cleared in May of 2021

Question: Should the agricultural homestead status continue for the son now that the father's interest is removed, or should the 10-acre farmstead be changed to class 1a?

Answer: The parcel does not qualify for agricultural homestead and should be classified as residential homestead. The special provisions listed in Minnesota Statute 273.124, subdivision 14(a) do not apply because the ownership has transferred and the parcel no longer meets the requirements that it be the "homestead of the owner" and receiving homestead in the 1998 assessment year.

Question: Please advise if the 117.63-acre parcel should continue to receive relative agricultural homestead?

Answer: No, since the base parcel no longer qualifies for agricultural homestead, and the non-contiguous parcel is being rented out it, it would not qualify for agricultural or special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

July 29, 2021

Dear Lorri,

Thank you for contacting the Property Tax Division regarding homestead status when there is a lifetime lease agreement. You provided us with the follow scenario and questions.

Scenario:

- Owner A currently qualifies for an occupied agricultural homestead
- Owner A has quitclaimed the property to his niece & her spouse
- Owner A has recorded a lifetime lease agreement
- The lease identifies Owner A as the "tenant" and the niece as the "landlord"
- The lifetime lease only provides occupancy rights to the tenant, the tenant does not have ownership rights through this lease
- The new owners, Owner A's niece and spouse, already have their own agricultural homestead within four townships of the new agricultural property

Question: Can Owner A continue to qualify for an occupied agricultural homestead on the parcel that he retains a lifetime lease agreement on?

Answer: No, Owner A would not qualify for an occupied agricultural homestead since he is no longer the owner of the property. A lifetime lease agreement does not provide any ownership rights to the tenant, therefore Owner A does not meet the standard requirement of owning and occupying a property to qualify for homestead.

Question: Can Owner A qualify for a relative agricultural homestead on the parcel that he occupies?

Answer: No, since the owners of the property are already receiving an agricultural homestead on a different property that they own, the new property cannot qualify for a relative agricultural homestead. It is possible for the HGA to qualify for a residential relative homestead and then link the agricultural homestead from the owners' established agricultural homestead to the land of the new property if all linking requirements are met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

March 24, 2022

Dear Nancy,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- An agricultural homestead was linked to four parcels
- The established main parcel changed ownership from two parents to their daughter
- The parents continue to reside on the property
- The other four parcels changed ownership from the two parents to an LLC
- The LLC is made up of the daughter and five other siblings
- The daughter is not a Minnesota resident

Question: Does the established base parcel qualify for agricultural homestead?

Answer: No. If the owner is not a Minnesota resident, then the property cannot qualify for an agricultural relative homestead.

Question: If the daughter becomes a Minnesota resident and the parcel qualifies for an agricultural relative homestead, can the agricultural relative homestead be linked to the four entity-owned parcels?

Answer: No. Homestead linking can only be done when the properties share the same ownership. Because the four other parcels are owned by an LLC, they cannot be linked to the base parcel that is solely owned by the daughter. However, if the daughter is a Minnesota resident, occupies the property, and agricultural homestead is re-established as an owner-occupied agricultural homestead, then the daughter could potentially value-tier link to the parcels owned by the LLC. Value tier linking is not allowed in agricultural relative homestead situations.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

June 2, 2022

Dear Nancy,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenarios and questions:

Scenario 1:

- A trust owns Parcel 1 which is classified as agricultural
- Grantor A occupies the parcel and receives agricultural homestead
- Parcels 2-7 are owned by an entity and are classified as agricultural
- Parcels 2-7 are all within 4 cities/townships of parcel 1
- Grantor A has a life estate on parcels 2-7
- The entity is not registered with the Minnesota Department of Agriculture (MDA)

Question: Can Grantor A link their agricultural homestead to parcels 2-7

Answer: Due to the grantor maintaining a life estate on parcels 2-7, agricultural homestead established on parcel 1 may be linked to these parcels.

Because the base parcel is an occupied agricultural homestead, the parcels being linked must meet three requirements:

- The linked parcels must be within 4 cities/townships of the base parcel
- The linked parcels must be classified as agricultural
- The linked parcels must be owned by the same owner as the base parcel

According to the information provided, the first two requirements are met. While the ownership of parcels 2-7 differs from the base parcel, the Department of Revenue has maintained that a life estate represents sufficient ownership interest for homestead purposes. This would mean that we would consider Grantor A to be the owner of parcels 2-7 and would meet the ownership requirement for agricultural homestead linking. Additionally, because the entity is not considered the owner for homestead purposes of parcels 2-7, they are not required to be registered with the MDA.

Scenario 2:

- Person A and Person B are married
- They own and occupy an agricultural homestead (parcel 1)
- Person B Trust owns parcels 2 and 3, which are also classified as agricultural and are linked to parcel 1 for homestead
- Parcels 4-10 are classified as agricultural and owned by three separate entities. The ownership is the same for all 7 parcels:
    - 1/3 is owned by Person A Trust
    - 1/3 is owned by Person C Trust
    - 1/3 is owned by Person D LLC
- Person A, C, and D are all siblings
- Person C lives in a city within 4 cities/townships from parcels 4-10
- Person D lives in another state
- Person A farms the six parcels

Question: Can any portion of parcels 4-10 receive agricultural homestead?

Answer: When property has fractional ownership, homestead determination should be done on an owner-by-owner basis.

Person A: because Person A qualifies for an occupied agricultural homestead on parcel 1, they cannot establish special agricultural homestead on parcels 4–10. However, since Person A is the grantor of the Person A Trust, Person A's one-third ownership of parcels 4–10 can receive agricultural homestead due to homestead linking from parcel 1.

Person C: because they do not have an established agricultural homestead, they would need to establish special agricultural homestead on one of the seven parcels. Looking at the *Establishing Trust Owned Agricultural Homestead Flowchart*, the following conditions must be met:

- The grantor or qualifying relative must be actively farming the property
    - This requirement is met because the active farmer (Person A) is the sibling of the grantor (Person C)
- The property must be at least 40 acres
- The grantor and their spouse must not claim another ag homestead in Minnesota
- The grantor and active farmer live within 4 cities/townships

Assuming that all these requirements are met, Person C would be able to establish one-third special agricultural homestead on one of the parcels. Once the homestead is established, the remaining parcels can be reviewed for linking. If the linking requirements are met, Person C could link their one-third special agricultural homestead to the remaining parcels.

Person D: could not receive agricultural homestead on their one-third ownership of the parcels because they do not live in Minnesota.

Therefore, from the information provided, parcels 4-10 could receive up to two-thirds of an agricultural homestead assuming all establishing and linking requirements are met under the two qualifying owners.

These opinions are based solely on the facts provided. If any of the facts were misunderstood or change, our opinion would be subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

November 2, 2022

Dear Sherry,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- An individual owned and occupied a property and qualified for an agricultural homestead
- The individual died and established a testamentary trust as part of their will
- As part of the will, the property is now owned by the trust
- The will also contains a provision to allow the grantor's daughter to live at the property

Question: Can a property owned by a testamentary trust qualify for agricultural homestead?

Answer: Yes. For trust-owned property, the type of trust does not matter for agricultural homestead purposes. In this situation, the grantor of the trust is the deceased person who set up the testamentary trust.

Should the daughter live on the property, then the property could receive relative agricultural homestead assuming all other requirements are met. If not, then the property could still potentially qualify for special agricultural homestead if a qualifying relative of the grantor is actively farming.

The county will need to collect a new homestead application from either the occupant or if unoccupied, the active farmer, before homestead is granted. Lastly, when a grantor of a trust is deceased, the grantor's SSN should not be used on the application. If the property is occupied, then the occupant provides their SSN and if it is unoccupied, then the trust EIN number and the active farmer's SSN is required.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

May 18, 2023

Dear Connor,

Thank you for contacting the Property Tax Division regarding homestead. You provided us with the following scenario and question.

Scenario:

- A 160-acre agricultural property is owned by a trust
- The trust has three grantors
- Grantors one and two have residential homesteads
- Grantor three has an agricultural homestead
- The property is occupied by the granddaughter of grantor three

Question One: Can the granddaughter qualify the property for a relative agricultural homestead?

Answer: No, based on the information provided the property would not be eligible for a relative agricultural homestead. One requirement of a relative agricultural homestead for trust-owned property is that the grantor may not claim another agricultural homestead. In this situation, the granddaughter is a qualifying relative of a grantor who already has an agricultural homestead.

Question Two: If not, if the occupant was the granddaughter of either of the other grantors could that enable her to qualify the property for a relative agricultural homestead?

Answer: Trust-held property can receive relative agricultural homestead if occupied by a qualifying relative of the grantor of the trust. If a qualifying relative of the grantor occupies and uses the property as a homestead, the property may be eligible for homestead treatment. From the information provided, if the granddaughter were the qualifying relative for one of the grantors that does not already have an agricultural homestead, the property could qualify for a 33% homestead based on that grantor's ownership interest.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

August 8, 2023

Dear Jennifer,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- A mother and son both own their base parcel together and occupy the same dwelling.
- They have an agricultural homestead on the occupied parcel.
- They jointly own three additional agricultural parcels.
- The son owns two other agricultural parcels that are in his name only.

Question: Could the son qualify for homestead on the agricultural parcels that are solely in his name? Would a full homestead or fractional homestead be extended?

Answer: Based on the information provided, both the mother and son qualify for a 50% owner-occupied agricultural homestead on the parcel where they reside. They then would be able to link that 50% to the other agricultural parcels that they own jointly, meaning that together the mother and son would receive a combined 100% owner-occupied homestead on the jointly owned parcels. For the parcels solely in the son's name, the son would only be able to extend his 50% owner-occupied homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

August 8, 2023

Dear Jennifer,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- A partnership owns an 80-acre parcel classified as agricultural.
- The partnership is owned by a dad and son.
- Dad owns an agricultural homestead individually.
- Son lives on a residential homestead.
- Son also owns a different parcel of agricultural land that is occupied by his child and receives relative agricultural homestead.

Question: Can the partnership-owned property receive agricultural homestead, fractional or otherwise?

Answer: From the scenario provided, the only way that the partnership-owned property could receive agricultural homestead is if the son is actively farming the property, either on the entity's behalf or on behalf of an entity where he is also a qualified person. It is important to note though that if the son did this, then the relative homestead his child is qualifying for would need to be pulled, as the son would already be receiving another ag homestead.

Because dad already receives an agricultural homestead individually, he is not able to qualify the parcel for an agricultural homestead if he is the active farmer. Dad also cannot link homestead to the partnership owned property because they are not owned by the same entity.

The partnership-owned property could potentially receive any excess first-tier classification rate from dad's individually owned agricultural homestead through **value-tier linking**. To do so, the partnership-owned property must be within four cities or townships from dad's agricultural homestead, and the owner or a representative of the owner must notify the assessor by July 1 of the assessment year to receive the benefit for that assessment year and the next payable year. It is important to note that this type of linking only links the excess 0.5% first-tier value, and not the other benefits of agricultural homestead.

Question 2: Can this parcel receive fractional homestead?

Answer: No. For property that is owned 100% by one entity, fractional homestead should never be granted- either the property qualifies, or it doesn't. Fractional homestead should only be granted when the property is owned fractionally and not all ownership entities qualify for agricultural homestead.

September 8, 2023

Dear Liz,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead linking. You have provided the following scenario and question:

Scenario:

- Seven parcels are owned by an FLP
- The FLP has two qualifying members
- Member A occupies a parcel owned by the FLP and receives agricultural homestead
- Member A farms four of the FLP owned parcels
- Member B occupies an individually owned parcel and receives agricultural homestead
- Member B farms the other two parcels owned by the FLP

Question: How should homestead be applied in this scenario?

Answer: Based on the information provided, member A could link to any of the FLP owned parcels that are within four cities or townships from their occupied agricultural homestead. When an agricultural homestead is occupied, the occupying member may link their homestead to non-contiguous agricultural property if the following requirements are met:

- The non-contiguous parcel is located within four cities or townships of the base parcel.
- The non-contiguous parcel is owned by the same owner, entity, or trust as the base parcel (with some exceptions).
- The non-contiguous parcel is classified as agricultural.

If some of the entity-owned parcels are further than four cities or townships from member A's base parcel but are within four cities or townships of member B's individually owned agricultural homestead, member B could potentially value-tier link to these parcels. This would involve member B extending any excess first-tier value from their individually owned agricultural homestead to the entity-owned parcels.

For more information on linking, including the linking checklist, please refer to Module 4 of the Property Tax Administrator's manual.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,
Information & Education Section

Property Tax Division
Phone: 651-556-6922

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

September 13, 2023

Joanne,

Thank you for contacting the Property Tax Division regarding multi-county fractional homestead. You provided us with the follow scenario and question.

Scenario:

- A 15-acre parcel is owned by two siblings and the spouse of one of the siblings as joint tenants.
- Owner A and his spouse, who is not on the deed, occupy the property and own an additional 25 contiguous acres in his name.
- Owner A and owner B are brothers.
- Owner A applied for and received homestead on two parcels.
- Owner B and his spouse have an agricultural homestead in a neighboring county.

Question: How should homestead be applied?

Answer: For property tax purposes, married couples are considered one legal entity, therefore the siblings would each have a 50% ownership interest in the parcel. Assuming all other qualifications were met, owner A may qualify for 50% agricultural owner-occupied homestead on the house, garage and one acre of land (HGA) as well as the 14 acres of additional agricultural land located on the base parcel. Since owner B and his spouse claim another agricultural homestead owner A is not able to claim a relative homestead on owner B's interest. As the ownership is not the same between the base parcel and the 25-acre parcel, owner A would be eligible to link his 50% homestead in the base parcel to the additional acres held in his name alone.

If all requirements are met for linking non-contiguous parcels, Owner B may link his existing owner occupied agricultural homestead to his 50% interest in the 14 acres of agricultural land on the base parcel.

It should be noted that for married couples' properties that are held solely in the name of one spouse may be linked to parcels that are solely held by the other spouse, and/or that are titled in both names. For additional information including examples see the Property Tax Administrators Manual module 4.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

September 14, 2023

Alyssa,

Thank you for contacting the Property Tax Division regarding agricultural homestead. You provided us with the follow scenario and question.

Scenario:

- A mother and daughter share ownership of an agricultural property (Parcel A)
- The daughter occupies the property
- The mother owns and claims a separate special agricultural homestead (Parcel B)
- Mother and daughter own other separate property together (Parcel C)
- Daughter owns two parcels with her brother (Parcels D and E).
- The brother claims an agricultural homestead on property he owns and occupies

Question: How is homestead applied to this scenario?

Answer: Based on the information provided, the daughter may qualify for a 50% owner occupied agricultural homestead on Parcel A. As the mother is already receiving an agricultural homestead her interest in the property would not be eligible for a relative agricultural homestead.

The mother may be able to link her existing special agricultural homestead to her interest in Parcels A and C if all special agricultural homestead linking requirements are met. Additional requirements must be met when linking special agricultural homesteads versus linking agricultural homesteads. When the agricultural land is occupied, and agricultural homestead has been established on the base parcel, the owner can link the agricultural homestead to any other non-contiguous 2a agricultural land that is owned by the same owner and is within 4 cities/townships from the base parcel. This process differs when dealing with special agricultural homestead, every agricultural parcel must meet the requirements for special agricultural homestead prior to linking that homestead. Based on the information provided it is not clear if Parcels A and C meet the size and farming requirements. However, if they do then they may be eligible for linking. Details on the linking requirements for special agricultural homestead are found in the Property Tax Administrator's Manual, Module 4 on page 77.

The daughter's 50% owner-occupied homestead in Parcel A may potentially be linked to parcels she owns jointly with her brother (Parcels D and E) if homestead linking requirements are met. Her brother would also be able to link his owner-occupied agricultural homestead to those parcels if the linking requirements are met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

November 2, 2023

Dear Amanda,

Thank you for submitting your question to the Property Tax Division regarding homestead and classification. You have provided the following scenario and question:

Scenario:

- A married couple executed a warranty deed in 2021 deeding ownership of their four parcels to their three children and retained a life estate on each.
- One of the parcels contains the homestead and received agricultural homestead under M.S. 273.124, Subd. 14(a).
- The children then deeded the three parcels of agricultural land to a trust.

Question: Does this transfer while retaining a life estate constitute a change of ownership and the loss of the agricultural homestead provided by M.S. 273.124, Subd. 14(a)?

Answer: No, in this case the current interest the married couple have in the property that is retained through the life estate would not create a significant enough ownership change that would eliminate the grandfathered agricultural homestead classification. We have advised in the past that when the **exact same owners** who originally qualified make certain changes, such as putting a parcel into a trust where they are the sole grantors, it should be treated as under the same ownership. However, if the ownership change results in additional or fewer individuals obtaining a current interest in the property, the grandfathered homestead status should be removed. In this case, the married couple retaining the current interest through the life estate would allow them to qualify for homestead and the agricultural homestead should remain until the holder of the life estate passes away or any other changes are made that would constitute a change of ownership.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

December 14, 2023

Dear Benji,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- A parcel is owned by a married couple.
- The parcel is ten acres and contains a residence, along with grain bins, equipment storage, and other operational equipment.
- The house is occupied by a different individual who is not a qualifying relative.
- The couple are receiving special agricultural homestead on another parcel.
- The parcel is surrounded by agricultural land owned by the father of one of the spouses.
- The property is currently classified as residential non-homestead.

Question: Can this property receive agricultural homestead? Would it need to be split-classified to receive the agricultural classification?

Answer: Before determining if the parcel can qualify as agricultural homestead, we must evaluate it based on whether it qualifies for the agricultural classification. Because the parcel is less than 11 acres and there is a residence on the property it would only be eligible for the agricultural classification if it meets the requirements of “intensive use.” This requires that the parcel, other than the house, garage, and one acre, are used for one or a combination of the below uses:

- Intensive grain drying or storage;
- Intensive storage of machinery or equipment used to support agricultural activities on other parcels of property operated by the same farming entity;
- Intensive nursery stock production, provided that only those acres used to produce nursery stock are considered as agricultural land (land used for parking, retail sales, etc. does not qualify);
- Intensive market farming, which means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated.

Therefore, if the assessor determines that the whole parcel, other than the house, garage, and one acre, is used for intensive grain drying/storage or intensive storage of machinery or equipment used to support agricultural activities on parcels operated by the same farming entity, the parcel would qualify for the agricultural classification.

Regardless of the agricultural classification, from the scenario provided the parcel would not be eligible for agricultural homestead. The owners are already receiving special agricultural homestead, so the only way for them to extend homestead treatment to this parcel would be via agricultural homestead linking. One of the

requirements for linking when the property owner has a special agricultural homestead is that the linked parcel must be at least 40 acres, meaning that this parcel would be ineligible to link.

Therefore, if the assessor determines that the parcel is used intensively, the HGA would be split off and likely classified as 4bb(2) agricultural non-homestead single unit (HGA), while the rest would be classified as 2a non-homestead agricultural land.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

January 4, 2024

Dear Marti,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- Two siblings own a 116-acre agricultural parcel jointly as individuals.
- Both siblings occupy the parcel.
- They own four additional agricultural parcels jointly and link agricultural homestead to these parcels.

Question: How should homestead be applied in this situation?

Answer: For agricultural homesteads, the proportion of homestead that each owner receives is dependent on whether the property is held as joint tenants (JT) or as tenants in common (TIC).

For property held in joint tenancy, the homestead is apportioned by the number of owners. In this case resulting in each sibling receiving a 50% owner-occupied agricultural homestead and be eligible for up to 50% of the ag tier value (which for assessment year 2024 would be $1,750,000). Each sibling could then link to their proportionate share of the four other parcels assuming that linking conditions are met.

For agricultural property owned as tenants in common, the homestead would be apportioned based on the ownership percentage of each owner. For example, if in this scenario sibling A owned a 70% ownership share of the base parcel, they would receive 70% homestead, while sibling B would receive a 30% homestead on their 30% ownership interest; this would result in sibling A receiving up to $2,450,000 in first tier value and sibling B receiving up to $1,050,000 in first tier value. Each sibling could then link to their proportionate share of the four other parcels assuming that linking conditions are met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

January 4, 2023

Dear Amber,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- Four contiguous parcels totaling 89.9 acres are owned by an LP.
- A member of the LP occupies one of the parcels.
- The applicant does not file a Schedule F and the 156 EZ lists an individual not part of the LP as the operator.
- The operator rents 20.5 acres of land that is then farmed for soybeans.
- The operator files a Schedule F showing this information.
- The LP farms 22 non-contiguous acres of hay and donates it to a neighbor.

Question: Does this property qualify for agricultural homestead?

Answer: From the information provided, the property would not qualify for homestead. For an entity-owned property to qualify for agricultural homestead, Minnesota Statutes 273.124, subd. 8, paragraph (a) and paragraph (b)(2) requires that the operator must be either the owning entity or a member of the owning entity operating the farm on behalf of another entity. Because the operator is neither, the property would not qualify for agricultural homestead.

The county should also review the classification of the property for the portion of the property that is farming hay. Minnesota Statutes 273.13 subd. 23 (e) requires that for property larger than 11 acres with a structure to receive the agricultural classification, the land must be "*contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes.*"

Agricultural purposes are defined as "*the raising, cultivation, drying, or storage of agricultural products **for sale***" (emphasis added). The hay is being donated to a neighbor and the LP does not file a Schedule F, which indicates that the land used for hay does not appear to meet the requirement of agricultural land.

Additionally, contiguous acreage is defined as "*all of, or a contiguous portion of, a tax parcel…or all of, or a contiguous portion of, a set of contiguous tax parcels under that section that are owned by the same person.*" This means that there must be ten acres of land together that is farmed to qualify for the agricultural classification, e.g. four different plots of five acres that combine to equal 20 acres of productive land would not meet the acreage requirement for the agricultural classification.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

March 22, 2024

Dear Kelly,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- A husband and wife currently have a residential homestead in town.
- The husband and wife own five contiguous parcels of agricultural land.
- Their son currently resides on a farm site on one of the parcels.
- The son receives a relative agricultural homestead on these parcels.
- The tillable land is rented to a non-related individual.

Question: If the parents split off the 8.7-acre farm site and sell to their son on contract for deed, could the agricultural land continue to receive homestead?

Answer: No, once the property is split and ownership of the farm site changes, the remaining agricultural land will no longer qualify for homestead.

In Minnesota the law gives significant recognition to the rights of the buyer under a contract for deed, extending as far as to give (or recognize) "equitable title" being the buyer during the term of the contract. Therefore, the state would recognize the buyer (son) as the owner with ownership rights for homestead purposes, meaning the parents would be considered relatives for the farm site, not owners. Currently, because all five parcels have the same ownership and are contiguous, they are treated as one landmass for agricultural purposes. If the farm site is split off, the county has indicated that the farm site will no longer qualify for the agricultural classification, meaning that the son would not be able to qualify for agricultural homestead.

Furthermore, the remaining property owned by the parents would not qualify for special agricultural homestead, as the person who is farming is not the owner or a qualifying relative.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

March 5, 2024

Dear Alyssa,

Thank you for submitting your question to the Property Tax Division regarding homestead. You have provided the following scenario and question:

Scenario:

- John, James, Jim, and Jan are all siblings and Minnesota residents living within the county.
- Parcel A is owned jointly by the four siblings and has a home and 120 acres if agricultural land.
- John occupies Parcel A.
- Parcel B is agricultural land jointly owned by all siblings.
- Parcel C is owned by John Individually.
- James has his own established agricultural homestead (parcel D).
- Jim and Jan each have their own residential homesteads (parcels E and F).

Question: How should homestead be applied in this situation?

Answer: From the information provided, and assuming that all properties are located within four cities or townships of each other and that the land is being farmed by a qualifying person, the properties qualify for differing levels of homestead.

Parcel A - House & 120 acres
- Owned: John, James, Jim, Jan
- Occupied: John

Parcel B - Bareland
- Owned: John, James, Jim, Jan
- Occupied: N/A

Parcel C - Bareland
- Owned: John
- Occupied: N/A

Parcel D
- Owned: James
- Occupied: James

Parcel E
- Owned: Jim
- Occupied: Jim

Parcel F
- Owned: Jan
- Occupied: Jan

In this situation, we would need to look at the HGA and the remaining land separately for Parcel A. In regard to Parcel A's HGA, John would qualify for 25% owner-occupied agricultural homestead, 25% residential relative homestead on behalf of James, and 50% relative agricultural homestead on behalf of Jan and Jim. The remaining land would qualify for a 25% agricultural homestead on behalf of John, 25% relative agricultural homestead on behalf of Jim, and 25% relative agricultural homestead on behalf of Jan. Furthermore, James is able to link his

agricultural homestead and contribute 25% of the homestead. This means that parcel A would qualify for 100% homestead.

Parcel B would qualify for a 25% agricultural homestead on behalf of John, 25% relative agricultural homestead on behalf of Jim, and 25% relative agricultural homestead on behalf of Jan. As this is bare land, James is able to link his agricultural homestead and contribute 25% of the homestead. This means that parcel B would qualify for 100% homestead.

As the base homestead sets precedence over the other parcels located within 4 cities and townships, Parcel C would qualify for a 25% homestead on behalf of John.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

Special Agricultural Homesteads

Property Tax Division Mail Station 3340 St. Paul, MN 55146-3340
Phone: (651) 297-7975 Fax: (651) 297-2166
TDD: (651) 282-2095
maureen.arnold@state.mn.us

January 28, 2002

Laschwen@mail.co.lac-qui-parle.mn.us

Dear Lori,

John Hagen referred your email to me regarding your questions on actively farming for three parcels. In your email you presented the following real-life situation:

> Farm #1 has a house and is owned by a mother and father. Their son occupies the property. The land is rented to a family farm corporation, of which the mother, father and son are members. The son actively farms the property on behalf of the corporation.
>
> Farm #2 does not have a house and is owned by the son. The son rents the land to the corporation and he actively farms the property on behalf of the corporation.
>
> Farm #3 has a house and is owned by the corporation. The mother and father live there and the son actively farms the land on behalf of the corporation.

Assuming the farms are over 40 acres in size and all are within four townships/cities of each other, the simple answer is that the family needs to decide on which two of the three farms they want actively farming homesteads. Since three different entities own each farm, linking the farms is not possible. Per Minnesota Statutes 273.124, subdivision 8 and subdivision 14, paragraphs (b) and (g), the family can choose among the two following scenarios:

Scenario A – Actively farming homestead can be claimed on Farm #1 by the mother and father. Actively farming homestead can be claimed on Farm #2 by the son. Farm #3 cannot receive an actively farming homestead since the member farming the land (the son) is already claiming another agricultural homestead.

Scenario B – Actively farming homestead can be claimed on Farm #3 but then the son cannot get actively farming homestead on his farm (Farm #2). Actively farming homestead can be claimed on Farm #1 by the parents. Farm #2 would be classified as agricultural non-homestead.

You also inquired about the likelihood of reinstating the property tax refund on agricultural land. As you are aware, such refunds are paid from the state and

while there are no guarantees where the legislature is concerned, we would be surprised if the refund would be reinstated for agricultural property in light of the state's current budget deficit.

If you have any further questions or need clarification on the above, please do not hesitate to contact me.

Sincerely,

Maureen Arnold
Information Officer

Property Tax Division
Mail Station 3340
St. Paul, MN 55146-3340
TTY/TDD: (651) 215-0069
FAX: (651) 297-2166
Phone: (651) 296-3540
E-Mail: maureen.arnold@state.mn.us

February 20, 2002

Carol Schutz
Chippewa County Assessor
Courthouse
629 North 11th Street
Montevideo, MN 56265

Dear Carol:

Your letter of December 27, 2001, regarding homestead involving a partnership and a corporation, has been referred to me for a reply.

You provided the following information:

Two brothers own their farmland in a partnership. Both of them currently have a homestead in their own names. In their farming operation, the partnership rents land to a corporation that consists of the two brothers and a son of one of the brothers. Currently, the son is not getting an agricultural homestead anywhere, but he is living on land that is owned by the partnership and is actively farming with the two partners.

You have asked if under any of the existing twists of the active farming laws, is it possible to give them an active farming homestead for the son who is farming as a member of the corporation?

The son is not entitled to homestead. The son lives on partnership land. The son is not part of the partnership. Therefore, it does not make a difference whether the partnership land is rented to the corporation or not.

The assumption in this situation that is not covered in your letter is that the two brothers already have agricultural homesteads. Therefore actively farming is not an issue since they are each already receiving an agricultural homestead.

If you have further questions, please contact our division.

Sincerely,

Maureen Arnold, Information Officer
Information and Education Section

December 21, 2002

Box144b@hotmail.com

Dear Farley:

Your email to John Hagen regarding an actively farming split parcel situation was referred to me for reply. I'm sorry it has taken us so long to respond to your question.

In that email you described a situation in which a farmer owns a 160-acre parcel and is receiving an "actively farming" homestead on that property. His son actively farms the land. During 2002, but prior to applying for an actively farming homestead, the owner sold a 3.99 tract of bare land located within the 160-acre parcel to his son. You then asked three questions:

1. Does the 3.99 acres sold to the son and farmed with the remainder of the 160-acre parcel qualify for an actively farming homestead?
2. If the answer is "no" to the above question, would it be different if the transaction had been filed after an application for an actively farming homestead had been made?
3. If the original parcel had been only 40 acres in size (rather than 160), would the sale of the 3.99 acres to the son prohibit the owner from receiving an actively farming homestead on the entire parcel, assuming the owner has no other contiguous farm land?

The answer to the first question is no, the 3.99 acre tract is not eligible for actively farming homestead either as part of the father's homestead or the son's. Per Minnesota Statutes, section 273.124, subdivision 14, paragraph (b), item (i), in order for agricultural property to be eligible for an actively farming homestead, the property must consist of at least 40 acres. Unless the son lives on the 3.99 acre site, he cannot homestead the 3.99 acres either under his own name or as part of his father's 156.01-acre parcel. Of course the 156.01 acres can continue to receive an actively farming homestead.

The answer to the first question does not change regardless of the timing of the application and sale of the land. There is no possible way for a 3.99 acre site to qualify as an actively farming homestead under current law. It simply does not meet the minimum number of acres. As you know, it is not possible extend homestead to that parcel as the two parcels are under different ownerships.

As to the third question, the answer is yes; it would make a difference if the original parcel had been 40 acres in size rather than 160 acres. The sale of the 3.99 acres to the son would disqualify the original parcel, as the original parcel would no longer meet the minimum number of acres required for an actively farming homestead.

Please contact me if you have any further questions.

Sincerely,

Maureen Arnold
Information and Education Section
Property Tax Division (651) 297-7975
e-mail: maureen.arnold@state.mn.us

MINNESOTA • REVENUE

January 21, 2003

Box144b@hotmail.com

Dear Farley:

On December 13, 2002, you emailed a question regarding actively farming to me.

In that email you described a situation where a landowner lives in town and owns five parcels of agricultural property. All five parcels are contiguous and have a total acreage of 327.63 acre. The landowner uses a portion of three of the parcels for raising cattle with the total area being utilized by the landowner exceeding 40 acres. The balance of the property is rented to a non-relative.

You then asked if the entire farm (all five parcels) qualify for an actively farming homestead, and if not, how much does qualify?

The entire farm (all five parcels) does not qualify for an actively farming homestead. The two parcels that are completely rented out to the non-relative would not qualify for an actively farming homestead.

The other three parcels may or may not qualify for an actively farming homestead. Assuming that the landowner meets all the other qualifications (lives within four townships/cities, is a Minnesota resident, does not claim another agricultural homestead) then the three parcels used for raising cattle are eligible for actively farming homestead provided that both of the following are true:

1) The owner (or son/daughter) is "actively farming" the three parcels on which cattle are raised. That is to mean that he (or son/daughter) is participating in the day-to-day labor, decision making, and management of the parcels. The owner (or son/daughter) must also assume all or part of the financial risks of the farm.

AND

2) The portion of the three parcels used by the owner to raise cattle must be at least 51 percent of each parcel. The requirement that either the owner or a son/daughter must actively farm 51 percent of the parcel is not currently found in law. Rather it came about as a result of a series of meetings with legislators and legislative staff in 2001. They concluded that until we have clear legislative guidelines, at least 51 percent of the tillable acreage should be farmed by the owner to qualify for the special agricultural homestead provision.

The three parcels that are partially used for raising cattle would qualify only if the majority of *each* parcel is used by the owner/active farmer for raising the cattle and the owner/active farmer meets the usual requirements.

If a majority of a parcel is rented out, then that parcel does not qualify for an actively farming homestead.

Please contact me if you have any further questions.

Sincerely,

Maureen Arnold
State Program Administrator
Property Tax Division

Mail Station 3340
St. Paul, MN 55146-3340

Fax: (651) 297-2166
Phone (651) 297-7975
e-mail: maureen.arnold@state.mn.us

MINNESOTA · REVENUE

January 29, 2003

Tom.houselog@co.rock.mn.us

Dear Tom,

The email you sent to John Hagen in October regarding special agricultural homesteads was referred to me for reply.

In that email you described a situation in which a farmer individually owns a quarter section of land (160 acres). The north 50 acres are all pasture on which he grazes his cattle. The remainder of land is all tillable and rented out. You indicated that he meets all the other qualifications for the special agricultural homestead classification. He files a schedule F but does not have an FSA number, which is not ordinary, but not necessary in order to obtain a special agricultural homestead.

You asked if the 50 acres on which cattle graze are eligible for the special agricultural homestead, and if so, then would the remaining 110 acres also qualify, as it is contiguous to the 50 acres?

As you know, the issue of a property owner renting out a portion of their farm land and still qualifying for the special agricultural homestead provision is not addressed in statute. In 2001, a similar situation was brought to our attendion, where a majority of land was rented out. We responded in that letter that legislative staff and key legislators are not comfortable recommending that rented lands qualify for the special agricultural homestead. They felt that as a bare minimum, if rented lands were allowed to be included in the special agricultural homestead, a significant amount of the tillable acreage should be farmed by the owner. They concluded that until we have clear legislative guidelines, at least 51 percent of the tillable acreage should be farmed by the owner to qualify for the special agricultural homestead provision.

Since the farmer in your situation rents out the majority of his land (more than 2/3), he fails to meet the definition of actively farming and thus the entire section is ineligible for special agricultural homestead.

The only possible way for the farmer to receive a special agricultural homestead on his land, as currently farmed, is for the farmer to have the parcel split between the pastureland and the acres rented. In that case then the parcel containing the 50 acres used as pastureland would qualify for the special agricultural homestead and the 110 acres would be classified as appropriate (i.e. agricultural nonhomestead).

Please let me know if you have any further questions.

Sincerely,

Maureen Arnold
State Program Administrator, Senior

Property Tax Division
Mail Station 3340

Email: maureen.arnold@state.mn.us
Tel: 651-297-7975
Fax: 651-297-2166

April 1, 2003

Box144b@hotmail.com

Dear Farley,

In January you emailed me some questions regarding parcels that may be eligible for a special agricultural (also known as an actively farming) homestead.

I apologize for the length of time it has taken to reply to your email but we have been conducting a series of meetings on the subject of agricultural homesteads and since your email highlighted a key issue, I wanted to discuss it thoroughly at those meetings before answering you.

You asked the following three questions:

1. Does a person claiming an actively farming homestead need to own the property for the entire growing season and also own the property on December 31st of the assessment year?

No. A person claiming an actively farming homestead must own and actively farm the property at least during the growing season, own the property on either January 2 or December 1, and file for the actively farming homestead by December 15 in order to qualify for the homestead, provided they meet all the other qualifications.

2. The second question you asked involved the following scenario that you described:

Farmer A owns a 112-acre farm parcel on January 2 of the assessment year and is actively farming the parcel during that assessment year. Timely application is made in the fall for the actively farming homestead and homestead is granted. In December of the assessment year Farmer A sells 80 acres, leaving him with a total of 32 acres, which is below the minimum number of acres needed in order to qualify for actively farming.

You then asked if Farmer A's parcels (both the 32 acres and the 80 acres) should be reclassified as nonhomestead for the current assessment year as a result of the December sale.

No. The sale by itself would not invalidate the farmer's claim for a special agricultural homestead. Since the farmer owned the property on one of the key assessment dates (January 2), actively farmed the parcel during the growing season, filed a timely application for an actively farming homestead, and presumably met all the other qualifications, it is not necessary for the farmer to own the property in December in this case.

3. The second scenario you described is as follows:

Property Tax Division
Mail Station 3340
St. Paul, MN 55146-3340

Fax: 651-297-2166
TTY: Call 711 for Minnesota Relay
An equal opportunity employer

Farmer B owns a parcel containing more than 40 acres and actively farms the parcel. Farmer B makes timely application and receives the actively farming homestead. However between the date of making the application and the end of the assessment year, the entire parcel is sold.

You asked if the actively farming homestead should be revoked.

The homestead classification should continue provided that the farmer had satisfied the conditions of actively farming. If the property were sold before the necessary conditions of the actively farming homestead classification were satisfied, then it would not qualify.

Please contact me if you have any further questions.

Sincerely,

Maureen Arnold

Property Tax Division
Mail Station 3340
St. Paul, MN 55146-3340

Fax: 651-297-2166
TTY: Call 711 for Minnesota Relay
An equal opportunity employer

August 21, 2003

Deb Heyda
Scott County Assessors Office
200 4th Ave. W.
Shakopee, MN 55379-1220

Dear Deb:

This letter is in response to your phone call on May 8, 2003. You are requesting an opinion regarding an "actively farming" agricultural homestead. A son owns two agricultural parcels in fee simple. One parcel is 30.79 acres; the other parcel is 63.2 acres. Neither of the son's parcels have a house. The two parcels are contiguous to each other. The son is actively farming his property on his own behalf. His father owns two agricultural parcels in fee simple; one parcel is occupied by the father; the other occupied by the son. The son also farms for his father. All of the parcels are in the same township. The property that the son occupies is currently classified as relative agricultural homestead. You would like to know if the son can get relative agricultural homestead extended to his own property.

The simple answer is no, the son's property does not qualify for extension of relative agricultural homestead to his own property. The father is only allowed to claim one agricultural homestead. The house, garage and one acre that is occupied by the son should be classified as *relative residential homestead*. Since the father lives on his farm, he gets an agricultural homestead on both the parcel he occupies and the other farm that he owns..

Since the son's two contiguous parcels consist of more than 40 acres, the parcels that the son owns and actively farms would qualify for *agricultural homestead* under the actively farming provision of Minnesota Statute 273.124, subdivision 14, paragraph (b), provided all of the other requirements for actively farming are met.

If you have further question, please contact our division.

Sincerely,

RHONDA M. THIELEN, Appraiser
Information and Education Section
Property Tax Division

Mail Station 3340
St. Paul, MN 55146-3340

Fax: (651) 297-2166
Phone (651) 296-3540
e-mail: rhonda.thielen@state.mn.us

July 1, 2004

Jeff Johnson
Stearns County Assessor's Office
Admin Center Room 37
705 Courthouse Square
St. Cloud, Minnesota 56303

Dear Jeff,

Your email to John Hagen regarding a family farm corporation has been forwarded to me for a reply.

You provided the following information: a farmer is thinking about placing several farms owned by him and his sons into a family farm corporation. There are nine separate homes involved. The initial plan included nine shareholders (dad and his eight sons). Now he is considering including the spouses of the shareholders for a total of 18 shareholders.

You asked if a family farm corporation with 18 shareholders would be able to receive homestead classification.

The Minnesota Statutes Section 273.124, subd. 8 (a) states in part:

> *"Family farm corporation," "family farm," and "partnership operating a family farm" have the meanings given in section 500.24, except that the number of allowable shareholders, members, or partners under this subdivision shall not exceed 12.*

Therefore, property owned by a family farm corporation with a maximum of 12 shareholders which is occupied as a homestead by the shareholder who is actively engaged in farming would be eligible for the homestead class. If there are more than 12 shareholders, none of the property owned by the family farm corporation would be eligible for the homestead classification.

Please let me know if you have any further questions.

Sincerely,

MELISA REDISKE, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6092
Fax (651) 556-3128
E-mail: melisa.rediske@state.mn.us

C: Gary Grossinger, Stearns County Assessor

January 20, 2005

Duane Walbridge
Duane.Walbridge@co.goodhue.mn.us
Goodhue County Assessor's Office
509 West 5th Street Room 208
Red Wing, Minnesota 55066

Dear Mr. Walbridge:

Thank you for your questions on actively farming.

You provided the following information: A property owner purchased 35.74 acres in Minneola Township, Goodhue County, on July 1, 2004. He came to your office to apply for the actively farming homestead for taxes payable in 2005. He then indicated that he was receiving an actively farming homestead in Mazeppa Township, Wabasha County. You received a copy of the property owner's special agricultural homestead application and tax print screen from Wabasha County indicating the property in Wabasha County is 110.78 acres.

You asked if the property owner can apply for the actively farming homestead for both of the properties in Wabasha and Goodhue Counties (for a total acreage of 146.52 acres) or if the property in Goodhue County has to meet the 40-acre size requirement by itself. Since the agricultural property in Goodhue County does not consist of at least 40 contiguous acres, the property does not qualify for the actively farming homestead.

You also asked if property purchased after the January 2 assessment date would be eligible for an actively farming homestead for the current assessment year. We plan on addressing this issue in our forthcoming special agricultural homestead bulletin.

If you have any other questions, please contact our division.

Regards,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114
Fax (651) 556-3128
E-mail: joan.seelen@state.mn.us

January 28, 2005

Byron Swart
Nobles County Assessor
Courthouse 315 10th Street
P.O. Box 757
Worthington, Minnesota 56187

Dear Mr. Swart,

Thank you for your email concerning a special agricultural homestead. You provided the following information: A man, who resides in Nobles County, owns farmland but does not live on it. He has land in Murray County, which is in a family farm corporation. His son, who is a shareholder of the corporation, lives on the property and claims homestead. The son is also farming the father's land in Nobles County. The owner does not currently claim an agricultural homestead on any of his properties of which he owns or has an ownership interest in. Neither the owner nor the son lives farther than four townships or cities from the farmland. Since the son is actively farming the father's land in Nobles County, you asked if it would be appropriate to grant the special agricultural homestead on the property.

Minnesota Statute 273.124, subd. 14(b), clause (i) states:

> *"Agricultural property consisting of at least 40 acres shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:*
>
> > *(1) the owner, the owner's spouse, or the son or daughter of the owner or owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;*
> >
> > *(2) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (1), are Minnesota residents;*
> >
> > *(3) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and*
> >
> > *(4) neither the owner nor the person actively farming the property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property."*

(Continued…)

Byron Swart
January 28, 2005
Page 2

You have stated that the property meets the following requirements:

- the son is actively farming the father's land on his own behalf;
- the owner and his son, who is actively farming the property, are Minnesota residents;
- the owner does not currently claim another agricultural homestead; and
- neither the father nor the son lives farther than four townships or cities from the farmland.

Provided the farmland, which I assume is appropriately classified as agricultural, consists of at least 40 acres, the property in Nobles County qualifies for the special agricultural homestead.

Sincerely,

MELISA REDISKE, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6092
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E-mail: melisa.rediske@state.mn.us

April 25, 2005

Dean B. Champine
Lyon County Assessor
Courthouse
607 W. Main Street
Marshall, Minnesota 56258

Dear Dean:

Thank you for your inquiry regarding property that is homesteaded by a family farm corporation. You have asked how much ownership a shareholder of a family farm corporation must have in order to homestead corporately-owned property that they occupy. It is my understanding that in the situation you described that the incorporation documents were rewritten to give one of the grandchildren a small percentage of shares in the family farm corporation. It is also my understanding that the grandchild occupies a portion of the farm and is actively engaged in farming the property on behalf of the corporation.

As you are aware, Minnesota Statute 273.124, subdivision 8 specifies that shareholders of family farm corporations are allowed to homestead corporately-owned agricultural property that they occupy if they are actively engaged in farming the property owned by the corporation. We can find no statute that specifies that a shareholder must possess a certain percentage of ownership of the shares in order to qualify for homestead. Therefore, as long as you are satisfied that the person is a bona fide shareholder in the corporation, in that they are listed as a shareholder in the incorporation documents, they may homestead property owned by the family farm corporation as long as they occupy the property, are actively engaged in farming the property and they are a Minnesota resident. Their percentage of ownership in the corporation does not factor into the determination of homestead.

If you have further questions, please contact our division.

Sincerely,

STEPHANIE NYHUS, Principal Appraiser
Information and Education Section
Property Tax Division
Phone: (651) 556-6109
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E-mail: stephanie.nyhus@state.mn.us

July 5, 2005

Susan Lohse, Grant County Assessor
Courthouse
10 2nd Street NE
PO Box 1007
Elbow Lake, MN 56531

Dear Susan:

Thank you for your question regarding special ag homestead. You have outlined the following situation:

1) Al and Betty are married and have lived together in Stephen, Minnesota, (Marshall County) farming for many years.
2) The land in Stephen is all in Betty's name.
3) After the flood there, Al purchased 320 acres (land only) in Grant County which he is farming.
4) Al also purchased a home on six acres in Grant County.
5) He lives there and farms his additional 320 acres.
6) Al and Betty's three sons are currently farming with Betty in Stephen until they take over the farming operations there.
7) Al has applied for homestead in Grant County on his six acres where he lives and also on the 320 acres of ag land that he farms.
8) His address is in Grant County; his driver's license has his Grant County address; and he informed you that he plans to register to vote.

You state you will likely grant the residential homestead on the six acres he owns and occupies, but would like our opinion on the 320 acres of ag land. You have asked if Al can receive special ag homestead on his 320 acres since he has another ag homestead in Stephen, Minnesota. We are assuming that you plan on granting 100% residential homestead to Al since he moved due to his self-employment in another location (Minnesota Statutes, Section 273.124, Subdivision 1, paragraph (e)).

In our opinion, Al is not entitled to receive a special ag homestead on the 320 acres since married couples are considered one entity for property tax purposes and the law states that neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota. Since Betty already claims an ag homestead in Stephen, Al is not eligible for another ag homestead.

We also recommend that you monitor this situation yearly.

If you have further questions, please contact our division.

Sincerely,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114 Fax (651) 556-3128
E-mail: joan.seelen@state.mn.us

July 28, 2005

Lori Schwendemann
Lac Qui Parle County Assessor
Courthouse
600 6th Street
Madison, Minnesota 56256

Dear Lori:

Thank you for your question regarding the updated Special Ag Homestead forms we recently sent out for taxes payable in 2006.

You noticed that in Section A it used to say, "I am either the owner, spouse of the owner, or the son, son-in-law, daughter, or daughter-in-law of the owner or of the spouse of the owner." You indicated that the text on the updated forms has been changed and it no longer mentions son, son-in-law, daughter, or daughter-in-law. You asked if they are still eligible. You also asked if the law had passed regarding grandchildren and trusts.

Due to space concerns, we reworded the part in Section A to read, "I am either the owner, spouse of the owner; or the child or grandchild of the owner or spouse of the owner" and to reflect the 2005 law change that amends Minnesota Statutes, Section 273.124, subd. 14, paragraph (b)(i)(1), which extends the special agricultural homestead provision to agricultural property that is being actively farmed by the grandson or granddaughter of the owner or of the owner's spouse. We anticipated that the new wording would clarify the situation. We apologize if this has caused more confusion. Also, Minnesota Statutes, Section 273.124, subd. 14, paragraph (b)(i)(4) states in part:

> *"…The relationship under this paragraph may be either by blood or marriage."*

We believe this would allow the special ag homestead for "in-laws."

The new special agricultural homestead provision also applies to trust-held property (the grantor, spouse of the grantor or child or grandchild of the grantor or grantor's spouse must actively farm the property).

If you have further questions, please direct them to proptax.questions@state.mn.us.

Sincerely,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114 Fax (651) 556-3128
E-mail: joan.seelen@state.mn.us

September 28, 2005

Cathy Olson
Aitkin County Assessor's Office
Courthouse
209 2nd Street NW
Aitkin, MN 56431

Dear Cathy:

Thank you for your e-mail regarding agricultural homesteads. You have asked several questions which are summarized below along with their answers.

Question #1 – If a parcel receiving a special ag homestead has a residence on it, how should the parcel be classified?

Answer #1 – If a parcel receiving the special ag homestead has a house that is located on the parcel, the classification depends on whether the house is habitable or uninhabitable. If the house is habitable, the house, garage and one acre of land should be classified as residential non-homestead. If it is uninhabitable, it may be classified the same as the remainder of the property, which is agricultural homestead.

Question #2 – Robert owns property several parcels of property that are all within four townships in Aitkin County. Must each parcel meet the 40 acre minimum requirement?

Answer #2 – In general, the contiguous land mass must equal at least 40 acres in order to qualify for a special ag homestead. You should remember that over 50 percent of the farmable acres must be farmed by its owner in order to qualify for a special ag homestead. If the farmer does not farm over 50 percent of the contiguous land mass, he or she can choose to enroll a single parcel that he or she farms as long as it meets the other requirements for special ag homesteads.

Question #3 – A partnership consists of a husband and wife as general partners. The partnership owns approximately 130 acres within a single township in Aitkin County. The husband and wife own a property in Champlin, Minnesota and occupy it as their homestead. The wife's mother applied for and was granted an agricultural relative homestead on the partnership-owned property in Aitkin County. The mother occupies the property but does not farm it herself. Is this special ag homestead appropriate?

Answer #3 – It is not appropriate to grant a relative homestead in this case because the property is owned by a partnership. A partnership is a separate legal entity and cannot have relatives. The partnership could possibly receive a special agricultural homestead if the property was occupied by a partner who is actively engaged in farming the property on behalf of the partnership. Or, it could qualify if a partner was actively farming the property on behalf of the partnership, but the property is not occupied by a partner, and all other requirements for the special ag homestead are met.

If you have further questions, please direct them to proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division
Phone: (651) 556-6109 Fax: (651) 556-3128
E-mail: stephanie.nyhus@state.mn.us

December 12, 2005

Beverly Johnson
Polk County Assessor's Office
Courthouse
612 N. Broadway
Suite 201
Crookston, Minnesota 56716-1452

Dear Ms. Johnson,

Thank you for your email regarding special agricultural homesteads. You have asked how the December 1 and December 15 deadlines apply to special agricultural homesteads.

As you already know, Minnesota Statute 273.124, subdivision 9 provides that when *non-homesteaded* property is purchased after the assessment date but on or before December 1, it is eligible for a mid-year homestead provided the owner makes application by the statutory deadline of December 15.

However, special circumstances may arise in the case of special agricultural homesteads. If a buyer purchases property from a seller who occupied the property as their homestead on January 2 of the assessment year, obviously the homestead would continue for that assessment year until January 2 when the homestead would be subject to change.

On the other hand, if a buyer purchases property during the year that is part of another person's special agricultural homestead or will be part of their special agricultural homestead, assessors will have to use their judgment, keeping in mind the requirements of farming during the "current crop year." The following examples are meant to provide guidelines.

Example #1

A buyer purchases non-homestead agricultural land on April 1. Can the buyer be granted a special agricultural homestead on the property?

Answer: Yes, assuming they farm the property for the current crop year and they meet all of the other requirements.

Example #2

A buyer purchases non-homestead agricultural land on July 1 (the crop has been planted by the previous owner but has not been harvested). Can the buyer file for special agricultural homestead on the property?

Answer: It depends. If the buyer plans to farm it, harvest it, etc. for the remainder of the current crop year and meets all of the other requirements, you may grant it.

(Continued…)

Beverly Johnson
Polk County Assessor's Office
December 12, 2005
Page 2

Example #3

A buyer purchases non-homestead agricultural land on November 30. Can the buyer apply for a special agricultural homestead since he owns the property on December 1?

Answer: It depends.

If the above situation involves the purchase of pasture land, you may grant a special agricultural homestead if the buyer can prove that he or she will be using it agriculturally immediately by putting livestock in the pasture.

However, if the land is used to plant and harvest crops, you would not grant the farmer a special agricultural homestead due to the fact that the buyer purchased the agricultural land after the current crop year was over and did not perform any of the work for the current crop year.

Example #4

A husband and wife have a residential homestead. Every other year, they lease their non-contiguous agricultural land to a corporation who farms potatoes. They farm it themselves on the alternating years. Can they receive a special agricultural homestead?

Answer: Since special agricultural homesteads must be applied for on an annual basis, you may grant the homestead during the years that they actually farm provided they meet all of the other requirements. You should require that they fill out the full application in the years they farm since it is not appropriate for them to fill out a re-application in this instance.

If you have any further questions, please direct them to proptax.questions@state.mn.us.

Sincerely,

MELISA REDISKE, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6092
Fax (651) 556-3128
E-mail: melisa.rediske@state.mn.us

December 22, 2005

Ginger Odegaard
Norman County Assessor's Office
Courthouse
16 E 3rd Avenue
P.O. Box 266
Ada, Minnesota 56510

Dear Ms. Odegaard,

In a letter dated August 29, 2005, we responded to your question regarding agricultural homestead. In this situation, the husband and wife are members of a corporation. The corporation owns the main parcel that is occupied by the husband and wife. In addition, the husband and wife own nine parcels of agricultural land either individually or jointly. You had asked for our opinion on the classification of the main parcel owned by a corporation. You also asked if the husband and wife qualify for the special agricultural homestead on the nine parcels that they own individually and jointly.

Our original response stated that the parcel owned by the corporation and occupied by the husband and wife does not qualify for an agricultural classification because it does not consist of 10 or more contiguous acres used for agricultural purposes. Thus the parcel owned by the corporation should be classified as residential. Furthermore, residential property owned by an entity does not qualify for homestead. This portion of our original opinion remains unchanged.

However, upon consulting our legal staff, we have concluded that our earlier response regarding the parcels owned individually by one spouse or jointly by the couple was incorrect.

The nine parcels of agricultural land owned individually or jointly by the husband and wife are eligible for the special agricultural homestead; however, each noncontiguous land mass must qualify on its own and the following requirements would have to be met:

- The owner, owner's spouse or son or daughter of the owner's spouse actively farming the agricultural property either on their own behalf or on the behalf of an authorized entity of which they are a qualified person.
- The agricultural property is at least 40 acres.
- Both the owner and the person actively farming the property are Minnesota residents.
- Neither the owner nor the spouse claims another agricultural homestead in Minnesota.
- Neither the owner nor the person actively farming lives further than four cities or townships from the agricultural property.

Please note that in order for one of the spouses to be able to claim any of the agricultural land as a special agricultural homestead, the other spouse cannot claim another agricultural homestead. Therefore, only one spouse may qualify. The husband and wife do not need to choose which

(Continued…)

parcels to claim the homestead on. However, they would need to agree on which one of them will claim the special agricultural homestead.

We apologize for any inconvenience our original letter may have caused you.

Sincerely,

MELISA REDISKE, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6092
Fax (651) 556-3128
E-mail: melisa.rediske@state.mn.us

January 23, 2006

Robert Anderson
Meeker County Assessor
325 Sibley Avenue N.
Litchfield, MN 55355

Dear Mr. Anderson:

Thank you for your question regarding an agricultural homestead. You have the following situation. A taxpayer owns and occupies a ten-acre tract in your county which you currently have classified as residential. The property is surrounded by agricultural lands. The property owner inherited 40 acres of farmland a few years ago. The property owner is requesting the agricultural homestead classification on both the ten-acre tract and the 40 acres of farmland pursuant to Minnesota Statute 273.124, subd. 14, which states in part:

> ***"Agricultural homesteads; special provisions.***
> *(a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:*
> *(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;*
> *(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;*
> *(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and*
> *(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.*
>
> *Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment…"*

As noted above, to qualify for the agricultural homestead classification, the real estate that is the homestead of the owner must be less than ten acres in size. In addition, homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

In our opinion, since the property owner lives on a ten-acre tract of land and did not qualify under this law for the 1998 assessment, both the ten-acre tract and 40 acres of farmland clearly do not qualify for the agricultural homestead classification under these provisions.

This opinion is based solely on the facts provided. If any of the facts differ, our opinion is subject to change. If you have further questions, please direct them to proptax.questions@state.mn.us.

Sincerely,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114 Fax (651) 556-3128
E-mail: joan.seelen@state.mn.us

March 21, 2006

Daniel Eischens
Jackson County Assessor
Courthouse
413 Fourth Street
Jackson, Minnesota 56143

Dear Mr. Eischens:

Your questions regarding special agricultural homesteads have been assigned to me for reply. You outlined the following situation. Two parents own and occupy a property in town. They receive a residential homestead on this property. The parents also own several agricultural parcels of property that are located in two adjoining townships. These parcels are farmed by two of their sons. Each son also owns and occupies his own individual farm. Each receives an owner-occupied agricultural homestead on their respective farms. All parties are Minnesota residents and all live within four cities/townships of each other.

You stated that both sons have filed separate special agricultural homestead applications on the parents' land. You asked if it was appropriate to allow one of the sons to max out up to $600,000 on the parents' land and then grant the other son a special agricultural homestead on the remainder of the parents' land.

No, that is not appropriate. If the sons are farming their parents' property, a special agricultural homestead may be granted, ***in the name of the parents***, under Minnesota Statute 273.124, subdivision 14(b), clause (i) if all of the following are met:

- The agricultural property is at least 40 acres in size; and
- Both the owner (parents) and the active farmer (sons) are Minnesota residents; and
- Neither the owner nor their spouse (parents) claims another agricultural homestead in Minnesota; and
- Neither the owner (parents), nor the active farmer (sons) lives farther than four cities/townships from the agricultural property.

Each of the sons should continue to receive their own, owner-occupied agricultural homestead. It should be noted that the parents and sons must complete form CR-SAH-05 Application for Special Agricultural Homestead (copy enclosed) to homestead the property for the 2005 crop year/assessment. In subsequent years, they may complete the reapplication version of that form provided nothing changes. These forms were e-mailed to all counties in June 2005. Please contact us if you would like additional copies e-mailed to you. New forms for the 2006 assessment will be sent to assessors sometime in the summer of 2006.

If you have any other questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, Principal Appraiser
Information and Education Section
Property Tax Division
Phone: (651) 556-6109 Fax: (651) 556-3128
E-mail: stephanie.nyhus@state.mn.us

Enclosure

March 21, 2006

Byron Swart
Nobles County Assessor
Courthouse 315 10th Street
P.O. Box 757
Worthington, Minnesota 56187

Dear Byron:

Your question regarding a special agricultural homestead in your county has been assigned to me for reply. You outlined the following situation. A father owns 720 acres with a number of swine production buildings. He claims a residential homestead in the city of Worthington. His two daughters have formed a partnership and the partnership farms all of the father's agricultural property. The partnership is in the process of filing the appropriate forms with the Minnesota Department of Agriculture so that the partnership may be authorized to own and farm land under Minnesota Statute 500.24. One daughter, who is a partner in the partnership that farms the land, is a resident of Iowa. You have asked if it is appropriate to extend a full special agricultural homestead to the father's property once the partnership is authorized under Minnesota Statute 500.24.

You may grant a special agricultural homestead ***in the name of the owner*** (in this case the father) if the property is farmed by a child of the owner either on their own behalf or on behalf of an authorized entity (in this case the partnership, assuming it will become authorized under M.S. 500.24) of which that child is a partner, and all of the following requirements are met:

- The agricultural property is at least 40 acres in size, and
- Both the owner (father) and the person actively farming the property (daughter) are Minnesota residents, and
- Neither the owner (father) nor the spouse of the owner claims another ag homestead in Minnesota, and
- Neither the owner (father) nor the person actively farming (daughter) lives farther than four cities/townships from the agricultural property.

In order to maximize the homestead benefits in this situation, the daughter who is a Minnesota resident should complete the portion of the Application for Special Agricultural Homestead (form CR-SAH-06 which will be updated for assessment year 2006 this summer) as the farmer who is farming the property. The owner (father) would then complete the remainder of the form and the special ag homestead would be granted in the father's name according to Minnesota Statute 273.124, subdivision 14(b), clause (i).

If you have further questions, please direct them to proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, Principal Appraiser
Information and Education Section
Property Tax Division
Phone: (651) 556-6109 Fax: (651) 556-3128
E-mail: stephanie.nyhus@state.mn.us

June 19, 2006

Mark Koehn
Stearns County Assessor's Office
Admin Center Room 37
705 Courthouse Square
St. Cloud, Minnesota 56303

Dear Mark:

Your letter has been assigned to me for reply. You outlined the following situation. A 160-acre farm is owned equally by John, Martha, Mary and Sally who are all siblings. Mary and her husband reside on the farm. They also farm the property. John occupies a contiguous residential parcel. Martha lives in the metro area and Sally lives out of state. You asked how the property should be classified.

Based on the information provided, the most appropriate way to classify the HGA would be as 25 percent residential owner-occupied homestead and 75 percent residential relative homestead. The question as to the proper classification of the excess land and outbuildings remains. Again based on the information provided and due to the fact that one of the owners lives out of state, the excess land and outbuildings should receive 25 percent owner-occupied agricultural homestead and 75 percent agricultural non-homestead.

You also asked the following questions:

1. **Is the property eligible for Green Acres since the family has owned the property continuously for over 50 years?**

   Answer: If the owners meet all other requirements, it appears that the property would be eligible for Green Acres.

2. **If the owners form a family farm partnership and one of the partners occupies the farm, could the property qualify for a full agricultural homestead?**

   Answer: If a farm is owned by a family farm partnership that is authorized to own and farm land under Minnesota Statute 500.24, and the farm is occupied by a qualified person (partner) who is actively engaged in farming the property on behalf of the authorized entity, the qualified person, assuming they are a Minnesota resident, would be eligible for a full agricultural homestead as long as the neither the partner nor their spouse claims another ag homestead in Minnesota.

I hope I have answered all of your questions. If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division
Phone: 651-556-6109
E-mail: stephanie.nyhus@state.mn.us

August 29, 2006

Jo Dooley
Wadena County Assessor's Office
Courthouse
415 Jefferson Street South
Wadena, Minnesota 56482

Dear Jo:

Your e-mail has been assigned to me for reply. You outlined the following situation. A father owns four parcels as an individual. Three are classified as agricultural homestead. The fourth parcel is a vacant residential site. The father is also a partner in a partnership with his son. The partnership owns three agricultural nonhomestead parcels and also recently purchased a residential property. You have asked us what the best tax benefits for them would be as a whole as individuals and as the partnership and if a special ag homestead would be best for the father.

Unfortunately, we cannot answer questions such as yours that are based on such hypothetical conditions. There are other tax implications such as estate, income and social security to consider when forming entities such as the partnership, and we cannot offer legal advice on these issues.

However, I can tell you that a residential property that is owned by a partnership, or any other entity, cannot receive homestead. Only farms, resorts, and hotels/motels have special legislation that would allow a shareholder, member, or partner to receive a homestead on a property that is owned by an entity.

The homestead status on the agricultural parcels must be determined based on the facts of the situation. You must examine each case individually based on ownership, occupancy, and who farms the property. We recently released a flow chart along with our bulletin on special ag homesteads to all county assessors. I would encourage you to use the flow chart to help you determine if a property qualifies for a homestead. If you determine that the flow chart does not answer the questions in your specific situation, please direct the questions with all supporting details of the situation to us at proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

MEMO

Date: November 8, 2006

To: STEVE HURNI
Regional Representative

From: STEPHANIE NYHUS, Principal Appraiser
Information and Education Section

Subject: Special Ag Homesteads on Pasture Land

Awhile back you sent an e-mail to John regarding the Special Ag Homestead Bulletin that was sent to all counties in August 2006. You asked the following questions, which have been assigned to me for reply.

1. **Have pasture acres previously qualified as "in production?"**

   Answer: Minnesota Statute 273.13, subdivision 23, paragraph (c) states in part that:

   "Agricultural land as used in this section means contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products. (emphasis added)

   After searching through previous opinions, I cannot find any instances where we have referenced any specific type of land that must be used for production of agricultural products. Nor can I find any references where we have said that the ten acres in production must be tillable. Rather, we have focused more on the fact that there must be agricultural products that are produced on the land and that those products must be for sale.

   Paragraph (e) of the same statute goes on to state that:

   "The term "agricultural products" as used in this subdivision includes production for sale of:

   (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

   (2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

   (3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals;

(7) trees, grown for sale as a crop, and not sold for timber, lumber, wood, or wood products; and

(8) maple syrup taken from trees grown by a person licensed by the Minnesota Department of Agriculture under chapter 28A as a food processor."

Since livestock production is listed as an agricultural product, there would appear to be no reason to deny the agricultural classification for property consisting solely of pasture land where livestock is being produced for sale. In contrast, property that consists solely of pasture land that is not being used for production could not be classified as agricultural unless it is contiguous to other property that is under the same ownership and is used for production.

2. **Can pasture acres qualify for a special ag homestead?**

   Answer: As long as the property has enough agricultural production to qualify for the agricultural classification, the property should be able to qualify for a special ag homestead as long as all other qualifications for the homestead classification are met.

3. **Does meadow also qualify for a special ag homestead?**

   Answer: Again, as long as the property has enough agricultural production to qualify for the agricultural classification, the property should be able to qualify for a special ag homestead as long as all other qualifications for the homestead classification are met. Unfortunately, the question is not as simple as the types of land that do or do not qualify. Each case must be evaluated on its own merits and all factors must be taken into account.

I hope I have addressed all of your concerns. If you have additional questions, perhaps we can discuss them at one of the rep meetings in the near future.

November 21, 2006

Gale Zimmerman
Morrison County Assessor's Office
Administration Building
213 1st Avenue SE
Little Falls, Minnesota 56345

Dear Gale:

Your question on special agricultural homesteads has been assigned to me for reply. You are questioning our answer to Example 5 located on pages 36-37 in the Special Agricultural Homesteads Bulletin that was issued in August 2006. The following is the example including our answers as they were stated in the bulletin.

Peter's Pumpkin Patch, Inc. is a family farm corporation that owns 89 acres of land (Farm #1) Peter lives on the land and is a shareholder. The land is farmed by Peter's Pumpkin Patch, Inc. and is located in Spooky Hollow Township. Peter also owns two other farms individually. Farm #2 consists of 909 acres of land. Farm #3 consists of 80 acres. Both farms are leased to and farmed by Peter's Pumpkin Patch, Inc. Peter's son, Skippy, lives on Farm #3. Skippy is also a shareholder in Peter's Pumpkin Patch, Inc. Everyone is a Minnesota resident and all of the property is located in Spooky Hollow Township. None of the farms are contiguous to each other.

<u>Farm #1</u>

Who owns the property?

Answer: Peter's Pumpkin Patch, Inc. (an authorized entity)

Is the property occupied by a qualified person of the authorized entity that owns the land?

Answer: Yes. Peter is a shareholder of Peter's Pumpkin Patch, Inc. and occupies Farm #1.

Is the qualified person actively engaged in farming a Minnesota resident?

Answer: Yes.

Farm #1 should be homesteaded in Peter's name according to M.S. 273.124, sub. 8(a) and (b).

<u>Farms #2 & #3</u>

Who owns the properties?

Answer: Peter (a natural person).

Is the property occupied by the owner?

Answer: No.

(Continued…)

Does a qualifying relative occupy the property?

Answer: Yes. Peter's son, Skippy, occupies Farm #3.

Therefore, there are a couple of options for granting this homestead.

Option #1
An agricultural relative homestead could be granted on Farm #3 since Skippy lives there and participation level is not a factor in this option.

However, in that case, even though ownership of Farm #2 and Farm #3 is the same, the agricultural relative homestead cannot extend to Farm #2 since they should be treated separately as they are non-contiguous. (If they were contiguous, they would have both been referred to as a single farm – Farm #2.) Farm #2 would have to be treated as an actively farming homestead since no one lives on the farm. Both options require only one agricultural homestead per person. Thus, if Skippy receives an ag relative homestead, he cannot also receive an actively farming homestead.

Option #2
Skippy receives a RESIDENTIAL relative on the HGA for Farm #3. He could then receive an actively farming homestead on Farm #2. The excess land for Farm #3 would have to be non-homestead in this option.

You have questioned our answers on farms #2 and #3. Your opinion is that neither of those farms can receive an agricultural homestead since Peter, the owner of farms #2 and #3, is receiving an agricultural homestead on farm #1 as a shareholder of the corporation that owns farm #1, Peter's Pumpkin Patch, Inc.

After reviewing this situation further, we concur with your opinion. Farm #3 cannot qualify for an agricultural relative homestead because the owner, Peter, already receives an agricultural homestead for Farm #1. However, Skippy can continue to qualify for a RESIDENTIAL relative homestead on the HGA for Farm #3 as long as all the other requirements for homestead are met. In addition, Farm #2 cannot qualify for a special ag homestead because the owner, Peter, is already receiving an agricultural homestead on Farm #1.

Thank you for pointing out this error in the bulletin. To be fair, the flow chart should lead an assessor to the same conclusions, the error just escaped the final edit of the bulletin. We will notify all assessors of its existence and any future editions of the bulletin will be corrected. If you have further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, SAMA
Information and Education Section
Property Tax Division
Phone: (651) 556-6109 Fax: (651) 556-3128

January 9, 2007

Gale Zimmerman
Morrison County Assessor's Office
Administration Building
213 1st Avenue SE
Little Falls, Minnesota 56345

Dear Gale:

Your question on special agricultural homesteads has been assigned to me for reply. You are questioning our answer to Example 13 located on page 43 in the Special Agricultural Homestead Bulletin that was issued in August 2006. The following is the example including our answers as they were stated in the bulletin.

Ward and June recently retired from farming and have moved to town. They receive a residential homestead on the residential property they occupy. Ward owns two farms that are titled in his name only. Wally, Ward's son, is the sole shareholder in Wally's Family Farm Corporation. Wally occupies Farm #1 that Ward owns and actively farms it on behalf of his corporation. Ward also owns another farm (Farm #2) that is leased to his second son's entity – Beaver's Family Farm Corporation. Beaver is the sole shareholder in his corporation. Beaver also owns and occupies his own farm with his wife Penny (Farm #3). What can qualify for homestead?

It might be helpful to show this graphically –

	Farm #1	Farm #2	Farm #3
Owner:	Ward	Ward	Beaver's FFC
Occupant:	Wally	No one	Beaver & Penny
Farmer:	Wally's FFC	Beaver's FFC	Beaver's FFC

Farm #1 –
Wally can qualify for an agricultural relative homestead since he occupies the property even if he is farming it on behalf of Wally's FFC.

Farm #2 –
Beaver CANNOT qualify for a special ag homestead in this case even if he is farming it on behalf of Beaver's FFC because he already has his own special agricultural homestead on Farm #3. The parcels cannot be linked, nor can Beaver's homestead be extended because the ownership entities are different.

Farm #3 –
Beaver can receive a special ag homestead on this property because he is a qualified person (shareholder) of the authorized entity (Beaver's FFC) that owns the land, he occupies the property, and he is actively engaged in farming the property on behalf of that entity.

(Continued…)

Gale Zimmerman
Morrison County Assessor's Office
January 9, 2007
Page 2

You do not agree with several of our answers in this example. We will respond to each of your issues individually.

Issue: Farm #1 – Wally receives the ag relative homestead. Wally's ag relative homestead extends to farm #2. It is in the same name as farm #1, and it does not matter who farms it. Again, the ag relative homestead gives the same benefit as if the related owner occupied the property. If Ward was living on farm #1, his homestead would certainly extend to farm #2.

Response: After reviewing this situation further, we concur with your opinion. We will issue the change in an update to assessors.

Issue: Farm #3 is NOT a special ag homestead. This is an actively engaged in farming homestead granted under subdivision 8, paragraph a. The special ag provisions (requiring annual application) are only in subdivision 14. I was surprised to find that you sent out applications and re-applications for properties that do not need them i.e. CR-OAEO-06, CR-ROEAO-06, CR-RTLAE-06, CR-TLAE-06.

Response: We disagree. While Minnesota Statute 273.124, subdivision 14 is the entitled "Agricultural homesteads; special provisions," we typically refer to any agricultural homestead that is not an owner occupied or relative homestead as a "special agricultural homestead." Even though annual reapplication is not specifically required under M.S. 273.124, subdivision 8, we believe it is in assessors' best interest to verify that the property continues to qualify on an annual basis because these situations tend to change frequently. We also believe this practice promotes consistency and diminishes the chances of inappropriately granted homesteads escaping detection for many years. Incidentally, we have also recommended in the past that assessors annually verify all residential and agricultural relative homesteads as well because they, too, tend to change frequently.

Thank you for your comments. We have never stated that the flow chart works for every single situation. It was developed as a tool for assessors to use to try to simplify the multitude of agricultural homestead provisions, and many assessors have found it to be a useful tool. We are certainly open to suggestions to improve the flow chart, and we welcome your efforts to fix any problems you encounter.

I hope this adequately addresses your issues. If you have additional questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

January 9, 2007

Sherri Kitchenmaster
Rock County Assessor's Office
Courthouse
P.O. Box 509
Luverne, Minnesota 56156-0537

Dear Sherri:

Thank you for your e-mail regarding the Special Ag Bulletin and Flow Chart that were issued earlier this year. You have several issues which we will attempt to answer individually.

Issue #1 – With regards to property that is leased to an authorized entity, the question on the flow chart asks "is the ag property leased to an authorized entity from the owner who is a qualified person in the authorized entity?" You indicate that section B of the application form does not ask the owner if they are a member of the authorized entity. You have asked if this is pertinent information and if it is a requirement for them to qualify for the special ag homestead application. You also asked if the land is leased but the owner is not a member of the authorized entity if assessors are then traveling down the path for a special ag homestead.

Response: Yes, it is required that the owner of the property be a qualified person of the authorized entity that is leasing the property. Minnesota Statute 273.124, subdivision 14, paragraph (g) states in part that:

> *"Agricultural property consisting of at least 40 acres of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:*
> *(1) a shareholder, member, or partner of that entity is actively farming the agricultural property;*
> *(2) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;*
> *(3) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and*
> *(4) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.*
>
> *Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity."*

(Continued…)

Sherri Kitchenmaster
Rock County Assessor's Office
January 9, 2007
Page 2

One of the things this statute does is grant homestead to property that is owned by an individual but leased to and farmed by an authorized entity as long as the owner is a qualified person of that authorized entity. Therefore, it is necessary to determine if the owner of the property is a qualified person in the entity that leases the property. When we update the applications and reapplications for the 2007 assessment, taxes payable in 2008, we will make that change on form CR-LAE. Thank you for alerting us to this inconsistency.

If the land is leased but the owner is not a member of the authorized entity that leases the land, then you follow the path down the third column of the flow chart toward CR-SAH to determine if the property would qualify for a special ag homestead under those circumstances.

Issue #2 – You believe we are penalizing an owner who retired and moved to town and whose son is farming the land and a lease is involved. You further state that if there were no lease involved, but the son farmed it on behalf of the corporation listed on FSA papers, the regular form CR-SAH should be filled out. You have asked why assessors should bother investigating whether or not a lease is involved when a father/son/grandson is farming since they are not required to prove that they are members of the authorized entity that is leasing the land.

Response: When the owner, owner's spouse, child or grandchild of a property is farming an agricultural property that is not occupied, it does not matter if a lease is involved or not. They would be eligible for a special ag homestead under M.S. 273.124, subdivision 14(b), clause (i). However, if it shows on the FSA papers that the property is being farmed by an entity, the person who has applied for the special ag homestead will have to prove that they are a qualified person of the authorized entity that is listed as the operator on the FSA papers. If the property is leased, it is a requirement that the active farmer of the property must be a qualified person of the authorized entity that leases the property from the owner, who must also be a qualified person of that authorized entity. However, there is no requirement that the active farmer must be the owner or the child, grandchild, or spouse of the owner of the property.

Issue #3: With regards to a property that is held under a trust but leased to an authorized entity, what is the difference between the two tan colored boxes just beneath the white box on the flow chart?

Response: The box under the word "YES" is for property that is <u>leased</u> by the trust to an authorized entity. The box under the word "NO" is for property that is <u>not leased</u> by the trust to an authorized entity.

Issue: The flow chart states that neither the grantor, nor their spouse can claim another ag homestead in Minnesota. However, question 6 on the application (CR-TLAE) asks the farmer of the property if he claims another ag homestead, and the reapplication (CR-RTLAE) asks the question of the owner, not the farmer of the property.

(Continued…)

Response: After reviewing the application and reapplication, we found that the question of other ag homesteads is asked of both the grantor of the trust and the active farmer on the application but it is not asked of the farmer on the reapplication. We will make that correction on the forms for the 2007 assessment for pay 2008. Thank you for pointing out this inconsistency.

Issue: Why is it that when a property is leased by the trust, the grantor does not have to be a qualified person of the authorized entity like the owner is when the property is owned by a natural person?

Response: Our guess is that it is because, technically, the trust is the owner of the property and it would be seemingly impossible for the trust to be a qualified person of the authorized entity that leases the property.

We hope we have adequately addressed all of your concerns. We agree that this is extremely complicated and time consuming. Our hope is that the flow chart somewhat simplifies the multitude of agricultural homestead provisions assessors are charged with administering on an annual basis. We certainly welcome suggestions to improve the consistency of the flow chart and the numerous applications and reapplications. If you have further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

January 17, 2007

Richard Peterson
Mower County Assessor
Courthouse
201 - 1st Street NE
Austin, MN 55912

Dear Mr. Peterson:

Your e-mail has been assigned to me for reply. You outlined the following situation. Two brothers live within eight miles of each other. Brother #1 lives on a 10.88-acre parcel with no tillable acres. In the adjacent township, Brother #2 lives on a 5-acre parcel with no tillable acres. Directly across the road from Brother #2's property, the brothers jointly own 105 acres. Brother #2 owns a 20-acre parcel that is contiguous to the 105-acre parcel. The brothers jointly own another 35-acre parcel, as well as another 40-acre parcel, neither of which is contiguous to any of the other parcels. Brother #2 actively farms all of the farmable acres on all of the farms. You have asked about the proper way to homestead the group of properties.

In our opinion, based on the information provided, the 105-acre parcel that is being farmed by Brother #2 may receive a 50 percent special ag homestead. In addition, that 50 percent homestead may be extended to the 40-acre parcel that is owned by both of the brothers if, in fact, there are 40 farmed acres on that parcel. Brother #2 cannot receive a special ag homestead on the 20-acre parcel that he solely owns because it is not 40 acres in size and because it is solely owned by Brother #2. Therefore, it cannot be linked to the special ag homestead on the 105-acre parcel because the ownership is not the same. Furthermore, a special ag homestead cannot be granted on the 35-acre parcel that is owned by both brothers because it is not 40 acres in size.

Please be aware that this opinion is based solely on the facts provided. If the fact of the situation were to change, our opinion would be subject to change as well. If you have further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

February 27, 2007

Ms. Cindy Thompson
Otter Tail County Assessor's Office
505 Fir Ave W
Fergus Falls, Minnesota 56537-1364

Dear Ms. Thompson:

Your e-mail has been assigned to me for reply. In your e-mail you asked two separate questions which will be answered individually.

1. **Minnesota law requires that homesteads cannot be removed from a property if the owner/occupants move to a nursing home or assisted living facility. Does this same provision apply if the owner/occupants move to an independent senior living facility?**

   Answer: In our opinion, the answer is no. Minnesota Statute 273.124, subdivision 1, paragraph (f), is quite clear. It states that: "*The assessor must not deny homestead treatment in whole or in part if: (1) in the case of a property owner who is not married, the owner is absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not otherwise occupied; or (2) in the case of a property owner who is married, the owner or the owner's spouse or both are absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not occupied or is occupied only by the owner's spouse.*"

   Based on this statute, if the property owner moves to an independent, senior living apartment building, and not to a nursing home, boarding care facility, or assisted living facility, the homestead should be removed as of the next assessment.

2. **Two brothers own an agricultural parcel consisting of 160 acres. Both brothers receive residential homesteads on properties they individually own and occupy that are within four townships of the agricultural property. One of the brothers actively farms the agricultural parcel. Can he receive a special ag homestead on the parcel?**

   Answer: Based on the facts above, the brother who is actively farming the parcel can receive a 50% special ag homestead on the agricultural property.

If you have further questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

March 6, 2007

A. Keith Albertsen
Douglas County Assessor
Courthouse
305 8th Avenue West
Alexandria, Minnesota 56308

Dear Keith:

Your e-mail has been assigned to me for reply. You asked if there was any way that a full special agricultural homestead can be granted on a property that is owned by a limited liability company (LLC) with more than 12 members and one of the members occupies the property.

In our opinion, the answer is no. Special agricultural homesteads are limited to situations where the property is owned by an entity with 12 or fewer members. If there are more than 12 members, none of the property that is owned by that entity is eligible for homestead. This was outlined in the special agricultural homestead bulletin which was sent to the counties in August 2006. Please refer to page15 of that bulletin which states in part that *"if there are 13 or more shareholders, members or partners, the entity cannot receive any homesteads."*

If you have further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

March 16, 2007

Jo Dooley
Wadena County Assessor's Office
Courthouse
415 Jefferson Street South
Wadena, Minnesota 56482

Dear Jo:

Thank you for your e-mail regarding special ag homesteads. You outlined the following situation. Three married couples have formed two family farm corporations. All six people are shareholders in both corporations. Couple #1 owns, occupies and receives homestead on a residential property in town. Couple #2 occupies and farms the property owned by family farm corporation #1 (FFC #1) and Couple #3 occupy and farm the property owned by family farm corporation #2 (FFC #2). You have asked if Couple #2 can homestead all of the property owned by FFC #1 and if Couple #2 can homestead all of the property owned by FFC #2.

Based on the information you provided, and assuming that both FFC #1 and FFC #2 are authorized by the Minnesota Department of Agriculture to own and farm land in Minnesota under Minnesota Statute 500.24, it appears that the property owned by FFC #1 and FFC #2 can receive full agricultural homesteads. Please refer to the Special Ag Homestead Flow Chart that was issued in August 2006 and follow the column in the middle of the chart for property that is owned by an authorized entity. Since both properties are occupied and farmed by a qualified person of the authorized entity that owns the farm, the occupant/farmers should qualify for homestead provided that all other requirements are met.

Please be aware that this opinion was based solely on the information provided. If the facts of the situation differ at all, our opinion is subject to change as well.

Sincerely,

STEPHANIE NYHUS, SAMA
Information and Education Section
Principal Appraiser
Property Tax Division

March 22, 2007

Tom Houselog
Rock County Assessor's Office
Courthouse
P.O. Box 509
Luverne, Minnesota 56156-0537

Dear Tom:

Your e-mail has been assigned to me for reply. In your e-mail you included a map of four parcels which are located in Townships A and B. The four parcels are all owned by Farmer Jones and are all contiguous to each other. None of the parcels are occupied. Farmer Jones actively farms parcels 1 and 2 and is listed as the operator with Rock County FSA. Farmer Jones also farms parcels 3 and 4 but “shares” the income and expenses with Farmer Smith. Farmer Smith is listed as the operator of parcels 3 and 4 with Rock County FSA. You have asked the following questions. Does Farmer Jones qualify for a special ag homestead on parcels 3 and 4 since he is not listed as the operator with FSA? Or, does Farmer Jones simply qualify because those parcels are contiguous to the other parcels he farms?

It depends. There are a couple of different ways to review this situation. First, in our opinion, Farmer Smith being listed as the operator of parcels 3 and 4 is not, in and of itself, a reason to deny the special ag homestead application but it would be an indication that you should ask additional questions. If you are satisfied that Farmer Jones is actually performing a substantial amount of the work as well as sharing in the income and expenses from parcels 3 and 4, you may grant the special ag homestead on parcels 3 and 4 as long as all other provisions in the law are met.

A second option is to look at the property on a contiguous land mass basis. If Farmer Jones is farming over 50 percent of the farmable land himself, he would qualify for a special ag homestead on the entire contiguous land mass assuming all other provisions in the law are met.

Please understand that this opinion is based solely on the facts provided. If any of the facts of the situation were to change, our opinion would be subject to change as well. If you have further questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section

April 5, 2007

Sherri Kitchenmaster
Rock County Assessor's Office
Courthouse
P.O. Box 509
Luverne, Minnesota 56156-0537

Dear Sherri:

Your e-mail has been assigned to me for reply. You outlined the following situation. A farm is owned by an authorized entity and is occupied by a shareholder, member, or partner of the authorized entity. The shareholder, member, or partner also owns land individually that is leased to the authorized entity. You require the individual to provide you with a copy of the lease and the homestead is granted. You have asked if this is correct.

In our opinion, this is not correct. If property is owned by an authorized entity and occupied by a qualified person (shareholder, member, or partner of the authorized entity) who is actively engaged in farming the entity-owned land, that qualified person can qualify for a special ag homestead if neither the qualified person nor his/her spouse claims another ag homestead in Minnesota. Special ag homestead applications or reapplications must be completed every year as stated on page 20 of the Special Ag Homestead Bulletin that was issued in August 2006. The qualified person must complete form CR-OAEO (see attached) as an initial application. In subsequent years, the person may complete form CR-ROAE (see attached) if nothing has changed (ownership, farmer, or property) from the original application.

Land that is owned by different ownership entities cannot be linked together. Please see pages 3 and 19 of the Special Ag Homestead Bulletin for additional explanation. If the individual owner of property is receiving a special ag homestead on the property he is occupying as a qualified person of the authorized entity, he cannot receive another special ag homestead on the land that he individually owns and leases to the authorized entity.

You also asked why applications or reapplications must be filed every year if someone occupies the property. In our opinion, the term "special ag homesteads" refers to all agricultural homesteads except an owner-occupied agricultural homestead or an agricultural relative homestead. As stated in our August 2006 bulletin, special agricultural homesteads require new applications or re-applications on an annual basis because they are often subject to significant changes in both operation and occupancy from year to year. Since the homestead is granted based on performance during the current crop year, they must be continually monitored by assessors. In the past, we have also recommended that assessors monitor all relative homesteads on an annual basis because they are also prone to changes in occupancy more frequently than owner-occupied homesteads.

Hopefully, we have answered all of your questions. If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

April 18, 2007

Steve Hurni
Regional Rep
15085 Edgewood Road
Little Falls, MN 56345

Dear Steve:

Your e-mail has been assigned to me for reply. You asked several questions regarding farm partnerships. They are listed below along with our responses.

Is a farm partnership with two members entitled to one or two homesteads?

Assuming that the partnership is an authorized entity as outlined in Minnesota Statute 500.24, each partner in the partnership would be eligible for homestead for the property they occupy and farm under Minnesota Statute 273.124, subdivisions 8, paragraphs (a) and (b) so long as neither qualified person (partner) nor his/her spouse claims another ag homestead in Minnesota and proper application/reapplication is made to the county assessor. If the property is not occupied, the qualified person (partner) may still qualify for homestead under Minnesota Statute 273.124, subdivision 14, paragraph (g) so long as the ag property is at least 40 acres in size, neither the qualified person who is actively farming nor his/her spouse claims another ag homestead in Minnesota, and the qualified person who is actively farming does not live farther than four cities/townships from the ag property.

If one of the partners lives on the ag property and one of the partners lives on a residential property, is the partner living on the residential property eligible for a special ag homestead?

Assuming all other qualifications are met, yes.

If you have further questions or concerns, please direct them to proptax.questions@state.mn.us

Sincerely,

STEPHANIE L. NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

C: Bob Anderson, Meeker County Assessor

May 11, 2007

Sandy Rettig
Jackson County Assessor's Office
Courthouse
413 Fourth Street
Jackson, Minnesota 56143

Dear Sandy:

Your e-mail has been assigned to me for reply. You outlined the following situation. A limited partnership is made up of a father and four children. The limited partnership owns several parcels of agricultural property. Two of the children, who are partners in the partnership, live in homes owned by the partnership. You have asked if the each son would be eligible for homesteads up to $790,000 in value for the houses they occupy and the land that is owned by the partnership.

Based on the information provided, and assuming that the entity is authorized to own and farm land under Minnesota Statute 500.24, it is our opinion that each qualified person is eligible to claim homestead for the property they occupy and actively farm on behalf of the entity. Please be aware that neither the qualified person who is actively engaged in farming nor his/her spouse may claim another ag homestead in Minnesota and they must be Minnesota residents. In addition, please remember that land that is owned by an entity cannot be linked to land owned by individuals for homestead purposes.

For additional illustration, please refer to pages 15 and 16 of the Special Agricultural Homestead Bulletin and Flowchart that were sent to all assessors in August 2006. This opinion is based solely on the facts provided. If any of the facts of the situation were to differ, our opinion would be subject to change as well. If you have additional questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

August 10, 2007

Mr. Michael Harrington
Appraiser
Mower County Assessor's Office
201 1st Street NE
Austin, MN 55912

Dear Mr. Harrington,

Thank you for your recent inquiry; it has been forwarded to me for a reply. In your e-mail, you asked if an owner can qualify for "Actively Farming" by either crop sharing or custom farming a property. I also appreciate the additional information you provided during a follow-up phone conversation.

Each crop sharing or custom farming agreement will most likely be unique, based on individual considerations and situations. Your county will need to investigate each instance to determine eligibility for special agricultural homestead classification as established in Minnesota Statutes 273.124 subdivision 14.

We direct you to the *Special Agricultural Homesteads* bulletin and flowchart distributed by the Department of Revenue in August 2006 to help in making your determination. As previously mentioned, each application for a special agricultural homestead must be approved on a case-by-case basis with consideration based on who owns and who occupies the property. If the property meets these qualifications for the special agricultural homestead, then you must look at the individual crop sharing or custom farming agreement to determine individual responsibilities for who actually farms the property.

In order for a crop-shared or custom-farmed property to be eligible, it must fulfill all three requirements for a special agricultural homestead (ownership, occupancy, and farming responsibility), as well as all other requirements (minimum acreage, within four townships/cities, etc.).

If you have any further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

MICHAEL STALBERGER
State Program Administrator
Information and Education Section

October 16, 2007

Joyce Schmidt
Pipestone County Assessor
Pipestone County Courthouse
416 Hiawatha
PO Box 458
Pipestone MN 56164-1566

Dear Ms. Schmidt,

I am responding to your recent inquiry regarding an agricultural property owned by a trust but not occupied by a trustee of the trust.

An agricultural property in Pipestone County is owned by a trust created by four siblings. All four are Minnesota residents but none resides on the property. The parents of the grantors/siblings reside on the property and are applying for homestead benefits. Three of the four siblings are claiming agricultural homesteads in Pipestone County and the fourth lives near St. Cloud. You have asked for our opinion on whether the property is eligible to be treated as an agricultural homestead.

We believe that the property is not eligible to be classified as an agricultural homestead pursuant to Minnesota Statutes, section 273.124, subdivision 21. Subdivision 21 provides that if a property owned by a trust is occupied by a qualifying relative of the grantors, the property is eligible for classification as a homestead. We need to look at section 273.124, subdivision 1, clause (d), to see if the occupants are qualifying relatives. Parents are qualifying relatives for agricultural property. However, this clause also provides that the owners (the grantors/siblings) are limited to only one agricultural homestead per family. Since the three siblings already have agricultural homesteads, the subject property cannot be eligible for another. The house, garage and one acre of the subject property would be eligible for a residential homestead.

We are concerned that the law in this area is not clear and we intend to ask for legislative clarification. Since the 2008 legislative session is scheduled to be a short session, the legislative action may not occur until 2009.

If you have any further questions, please contact us at proptax.questions@state.mn.us.

Sincerely,

Dorothy A. McClung
Property Tax Division

November 14, 2007

Judith Friesen
Brown County Assessor
Courthouse Square
P.O. Box 248
New Ulm, Minnesota 56073

Dear Judy:

Thank you for your letter regarding special agricultural homesteads. You outlined the following situation. A 17.5 acre parcel is owned by a family farm corporation (FFC) and is used for agricultural production. The shareholders in the family farm corporation are a husband and wife. This parcel is also occupied by the couple and used for hog production. In addition, the wife owns 300 contiguous acres that are also classified as agricultural property. The wife leases this land to the family farm corporation, of which she and her husband are shareholders. Her husband farms the property. You have classified all of the property as agricultural homestead citing a memo written by John Hagen in 2001. You have asked if this is correct.

In our opinion, these two properties cannot be linked for homestead purposes because they are held by separate entities. The 17.5 acre parcel is owned by the family farm corporation and the 300 acres are owned by the wife. They may receive homestead on one of the properties but not both.

Please refer to the Special Ag Homestead Bulletin and flow chart that were issued in August 2006. These documents are considered to be the new beginning in the administration of special ag homesteads and they replace all previous correspondence issued on the subject. On page 19 of the bulletin, we stated that parcels cannot be linked for homestead if they are not held in the same name. Therefore, if the property owned by the corporation receives a homestead, the 300 acres owned by the wife cannot receive homestead. Below is a graphic description of the options.

Property #1 Ag property – 17.5 Acres	**Property #2 Ag Property – 300 Acres**
Owned by: FFC Occupied by: shareholders Farmed by: shareholders	Owned by: Wife Occupied by: No one Leased to: FFC Farmed by: Husband (shareholder of FFC)

(Continued…)

Judith Friesen
Brown County Assessor
November 14, 2007
Page 2

Option 1: Property #1 is an agricultural property that is owned by an authorized entity (FFC), occupied by a qualified person (shareholder) of the FFC, and farmed by the qualified person (shareholder) on behalf of the authorized entity (FFC). This property can receive a special ag homestead under M.S. 273.124, subdivision 8. The homestead is granted in the name of the qualified person who is actively farming (shareholder) who must also be a Minnesota resident. The final requirement is that neither the qualified person (shareholder), who is actively engaged in farming the property, nor his/her spouse can claim another ag homestead in Minnesota. Therefore, Property #2, owned by the wife and farmed by her husband, cannot receive ag homestead.

Option #2: Property #2 is an agricultural property that is owned by an individual (wife), and is not occupied. The property is leased to an authorized entity (FFC) from the owner (wife) who is also a qualified person (shareholder) in the authorized entity (FFC). In this case, the wife, who is the qualified person in the authorized entity cannot receive a special ag homestead on the property because she is not the farmer of the property. Even if she were the farmer of the property, this property could not qualify for homestead if she and her husband receive a homestead on property #1. Again, one of the requirements under M.S. 273.124, subdivision 14 is that neither the qualified person who is actively farming the property nor his/her spouse can receive another ag homestead in Minnesota.

Many times, taxpayers change the ownership of their agricultural property for estate planning, income tax or social security purposes without consideration of how those changes will affect their property taxes. We suggest you make the taxpayers aware of these issues for the 2008 assessment. They should confer with an attorney or accountant and make an informed decision about which option works best for their overall situation.

If you have any additional questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

STEPHANIE L. NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

January 3, 2008

Joyce Schmidt
Pipestone County Assessor
416 Hiawatha
PO Box 458
Pipestone MN 56164-1566

Dear Ms. Schmidt,

You have asked that we reconsider the application of homestead benefits to a parcel of agricultural property in Pipestone County. We had responded to your original inquiry on October 16. The facts are:

An agricultural property in Pipestone County is owned by a trust created by four siblings. All four are Minnesota residents but none resides on the property. The parents of the grantors/siblings reside on the property and are applying for homestead benefits. Three of the four siblings are claiming agricultural homesteads in Pipestone County and the fourth lives near St. Cloud. You have asked for our opinion on whether the property is eligible to be treated as an agricultural homestead.

We advised you that the house, garage and one acre would qualify as a relative residential homestead but the acreage would not qualify as a special agricultural homestead since three of the four grantors already have agricultural homesteads on separate parcels. We also pointed out that the law was unclear.

You now ask if the one-fourth interest of each of the three grantors who have regular agricultural homesteads in Pipestone County can be linked to their individual homesteaded parcels. After reexamining the facts, we believe that the interests can be linked for each grantor who lives within four cities, townships or a combination thereof from the subject parcel. (See Minnesota Statutes, section 273.124, subdivision 14, clause (c).)

This will require you to maintain five records on this parcel. The HGA will be class 1a residential relative homestead in the name of the parents. If each of the three siblings/grantors live within four townships, you will need a separate record for each showing one-fourth of the value of the parcel, less the HGA, as class 2a property that is linked to the homestead agricultural base parcels of each. The fifth record will be the other one-fourth interest classed as non-homestead agricultural.

We still believe that this process is too cumbersome and needs both clarification and simplification and we will pursue this legislatively.

Thank you for pursuing this and asking us to review this again. If you have any further questions, please contact us at proptax.questions@state.mn.us.

Sincerely,

Dorothy A. McClung
Property Tax Division

January 8, 2008

Richard Peterson
Mower County Assessor
Courthouse
201 - 1st Street NE
Austin, MN 55912

Dear Mr. Peterson:

Thank you for your question regarding a special agricultural homestead situation. You provided the following information. Several agricultural properties in your county are owned by Bunne Family Farms, a limited partnership. These properties are not occupied and are farmed by Bunne Farms, a partnership operating a family farm. Bunne Farms is listed as the operator with the Farm Service Agency. Edward and Rebecca Bunne, a married couple, own, occupy, and receive a homestead on a residential property in the city of LeRoy, Minnesota, which is within four townships of the agricultural properties owned by Bunne Family Farms. According to Doug Spanier, Minnesota Department of Agriculture, Bunne Family Farms is certified to own and farm land per Minnesota Statute 500.24. Bunne Farms is a general partnership and as such, does not need to be certified by the Department of Agriculture. You have asked if the properties that are owned by Bunne Family Farms and operated by Bunne Farms qualify for a special ag homestead.

Based on the information provided, a special ag homestead is not possible in this situation. As you are aware, the Department issued a bulletin on Special Agricultural Homesteads and a flow chart to assist assessors in making homestead determinations in these complicated situations.

Minnesota Statute 273.124, subdivision 14, paragraph (g) states in part that:

> *"Agricultural property consisting of at least 40 acres of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:*
> *(1) a shareholder, member, or partner of that entity* (emphasis added) *is actively farming the agricultural property;*
> *(2) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;*
> *(3) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and*
> *(4) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property…."*

(Continued…)

Richard Peterson
Mower County Assessor
January 8, 2008
Page 2

In this case, the property is not being farmed by a shareholder, member, or partner of the entity that owns the property (Bunne Family Farms). Rather, it is being farmed by a member, shareholder, or partner of Bunne Farms, the operator of the property. While the members of the entities may, in this situation, be the same people, there is no provision in current law that would allow homestead on property owned by one entity but farmed by another. As such, the properties in question cannot qualify for homestead in this situation.

If you have any further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

Stephanie Nyhus, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

C: Cynthia Blagsvedt, Fillmore County Assessor's Office
Mr. Ed Bunne

February 12, 2008

Debra Tholke
Ottertail County Assessor's Office
Ottertail County Courthouse
121 West Junius St.
Fergus Falls MN 56537

Dear Ms. Tholke,

I am responding to your recent inquiry regarding three parcels of property in Ottertail County. I will describe each parcel separately.

Parcel #1 is a residential homestead owned and occupied by A.

Parcel #2 is a parcel actively farmed by A but owned by A's wife's estate and A's sister-in-law.

Parcel #3 is owned by A but actively farmed by A's son.

You asked if Parcel #2 and Parcel #3 qualify for special agricultural homestead benefits. Based on these facts and other facts that we will assume, Parcel #3 may qualify but Parcel #2 does not.

Parcel #3 is owned by a natural person, A, and actively farmed by A's son. We are assuming that Parcel #3 is not occupied by anyone, that the parcel is at least 40 acres, that both A and his son are Minnesota residents, that both A and his son live within four townships of the parcel and that A does not have another agricultural homestead. If these assumptions are correct, A does qualify for an agricultural homestead under Minnesota Statutes, section 273.124, subdivision 14, clause (b)(1). A should complete homestead form CR-SAH. This homestead would be granted in A's name.

Parcel #2 is owned by a natural person (A's sister-in-law) and the estate of a natural person (A's wife) but the ownership is different than the ownership of Parcel #3. If Parcel #2 met all the other tests, the two parcels could not be linked and A is likely already receiving a special agricultural homestead for Parcel #3.

If you have any further questions, please contact us at proptax.questions@state.mn.us.

Sincerely,

Dorothy A. McClung
Property Tax Division

February 13, 2008

Cindy Blagsvedt
Fillmore County Assessor's Office
Courthouse
PO Box 67
Preston, Minnesota 55965

Dear Cindy:

Thank you for your question regarding a special agricultural homestead in your county. You have outlined the following situation:

> Two parents transfer their agricultural property, including the house they live in, to their son. It is deeded to the son's partnership that includes his wife. The son lives in town and actively farms the land.

You have asked if the parents can receive a residential relative homestead if the property is deeded to a partnership.

The Special Agricultural Homestead bulletin issued in August 2006 provides a clear answer to your question. A property that is owned by an entity cannot receive relative homestead. The logic behind this decision is clearly stated on page 5 of the bulletin:

> "It should also be noted that with the exception of trusts, it is impossible to receive an agricultural relative homestead on entity-owned property. Corporations, partnerships, limited liability companies, etc. are legal entities in and of themselves. They are not people, so they cannot have relatives."

Therefore, in our opinion, the parents cannot receive a residential or agricultural relative homestead on any property owned by the partnership

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

February 26, 2008

Gale Zimmerman
Morrison County Appraiser
Administration Building
213 1st Avenue SE
Little Falls, Minnesota 56345

Dear Mr. Zimmerman:

Thank you for your question concerning the classification of a property in your county that was affected by drought. You have presented us with the following situation:

> *A piece of property that has been classified as a Special Agricultural (actively farming) homestead in years previous was unable to produce a crop in 2007 due to a drought. Due to the lack of farming activity (production of a crop) in the given year, you have denied Special Agricultural (actively farming) homestead for the property.*

The property owner has appealed your denial of a Special Agricultural (actively farming) homestead. Consequently, you have asked for our opinion and have inquired as to whether this is a situation where intent is enough.

It is our opinion that the homestead application should not be denied if the property has been properly classified as a Special Agricultural (actively farming) homestead in the years leading up to 2007, and has previously produced an adequate harvest of an agricultural product. After speaking with you over the phone, it seems that the property has been classified as a Special Agricultural (actively farming) homestead for all but one year in the past. In this circumstance, we believe that intent is enough. While Special Agricultural homesteads should be monitored on an annual basis, and we applaud your diligence, it is our opinion that removing a Special Agricultural homestead due to drought related circumstances beyond the owner/active farmer's control seems unreasonable. Therefore, we recommend granting the Special Agricultural homestead for 2007 and reevaluating the situation again in 2008.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well.

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us.

Sincerely,

DREW IMES, State Program Administrator
Information and Education Section
Property Tax Division

March 7, 2008

Cheryl Grover
Clearwater County Assessor
213 Main Ave. N. Dept. 203
Bagley, MN 56621

Dear Cheryl,

Your question regarding special agricultural homestead has been forwarded to me for response. You outlined the following situation: An individual owns a parcel of agricultural land. That property owner also rents that land to a cattle rancher. The owner invests 50/50 with the other cattle rancher and the owner has also done "all the fencing and the work needed to get the property ready for pasturing." You also outlined a situation in which a property owner rents out farmland and is "a 50/50 partner in all the expense and management of the cropland." You are questioning whether or not either or both of these two properties are eligible for special agricultural homestead classification. We will assume that all other criteria for the agricultural classification are met.

As you are probably aware, the issue of a property owner renting out a portion of their farmland and still qualifying for the special agricultural homestead provision is not addressed in statute. When we discussed this situation with legislative staff, they were not comfortable recommending that rented lands should qualify for the special agricultural homestead. At a bare minimum, if rented lands are allowed to be included in the special agricultural homestead, a significant amount of the tillable acreage/pasture should be farmed by the owner. As such, we have concluded that until we have clear legislative guidelines, **at least 51 percent** of the farmable acreage (tillable plus pasture) should be farmed by the owner in order to qualify for the special agricultural homestead provision.

If you are satisfied that either property owner is actually performing a substantial amount of the day-to-day work, as well as sharing in the income, expenses, and risk associated with these parcels, you may grant the special agricultural homestead as long as all other provisions in the law are met.

I would also like to address your question pertaining to the use of Form 4835 instead of a Schedule F in the application for special agricultural homestead. We have been unable to think of a situation that would allow an individual to qualify for the special agricultural homestead without filing a Schedule F. We have recommended in the past (and continue to recommend) that you require an applicant to provide you with a copy of their Schedule F for all filings.

We hope that this letter answers your questions. Please remember that the answer is based solely on the facts provided. If the facts were to change, our opinion on the matter is also subject to change. If you have future questions, you may direct them to us at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

March 25, 2008

Steve Skoog
Becker County Assessor
Courthouse 915 Lake Avenue
P.O.Box 787
Detroit Lakes, Minnesota 56502

Dear Mr. Skoog,

Thank you for your letter concerning an application for residential relative homestead. You stated that a couple has applied for residential relative homestead on a property that is owned by a family farm partnership where all relatives are related to the couple. According to Minnesota Statutes, although certain family farm partnerships may be eligible for class 2a agricultural homestead, they are not eligible for class 1a residential homestead. Also, entities such as family farm partnerships do not have "relatives" per se. This was outlined in an August 2006 memo on special agricultural homesteads. Page five of that memo states, "It should also be noted that with the exception of trusts, it is impossible to receive an agricultural relative homestead on entity-owned property. Corporations, partnerships, limited liability companies, etc. are legal entities in and of themselves. They are not people, so they cannot have relatives." The law only takes into account "shareholders, members, or partners who are actively engaged in farming on behalf of that…partnership" (M.S. 273.124, subd. 8).

Based on the information you have provided, we would recommend denying the couple's application for residential relative homestead.

If you have further questions, please do not hesitate to contact us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

September 10, 2008

Kathy Hillmer
Redwood County Assessor
250 So. Jefferson
P.O. Box 130
Redwood Falls MN 56283

Dear Ms. Hillmer,

Thank you for your recent question concerning agricultural homestead. You have outlined the following scenario: Land is held in a trust for which the grantor is deceased. The beneficiaries of the trust are five siblings. Two of the siblings have agricultural homestead. These two siblings are asking if they can link the parcel to their agricultural homesteads. A third sibling is asking if he/she qualify for special agricultural homestead on the land.

As indicated in our special agricultural homestead bulletin issued in August 2006, the only time properties owned by different entities may be linked is when property owned by an individual is linked to trust-held property and the grantor of the trust is the same as the individual who owns the first property. Therefore, the two siblings with agricultural homesteads cannot link that homestead to the parcel held under trust.

As for the sibling who is questioning whether he/she qualifies for special agricultural homestead, the answer is similar. In our opinion, the sibling as an individual would not qualify for special agricultural homestead on a property owned by the trustees.

If you have any further questions or concerns, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

November 13, 2008

Carol Schutz
Chippewa County Assessor
Courthouse
629 North 11th Street - Suite 3
Montevideo, Minnesota 56265

Dear Ms. Schutz,

Thank you for your recent question concerning special agricultural homestead. You have outlined the following scenario: A married couple owns a property under a trust. The married couple are the grantors of the trust. Their son's wife and children are beneficiaries of this trust (the son has passed away). The daughter-in-law has since remarried, and her spouse is a farmer. The daughter-in-law is wondering if she may receive a special agricultural homestead on the property for which she is a beneficiary if her spouse will be actively farming it.

It is important to distinguish the fact that beneficiaries of a trust do not have sufficient ownership interest in a property to claim homestead. The ownership is a future interest only.

In terms of this specific scenario, the surviving spouse of the owner's son is not a qualifying relative as she is remarried and no longer a daughter by marriage. If her children eventually farm the property, they may qualify. However, in this case, the former daughter-in-law is no longer a qualifying relative of the grantor of the trust. Therefore, the property cannot receive a special agricultural homestead.

If you have any further questions or concerns, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

January 15, 2009

Marian Paulson
Kittson County Assessor
410 S. 5th Street - Suite 206
Hallock, Minnesota 56728

Dear Marian,

Thank you for your question regarding the special agricultural homestead eligibility of property owned individually by one of two brothers, in addition to property they own together as part of a farming partnership. You asked what property is eligible for homestead for each brother. The following bullet points further explain the specifics in your question.

- Brother A and his wife own and occupy their own home. It is unclear whether this is a residential or agricultural homestead.
- Brother B lives in a house on a parcel owned by the "Brothers" Farms
- "Brothers" Farms, a partnership, owns the farm buildings and land that is within four townships of these two residences

Minnesota Statutes, Section 273.124, subdivision 8 provides the necessary legislative direction in determining Brother B's homestead eligibility of the property in your question. Specifically, paragraphs (a) and (b) are relevant to your example. Based on the information you provided, Brother B does not have appear to have an individual agricultural homestead. As long as this is the case, Brother B may qualify for a special agricultural homestead on the land the partnership owns and he occupies.

If Brother A and his wife have an agricultural homestead as it appears, Brother A is not eligible to receive a special agricultural homestead on the land owned by the partnership. Additionally, his individual agricultural homestead can not be linked to the partnership-owned land. If Brother A and his wife actually have a residential homestead, Brother A may be eligible for a special agricultural homestead on the partnership-owned land provided all applicable statutory requirements are met (M.S. 273.124, subdivision 14).

Please note that Kittson County is included in special legislation (M.S. 273.124, subdivision 14, paragraph (e)) that provides the homestead benefit to certain property that has been in the same ownership since 1997 and meets other requirements. If you feel this may apply in your question, you will need to also review those provisions.

If you have any further questions, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

MICHAEL STALBERGER, State Program Administrator
Information and Education Section
Property Tax Division

2009314

August 14, 2009

Judy Friesen
Brown County Assessor
Courthouse Square
P.O. Box 248
New Ulm, Minnesota 56073

Dear Ms. Friesen,

Thank you for your recent question to the Property Tax Division. You have asked if a farmer without an FSA number would still qualify for a special agricultural homestead.

The statutory guidelines for a special agricultural homestead are outlined in Minnesota Statutes, section 273.124. While an FSA number may be helpful in determining whether the qualifications for special ag homestead have been met, an FSA number is not specifically required by law. In our 2004 Special Agricultural Homestead Bulletin, we noted:

> *"Farm Service Agency (FSA) forms should indicate who or what entity is listed as the owner and operator of the farm. The FSA numbers of the owner and operator are requested on the special ag homestead applications. However, while this number is helpful in determining eligibility for the actively farming homestead, it is not absolutely necessary. Failure to have an FSA number is not, by itself, a reason to disqualify an applicant. But, it is an indicator for the assessor to ask more questions."*

If the applicant is able to verify that he or she meets all other requirements for the special agricultural homestead, lack of an FSA number will automatically not disqualify him or her.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009351

October 1, 2009

Dan Whitman
Martin County Assessor
201 Lake Ave
Fairmont MN 56031

Dear Mr. Whitman,

Thank you for your recent question to the property tax division regarding special agricultural homesteads. In your county, a property has qualified for the special agricultural homestead for the past several years. This year, upon reapplication, it was noted that the corporation which owns the farm will not have an FSA number. In the past, the property has supplied an FSA number and has been farmed by a farm manager for the corporation. You have asked the following questions.

1. Will the property continue to qualify for special agricultural homestead without an FSA number?
Answer: If all other requirements are met, the absence of an FSA number alone is not a reason to disqualify the property from receiving a special agricultural homestead.

2. What is the definition of a "member of an authorized entity" for special agricultural homestead purposes? Can it be an employee, or must the individual be listed in the Articles of Incorporation of somewhere else?
Answer: As shown on the special agricultural homestead "flow chart", "authorized entities" refer to family farm corporations, joint farm ventures, limited liabilities companies, or partnerships operating family farms. A "member of an authorized entity" refers to a shareholder of a family farm corporation, partner in a partnership, or member of a limited liability company. A hired employee would not meet the requirements to be considered a "member" of the entity unless the same employee was listed as a shareholder/member/partner in ownership documents.

If you have any further questions, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009360

October 22, 2009

LuAnn Trobec
MCIS
413 SE 7th Ave
Grand Rapids, MN 55744

Dear Ms. Trobec,

Thank you for your recent homestead question. You have outlined the following scenario: Two brothers jointly own and occupy a property (one house). In addition, each brother separately owns other agricultural parcels. You have asked how homestead is extended in this scenario.

Option 1: The brothers each qualify for 50% owner-occupied agricultural homestead on the parcel where the residence is located. They may each extend that 50% owner-occupied homestead to their individual parcels. Brothers A and B would receive 100% owner-occupied homestead on the residence; Brother A would receive 50% homestead on his separate agricultural parcel; and Brother B would receive 50% homestead on his separate agricultural parcel. Neither parcel owned individually is eligible for 100% homestead; only the parcel which is owned jointly and occupied jointly would qualify.

Option 2: The brothers may receive a residential owner-occupied homestead on the parcel they occupy. The excess agricultural land on the parcel they occupy would not qualify for homestead. They may then apply for 100% special agricultural homestead on their separate agricultural parcels, provided they meet the requirements for special agricultural homestead.

If you have any further questions, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009415

November 24, 2009

Lee Brekke
Wadena County Assessor
415 Jefferson St S
Wadena, MN 56482

Dear Mr. Brekke,

Thank you for your recent question regarding special agricultural homesteads. In your county, three related property owners (two brothers and their sister) own two contiguous tracts of land. One of the three property owners is seeking special agricultural homestead. None of the owners live on the land. The parcels are described as follows:

Parcel 1: 11.036.1010 is 160 acres in size; 58 acres are class 2a of which 21 acres are enrolled in CRP and 37 acres are tilled

Parcel 2: 08.031.2010 is 80 acres in size; 40 acres are class 2a of which 20 are enrolled in CRP and 20 are tilled

You have asked if the applicant would qualify for special agricultural homestead. In order to answer your question, we look to the department's August 2006 bulletin on Special Agricultural Homesteads. Specifically, we look at pages 10 and 11 for explanations of special agricultural homesteads for situations of "actively farming". "Actively farming" is a term used when there is no person living on the property, such as is the case here. Each separate requirement for special agricultural homestead as it pertains in your scenario is outlined below.

Requirement 1: At least ten contiguous acres must be used for production for sale of an agricultural product (in order to meet statutory requirements).
Both parcels meet this requirement based on the information you have provided; each parcel exceeds the requirement of having ten contiguous acres used to produce an agricultural product for sale.

Requirement 2: The owner/farmer of the property must live within four cities or townships to qualify.
According to your office, the applicant of the property does live within four townships; however, we do not know whether all three owners live within four cities or townships. This must be verified before determining whether this qualification is met.

Requirement 3: The owner/farmer must be a Minnesota resident.
According to your office, the applicant is a Minnesota resident; however, we do not know if all owners are Minnesota residents. This must be verified before determining whether this qualification is met.

(Continued…)

Requirement 4: The owner may not have another agricultural homestead in the state of Minnesota.
According to your office, the applicant does not have another agricultural homestead in the State of Minnesota. If either of the other two owners have an agricultural homestead, this requirement is not met. However, if none of the three owners has an agricultural homestead, this requirement is met.

Requirement 5: The parcel (or parcels) must be at least forty (40) acres in size.
In your scenario, one of the parcels is 160 acres in size, and the other parcel is 80 acres in size. Both parcels meet this requirement.

Requirement 6: Over fifty percent of the farmable land must be actively farmed.
In the first parcel, 37 of the 58 class 2a acres are farmed. The remaining 21 acres are enrolled in CRP. CRP lands are not farmable land, and these acres are subtracted from the total number of 2a acres before making a determination. Based on the remaining acreage, 21 acres are both farmable and farmed, or 100% of the farmable acres are farmed. Therefore, this qualification is met.

The second parcel has 20 of 40 class 2a acres farmed. Of this, 20 of these forty acres are enrolled in CRP (again, not "farmable"). By definition, 100% of the farmable acres are farmed on the second parcel.

Also remember, "actively farming" requires a greater degree of participation and work in the farming activity on the parcel, and a share in any profits or losses for the farm. The person seeking special agricultural homestead must participate in the day-to-day decision making and labor on the farm.

Again, we refer to the August 2006 Department of Revenue "Special Agricultural Homesteads" bulletin as well as our 2009 Special Agricultural Homestead flow chart. If you find that the owner/applicant of the property meets all requirements for actively farming special agricultural homestead on either or both of the parcels, then he may qualify for the associated benefits.

If you have any further questions, please do not hesitate to contact our office at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009416

November 24, 2009

Lee Brekke
Wadena County Assessor's Office
415 Jefferson St S
Wadena, MN 56482

Dear Mr. Brekke:

Thank you for your question concerning special agricultural homesteads. The following is a summary of the information you provided as we understand it:

A father and mother own 3 contiguous parcels:

- **Parcel 1** contains two homes. One home is occupied by the owner's son and daughter-in-law. The other home is non-homestead.
- **Parcel 2** and **Parcel 3** qualify as class 2a agricultural land.

The son and daughter-in-law own 3 parcels. Two of the parcels are contiguous to the father and mother's properties. One parcel is not contiguous:

- **Parcel 4** and **Parcel 5** are contiguous to the father and mother's property and qualify as class 2a agricultural land.
- **Parcel 6** is not contiguous to any of the other property. The mother and father occupy a home on this property. The land qualifies for class 2a agricultural.

You have asked if any of the parcels are eligible for Special Ag Homestead and if any of the acres are eligible for Green Acres?

In our opinion, as for the assignment of homesteads, either **Parcel 1** or **Parcel 6** qualifies for agricultural relative homestead. However, only one of the parcels may qualify, as only one agricultural relative homestead per family is allowed. The other parcel (Parcel 1 or Parcel 6) may be residential relative homestead on the house, garage, and immediately surrounding one acre (HGA) with the remainder of the parcel classified as agricultural non-homestead.

If the family decides that **Parcel 1** is to be the agricultural relative homestead, the homestead may extend to parcels **Parcel 2 and Parcel 3**, but not parcels 4, 5, and 6. The ownership differs between the parcels.

As for Green Acres, to qualify the following requirements must be met:

The property must have at least 10 acres classified as 2a, be primarily devoted to agricultural purposes, and:

(1) be the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or

(Continued…)

(2) been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within four townships or cities or combination thereof from the qualifying real estate.

(Minnesota Statutes 273.111, subdivision 3.)

So, if requirements including homestead and/or length of ownership are met, the class 2a land may qualify for Green Acres.

Please be advised that this opinion is based solely on the facts provided. If any of the facts including ownership and/or occupancy were to change, our opinion is also subject to change. If you have any further questions or concerns, please do not hesitate to contact our division at proptax.questions@state.mn.us. You may also refer to a letter we addressed to you on February 19, 2009, outlining a similar situation.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

January 14, 2010

Renee Nett
Watonwan County
P.O. Box 518
St. James, MN 56081

Renee.nett@co.watonwan.mn.us

Dear Ms. Nett:

Thank you for your question concerning special agricultural homesteads. You have asked if a prenuptial agreement between two spouses can affect how a homestead is granted. Specifically, you presented us with the following scenario and question:

> A man and a woman, both widowed, married in 2008. They both owned farmland and qualified for Special Ag homestead as individuals before they got married. They believe that because of a prenuptial agreement they should continue to receive two separate Special Ag homesteads just as prior to their marriage. Can they receive two separate Special Ag homesteads?

Although prenuptial agreements have a bearing on many marital issues, they have no bearing on property tax assessments or homestead status. For property tax purposes, married couples are considered one unit. Minnesota Statute 273.124, subdivision 1, paragraph (e) places strict limitations on which scenarios would qualify spouses for two separate full homesteads:

> *"(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location, or (4) other personal circumstances causing the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes. To qualify under clause (3), the spouse's place of employment or self-employment must be at least 50 miles distant from the other spouse's place of employment, and the homesteads must be at least 50 miles distant from each other. Homestead treatment, in whole or in part, shall not be denied to the owner's spouse who previously occupied the residence with the owner if the absence of the owner is due to one of the exceptions provided in this paragraph."*

In order to receive two separate full homesteads one of the above provisions must be applicable. We do not understand a prenuptial agreement to meet any of these provisions.

(Continued…)

Renee Nett
Watonwan County
January 14, 2010
Page 2

As an aside, in the case of married couples, properties that are solely held in the name of one spouse may be linked to parcels that are solely held by the other spouse (and parcels that are titled in both names). Therefore, it may be possible that the husband and wife, as one unit, could link parcels and receive a Special Ag homestead on the parcels they own individually, as long as they meet all other requirements for Special Ag homestead.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well.

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA • REVENUE

January 19, 2010

Amy Ebnet
Todd County Assessor's Office
221 First Avenue South, Suite 400
Long Prairie MN 56347

amy.ebnet@co.todd.mn.us

Dear Ms. Ebnet,

Thank you for your recent question to the Property Tax Division regarding agricultural and special agricultural homesteads. We refer to the Department of Revenue Special Agricultural Homestead bulletin and the revised 2009 Special Agricultural Homestead flow chart for direction on your questions. Your questions refer to the following parcels:

Parcel A is a 237-acre parcel. This parcel is in a trust. John Doe, a trustee of the trust with his siblings, farms the property and occupies the property. The grantors of the trust were John Doe's parents (now deceased). This parcel has been given a relative agricultural homestead. (M.S. 273.124, subdivision 21, paragraph (b) allows for the homestead if occupied by a qualifying surviving relative of the grantor).

Parcel B is a 234-acre parcel. John Doe owns this parcel as an individual. It is not occupied, but it is farmed by one of his siblings.

Question 1: Can parcel B be linked to Parcel A?
Answer: No. John Doe is a trustee of the trust that owns parcel A. If he were the grantor of the trust, the parcels may be linked if within four cities/townships. However, because the ownership is different (John Doe is not a grantor of the trust), the parcels cannot be linked.

Question 2: If not, would parcel B qualify for a special agricultural homestead?
Answer: No. Since John Doe is already receiving an agricultural relative homestead on Parcel A, he cannot receive a special agricultural homestead on Parcel B.

In either scenario, if any of the facts were to change, our opinion would be subject to change as well. This includes ownership, occupancy, and farming of either of the parcels.

If you have any further questions or concerns, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

January 27, 2010

Marian Paulson
Kittson County Assessor
410 S 5th St. Ste 206
Hallock MN 56728

mpaulson@co.kittson.mn.us

Dear Ms. Paulson,

Thank you for your recent questions regarding special agricultural homestead eligibility under two different scenarios. I have answered each of your questions below.

Scenario 1: Brother A owns agricultural land that has been granted special agricultural homestead under Minnesota Statutes, section 273.124, subdivision 14, paragraph (e) which was enacted for agricultural homestead properties that were vacated due to the 1997 floods but continued to be farmed. You have asked if Brother A purchases, inherits, or is given more land, would it qualify for homestead under these provisions as well?
Answer: No. Clause (c) of M.S. 273.124, subd. 14(e) requires that "the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes… [emphasis added]." A property owner who is granted homestead under this provision may not "add" land to the agricultural homestead that was not under his ownership for the 1997 assessment year.

Scenario 2: Brother A from above owns agricultural property in a partnership with Brother B. Brother B occupies this agricultural land and farms it. You have asked if Brother B qualifies for an agricultural homestead even though Brother A has an agricultural homestead under 273.124 subd. 14(e).
Answer: We look to the flow chart entitled "Determining if property qualifies for the agricultural homestead classification" to answer your question. We follow the flow chart as follows:

- *Does an authorized entity own the property?* Yes. A partnership operating a family farm owns the property.
- *Is the property physically occupied by a qualified person of the authorized entity?* Yes. Brother B, a partner in the partnership, physically occupies the property.
- *Is the qualified person actively engaged in farming the property on behalf of the authorized entity?* Yes. Brother B is actively engaged in farming the property.
- *Does either the qualified person who is actively engaged in farming the property or that person's spouse have another agricultural homestead in Minnesota?* No. Neither Brother B nor his spouse has an agricultural homestead in Minnesota.

Based on the facts as we understand them and as described above, the property would qualify for an agricultural homestead under Minnesota Statutes, section 273.124, subdivision 8.

Please note that our opinions are based solely on the facts as they are provided to us. If any of the facts of the situations were to change, our opinion would be subject to change as well. If you have any further questions or concerns, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

February 18, 2010

Robert E. Moe
Otter Tail County Assessor
505 W. Fir Ave
Fergus Falls, MN 56537-1364

assessor@co.otter-tail.mn.us

Dear Mr. Moe:

Thank you for your question concerning special agricultural homesteads. You have provided us with the following scenario:

> A number of agricultural parcels are owned by Muckala Farms, Inc., a qualifying family farm entity. The parcels are leased to and farmed by Good Earth Agri-Products, Inc.; this entity is not listed by the Minnesota Department of Agriculture as a family farm entity. The same person owns both entities and does not live on any of the parcels.

You have asked for our opinion on whether or not these parcels are eligible for a special agricultural homestead.

We look to the *Special Agricultural Homesteads* bulletin and flowchart to answer your inquiry. Using the flowchart as a guide, it is our opinion that these parcels do not qualify for a special agricultural homestead because the active farmer (Good Earth Agri-Products, Inc.) is not a member, shareholder, or partner of the owner (Muckala Farms, Inc.), but rather a separate and different entity. In other words, it is not being farmed by a qualified person of the authorized entity that owns the land on behalf of that entity. Instead, it is being farmed by the entity that leases the property. The fact that the same person owns both entities does not make a difference.

We recommend using the *Special Agricultural Homestead* bulletin and corresponding flowchart, originally distributed by the Department in August 2006 (flowchart updated for 2009), as a resource in determining special ag homestead eligibility questions. Both documents are helpful tools for working through these complicated fact situations.

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

March 11, 2010

Connie Erickson
Yellow Medicine County Assessor
415 9th Avenue, Suite 106
Granite Falls, MN 56241

Dear Ms. Erickson:

Thank you for your question concerning agricultural homestead. You have presented us with the following scenario:

> Mary and Larry are married. Mary is the grantor of the Mary N. Revocable Trust which owns a 153 acre parcel that is classified as agricultural homestead. Mary and Larry transferred other agricultural property to their sons in the names LM Daniel N. Family Limited Partnership and LM David N. Family Limited Partnership.
>
> Mary and Larry own partnership interest in both of the partnerships.
>
> Larry actively farms the land owned by the LM Daniel N. Family Limited Partnership but not the land owned by LM David N. Family Limited Partnership which is actively farmed by the son David.

Can the agricultural homestead which is owned by the Mary N. Revocable Trust extend to the land owned by either partnership?

We direct you to the *Special Agricultural Homesteads* bulletin and flowchart distributed by the Department of Revenue to help in making this determination. Using these materials as a point of reference, we determine that Mary and Larry cannot extend the homestead of the Mary N. Revocable Trust to either partnership. It is not appropriate to link properties where the ownership entities differ such as (in this case) trust-held property to partnership-held property. The fact that Mary and Larry own interest in the partnerships and that Larry actively farms the land of one partnership is not relevant in this case, as properties owned by different entities (trust property to partnership property) cannot be linked for homestead purposes.

Please review the “Special Agricultural Homestead Flowchart” originally distributed August, 2006 for additional clarification. If you have any further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA• REVENUE

April 30, 2010

Peggy Trebil
Goodhue County Assessor
509 W. 5th Street, Room 208
Red Wing, MN 55066

Dear Ms. Trebil:

Thank you for your question regarding a special agricultural homestead situation in your county. You indicated that a taxpayer lives on a residential parcel within the county. He also owns an agricultural parcel within 4 townships. He rents this parcel to another person and does not farm the property himself. The taxpayer has requested written clarification from the Department of Revenue as to the correct classification of the parcels.

Based on the information provided, the law is very clear. The parcel of property that contains the home and is occupied by the taxpayer should be classified as a residential homestead assuming that all other requirements for homestead (ownership, occupancy, timely application) have been met.

Based on the information provided, it appears that there are at least 10 acres used to produce an agricultural product on the second non-contiguous parcel. As such, it appears that parcel would qualify for class 2a agricultural classification. If there is rural vacant land that is not used for agricultural purposes on this parcel, that portion of the property should be classified as class 2b.

Since the base parcel is residential and the agricultural land is not contiguous to the base parcel, it is a special agricultural homestead situation. Therefore, we look to Minnesota Statutes, section 273.124, subdivision 14, paragraph (b) to determine whether the property is eligible for a special agricultural homestead. This paragraph states that:

> *"(b)(i) Agricultural property shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:*
>
> > *(1) the property consists of at least 40 acres including undivided government lots and correctional 40's;*
> >
> > *(2) the owner, the owner's spouse, the son or daughter of the owner or owner's spouse, the brother or sister of the owner or owner's spouse, or the grandson or granddaughter of the owner or the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;*
> >
> > *(3) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (2), are Minnesota residents;*
> >
> > *(4) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and*

(continued)

> *(5) neither the owner nor the person actively farming the property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property.*

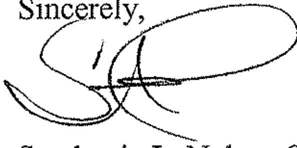
The relationship under this paragraph may be either by blood or marriage."

The department has defined actively farming to mean "participation in the day-to-day decision making, labor, administration and management of the farm as well as assuming all or a portion of the financial risks and sharing in any profits or losses."

You indicated in your letter that the owner of the property does not actively farm the land. Rather, he rents it out. Therefore, the non-contiguous land is not eligible for special agricultural homestead.

If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,



Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section

Property Tax Division
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600 North Robert Street
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Fax: (651) 556-3128

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Updated 7/31/2024 - See Disclaimer on Front Cover

MINNESOTA ▪ REVENUE

December 13, 2010

Becky Kotek
Office Manager
Rice County Assessor's Office
bkotek@co.rice.mn.us

Dear Ms. Kotek,

Thank you for your recent question regarding the agricultural homestead eligibility of a property in your county. To answer agricultural homestead questions, we refer to the Department of Revenue's flowchart, "Determining if property qualifies for the agricultural homestead classification," last updated in 2009.

You have outlined the following scenario: A married couple owns and occupies a 6-acre parcel, classified as residential homestead. It contains two outbuildings. One of the spouses operates a 5.74-acre parcel across the road that is owned under an LLC of which he is a member. That property is currently classified as ag non-homestead. You claim this property is classified as agricultural because it is used "primarily and extensively" for agricultural purposes. In order to answer your question, we must assume the property is used exclusively for agricultural purposes as provided in statute (as there is not a residential structure, it may not qualify under the "intensive" provisions). The operator has asked if this 5.74-acre parcel qualifies for agricultural homestead.

The property does not qualify for an agricultural homestead because it does not meet the occupancy/use requirements, and it does not meet the size/use requirements for a special agricultural homestead. This logic is shown as we follow the 2009 agricultural homestead flowchart, asking the following questions:

1. Who owns the property? Answer: You state that this property is owned by an LLC. We assume that you have verified that the LLC is authorized to own and farm land under Minnesota Statutes, section 500.24. If the LLC is not an "authorized entity", no potential exists for the property to qualify for homestead.

2. Who occupies the property? Answer: The farm is not physically occupied.

3. Who farms the property? Answer: A qualified person (a member of the authorized entity) is farming the property. This person must be actively farming the property (i.e. engaged in the day-to-day decision making, labor, administration, and management of the farm as well as assuming all or a portion of the financial risks and sharing in any profits or losses). If so, we ask the following question.

4. Is the property at least 40 acres in size? Answer: No. We do not need to ask any further questions. This property does not qualify for a special agricultural/actively farming homestead.

If you have any additional questions, or if you are in need of the flow chart, please do not hesitate to contact our division via email at proptax.questions@state.mn.us.

Very sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA • REVENUE

December 20, 2010

Steve Hurni
Property Tax Compliance Officer
Minnesota Department of Revenue
steve.hurni@state.mn.us

Dear Mr. Hurni:

Thank you for your e-mail regarding a cross county special ag homestead situation in the area you represent. Based on the information provided by Chippewa and Swift counties, we understand the situation to be as follows:

> Brother A owns an agricultural property. Brother A rents the property to a corporation. The shareholders in the corporation are Brother B and Brother B's wife. No one occupies the property. Brother B farms the property on behalf of his corporation. The owner has given control of the property to the renter (corporation) via the rental agreement and the FSA shows the corporation to be the operator of the farm.

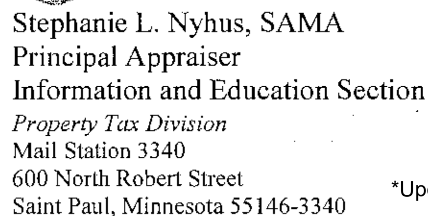
You have asked if the property can receive a special agricultural homestead. Following the agricultural homestead flowchart:

1. **Does a natural person own the agricultural property?** Yes, Brother A owns the property.
2. **Is the property physically occupied by the owner?** No. No one occupies the property.
3. **Is the property physically occupied by a qualifying relative of the owner?** No.
4. **Is the agricultural property leased to an authorized entity from the owner who is a qualified person in the authorized entity?** NO. Brother A (the owner) is not a shareholder in the corporation that is leasing the land.
5. **Is the owner, owner's spouse, or sibliug, ...actively farming the property either on their own behalf or on behalf of an authorized eutity of which they are a qualified person?** YES. Brother B is farming the property on behalf of the corporation of which he is a shareholder.
6. **In addition:**
   a. The property must be at least 40 acres in size;
   b. neither the owner nor the spouse can claim another ag homestead in Minnesota; and
   c. neither the owner nor the active farmer can live farther than four cities/townships from the ag property.

The operative question above is #4. The owner is leasing the property to an authorized entity of which the owner is not a member. Therefore, the special agricultural homestead should be granted under Minnesota Statutes, section 273.124, subdivision 14(b), clause (i). The owner and farmer should complete form CR-SAH (initial application) or CR-RSAH (reapplication), whichever is appropriate. If the owner were leasing the property to an authorized entity of which he was also shareholder, member, or partner, then in order to be homestead, the property would need to be farmed by the owner. In that case, the property owner/farmer would complete form CR-LAE or CR-RLAE.

Please understand this opinion assumes the entity involved is approved to own and farm land under Minnesota Statutes, section 500.24 and is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well. If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,



Stephanie L. Nyhus, SAMA
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MINNESOTA · REVENUE

December 22, 2010

Julie Roisen
Blue Earth County Assessor's Office
204 South 5th Street
PO Box 3567
Mankato, MN 56002-3567

Dear Ms. Roisen:

Thank you for your question regarding a special agricultural homestead application in your county. You outlined the following situation:

- A taxpayer has a residential homestead in Brown County but has applied for special agricultural homestead on 4 parcels of property that he owns in Blue Earth County;
- All 4 parcels of ag land are at least 40 acres in size and are located within 4 cities/townships of the residential homestead in Brown County;
- The taxpayer pays all expenses for the farm, has assumed all of the financial risks of the farm, participates in the decision-making of the farm, and all payments from the farm go to the taxpayer; however the taxpayer does not perform the day-to-day labor for the farm;
- The taxpayer hires two individuals to custom farm the land;
- An employee of the taxpayer's management company has a power of attorney to act on behalf of the taxpayer in his absence; and
- The taxpayer farms land in another county (it is unclear if the taxpayer receives a special ag homestead on that land).

As you are aware, Minnesota Statutes, section 273.124, subdivision 14, paragraph (b), clause (i) allows a special agricultural homestead for property owners who live off their agricultural land under certain conditions. It states in part that:

> *"Agricultural property shall be classified as the owner's homestead, ... if all of the following criteria are met:*
>
> > *(1) the property consists of at least 40 acres including undivided government lots and correctional 40's;*
> >
> > *(2) the owner, the owner's spouse, the son or daughter of the owner or owner's spouse, the brother or sister of the owner or owner's spouse, or the grandson or granddaughter of the owner or the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;*
> >
> > *(3) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (2), are Minnesota residents;*
> >
> > *(4) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and*

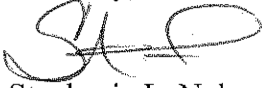
Continued

> *(5) neither the owner nor the person actively farming the property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property..."*

As stated in the *Special Agricultural Homesteads* bulletin and on the flowchart, which were both updated in 2009, the Department of Revenue has defined actively farming to mean "participation in the day-to-day decision making, labor, administration and management of the farm as well as assuming all or a portion of the financial risks and sharing in any profits or losses." While it has been stated that the taxpayer in question performs some of these activities including sharing in the profits/losses, paying the costs, and participating in some of the decision making, the fact remains that he does not participate in any of the day-to-day labor on the farm. Rather, he hires two individuals to custom farm the land. In addition, one of the individuals has a power of attorney so that he may run the business in the absence of the taxpayer. In our opinion, this falls short of the definition of "actively farming" and therefore, does not meet the statutory requirements for special agricultural homestead.

If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,



Stephanie L. Nyhus, SAMA
Principal Appraiser
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January 19, 2011

Wendell Engelstad
Dodge County Assessor
wendell.engelstad@co.dodge.mn.us

Dear Mr. Engelstad:

Thank you for your recent e-mail regarding the definition of actively engaged in farming; it has been assigned to me for reply. You have asked for the definition of "actively engaged in farming" and for an explanation of "participation on the farm on a regular and substantial basis."

The following definitions are shown on the 2009 flow chart and in the Special Agricultural Homestead Bulletin and Property Tax Administrator's Manual (Module 4 – Homesteads):

> **Actively Engaged in Farming** applies when someone lives on the farm. It involves participation on the farm on a regular and substantial basis but it is not as much direct involvement and participation as "actively farming."
>
> **Actively Farming** generally applies in situations where no one lives on the farm and it requires a greater degree of participation/work and a share in any profits or losses of the farm. The person must participate in the day-to-day decision-making and labor on the farm. They must contribute to the administration and management of the farming operation and they must assume all or a portion of the financial risks and sharing in any profits or losses of the farm.

The difference between the two definitions are subtle but are intended to convey that because someone generally occupies the property in an actively engaged in farming situation, less participation is required in the day-to-day activities of the farm to qualify for homestead. This means that the farmer may perform some but not all of the activities listed under the definition of actively farming. For example, if an agricultural parcel is owned by a limited liability partnership (LLP) which consists of 5 partners and is occupied by one of the partners who performs the bookkeeping and managerial functions for the farm, while another partner actually takes on more of the day-to-day labor duties for the entire farm operation which includes this parcel as well as several others. In this situation, the person who occupies the property may be actively engaged in the managerial aspect of the farm operation but does not participate in the day-to-day labor. However, because the person occupies the property as well, this may qualify as being actively engaged in the farm operation and be enough to qualify for homestead.

You asked the following questions which we have answered individually.

1. **Can property owners lease out their land without any more involvement than collecting the rent and qualify for homestead? Answer:** Again using the flow chart, if the property is owned by a natural person (or held under a trust) and occupied by either the owner (grantor) or a qualified relative, it does not matter who farms the property as the property will receive either an owner occupied homestead or a relative homestead based on

(continued)

the occupancy. Therefore, participation level is not a factor in those scenarios. However, this is not the situation about which you inquired.

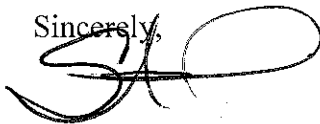
2. **A father currently owns a farm which he occupies with his two sons. He also owns two other parcels which are larger than 40 acres in size and are located within 4 townships. For estate planning purposes, the father is in the process of setting up a limited liability partnership (LLP) which will include the father and two sons. They will continue to occupy the property and rent out the land. Will the father qualify for a special agricultural homestead on this property? Answer:** No. Once the ownership is changed into the LLP, the only option will be for the property to qualify for a special agricultural homestead under section 273.124, subdivision 8, paragraph (a) which states in part that:

   > *"Each family farm corporation; each joint family farm venture; and each limited liability company or partnership which operates a family farm; is entitled to class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a assessment for one homestead occupied by a shareholder, member, or partner thereof who is residing on the land, and actively engaged in farming of the land owned by the family farm corporation, joint family farm venture, limited liability company, or partnership. Homestead treatment applies even if legal title to the property is in the name of the family farm corporation, joint family farm venture, limited liability company, or partnership, and not in the name of the person residing on it."*

   Even if the property is occupied by a qualified person, in order to qualify for homestead under the section above, a shareholder, member, or partner must be actively engaged in farming the land owned by the entity. In our opinion, simply collecting the rent from other non-member individuals who are farming the property falls short of the definition of "actively engaged in farming" the property.

This opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well. If you have additional questions, please direct them to proptax.questions@state.mn.us.

Sincerely,



Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section

Property Tax Division
Mail Station 3340
600 North Robert Street
Saint Paul, Minnesota 55146-3340

Tel: (651) 556-6091
Fax: (651) 556-3128

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MINNESOTA · REVENUE

January 12, 2011

Tom Houselog
Rock County Land Records Director
PO Box 509
Luverne, MN 56156

Dear Mr. Houselog:

Thank you for your question regarding special agricultural homesteads. It has been assigned to me for reply. You have outlined the following scenario: A property owner in Rock County has been receiving a special agricultural homestead on the 625.26 acres of property that he owns and farms. The property has approximately 562 acres of tilled land with the remaining land (approximately 63.26 acres) being pastured. You recently learned that the property owner is now cash renting 50% of the tilled land (approximately 281 acres) to another individual who farms that portion of the property. You have asked if the property owner will continue to qualify for a special agricultural homestead and how the "over 50% rule" enters into the scenario.

As you know, this administrative rule was developed in 2001 in conjunction with legislative staff and applies ***only to special agricultural homesteads where no one lives on the farm (actively farming).*** It was updated in 2009 following the legislative changes regarding 2a and 2b land.

In order for land to qualify for an actively farming homestead, over 50% of the class 2a land (excluding CRP, RIM, CREP, etc.) must be actively farmed by the person who is receiving the homestead. There are three basic items to consider when applying this rule:

1. The parcel (or contiguous land mass) must be at least 40 acres in size, AND
2. There must be enough of an agricultural use (10 acres in agricultural production) to sustain the agricultural class pursuant to Minnesota Statutes, section 273.13, AND
3. You must consider how much of the land is being farmed by the person receiving homestead.

Notes:

- **Farmed land** is defined as land that is used for agricultural purposes and qualifies as class 2a.
- Land enrolled in CRP/CREP/RIM, by definition, is **not farmed land**, even if it qualifies for the 2a classification. The CRP/CREP/RIM acres are excluded from determining whether the property owner actively farms 50% of the class 2a land.
- Wetlands, wastelands, wooded land, etc. and other acreage classed by the assessor as 2b rural vacant land or other are **not farmed land**, even if they are a part of the agricultural homestead land mass.
- Land that is rented out to another farmer who is farming it **is** considered to be agricultural (farmed) class 2a land, but this land does not meet the requirement of being "actively farmed" by the owner.
- Each non-contiguous land mass must qualify on its own merits. Just because a farmer meets the requirements for one of the land masses he or she owns, that does not carryover to all property the farmer owns within four townships/cities.
- The rule does allow a farmer to enroll only one parcel rather than an entire contiguous land mass in actively farming if he/she is farming only one parcel in a contiguous land mass.

(continued)

For example, a farmer lives on a residential parcel in City X and receives a residential homestead. The farmer also has a 200-acre farm, but he only actively farms 100 acres himself. He rents 60 acres to his neighbor. The other 40 acres are wetlands and are class 2b.

Step #1: Take the total acreage of the parcel/land tract and subtract the acreage that is not farmed.

(200 total acres – 40 acres wetland) = 160 farmed acres

Step #2: Divide the number of acres actively farmed by the owner by the number of total farmed acres.

100/160 = .625 or 62.5%

Step #3: The answer must be greater than .50 or 50% in order to be eligible for a special ag homestead.

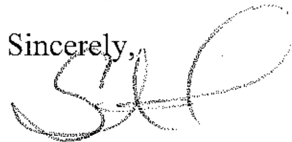
.625 (62.5%) > ***.50 (50%)*** *The property may be granted an actively farming homestead if all other requirements are met.*

There are other examples which outline this administrative rule as well. They are available in Module 4 (Homesteads) of the revised Property Tax Administrator's Manual.

In your situation, assuming that all 625.26 acres are farmed by someone, the property owner/active farmer would need to farm over 312.63 acres (may be tilled land and/or pasture land) himself in order to meet the "over 50% rule." If this land mass is made up of more than one parcel, it is possible that the property owner may meet the requirements only on certain parcels and not on others (see examples in the Administrator's Manual for other possible scenarios) so he may choose to homestead only the parcels on which he meets the requirements.

We hope this has given you enough guidance to make your determination on granting the homestead. Please understand this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well. If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,



Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section

Property Tax Division
Mail Station 3340
600 North Robert Street
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Tel: (651) 556-6091
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April 21, 2011

Marcy Barritt
Murray County Assessor
MBarritt@co.murray.mn.us

Dear Ms. Barrett:

Your question concerning the classification of an agricultural property has been forwarded to me for response. You have provided the following scenario:

> The county changed the classification of a property from agricultural homestead to residential homestead on the 2-acre building site with a house and machine shed and to agricultural non-homestead on an additional 257 acres that are within four townships but not contiguous to the parcel the owner lives on. The 257 acres have 48 acres in CRP. The owner rents the remaining 209 acres of land to a non-related person. The owner contends that since he stores the tractors that he uses to maintain the 48 acres of CRP in the machine shed that he should have agricultural homestead on the 2 acres and therefore the homestead would carry over to the noncontiguous 257 acres.

You have asked for our opinion concerning the proper classification of this property.

In our opinion, the county's classification of this property is correct. Pursuant to Minnesota Statutes, section 273.13, subdivision 23, in order for real estate of less than 10 acres that is improved with a residential structure and used to store machinery to qualify as agricultural land, there must be an intensive use of the storage to support other agricultural activities. The storage of machinery/equipment to maintain CRP land, which is land that is taken out of agricultural production, does not appear to be an intensive agricultural use.

Therefore, the 257 noncontiguous acres must meet the special agricultural homestead requirements in order to be classified as 2a homestead property. According to the information you provided, the owner of the property does not do any actual farming on the 257 acres; 209 acres are rented to a non-related person and 48 acres are enrolled in CRP, which requires the land to be taken out of production. In our opinion, it would not be appropriate to grant a special agricultural homestead in this case. The proper classification of the 48 CRP acres would be as class 2a non-homestead property, and the remaining 209 acres should be classified according to their use (also likely class 2a non-homestead assuming the land is used for agricultural purposes).

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well.

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

June 6, 2011

Mike Cebulla
Stearns County Assessor Office
michael.cebulla@co.stearns.mn.us

Dear Mr. Cebulla:

Thank you for your inquiry concerning a special agricultural homestead application in your county. You have requested advice concerning a property of which your office has denied special agricultural homestead.

> The property is 40.41 acres in size and consists of 10.6 acres of alfalfa that is sold as a standing crop; 1.5 acres of apple trees which have not yet produced a crop for sale; 8.1 acres in CRP; 1 site-acre for a barn; 2 acres for road right-of-way; and 17.21 acres of wooded class 2b rural vacant land. The owner of the property lives on a residential parcel one-half mile away from the property in question. The owner engages in the day-to-day decision-making concerning the property and has stated that in the previous year he spent over 200 hours tending to the property, which includes mowing the apple orchard, hand cutting weeds, spraying chemicals/fertilizers, watering the trees, and tilling and planting the food plot for the CRP land. All the financial risk is the owner's.

You have asked, according to the information above, if this property should qualify for special agricultural homestead due to the owner actively farming the property.

As stated in the Property Tax Administrator's Manual, *Module 4 - Homesteads*: "In order for land to qualify for an actively farming homestead, over 50% of the class 2a land (excluding CRP, RIM, CREP, etc.) must be actively farmed by the person who is receiving the homestead [emphasis added]."

Therefore, we agree with Stearns County's initial decision to deny the application for special agricultural homestead. For the purposes of "actively farming," managing CRP land does not count. By definition, CRP and RIM are *"set-aside"* type programs that require little if any management or labor. Furthermore, the owner is not actively engaged in the haying/harvesting of the alfalfa field; the alfalfa is sold as a standing crop and the purchaser is responsible for harvesting it. Thus, the only potion of the property that the owner actively participates in is the management of the apple trees. However, as the apple trees have not yet produced a crop for sale we do not consider this being actively engaged in an agricultural activity.

Additionally, the following definition for actively farming is included in the administrator's manual:

"**Actively Farming** generally applies in situations where no one lives on the farm and it also requires a greater degree of participation/work and a share in any profits or losses of the farm. The person must participate in the day-to-day decision-making and labor on the farm. They must contribute to the administration and management of the farming operation and they must assume all or a portion of the financial risks and sharing in any profits or losses of the farm."

Ultimately, the extension of homestead is the responsibility of the assessor based on the facts of the situation. If you have additional questions about classification or other property tax questions, please contact our division at proptax.questions@state.mn.us.
Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

June 30, 2011

Sandy Vold
Big Stone County
sandy.vold@co.big-stone.mn.us

Dear Ms. Vold,

Thank you for your recent question to the Property Tax Division regarding the potential for a special agricultural homestead in your county. The facts of the situation are examined below, based on the Department of Revenue's "*Determining if a property qualifies for the agricultural homestead*" flow chart.

Who owns the property? A natural person owns the property.

Who occupies the property? No one occupies the property.

Is the property leased to an authorized entity of which the owner is a qualified person? No.

Who farms the property? The owner's child actively farms the property. This is a qualifying person for purposes of agricultural homesteads.

Additional requirements:
- *Is the property at least 40 acres in size?* Yes.
- *Does either the owner or the owner's spouse claim another agricultural homestead in Minnesota?* Neither the owner nor the son claims another agricultural homestead in Minnesota.
- *Does either the owner or the person who is actively farming live further than four cities or townships away from the property?* No; both the mother/owner and the son/farmer live within four cities and townships of the agricultural property.

Based on these determinations, it would appear that the property may qualify for agricultural homestead under Minnesota Statutes, section 273.124, subdivision 14(b), clause (i). The homestead would be granted in the name of the *owner*, who must be a Minnesota resident.

In the scenario you have outlined, the situation is further complicated by the fact that the owner's spouse is not a Minnesota resident. Because the agricultural homestead is granted to the owner in this case, it would be fractionalized to reflect that the spouse of the owner does not qualify for homestead. Therefore, a maximum 50 percent agricultural homestead is allowable.

If you have any additional questions, please do not hesitate to contact our division via email at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

August 15, 2011

Michaelle Cronquist
Crow Wing County Assessor's Office
322 Laurel St, Suite 15
Brainerd, MN 56401
Michaelle.Cronquist@co.crow-wing.mn.us

Dear Ms. Cronquist,

Thank you for your recent question to the Property Tax Division regarding eligibility for a special agricultural homestead. You received an application for special agricultural homestead from an entity that supplied an S-Corp. tax return form. You have asked if this is sufficient documentation in lieu of a Schedule F.

A Schedule F federal farm income form is not absolutely required to receive a special agricultural homestead. It is something that you may ask for to determine whether a property has been used to produce an agricultural product for sale, and thereby meet the requirements for the agricultural classification as outlined in Minnesota Statutes, section 273.13.

To qualify for homestead, all ownership, use, and other requirements must be met as outlined in M.S. 273.124. Most farm entities, including S-Corps, must meet the requirements of M.S. 500.24 to qualify for any special agricultural homestead. Once an entity that is subject to section 500.24 meets the requirements, that entity is issued a letter of approval and is required to annually verify eligibility information with the Minnesota Department of Agriculture (MDA). The entity's name will also appear on MDA's database of approved entities. The database can be searched at: http://www2.mda.state.mn.us/webapp/lis/corpfarm_default.jsp.

If the entity is not listed with the MDA, the entity does not meet the ownership requirements for a special agricultural homestead. For additional resources, we also recommend the "Determining if a property qualifies for the agricultural homestead classification" flow chart available in the Property Tax Administrator's Manual (Module 4) online at: http://taxes.state.mn.us/property_tax_administrators/pages/other_supporting_content_propertytaxadministratorsmanual.aspx.

If you have any additional questions, please do not hesitate to contact our division via email at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

November 22, 2011

Angela Nelson
Sibley County Assessor's Office
angela@co.sibley.mn.us

Dear Ms. Nelson,

Thank you for your recent question to the Property Tax Division. It was assigned to me for response. In your county, an individual purchased 160 acres of farmland on October 2, 2011. The owner farms the property. You have asked if he may receive a special agricultural homestead. In correspondence with you, we determined the following facts. The facts are used in conjunction with the department's "Determining if property qualifies for the agricultural homestead classification" flow chart.

Does a natural person own the agricultural property? Yes.
Who occupies the property? No one occupies the property?
Is the property leased to an authorized entity from the owner, who is a qualified person in the authorized entity? No.
Who farms the property? The owner actively farms the property on his own behalf. The owner farmed the property during the 2011 crop year.
Is the agricultural property at least 40 acres in size? Yes, the property is 160 acres.
Does the owner have another agricultural homestead in Minnesota? No.
Does the owner live within four cities or townships of the agricultural property? Yes.

According to this information and following the flow chart, the property qualifies for a special agricultural homestead under Minnesota Statutes, section 273.124, subdivision 14, paragraph (b), clause (i). This requires an initial application (CR-SAH) by December 15, 2011.

The agricultural homestead flow chart is located in the Department of Revenue's Property Tax Administrator's Manual, *Module 4 – Homesteads*, which is available online at:
http://taxes.state.mn.us/property_tax_administrators/pages/other_supporting_content_propertytaxadministratorsmanual.aspx

If you have any additional questions, you may contact our division via email at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

December 13, 2011

Angela Nelson
Sibley County Assessor's Office
400 Court Avenue
PO Box 532
Gaylord MN 55334
angela@co.sibley.mn.us

Dear Ms. Nelson,

Thank you for your recent question to the Property Tax Division regarding special agricultural homesteads. You have outlined the following scenario: A 1,833-acre property is owned by an LLLP. No one occupies the property. Two of the members of the LLLP farm the property. The two individuals that farm the property have their own agricultural homesteads. You have asked if the property qualifies for special agricultural homestead.

In order to answer your question, we refer to the Department of Revenue's "Determining if a property qualifies for the agricultural homestead classification" flow chart. This flow chart is available in the Property Tax Administrator's Manual, *Module 4 – Homesteads*, which is available online at:
http://taxes.state.mn.us/property_tax_administrators/pages/other_supporting_content_propertytaxadministratorsmanual.aspx.

Using the flow chart, we are able to determine homestead eligibility:
Who owns the property? Turtle Farms, LLLP (which we assume is an authorized entity).
Who occupies the property? No one occupies the property.
Who farms the property? A qualified person of the authorized entity farms the property (a Minnesota Resident and a member of the entity).
Is the person above actively farming the property? It was not clear from the information that you provided whether the individuals are actively farming the property (the definition of "actively farming" is available in Module 2 of the Property Tax Administrator's Manual).
Is the property in question at least 40 acres in size? Yes, the property is 1,833 acres.
Does the individual who is actively farming (or the individual's spouse) claim another agricultural homestead? Both individuals claim another agricultural homestead.
Does the person who is actively farming live within four cities/townships? Yes, both individuals live within four townships.

Of primary concern in this scenario is that the individuals who are actively farming the property already are receiving agricultural homesteads. Because of this, the property owned by Turtle Farms, LLLP is not eligible for special agricultural homestead.

Continued…

Continued from Page 1…

Please note that our opinion is based only on the facts as they have been provided. If any of the facts were to change, our opinion would be subject to change as well. We highly recommend reviewing the flow chart in the Property Tax Administrator's Manual for agricultural homestead scenarios. If you have additional questions, please do not hesitate to contact our division via email at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA·REVENUE

January 31, 2012

Diane Swanson
Kandiyohi County Assessor's Office
Diane.Swanson@co.kandiyohi.mn.us

Dear Ms. Swanson:

Thank you for your questions concerning special agricultural homestead. You have provided us with the following questions:

1. **A father, Richard D., is the grantor of a trust. The son, Richard L., farms the land. The father (Richard D., grantor of the trust) is now deceased and the property is still held under the trust. Richard L. is a beneficiary along with his two siblings. Is it appropriate to grant a special agricultural homestead to this property?**
   As the child of the grantor of the trust, Richard L. is eligible to qualify for a special agricultural homestead as long as all other requirements are met. Please review the *Determining if a property qualifies for the agricultural homestead classification* flowchart which is part of the Property Tax Administrators' Manual to learn more about the requirements that must be met to qualify for a special agricultural homestead. The manual can be found at: http://revenue.state.mn.us/property_tax_administrators/pages/other_supporting_content_propertytaxadministratorsmanual.aspx

2. **If a child is actively farming land for the parents, but they pay rent so the only income verification the parents have is for rental of the land, are they still eligible for the special ag homestead?**
   With the information provided, it is unclear as to whether this property is occupied or not. Without further information we are only able to provide general guidelines concerning agricultural homesteads. If the parents occupy the property, participation in the farming activity is not a factor in establishing agricultural homestead.

   If the parents/owners do not occupy the property, the property may be eligible for a special agricultural homestead. The parents/owners would receive the homestead only if they meet all other necessary requirements which are outlined in the *Determining if a property qualifies for the agricultural homestead classification* flowchart referred to above. This may include active farming by the child, minimum acreage, and other requirements.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well.

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA • REVENUE

February 6, 2012

Brian Asleson
Chief Deputy Attorney
Wright County Government Center
Brian.Asleson@co.wright.mn.us

Dear Mr. Asleson:

Thank you for your questions concerning agricultural homestead. The questions are addressed in turn below.

1. Do limited partnerships need to qualify under Section 500.24 in order to get agricultural homestead on the parcels they own?
Limited Partnerships are subject to section 500.24. Therefore the entity must be issued a letter of approval from the Minnesota Department of Agriculture (MDA) and is required to annually verify eligibility information with the MDA. The entity's name will also appear on MDA's database of approved entities.

The database can be searched at:
http://www2.mda.state.mn.us/webapp/lis/corpfarm_default.jsp.

2. If a husband and his wife get homestead on the property they jointly own, can the parcels owned by a limited partnership (of which they are members) be linked to that homestead?
Properties held by different entities **cannot** be linked together, nor can the homestead be carried over from one entity to another. Examples include, but are not limited to:

- Trust-held property to corporation-owned property;
- partnership-owned property to corporation-owned property; and
- one partnership to another partnership.

However, there is a relatively new provision (Minnesota Statute 273.124, subdivision 8) that allows for one specific situation permitting parcels owned by different entities to be linked to the shareholder's, member's or partner's homestead class 2a property in order to utilize any remaining first tier homestead class rate (0.50 percent). Beginning with the 2010 assessment, agricultural property owned by a family farm corporation, joint farm venture, limited liability company, or partnership could be "linked" to an individual's agricultural homestead up to the amount remaining on the first tier of market value. **This does not mean that they qualify for the other benefits of homestead**. The linked parcel does not receive agricultural homestead market value credit, nor does the fact that it is linked qualify the property for Green Acres benefits. Any market value that exceeds the first tier continues to receive the non-homestead class rate.

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA • REVENUE

February 7, 2012

Mark Vagts
Waseca County Assessor
mark.vagts@co.waseca.mn.us

Dear Mr. Vagts:

Thank you for your question concerning special agricultural homesteads. You have provided us with the following scenario:

> Jane Doe owns 2 contiguous agricultural parcels. Jane has residential homestead in town (within 4 townships). Jane is a Minnesota resident.
>
> - Parcel 1 is 34.95 acres (1 acre is road), of which 33.95 acres are tilled. The parcel is owned in Jane Doe's name only.
> - Parcel 2 is 108.61 acres (.5 acres road, 10 acres CRP), of which 98.11 acres are tilled. The parcel is owned by the Jane Doe Revocable Trust, of which Jane Doe is grantor of the trust.
>
> Jane has applied for special agricultural homestead. Her son John (who has a residential homestead within 4 townships and is a MN resident) farms part of her land. For the 2011 crop year, John farmed 40 acres total between the 2 contiguous parcels. John farmed approximately 20 acres of Parcel 1 and 20 acres of Parcel 2, for a total of 40 acres. The balance of the agricultural land is rented out.
>
> Your office has denied the homestead of both parcels. On Parcel 1, John farms over 50% of the farmed land of parcel, but the parcel does not meet the minimum 40-acre requirement. On Parcel 2, John farms less than 50% of the farmed land.

You have asked for confirmation that you have made the correct determination concerning special agricultural homestead for these two parcels.

We agree that the property does not qualify for special agricultural homestead, although we came to the determination differently. The 40-acre requirement is at a contiguous land mass level. Because Parcel 2 is owned by a trust of which Jane Doe is grantor, Parcel 1 and 2 may be combined for these purposes. Therefore we do not discount Parcel 1 due to it being less than 40 acres in size. Rather, we look at the two parcels as one. Between the two parcels, there is a total of approximately 132 acres being farmed. Of the 132 farmed acres, John actively farms 40 acres. This amounts to roughly 30 percent of the farmed land being actively farmed by John. Consequently, the property does not meet the necessary requirements to qualify for a special agricultural actively farming homestead.

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

-MINNESOTA · REVENUE

March 1, 2012

Mark Vagts
Waseca County Assessor
mark.vagts@co.waseca.mn.us

Dear Mr. Vagts:

Thank you for your question concerning agricultural homestead. You have asked how to apply the "50% Rule" to a 120-acre parcel consisting of 40 acres of wasteland, 45 acres of CRP, and 35 acres of actively farmed class 2a land.

In order for land to qualify for an actively farming homestead, over 50% of the class 2a land (excluding CRP, RIM, CREP, etc.) must be actively farmed by the person who is receiving the homestead. Land enrolled in CRP/CREP/RIM, by definition, is **not farmed land**, even if it qualifies for the 2a classification. The CRP/CREP/RIM acres are excluded from determining whether the property owner actively farms 50% of the class 2a land. Wetlands, wastelands, wooded land, etc. and other acreage classed by the assessor as 2b rural vacant land (even if they are a part of the agricultural homestead land mass) are also excluded when making determinations under the "50% Rule".

The parcel in question would meet the requirements of the "50% Rule" as the wasteland and CRP land are excluded from determining whether the property owner actively farms 50% of the class 2a land. Therefore, 100% of the 2a acres are being actively farmed.

Please review the Property Tax Administrator's Manual for more detailed information concerning the application of the "50% Rule".

The manual can be found here:
http://taxes.state.mn.us/property_tax_administrators/pages/other_supporting_content_propertytaxadministratorsmanual.aspx

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA • REVENUE

March 19, 2012

Angela Nelson
Sibley County Assessor's Office
angela@co.sibley.mn.us

Dear Ms. Nelson,

Thank you for your recent question to the Property Tax Division regarding Special Ag Homestead. Your questions are answered below:

Question 1: A Minnesota resident owns 87.97 acres in Grafton Township, Sibley County and of that, 86.62 acres are tillable. The property owner's brother was farming it and he lives in Cold Spring, MN in Stearns County. You have told her that the farmer must also live within the four townships/cities and does not qualify for special agricultural homestead. Her brother lives eleven townships away (which also includes 5 cities). The property owner believes she should qualify for special ag since the "rules sheet" shows that the owner and farmer must live within four cities, townships OR a combination of four cities and townships. She believes that 5 cities can be used and not count the townships. You are asking for the Department of Revenue to verify that your determination is correct.
Answer: As stated in the *Minnesota Property Tax Administrator's Manual, Module #4 Homesteads*, non-contiguous farmland must be located within four cities, townships or a combination of four cities and townships in order to be linked to the base parcel and therefore qualify for homestead. For example, if the base parcel is located in township A, then farm land could also be in township A, B, C, D or E to qualify for homestead. Land located in township F does not qualify.

Base Parcel	YES	YES	YES	YES	NO
Township A	Township B	Township C	Township D	Township E	Township F

In other words, since the farmer of the property does not live within the four townships/cities, the property owner does not qualify for special ag homestead.

Question 2: The property owner is going to be listed by the Farm Service Agency office as the farmer of the land. She will be buying all the seed and fertilizer, and making all of the decisions regarding the farm. She will be hiring someone to plant and harvest the crop though. She wants to know if this option would allow her to qualify for special ag homestead and would like verification from the Department of Revenue.
Answer: According to the information that you have provided us, the property owner would not qualify for a special ag homestead because she is not actively farming the property. The definition for actively farming can be found in the Property Tax Administrator's Manual. In this situation, we would consider the property owner "actively engaged in farming" the property.

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

April 17, 2012

Douglas Walvatne
Otter Tail County Assessor
DWalvatn@co.ottertail.mn.us

Dear Mr. Walvatne:

Thank you for your question concerning agricultural homestead. You have presented us with the following scenario:

> A property owner owns an agricultural homestead base parcel. He also owned another agricultural parcel (within 4 townships) with his brother who does not qualify for homestead on his half of ownership. On 12/07/2011 the agricultural nonhomestead portion of this parcel was deeded to the brother who has the established agricultural homestead base parcel.

You have asked for what assessment year would this property qualify for full homestead?

In order for noncontiguous property to be eligible for a mid-year homestead the property must have been acquired on or before December 1 of the assessment year. In this case, the owner did not acquire full ownership of the property until December 7, 2011. Consequently, the owner would not qualify for the full agricultural homestead until the 2012 assessment year, taxes payable 2013. Additionally, an application for the special agricultural homestead must be made by the property owner before homestead can be granted.

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

April 26, 2012

Amy McDonnell
Clay County Assessor's Office
Amy.mcdonnell@co.clay.mn.us

Dear Ms. McDonnell,

Thank you for your recent email regarding special ag homestead. You provided us with the following information:

- A farmer who owns land in Moorhead is now a resident of Fargo, ND
- The farmer would like to deed his land in Moorhead to his son, who is a resident of Moorhead
- The son does not farm the land
- The farmer (current owner) and the farmer's brothers are actively farming the land

You would like to know if the farmer deeds the land to his son; would his son qualify for a special ag homestead?

Typically, we do not address hypothetical situations. However, in this case, if we assume that the property is owned by the son upon completion of the deed and that his father is the active farmer, and that both of them live within four cities or townships of the ag property, then our opinion would be that the "owner" (son) would qualify for a full special ag homestead.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us. You may also wish to review the "Determining if a property qualifies for the agricultural homestead classification" flow chart, which is available in the Property Tax Administrator's Manual, Module 4 – Homesteads.

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

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October 12, 2012

Mark Vagts
Waseca County Assessor's Office
Mark.vagts@co.waseca.mn.us

Dear Mr. Vagts:

Thank you for your question submitted to the Property Tax Division regarding entity-owned agricultural homesteads. You have provided the following scenario and questions which have been answered in turn:

Scenario:

- *A 100-acre parcel is owned by an authorized entity (LLC with 3 shareholders).*
- *One shareholder lives in a house on the parcel; the other 2 shareholders do not live within 4 townships.*
- *The farmland is rented out, and is not farmed by any of the 3 shareholders.*

Question: Is the shareholder eligible for homestead on her 1/3 interest, even though she does not farm the land?

You have referred to the agricultural homestead flow chart and you are uncertain of the definition of "actively engaged in farming" in this scenario.

In correspondence with you, we determined the following facts regarding the 100-acre parcel. The facts are used in conjunction with the department's *"Determining if property qualifies for the agricultural homestead classification"* flow chart.

> **Who owns the property?** The property is owned by an authorized entity
> **Who occupies the property?** One of the three shareholders, who is a qualified person of the authorized entity.
> **Is the qualified person actively engaged in farming the ag property on behalf of the authorized entity?** No.

The definitions of "actively engaged in farming" and "actively farming" are available in *Module 4* of the *Property Tax Administrator's Manual*. **Actively engaged in farming** applies when someone lives on the farm. It also involves participation on the farm on a regular and substantial basis but it is not as much direct involvement and participation as "actively farming."

In our opinion, this property does not qualify for a special agricultural homestead. To qualify for the special agricultural homestead classification, they must meet the requirements under M.S. 273.124, subdivision 8. Specifically, a qualified person (a member of the LLC) must be actively engaged in farming the property on behalf of the authorized entity (the LLC) that owns the property. This means that at least one of the members must participate in making day to day farm decisions. They must also participate on the farm on a regular and substantial basis but it is not as much direct involvement and participation as "actively farming."

If none of the members are actively engaged in farming the property on behalf of the partnership, then no potential exists for a special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey, State Program Administrator
Information and Education Section
Property Tax Division

October 25, 2012

Renee Nett, CMA
Appraiser I/Technical
Watonwan County Assessor's Office
Renee.Nett@co.watonwan.mn.us

Dear Ms. Nett:

Thank you for your questions submitted to the Property Tax Division in regard to trust homesteads. You have provided the following set of scenarios and questions which have been answered in turn:

Scenario 1: Owner-occupied Agricultural Homestead

Joe and Mary own two 80-acre parcels of agricultural land on which they claim owner-occupied agricultural homestead. They put the bare 80-acre parcel into Mary's Trust (both Joe and Mary are grantors). Can their owner-occupied homestead continue to be linked to the parcel now in trust?

Yes, the homestead base parcel owned and occupied by an individual may be linked to a parcel of property that is owned by a trust if the individual owners of the base parcel are the grantors of the trust-held property (and vice versa).

You have asked, what if:

1. **Only one spouse is the grantor of Mary's Trust?**
   In this case, the property held in trust would be able to be linked to the base parcel at 50% homestead as only one grantor of the trust receives homestead on the base parcel.

2. **The base homestead parcel goes into a Trust instead (with both as grantors)?**
   In order to be linked to the bare land parcel, the properties must first be owned by the exact same ownership entity. What this means is that the exact same trusts must own both parcels in order to be linked. Homesteads may not be linked between separate entities (including trusts).

3. **Only one spouse owns the base parcel (individually)?**
   If the spouse who owns the base parcel is also a grantor of the trust, the parcels may be linked. The amount that may be linked is based on if the individual is the sole grantor or if there are multiple grantors. For example, if the individual that owns the base parcel is a grantor of a trust with his/her spouse, the property would be linked at 50% homestead only.

4. **The ownership of the bare 80 acres is split with 40 acres going in to Mary's Trust (Mary as sole grantor) and 40 acres going into Joe's Trust (Joe as sole grantor).**
   In this case, the new 40-acre parcel owned by Mary's Trust would receive 50% homestead (linked to Mary the grantor as an individual who homesteads the base parcel). The other new 40-acre parcel owned by Joe's Trust would also receive 50% homestead (linked to Joe the grantor as an individual who homesteads the base parcel).

5. **Joe's Trust (Joe as sole grantor) owns an undivided ½ interest of the bare 80 acres and Mary's Trust (Mary as sole grantor) owns an undivided ½ interest**?
   For this scenario, the bare 80 acre parcel would receive 100% homestead: 50% for Mary's trust and 50% for Joe's trust.

6. **Joe and Mary retain Life Estate on the Trust property?**
   A life estate on a trust property means that a person deeds the property to someone else (usually a child/children) but retains the right to occupy the property for the remainder of his/her life. In this case, the property may be homesteaded in the name of the person retaining the right to occupy the property. The homestead is in the name of the life estate holder who occupies the property. The farmer is irrelevant in this case. Joe and Mary's homestead on the base parcel may be linked to the trust property on which they retain life estate.

Scenario 2: Special Ag Homestead

The Hoffman Family Trust owns an undivided ½ interest in 3 parcels of agricultural land. There are 12 grantors who are siblings. Two of the grantors have agricultural homesteads and farm the land. Two additional grantors live within 4 townships. The other undivided ½ is owned by Dad's Trust. Dad is deceased. The trust was created by Dad's will which makes him the sole grantor. Mom, the surviving spouse, does not live within 4 townships of the property.

1. **What percent of the Hoffman Family Trust can be homesteaded?**
   In correspondence with you, we determined the following facts. The facts are used in conjunction with the department's *"Determining if property qualifies for the agricultural homestead classification"* flow chart.

   Who owns the property? The property is held under 2 trusts: ½ Hoffman Family Trust and ½ Dad's Trust.
   Who occupies the property? We are under the assumption that no one occupies the property.
   Is the property leased to an authorized entity of which the grantor is a qualified person? No.
   Who farms the property? 2 of the 12 grantors of the Hoffman Family Trust farm the property. (We make the assumption that they qualify as "actively farming" the property.)

   Additional requirements:
   - ***Is the property at least 40 acres in size?*** We are assuming yes.
   - ***Does either the grantor or the grantor's spouse claim another agricultural homestead in Minnesota?*** Two of the twelve grantors (siblings 1 & 2) claim another ag homestead in MN.
   - ***Do the grantor and the person who is actively farming live further than four cities or townships away from the property?*** Three of the twelve grantors' (siblings 1, 2, & 3) live within four cities or townships. See grantor information below.

Grantor Information:
Sibling 1: Farms the land and has an agricultural homestead in MN and lives w/in 4 cities/townships
Sibling 2: Farms the land and has an agricultural homestead in MN and lives w/in 4 cities/townships
Sibling 3: Lives w/in 4 cities/townships with a residential homestead
Sibling 4: DOES NOT live w/in 4 cities/townships
Sibling 5: DOES NOT live w/in 4 cities/townships
Sibling 6: DOES NOT live w/in 4 cities/townships
Sibling 7: DOES NOT live w/in 4 cities/townships
Sibling 8: DOES NOT live w/in 4 cities/townships
Sibling 9: DOES NOT live w/in 4 cities/townships
Sibling 10: Not MN resident
Sibling 11: Not MN resident
Sibling 12: Not MN resident

Since there are 12 grantors of this trust the homestead would be broken up into 12 different records. Each sibling would be granted half of 1/12 of an ag homestead or in other words they would receive 1/24 of a homestead depending on if they met all of the above requirements. Two of the grantors (siblings 1 & 2) do not qualify for their 1/24 of an ag homestead because they already have an agricultural homestead in MN. However, siblings 1 and 2 are the active farmers and do live within 4 cities and townships. Therefore, the actively farming requirement has been met for the rest of the grantors (a sibling of the grantor is actively farming the property). The only grantor that qualifies for their 1/24 of an ag homestead would be sibling 3 because the property is at least 40 acres, he/she does not have another ag homestead in MN and both the active farmers and sibling 3 live within 4 cities/townships. Siblings 4 – 12 do not qualify for their 1/24 of an ag homestead on this property because they do not meet all of the requirements (namely, they do not live within four cities or townships of the property).

Therefore, only 1/24 or 4% of the Hoffman Family Trust would receive an agricultural homestead for each parcel.

2. **What type of homestead?**
   This is a trust-owned actively farming agricultural homestead granted by Minnesota Statutes, section 273.124, subdivision 14, paragraph (b), clause (i).
3. **What applications are used?**
   Application for Special Agricultural Homestead Property Held under a Trust or CR-SAHT
4. **Who signs the application?**
   Each grantor that qualifies for an agricultural homestead would need to fill out an application and sign it, along with the active farmer. For the Hoffman Family Trust, sibling 3 would be the only grantor who should complete an application and the primary active farmer (sibling 1and/or 2) would also need to sign the application.
5. **What if one or more of the grantors is not a Minnesota resident?**
   A grantor who is not a Minnesota resident does not qualify for homestead.
6. **Is any homestead possible for the Trust and its grantors?**
   As stated above, only sibling 3 would qualify for a 4 percent homestead on each qualifying parcel.

What type of homestead does the ½ owned by Dad's Trust qualify for?

Again, in correspondence with you, we determined the following facts. The facts are used in conjunction with the department's *"Determining if property qualifies for the agricultural homestead classification"* flow chart.

Who owns the property? The property is held under 2 trusts: ½ Hoffman Family Trust and ½ Dad's Trust.
Who occupies the property? We are under the assumption that no one occupies the property.
Is the property leased to an authorized entity of which the grantor is a qualified person? No.
Who farms the property? The grantor's children farm the property (and we are assuming that the level of farming qualifies as "actively farming").

Additional requirements:

- ***Is the property at least 40 acres in size?*** We are assuming yes.
- ***Does either the grantor or the grantor's spouse claim another agricultural homestead in Minnesota?*** We are assuming no; the grantor is deceased and we were not informed of a spouse with a Minnesota agricultural homestead.
- ***Do the grantor and the person who is actively farming live further than four cities or townships away from the property?*** The grantor is deceased but the active farmer does live within 4 cities or townships.

This trust would qualify for an agricultural homestead if all the above requirements are met. If our assumptions on the above information are correct then Dad's Trust would qualify for a 50% agricultural homestead for each parcel because it is actively farmed by a child of the grantor.

1. **What application is used?**
   Application for Special Agricultural Homestead Property Held under a Trust or CR-SAHT.
2. **Whose homestead is it?**
   The property's homestead is granted in the name of the trust, even though the grantor is deceased. The trust paying the property taxes will benefit from the reduced class rate.
3. **Who signs the form?**
   The active farmer signs the application, attesting that all of the necessary facts and requirements are true.

Scenario 3: Special Ag Homestead

The Hall Family Trust owns an undivided ½ interest in several parcels of agricultural land. Dad, the sole grantor of the trust, is deceased. Mom has remarried and put her undivided ½ interest into Mom's Trust (Mom is the sole grantor). Son1 and Son2 farm the land together.

1. **How many applications are needed?**
   2 applications would be needed: one for Mom's Trust and one for the Hall Family Trust. The active farmers will need to sign both applications. Since the grantor of the Hall Family Trust is deceased the active farmer should complete the application and sign on behalf of the trust.
2. **Who receives the homestead(s)?**
   Assuming all requirements have been met (requirements listed in question 2), Mom's Trust would qualify for an agricultural homestead on its ½ interest. The Hall Family Trust qualifies for an ag homestead on its ½ interest since. Since the grantor of the Hall Family Trust is deceased the property's ag homestead should be granted in the name of the trust. The person who maintains the trust and the property (usually the active farmer) would benefit from the reduced class rate.
3. **What percent of homestead does this qualify for?**
   The parcels are owned half by Mom's Trust and half by the Hall Family Trust. Therefore, if all of the requirements are met each trust would qualify for a 50% agricultural homestead, resulting in 100% homestead.

4. **What if Mom is no longer a Minnesota resident, but she was at the time the trust was created?**
   A reapplication is required every year to receive a special ag homestead and the grantor must sign the application stating that they are a Minnesota resident. If the grantor is not a MN resident, the property does not qualify for an agricultural homestead.

Scenario 4: Special Ag Homestead

Mother Trust (of which mother is the sole grantor) and Father Trust (of which father is the sole grantor) each own an undivided ½ interest in agricultural land. Mother and Father are both deceased. A surviving son farms the land.

1. **Does this qualify for special ag homestead?**
   Assuming <u>all requirements have been met</u> (requirements listed in question 2) for each trust, then yes each trust would qualify for a 50% special agricultural homestead, giving the parcel 100% ag homestead.

2. **How many applications are necessary?**
   Two applications, one per trust, are necessary.
3. **Who signs the applications?**
   The son who is the active farmer would need to sign both applications on behalf of the grantors.
4. **What percent of homestead do they qualify for?**
   50 % on Mom's Trust and 50% on Dad's Trust which would equal a full 100% homestead.

Other questions about trusts:

1. **Does it matter who the beneficiaries are?** It does not matter who the beneficiaries are when you are granting a Special Ag Homestead under a trust.
2. **Does it matter who the trustees are?**
   The grantors and active farmers are of primary consideration when granting special agricultural homesteads for trusts.
3. **Does the residency of the beneficiaries or the trustees affect the homestead status?**
   Primary importance is the residency of the grantor and active farmer.

Scenario 5: Special Ag Homestead

Mother Trust (mother is grantor) and Father Trust (father is grantor) each own an undivided ½ interest in agricultural land. Mother and Father live within 4 townships and do not have another ag homestead. A son farms the land.

1. **How many applications are necessary?**
   Two applications, one per trust.

2. **What percent of homestead do they qualify for? If they receive 50% homestead, will each individual 50% homestead equal full homestead on the parcel or will each half be 50% homestead and 50% non- homestead effectively giving the parcel 50% homestead?**
   Assuming all requirements have been met (requirements listed in question 2) then the property would receive 50% homestead on Mother Trust and 50% homestead on Father Trust, which would equal a 100% homestead. Because this property is owned by two trusts you will need to have two records listed in your system for this one parcel.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

November 2, 2012

Becky Kotek
Rice County Assessor's Office
bkotek@co.rice.mn.us

Dear Ms. Kotek:

Thank you for your recent question to the Property Tax Division regarding a homestead and classification situation in your county. You have outlined the following scenario: A married couple owns and occupies a 9-acre parcel. This parcel is currently classified as residential homestead. The couple also owns a contiguous 160-acre parcel and 151-acre parcel that are under the ownership of their farm corporation. The two parcels owned by the farm corporation are classified as agricultural non-homestead. These parcels are farmed by a neighbor. You have asked if either of the two agricultural parcels would qualify for special agricultural homestead. You also asked if not, would they be able to receive agricultural homestead if they transferred the ownership of the agricultural parcels into their individual ownership.

Because the property that is currently owned by a farm corporation is not actively farmed by a qualifying member of the entity, the property is not eligible for special agricultural homestead.

However, if the contiguous properties were to transfer ownership into their individual ownership, agricultural homestead may be extended to all three parcels – including the base parcel that is currently classified as residential homestead. For example, if ownership were to change during the 2012 calendar year, the parcels would qualify for agricultural homestead for the 2013 assessment.

If you have any additional questions, please do not hesitate to contact the division via email at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

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November 30, 2012

Marci Moreland
Carlton County Assessor's Office
Marci.moreland@co.carlton.mn.us

Dear Ms. Moreland:

Thank you for your recent question to the Property Tax Division. You provided us with the following information:

Carlton County has a 120-acre property that is owned by Grandma and Grandpa. 40 acres of that property, including the home, were sold to the grandparents' grandson. The grandparents live in the home and applied for a relative agricultural homestead on the 40 acres. The additional 80 acres, still owned by Grandma and Grandpa, consist of a gravel pit and wooded non-productive land.

You are asking if the grandparents can claim homestead on the additional 80 acres and link it to their relative agricultural homestead.

In our opinion, based on the information you provided, the grandparents cannot claim homestead on the additional 80 acres and they cannot link it to their relative agricultural homestead for two separate reasons. The first reason is the owners do not live on the 80 acres so the grandparents do not qualify for any homestead on this property.

Second, in order to be linked, the properties must be owned by the exact same ownership entity. It is not appropriate to link properties where the ownership entities differ. In this situation the grandson owns the 40 acres and the grandparents own the 80 acres.

In our opinion, the 80 acres should be classified as 2b rural vacant land. This information can be found in our *Property Tax Administrator's Manual, Module 4, Homesteads* which is available online at: http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

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MINNESOTA · REVENUE

November 30, 2012

Lynette Snare
Kittson County Assessor's Office
lsnare@co.kittson.mn.us

Dear Ms. Snare:

Thank you for your question submitted to the Property Tax Division regarding agricultural land held in a trust in your county. You provided information related to various trust ownership scenarios and transfers of ownership.

The ownership of the properties was very unclear. In order to answer this question accurately, you must first determine who/which entity actually owns each parcel of property. Without knowing who legally owns each property, we are unable to give you an accurate answer. What we can tell you regarding the situation presented is that trusts are separate entities for property tax purposes and all agricultural land held under the same trust (entity) can be linked for homestead. Once the ownership of each parcel is determined, by requesting all documentation that you deem necessary to verify ownership, you can determine agricultural homestead by following the Property Tax Division's *Determining if Property Qualifies for the Agricultural Homestead Classification* flow chart.

You have also provided the following question:

"Let's say the same land and trusts as above is now owned in Mrs. John Doe's name individually. Since she is not the grantor to the original trust, the John Doe Trust, would she be able to link her individual base parcel to any of the trust properties?"

If some of the parcels are owned by Mrs. John Doe individually and some are owned by the John Doe Trust, these parcels cannot be linked because Mrs. John Doe is not the grantor of the trust, and her individual ownership would not link to another trust entity of which she is not the grantor.

You will be able to determine homestead eligibility when you determine the legal ownership information for the parcels. We advise that you work with your county attorney to determine ownership and homestead eligibility along with the *Determining if Property Qualifies for the Agricultural Homestead Classification* flow chart to arrive at an answer.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

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December 10, 2012

Steve Hurni
Property Tax Compliance Officer
Minnesota Department of Revenue
steve.hurni@state.mn.us

Dear Steve:

Thank you for your recent question to the Information and Education Section regarding special agricultural "actively farming" homesteads for minors. You have asked if it is possible for a minor to be "actively farming" a property and qualify for homestead.

In our opinion, it would be highly unlikely for a minor to be considered "actively farming" for homestead purposes. In the past, the department has considered minors to be eligible for homestead if they are legally emancipated, or if they meet very strict relative homestead requirements. We have never suggested that a minor would be eligible for homestead in terms of active farming (which includes taking on a portion of financial risks and attesting to legal statements which a minor may or may not be eligible to do).

In the situation you have outlined, an individual owns agricultural land and receives agricultural homestead. He also owns property under an entity, and his sons are included in the entities. The father has asked if the entity-owned lands would be eligible for special agricultural homestead if they are actively farmed by his sons. Again, it is our opinion that it is highly unlikely that the property would qualify for homestead to the benefit of the minor sons unless there are extenuating circumstances of which we are not aware.

If you have additional questions, please do not hesitate to contact us via proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

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December 17, 2012

Dean Champine
Lyon County Assessor's Office
deanchampine@co.lyon.mn.us

Dear Mr. Champine,

Thank you for your recent question regarding the agricultural homestead eligibility of a property in your county.

Your questions have been answered below:

Question 1: There is an individual in your county that has created an LLC that contains all of his farm land. The original LLC consisted of the individual and his wife. The owner moved off the farm in 2011. The active farming application shows the individual as producer on approximately 400 acres of the land owned by the LLC. You have asked, is he eligible for the active farming homestead on the land that he is the producer on?
To answer this question, we refer to the Department of Revenue's flowchart, "*Determining if property qualifies for the agricultural homestead classification*".

1. **Who owns the property?**
   You state that this property is owned by an LLC. We assume that you have verified that the LLC is authorized to own and farm land under Minnesota Statutes, section 500.24. If the LLC is not an "authorized entity", no potential exists for the property to qualify for homestead.

2. **Who occupies the property?**
   The farm is not physically occupied.

3. **Who farms the property?**
   The individual that put this property into the LLC is farming the property.

4. **Is the person above actively farming the property?**
   This person must be actively farming the property (i.e. engaged in the day-to-day decision making, labor, administration, and management of the farm as well as assuming all or a portion of the financial risks and sharing in any profits or losses). If the individual is not actively farming the property then the individual would not qualify for the agricultural homestead classification.

5. **Is the property at least 40 acres in size?**
   Yes.

6. **Does either the active farmer or his spouse claim another agricultural homestead in MN?**
   Not that we are aware of.

7. **Does the active farmer live within four cities or townships of the property?**
   We are assuming yes.

Based on these determinations, it would appear that the property may qualify for agricultural homestead under Minnesota Statutes, section 273.124, subdivision 14, paragraph (g). The homestead would be granted in the name of the active farmer, who must be a Minnesota resident.

Question 2: The active farmer's son lives on the home site and originally was not a member of the LLC, so he was not eligible for any homestead benefit. You have received a "Membership Certificate" granting shares in the LLC to the son. This certificate is dated November 1, 2012. You have asked, can the son make an application for 2012 for a homestead on the LLC land since he is a member, lives on the land and is shown as a producer on a portion of the land?

Again, to answer this question, we refer to the Department of Revenue's flowchart, "*Determining if property qualifies for the agricultural homestead classification*".

1. **Who owns the property?**
   You state that this property is owned by an LLC. We assume that you have verified that the LLC is authorized to own and farm land under Minnesota Statutes, section 500.24. If the LLC is not an "authorized entity", no potential exists for the property to qualify for homestead.

2. **Who occupies the property?**
   A qualified person of the authorized entity occupies the property.

3. **Is the qualified person <u>actively engaged</u> in farming the property?**
   Actively engaged applies to someone who lives on the farm. It also involves participation on the farm on a regular and substantial basis but it is not as much direct involvement and participation as "actively farming". From the information you provided, it appears that the son is actively engaged in farming the property.

4. **Does either the son or his spouse claim another agricultural homestead in MN?**
   Not that we are aware of.

Based on these determinations, it would appear that the property may qualify for agricultural homestead under Minnesota Statutes, section 273.124, subdivision 8, paragraphs (a) and (b). The homestead would be granted in the name of the actively engaged farmer, the son, who must be a Minnesota resident.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us.

You can also find more information regarding actively farming and actively engaged in farming as well as the "Determining if a property qualifies for the agricultural homestead classification" flow chart, in the *Property Tax Administrator's Manual, Module 4 –Homesteads.*

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

December 20, 2012

Michael Thompson
Scott County Assessor
MThompson@co.scott.mn.us

Dear Mr. Thompson:

Thank you for your question concerning special agricultural homesteads. You have a situation in your county concerning a parcel of 39.5 deeded acres. Many years ago, one rod of the property was “excepted” to build a road. The road no longer exists. You have asked if, for purposes of special agricultural homestead, this parcel should be considered a correctional 40.

In our opinion, this would not qualify as a correctional 40. Correctional 40’s and government lots exist because the earth is spherical and not all of the blocks are exactly 40 acres. Due to the necessity for what is called "correction lines", some of the blocks have to be slightly less than 40 acres. Because of this and other surveying errors, irregularity occurs and the sections along the north boundary and the west boundary of each township contain these discrepancies. Quarter sections along the north and west boundary take up the excess or shortage in the township. Their quarter sections do not contain the standard 40 acres and necessitate the use of “correctional 40’s”, “fractional lots”, or "government lots". The situation you have described does not meet the definition of a “correctional 40” as described by Minnesota Statutes for purposes of granting a special agricultural homestead.

If you have any additional questions please do not hesitate to contact the Property Tax Division of the Minnesota Department of Revenue.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

January 8, 2013

Sherri Kitchenmaster
Property Tax Compliance Officer
sherri.kitchenmaster@state.mn.us

Dear Ms. Kitchenmaster:

Thank you for your question concerning actively farming special agricultural homesteads. You have asked if a person engaged in "custom farming" in which the property owner pays another person to plant and harvest the crop, can be considered actively farming.

In our opinion, hiring another person to plant and harvest the crop is not active farming. Per *Module 4* of the *Property Tax Administrator's Manual:*

> "**Actively Farming** generally applies in situations where no one lives on the farm and it also requires a greater degree of participation/work and a share in any profits or losses of the farm. The person must participate in the day-to-day decision-making and labor on the farm. They must contribute to the administration and management of the farming operation and they must assume all or a portion of the financial risks and sharing in any profits or losses of the farm." [Emphasis added.]

Therefore, it is our opinion that "custom farming" or hiring another person to plant and harvest the crop does not meet the criteria outlined in the above definition and consequently, should not be considered actively farming for the purposes of agricultural homestead.

If you have any additional questions, please do not hesitate to contact the Property Tax Division of the Minnesota Department of Revenue at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

January 8, 2013

Daryl Moeller
Chisago County Assessor's Office
DJmoell@co.chisago.mn.us

Dear Mr. Moeller:

Thank you for your question submitted to the Property Tax Division regarding a property in your county. You have provided the following:

In your county there is a Limited Liability Corporation created in 2006 under Minnesota Statutes 500.24. They have been active on the Secretary of State [Minnesota Department of Agriculture's database of approved entities] web page up until 2011, when the business became no longer active. The manager of the LLC, who owns additional property in her name, has recently passed away.

- *There are 5 properties involved. The LLC (consisting of mom, her children, childrens' spouses, grandchildren) own 4 of the properties, one of which has the HGA. Mom owns the fifth property individually.*
- *The house is vacant but the family is planning to clean it up for rental.*
- *The land is being farmed by one of the sons (part owner of LLC) who lives adjacent to the land owned by LLC.*
- *The property owned individually is a vacant parcel that is being farmed by one of the sons (part owner of LLC).*

You have asked the following questions, which are answered in turn below:

Does the LLC need to be "active" to qualify for agricultural homestead benefits?
Yes, in order to qualify for agricultural homestead benefits, the LLC must annually verify eligibility information with the Minnesota Department of Agriculture (MDA) and be listed on the MDA's database of approved entities per Minnesota Statute 500.24. If the LLC in question is not listed on the MDA's database of approved entities, the LLC has failed to meet the qualifications required by Minnesota Statutes 500.24; therefore, the property does not qualify for agricultural homestead benefits.

Can the LLC acquire the additional property in the manager's name?
By asking if the LLC can acquire the additional property in the manager's name, we are assuming that you mean to ask if the LLC can purchase the property. This is a matter that must be settled amongst the family members of the owner of the property and the LLC; most likely in probate court.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

Property Tax Division
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MINNESOTA · REVENUE

January 9, 2012

Brad Averbeck
Property Tax Compliance Officer
brad.averbeck@state.mn.us

Dear Mr. Averbeck:

Thank you for your question submitted to the Property Tax Division regarding a special agricultural verification. You have provided the following:

Mahnomen County reported that they were told by the Farm Service Agency (FSA) office that they will no longer provide 156 EZ forms [to the county]. The County is now wondering what they should do for Special Ag, which requires this form?

In speaking with a representative at the FSA, we have determined that the 156 EZ form, though not required by statute, is still a valid form which is provided to the active farmer or producer. Due to the *Freedom of Information Act*, the information included on the 156 EZ form can only be released with the producer's consent. The assessor can request any information they determine necessary to verify for homestead purposes, therefore, if the county requires the information found on the 156 EZ form, this information would need to be supplied by the producer in order to receive special agricultural homestead benefits.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
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February 20, 2013

Kathy Hillmer
Redwood County Assessor's Office
Kathy_H@CO.REDWOOD.MN.US

Dear Ms. Hillmer,

Thank you for your recent email regarding qualifications for an agricultural homestead. I apologize for the delayed response. This question needed to be reviewed by our Information and Education section as well as our attorneys before a response was issued. You provided us with the following information:

- A husband and wife currently own and live on their agricultural land and farm the land
- They are thinking about putting the land into an LLC, in which both the husband and wife would be the members of the LLC.
- They would also like to set up an entity for their farming operation, in which both the husband and wife would be members.
- They would also like to lease their land to the farming operation/entity.
- They would continue to live on the property as well as farm the property, on behalf of the farming operation.

You would like to know if the owners of the property decided to go forth with the scenarios listed above, would they qualify for an agricultural homestead.

There are a few requirements that need to be met before an agricultural homestead can be considered. If the owners put the property into an entity owned LLC, the LLC must be authorized to own and farm land under Minnesota Statutes, section 500.24 in order to qualify for homestead. An LLC must also register with the Minnesota Department of Agriculture (MDA) by filing the Minnesota Corporate Farm Application prior to purchasing or engaging in farming of agricultural land.

Once an entity meets the requirements of 500.24, the requirements of section 273.124 must still be met for a property to be granted an agricultural homestead.

Assuming all the above requirements have been met, we must now refer to the Special agricultural Homestead Flowchart, which you can find in our Property Tax Administrators Manual in *module 4 – Homesteads*.

Who owns the property? Answer: An authorized entity, an LLC.
Who occupies? Answer: A qualified person of the authorized entity (husband and wife)
Is a qualified person actively engaged in farming the agricultural property on behalf of the authorized entity? Answer: Yes (assuming the information you provided is correct)
Does the active farmer or his/her spouse claim another agricultural homestead in Minnesota? Answer: No

Assuming all of the information above is correct it appears that this property would qualify for an agricultural Homestead Classification.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

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April 15, 2013

Doreen Pehrson
Nicollet County Assessor's Office
dpehrson@co.nicollet.mn.us

Dear Ms. Pehrson:

Thank you for submitting your question to the Property Tax Division regarding a special agricultural homestead situation in your county. You have provided the following:

> A husband and wife own approximately 250 acres of bare farm land. One half of the land is owned individually by the husband and the other half is owned by the Karen R. disclaimer trust. The grantor of the Karen R Trust is deceased. The Karen R. disclaimer trust does not own any other agricultural property. The husband does not live on the agricultural property, but he lives within four cities or townships of the agricultural property. The husband does not claim another agricultural homestead. The property is being farmed by a qualifying entity, of which the husband is a member.

You would like to know if the husband qualifies for full homestead or if the property is only eligible for ½ homestead.

For the ½ interest in the property owned by the husband, we utilize the "Determining if a property qualifies for the agricultural homestead classification" flow chart.

> **Who owns the farm?** A natural person.
> **Who occupies the property?** No one occupies the property.
> **Is the property leased to an authorized entity?** No.
> **Is the property actively farmed by the owner, or by the owner on behalf of an authorized entity of which the owner is a qualified member?** Yes. The husband actively farms this property on behalf of an authorized entity of which he is a qualified member.
> **Is the property at least 40 acres in size?** Yes, the property is 250 acres.
> **Does the owner or owner's spouse claim another agricultural homestead?** No.
> **Does the owner/active farmer live further than four cities or townships from the property?** No, the active farmer/owner lives within four cities/townships of the land.

Based on the information above, the 50% interest owned by the husband is eligible for homestead.

For the ½ interest in the property owned by the Karen R. Trust, we again utilize the flow chart.

> **Who owns the farm?** A trust owns the farm.
> **Who occupies the property?** No one occupies the property.
> **Is the property leased to an authorized entity?** No.
> **Is the property actively farmed by the grantor or grantor's spouse on his/her own behalf, or on behalf of an authorized entity of which the grantor or grantor's spouse is a qualified member?** Yes. The grantor's spouse actively farms this property on behalf of an authorized entity of which he is a qualified member.
> **Is the property at least 40 acres in size?** Yes, the property is 250 acres.
> **Does the grantor or grantor's spouse claim another agricultural homestead?** No [the 50% individual ownership interest is not "another" agricultural homestead; rather it is one half of the same agricultural homestead].

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Does the grantor's spouse/active farmer live further than four cities or townships from the property?
No, the active farmer/owner lives within four cities/townships of the land.

Therefore, the Karen R. disclaimer trust is eligible for 50% homestead on its ½ interest in the property.

Based on the information described above, the husband would receive 50% homestead on his individually owned agricultural homestead. The Karen R. disclaimer trust would receive 50% homestead on its agricultural homestead land. Therefore, the property would receive 100% full homestead.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

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July 3, 2013

Jill Thompson
Hubbard County Assessor's Office
jmthompson@co.hubbard.mn.us

Dear Ms. Thompson,

Thank you for submitting your question to the Property Tax Division regarding agricultural homesteads.

Scenario:

- This summer, Hubbard County will be reviewing all of the parcels that are linked together via a "multi-property" number to be sure that everything is still correct and/or to fix any errors.
- You were under the impression that if someone gets a special agricultural homestead on their base parcel, then all other non-contiguous parcels within four cities or townships could be linked, no matter if those parcels were under the 40 acre minimum.

Question:

Does every parcel that is non-contiguous to the qualifying base parcel have to be 40 acres in size to qualify for special agricultural homestead?

Answer:

For special agricultural/actively farming homesteads there are two acreage amounts to keep in mind when reviewing agricultural property those acreage amounts are 40 and 10. A property must be at least 40 acres in size for special agricultural homestead, and each parcel must have at least 10 acres used for agricultural purposes to qualify for the agricultural classification. This is the same for each non-contiguous parcel for which the owner seeks a special agricultural/actively farming homestead. If the non-contiguous parcel is less than 40 acres, then that parcel would not qualify for special agricultural homestead.

Therefore, if there are special agricultural homestead properties located within your county that have non-contiguous parcels that are less than 40 acres, they should not be receiving special agricultural homestead because they do not meet the acreage requirement.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

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July 31, 2013

Bonnie J. Crosby
Chippewa County Assessor's Office
Bcrosby@co.chippewa.mn.us

Dear Ms. Crosby:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead.

Scenario: A husband and wife live in town and own two contiguous agricultural parcels within 4 cities and townships.

> Parcel A is owned by their trust and meets the requirements for an actively farming special agricultural homestead.
>
> Parcel B is owned by the same husband & wife as individuals and is 55.19 acres of Reinvest in Minnesota (RIM) land that would not qualify for an actively farming special agricultural homestead on its own.

Question: Can you link these two parcels for special agricultural homestead if one parcel is trust-held and entirely RIM land, and the other parcel is owned by a husband and wife as individuals?

Answer: Parcel B cannot be included in Parcel A's actively farming special agricultural homestead because Parcel B is not being actively farmed. When determining eligibility for special agricultural homestead, each contiguous land mass under *identical* ownership must qualify on its own merits.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

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August 21, 2013

Ryan DeCook
Dodge County Assessor's Office
ryan.decook@co.dodge.mn.us

Dear Mr. DeCook,

Thank you for submitting your question to the Property Tax Division regarding Special Agricultural Homestead

Scenario:

- You have an owner who appears to be exempt from applying for 500.24.
- They have a Limited Partnership and they appear to meet the criteria under "Explanation of Exemptions" in the Minnesota's Corporate Farm Application.

Question:

If 500.24 is not applicable to a Limited Partnership, are they automatically an authorized entity? If 500.24 is not applicable for homestead purposes, can we require them to apply for 500.24?

Answer:

According to the information you have provided to us it appears that you are looking for additional information regarding the requirements of Minnesota Statute 500.24. This statute is maintained by the Department of Agriculture and they would be able to answer some of your questions regarding requirements found within this statute. Doug Spanier at the Department of Agriculture is the person to contact regarding these questions.

In regards to granting a homestead, certain types of ownership entities must meet all homestead requirements, one of which is annual certification with the Department of Agriculture. Below is a table that shows the entities that are subject to MS 500.24:

Entities subject to law	Entities NOT subject to law
Corporations (S-corps, C-corps, etc.)	Individual owners (sole proprietorships)
Limited Liability Companies (LLCs)	General Partnerships
Limited Partnerships (LPs)	Limited Liability Partnerships (LLPs)
Limited Liability Limited Partnerships (LLLPs)	
Trusts	

As shown above, a Limited Partnership **is** subject to 500.24 Once an entity that is subject to the law meets the requirements of section 500.24, that entity is issued a letter of approval and is required to annually verify eligibility information with the MDA. Any entity, other than those listed on the right (individuals, general partnerships, and LLPs) must be certified with the Department of Ag to be eligible for agricultural homestead.

Once an entity meets the requirements of 500.24, or if the entity is not required to meet the requirements as in the case of the entities listed in the right hand column above, the requirements of section 273.124 must still be met for a property to be granted an agricultural homestead.

If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
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Property Tax Division

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August 27, 2013 *Edited January 2018*

Lynette Snare
Kittson County Assessor's Office
lsnare@co.kittson.mn.us

Dear Ms. Snare,

Thank you for submitting your question to the Property Tax Division regarding linking agricultural homestead on three parcels.

Scenario:

- Parcels A and B are owned by the same corporation, Smith Farms LLC
- Smith Farms LLC has a 75% owner interest in Parcel C, the other 25% is owned by an individual
- Parcel A is the base parcel and is receiving an agricultural homestead
- Parcel B is linked to parcel A and is receiving an agricultural homestead

Question:
Can Parcel A be linked to Parcel C when Parcel C is partially owned by a corporation and partially owned by an individual?

Answer:
For homestead purposes, percentage of ownership interest is not considered beyond the number of actual owners**.** Assuming all other agricultural homestead requirements have been met the answer is yes, Parcel A may be linked to Parcel C. Since Parcel A and Parcel C have the same ownership (Smith Farms LLC) they can be linked. However, since Smith Farms LLC only has 50% homestead in Parcel C you can only link 50% of that agricultural homestead classification back to Parcel A. The property would not receive a full agricultural homestead unless the other owner in Parcel C qualifies for agricultural homestead, and then the property would receive a 50% agricultural homestead under the corporation and 50% under the individual owner.

You can find additional information regarding linking agricultural homesteads in the Property Tax Administrators Manual – Module 4, *Homesteads.* You can find that manual on our website:
http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

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September 17, 2013

Sue Cory
Faribault County Assessor's Office
Sue.cory@co.faribault.mn.us

Dear Ms. Cory:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following:

- An LLP that is not required to register with the Minnesota Department of Agriculture owns 3 parcels of land.
- The three parcels are 75.75 acres, 71.79 acres, and 145.77 acres for a total of 293.31 acres.
- There are 11 members in the LLP, who are all siblings.
- Each member has a different percentage of ownership.
- No one occupies the land, but 2 of the members are farming the entire land.
- The two members who are farming the land each have 7.22578% interest in the LLP.
- The two members farming the land qualify for active farming homestead, and the other 9 members do not as some live out of state and some do not live within 4 cities or townships.

Questions:

1. Which homestead application should be used for an LLP situation since they are not required to be registered with the MN Department of Agriculture?
2. Do the two members of the LLP who are farming the land qualify for homestead? If, so are they limited to their respective percentage of ownership in the LLP, or on the whole? Or do these 2 members not qualify at all since their percentage of ownership in the total of the parcels is less than 40 acres (it is 21.19 acres for each of the two members)?

Answer:

In order to answer your first question, we consulted with the Minnesota Department of Agriculture (MDA) on why LLPs are not required to register like LLCs are required to do. The answer we received was that this is part of legislation that has not been changed since LLPs came into existence. The representative from the MDA stated that although these organizations are not required to register, thus not subject to Minnesota Statutes 500.24, they are still considered legal organizations just as LLCs are. Therefore, the Application for Special Agricultural Homestead Property Owned by an Authorized Entity should be used in LLP situations.

To answer your second question, the property does qualify for 100% special agricultural homestead. When it comes to property owned by an authorized entity, the ownership percentage of the qualified individuals farming the property is not considered. If you follow our *Determining if a Property qualifies for the Agricultural Homestead Classification* flow chart, a property owned by an entity that is not occupied qualifies for 100% special agricultural homestead if the following requirements are met:

1. The property is at least 40 acres in size
2. A qualified person must actively farm the land
3. Neither the qualified person who is actively farming the property nor that person's spouse claims another agricultural homestead in Minnesota

4. The qualified person who is actively farming lives within four cities or townships (or a combination thereof) of the property

Because the property meets these requirements, it is eligible for a special agricultural homestead to the qualified active farmer(s). The homestead is not prorated based on ownership in the entity that owns the land.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

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October 11, 2013

Angela Nelson
Sibley County Assessor's Office
angela@co.sibley.mn.us

Dear Ms. Nelson:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following:

Scenario:

- Mr. and Mrs. Johnson own a parcel of land within city limits. This parcel is surrounded by two sides that are less than 10 acres but are classified as agricultural (grandfathered as agricultural homestead in 1998 under Minnesota Statutes, section 273.124, subdivision 14, paragraph (a)).
- They also own 541.51 acres that are within four townships; these acres are **rented out**.
- All of Mr. and Mrs. Johnson's property was transferred into Johnson Family Farm, LLC on November 26, 2012.

Questions and Answers:

1. **Since these acres are rented out and not farmed by Mr. Johnson, does he no longer qualify for special agricultural homestead?**
   Following the *Determining if Property Qualifies for the Agricultural Homestead Classification* flow chart, this property no longer qualifies for special agricultural homestead. Although the land is owned by an authorized entity and is occupied by a qualified person of the authorized entity, the land is not being farmed by this qualifying person since it is being rented out.
2. **Since the property has transferred ownership into an LLC, do they have to fill out the CR-OAEO application?**
   The Application for Special Agricultural Homestead Property Owned by an Authorized Entity and Occupied by a Qualified Person (CR-OAEO) application should not be used in this situation.
3. **If this is the form they need to fill out, does his homestead get removed, due to the land being rented out, and the grandfathered in rule no longer applies since a transfer of ownership occurred?**
   The base parcel no longer qualifies for the grandfathered agricultural homestead provision because the ownership of this parcel was transferred to an LLC and is rented out, which is not the ownership that this property originally qualified under in 1998. Additionally, the property does not currently qualify for agricultural homestead owned by an authorized entity, because it is not farmed by a qualified person.
4. **Does Mr. Johnson's home qualify for residential homestead now that it is owned by the LLC also?**
   If the home is owned by the LLC, the property is not eligible to receive a residential homestead because corporations are not eligible for a residential homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

October 25, 2013

Krista Krupa
Kandiyohi Assessor's Office
krista_k@co.kandiyohi.mn.us

Dear Ms. Krupa:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead.

Scenario: In Kandiyohi County, an entity owns multiple parcels that qualify for special agricultural homestead. There are 11 shareholders of this entity, and 7 are listed as qualifying active farmers. None of the shareholders occupy the properties, all live within four townships, and none of them claim another agricultural homestead in Minnesota.

Question: Would this entity qualify for 7 homesteads for each of the seven 7 qualifying active farmers, or just one homestead for the entity itself?

Answer: When it comes to property owned by an authorized entity, the ownership percentage of the qualified individuals farming the property is not considered. If you follow our *Determining if a Property qualifies for the Agricultural Homestead Classification* flow chart, a property owned by an entity that is not occupied qualifies for 100% special agricultural homestead if the following requirements are met:

1. The property is at least 40 acres in size.
2. A qualified person must actively farm the land.
3. Neither the qualified person who is actively farming the property nor that person's spouse claims another agricultural homestead in Minnesota.
4. The qualified person who is actively farming lives within four cities or townships (or a combination thereof) of the property.

Assuming all of the requirements listed above are met, 7 out of the 11 shareholders would be eligible to receive homestead on the entity owned property (7 total homesteads). The homestead is not prorated based on ownership percentages in the entity that owns the land (i.e. all of the affected parcels don't get $^{7}/_{11}$ fractional homestead; there may be up to 7 separate full homesteads on any or all of the parcels).

For illustrative purposes, assume the following hypothetical scenario. In a similar situation, an entity is comprised of ten members, five of whom are actively farming the parcels. The entity owns eight parcels All parcels are 40 acres in size, all are unoccupied, and all of the parcels are within four cities and/or townships of each other.

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Parcel 1 Owner: Entity Occupant: N/A Farmer: Farmer 1	**Parcel 2** Owner: Entity Occupant: N/A Farmer: Farmer 2	**Parcel 3** Owner: Entity Occupant: N/A Farmer: Farmer 1	**Parcel 4** Owner: Entity Occupant: N/A Farmer: Farmer 3
Parcel 5 Owner: Entity Occupant: N/A Farmer: Farmer 2	**Parcel 6** Owner: Entity Occupant: N/A Farmer: Farmer 4	**Parcel 7** Owner: Entity Occupant: N/A Farmer: Farmer 5	**Parcel 8** Owner: Entity Occupant: N/A Farmer: Farmer 1

Farmer 1 can qualify for special agricultural homestead on Parcel 1, and link to Parcels 3 and 8 which he also actively farms. Farmer 2 can homestead Parcel 2 and link to Parcel 5, which she also actively farms. Farmer 3 can receive a special agricultural homestead on Parcel 4; Farmer 4 can receive special agricultural homestead on Parcel 6; and Farmer 5 can receive homestead on Parcel 7.

All eight parcels receive 100% special agricultural/actively farming homestead. The homestead is not prorated, because each parcel on its own merits qualifies for either the actively farming agricultural homestead, or qualifies to be linked to a homesteaded parcel.

The property owners must determine for themselves which parcels they will seek to homestead. No active farmer can receive more than one special agricultural homestead (but each farmer who receives an agricultural homestead can link to other parcels within four cities or townships that meet the same requirements).

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

October 31, 2013

Joyce Schmidt
Pipestone County Assessor's Office
Joyce.schmidt@co.pipestone.mn.us

Dear Ms. Schmidt:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario:

A husband and wife moved into town and applied for a residential homestead. They continue to farm their agricultural land out of town. Their ownership of the agricultural land is as follows:

- Three tracts are held in ½ Husband's Revocable Living Trust (husband is grantor) and ½ Wife's Revocable Living Trust(wife is grantor)
- One tract is held as Husband's Revocable Living Trust only (husband is grantor)
- One tract is held as ½ Husband's Revocable Living Trust (husband is grantor); and ½ by Son's Revocable Living Trust (son is grantor)

Questions:
In this case, what is used as the determining factor for the "base parcel"?

Answers:
The Department has the opinion that it is the property owner's responsibility to identify which parcel they would like to use as the "base parcel". We do not recommend that the County Assessor selects the base parcel for the property owner. Through the application process, the property owner should be identifying which parcel (and ownership) is applying for homestead, and that can be used to determine appropriate links, if any.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
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November 12, 2013

Susie Sohlman
Koochiching County Assessor's Office
Susie.sohlman@co.koochiching.mn.us

Dear Ms. Sohlman:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following:

- Voyageurs Wild Rice, LLC bought an agricultural property in Koochiching County and wants the property classified as agricultural homestead.
- The same LLC owns a property in Beltrami County, and is already receiving special agricultural homestead in that county.
- The property that was just purchased is not contiguous to the Beltrami County property. According to the owner of the company, it is within 4 townships of the Koochiching County property.
- The Koochiching County property is 160 acres and includes one structure. The LLC plans on incorporating this property into the agricultural business venture.

Question:
Does the property that was just purchased in Koochiching County qualify for special agricultural homestead?

Answer:
The Koochiching County property may qualify for special agricultural homestead if it is linked to the Beltrami County property and the following qualifications are met:

- The properties are owned by the exact same entity.
- The same qualified person of the entity is actively farming the property.
- Neither the qualified person who is actively farming the property nor his/her spouse claims another agricultural homestead in Minnesota, and
- The qualified person who is farming the property does not live more than four cities or townships from the property.

In this situation, the taxpayer would need to identify which property will be used as the base parcel and the two counties will need to work closely together in order to determine how the taxpayer will apply for special agricultural homestead. Additionally, it must be verified that the parcels are in fact within four townships of each other.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

Property Tax Division
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MINNESOTA · REVENUE

November 27, 2013

Sandy Vold
Big Stone County Assessor
sandy.vold@co.big-stone.mn.us

Dear Ms. Vold:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead.

Scenario: A woman has been receiving special agricultural homestead while she has been living in a nursing home that is within four cities and townships of the agricultural land. Her son has continued to farm the land and she continues to own a home that is within four cities and townships of the agricultural land. However, the woman has now moved to a different nursing home that is not within four cities or townships of the agricultural property.

Question: Should she continue to receive special agricultural homestead?

Answer: Minnesota Statute 273.124, subdivision 1, paragraph (f), clause (1) states that the assessor cannot remove a homestead due to that owner residing in a nursing home. There is no requirement that the nursing home be located within a certain distance of the homestead property in order to keep the homestead. Therefore, it is our opinion that the homestead should not be removed in the situation you have outlined. However, homestead is a fact situation based on each individual circumstance. Some factors, such as whether the residential property is occupied by another party or rented, may affect the special agricultural homestead status of the actively farmed land.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

December 13, 2013

Mary Pekarek
Benton County Assessor's Office
Mary.Pekarek@co.benton.mn.us

Dear Ms. Pekarek:

Thank you for submitting your questions to the Property Tax Division regarding several special agricultural homestead scenarios in your county.

Scenario/Question 1: Richard R. owns a 60.48-acre tract of land and lives within four townships of the land. Of this tract, 26 acres are being actively farmed. According to the Schedule F filed, he received $700.00 of agricultural income from selling hay and the rest of the income was indicated to be house rental from the house on the property. The owner indicated that he "crop shares" and that the $700.00 is for sale of the hay being crop shared. The 156 EZ turned into the office with the application indicates the "Program Year" as 2014 and "Date" as Nov. 5, 2013. It also lists Richard R. as "operator". Would this scenario qualify for actively farming homestead for the 2013 assessment year, payable 2014?

Answer 1: If Richard, his spouse, or a qualifying relative is actively farming the land, the property may be able to qualify for agricultural homestead, if all other requirements are met. If someone other than Richard, his spouse, or a qualifying relative is actively farming the land (i.e., he rents the land to another person to farm), the property would not qualify for homestead.

Scenario/Question 2: Sidney and JoAnn L. own a 40.80-acre tract of land and live within four townships of the land. They have applied for actively farming special agricultural homestead. On their Schedule F they indicate agricultural income of $5,760 for sale of livestock and other resale items. On the 156EZ forms, the operator for the farm is listed as another individual (Kevin M.). Also attached to the application is a commodity agreement showing that operator (Kevin M.) having 54% interest and Sidney and JoAnn L. having a 46% interest. Is this a situation where the owner would not qualify for special agricultural homestead?

Answer 2: Again, it depends on who is actually actively farming the land. In this scenario, it appears that Kevin M. may be the person who is actively farming the land. If this is the case, the owners of the property would not qualify for special agricultural homestead on the property because they are not actively farming it and they do not occupy it. However, if Kevin M. is a qualifying relative of the owners, the property may be able to qualify for special agricultural homestead, assuming all other requirements are met.

Scenario/Question 3: R. & K. Katke own a 40-acre tract of land and live within four townships of the land. Their son, Milo, farms the land and is listed as operator on the 156EZ. Milo also owns his own agricultural property and receives his own agricultural homestead. Since the operator (son) receives his own agricultural homestead on property he owns, is it possible for him to receive actively farming for the land owned by his parents?

Answer 3: Milo K. would not be the person applying/qualifying for homestead in this situation. Rather, it would be the owners, R. & K. Katke that would apply for special agricultural homestead. R. & K. Katke may qualify for special agricultural homestead in this situation because the land is being actively farmed by a qualifying relative. All other special agricultural homestead requirements must also be met and the active farmer, Milo K., must also live within four townships and cities of the land.

Scenario/Question 4: Michael H. owns 155.09 acres of agricultural land. He lives within four townships of the land. When applying for actively farming special agricultural homestead he signs as "farmer of the property" and as the owner of the property. However, the 156EZ attached to the application shows his dad (Ronald H.) as operator on the land. He says that he is doing the farming and selling the crops and cattle himself, but his dad is listed as operator for "crop insurance" purposes. Ronald H. (dad) also has acreage and receives his own agricultural homestead. Would this qualify for actively farming special agricultural homestead if the dad receives his own agricultural homestead and Michael H is not listed as "operator" on the 156EZ?

Answer 4: Similar to the previous scenario, it would not be the father applying for homestead in this situation. Rather, it would be the owner of the property applying for homestead. Assuming all other requirements are met, it appears that the owner, Michael H. may be able to qualify for special agricultural homestead because a qualifying relative is actively farming the land that he owns.

You may wish to utilize the "Determining if a property qualifies for the agricultural homestead classification" flow chart available in the Property Tax Administrator's Manual, Module 4 – Homesteads. The flow chart is available on the last page of that module. The manual can be found on the Department of Revenue website at: http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

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December 19, 2013

Jeanne Runge
Martin County Assessor's Office
jeanne.runge@co.martin.mn.us

Dear Ms. Runge:

Thank you for submitting your question to the Property Tax Division regarding agricultural homesteads and trust-owned property. You have provided the following scenario and questions.

Situation:

- Two brothers (Brother A and Brother B) own several parcels under their partnership (Partnership).
- Brother A homesteads a parcel that is owned by Brother A and Brother A's spouse.
- Brother B homesteads a parcel that is owned one-half by Brother B Revocable Trust and one-half by Brother B Spouse Revocable Trust.

You recently informed the brothers that they could not link their homestead parcels to the Partnership parcel. Their attorney disagrees with you.

Question 1: Is it correct that the Partnership-owned parcel cannot be linked to the base parcel?

Answer 1: You are correct. This is covered in the Property Tax Administrator's Manual, *Module 4 – Homesteads*:

> *"Minnesota Statutes, section 273.124, subdivision 14, paragraph (c), allows non-contiguous agricultural property to be linked to the base agricultural homestead…*
>
> *In order to be linked, the properties must first be owned by the exact same ownership entity. It is not appropriate to link properties where the ownership entities differ such as individually-owned parcels to corporate- or partnership-owned parcels.*
>
> *Of course there are exceptions to this rule:*
>
> 1. *The homestead of a base parcel owned and occupied by an individual may be linked to a parcel of property that the owner owns with other individuals;*
> 2. *The homestead of a base parcel owned and occupied by an individual may be linked to a parcel of property that is owned by a trust and the individual owners of the base parcel are the grantors of the trust-held property (and vice versa); and*
> 3. *In the case of married couples, properties that are held solely in the name of one spouse may be linked to parcels that are held solely by the other spouse and parcels that are titled in both names. This does not apply to any entities of which the husband and/or wife are both members. It only applies to parcels owned by natural people."*

Because the ownership is different between the brothers' homestead base parcels and the partnership-owned land, the Partnership land cannot be linked as part of the same homestead.

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Question 2: If the brothers transfer ownership of both base homestead parcels into the Partnership, would each brother qualify for the $1,500,000 maximum first-tier homestead limit, or do they each only qualify for ½ of it?

Answer 2: Entities, such as partnerships, can have up to 12 members receiving agricultural homesteads. For partnership-owned properties, the homestead is granted in the name of the qualifying member/s of the partnership who meet/s homestead requirements. Therefore, Brother A may qualify for full agricultural homestead on his portion, and Brother B may also qualify for full agricultural homestead on his.

If you have any further questions, please contact our division at proptax.questions@state.mn.us. You may also refer to the Property Tax Administrator's Manual on the Department of Revenue website at http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx. Thank you.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

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January 23, 2014

Angela Nelson
Sibley County Assessor's Office
Angela@co.sibley.mn.us

Dear Ms. Nelson:

Thank you for submitting your question to the Property Tax Division concerning special agricultural homestead.

Scenario: In Sibley County, a farm is owned by D&K Schultz Farms, Inc. and occupied by a qualified member of the corporation. The property is 120 acres with 94.75 acres tillable. The tillable acres are rented to a non-relative/non-member of the corporation. Part of the farm is used for raising hogs that are not owned by D&K Schultz Farms, Inc. However, the member that occupies the 120-acre property does take care of the daily managing of the hogs. The owner of the corporation does not file a Schedule F nor does he have an FSA number.

Question: Would this property qualify for special agricultural homestead?

Answer: To answer this question, we refer to the Department of Revenue's flowchart, "*Determining if property qualifies for the agricultural homestead classification*".

1. **Who owns the property?**
   The property is owned by D&K Schultz Farms, Inc. We assume that you have verified that the corporation is authorized to own and farm land under Minnesota Statutes, section 500.24. If the corporation is not an "authorized entity", no potential exists for the property to qualify for homestead.

2. **Who occupies the property?**
   The farm is occupied by a qualifying member of the corporation.

3. **Who farms the property?**
   A non-relative and/or non-member of the corporation.

From the information provided, it appears the qualifying member of the authorized entity is not actively engaged in farming on behalf of the authorized entity he or she is a member of. In this scenario, the 94.75 tillable acres are rented to a non-member of the corporation. The hogs located on part of the farm are managed by the occupying member of the D&K Schultz Farms, Inc. However, the hogs are not owned by the D&K Schultz Farms, Inc. This property does appear to have an agricultural use, but the qualifying member must be actively engaged in farming on behalf of the authorized entity he or she is a member of to receive agricultural homestead.

If you have any further questions, please contact our division at proptax.question@state.mn.us.

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

February 26, 2014

Matthew Barton
Olmstead County Assessor's Office
Barton.matthew@co.olmsted.mn.us

Dear Mr. Barton:

Thank you for submitting your question to the Property Tax Division concerning special agricultural homestead. You have provided the following scenario and question.

Scenario: Rotha S. quit claim deeded a bare 80-acre parcel over to her son James S., but has retained a life estate on the property. Rotha lives in town and has a residential homestead. James S. owns other land and receives an actively engaged in farming homestead under S. Family Holdings LLC.

Question: Is the property eligible to receive special agricultural homestead under Rotha S.?

Answer: For this situation, we can reference the *"*Determining if property qualifies for the agricultural homestead classification*"* flowchart provided by the Minnesota Department of Revenue.

1. **Who owns the property?** Although Rotha is no longer the owner of the property, for homestead purposes, the holder of the life estate is treated as if they were the owner of the property.
2. **Is the property physically occupied by the owner?** No.
3. **Is the property physically occupied by a qualifying relative of the owner?** No.
4. **Is the agricultural property leased to an authorized entity from the owner who is a qualified person in the authorized entity?** No.
5. **Is the owner, owner's spouse or a sibling, child, grandchild, or parent of the owner or owner's spouse actively farming the agricultural property either on their own behalf or on behalf of an authorized entity of which they are a qualified person?** Yes, the son of the holder of the life estate is farming the land.

Since we answered "yes" to question number 5, all of the below requirements must be met in order to qualify for an actively farming homestead:

1. **The agricultural property is at least 40 acres, including undivided government lots and correctional 40's.** This requirement is met, as the property is 80 acres.
2. **Neither the owner nor his/her spouse claims another agricultural homestead in Minnesota**. This requirement is met.
3. **Neither the owner nor the person who is actively farming lives farther than four cities or townships from the agricultural property.** Rotha, the holder of the life estate, does live within four cites or townships. It is unknown if her son (the active farmer) lives within four cities or townships. However, we are assuming he meets this qualification for the purposes of this response.

We assume the above 3 qualifications are all met. Therefore, the land in question does qualify for a special agricultural homestead. This property may continue to receive full homestead as long as the life estate remains the same and all other agricultural homestead requirements continue to be met. Please note that this opinion is based solely on the facts as provided. If any of the facts were misunderstood or change, our opinion would be subject to change as well.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

February 26, 2014

Michael Stalberger
Blue Earth County Assessor
Michael.Stalberger@blueearthcountymn.gov

Dear Mr. Stalberger:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead.

Scenario: A property owner has applied for special agricultural homestead in Blue Earth County. Here are the facts as understood by the assessor:

1. A CR-OAE Application for Special Agricultural Homestead Property Owned by an Authorized Entity was completed.
2. The property is owned by a qualifying authorized entity.
3. The property is not physically occupied by anyone.
4. The property is farmed by a Minnesota resident who is a member of the entity; however the property is farmed by that person through a different entity.
5. This person is the only member of the other entity.
6. This separate entity leases the land from the entity that owns the land on a case rent basis.
7. This person participates in the day-to-day decision-making and labor and completes nearly all the administrative and managerial functions.
8. This person receives all the profit and assumes all the risk, however only so much as his assets within the separate entity are responsible for that entity's obligations.
9. The property is at least 40 acres in size.

Question: In this case, should you consider the person - who is a qualifying member of the entity that owns the land - as the active farmer? Or, should you consider the separate entity that is leasing the land as the active farmer?

Answer: In our opinion, the land is being actively farmed on behalf of the leasing entity, and not by the ownership entity. The land is leased to a separate entity to do the farming. If the person was farming the property on behalf of the owning entity, there would be no need to lease the property to a separate entity. The department holds the opinion that when property is owned by an entity (not an individual), the property must be farmed by a member of that same entity on behalf of that owning entity. In the scenario you have outlined, that is not the case. Therefore we do not believe that the property qualifies for special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

March 31, 2014

Sandy Vold
Big Stone County Assessor's Office
sandy.vold@co.big-stone.mn.us

Dear Ms. Vold:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:
A woman has been receiving special agricultural homestead while she has been living in a nursing home. Her son has continued to farm the land and she owns a home in Ortonville which is within four cities and townships of the agricultural land.

Question:
Can the family still receive special agricultural homestead if they sell her home in Ortonville, MN?

Answer:
If the home is offered for sale but not yet sold, the homestead may remain because the mother is still the owner of the property. If and when the Ortonville home sells, the farm property would no longer qualify for special agricultural homestead there would no longer be a homestead within four cities/townships to link to the farmed land. The land would be classified as agricultural non-homestead if the family sells their mother's home. However, if there was a home on the agricultural land which the mother has the expectation to return to, the family may qualify for agricultural homestead.

For more information, refer to the Property Tax Administrator's Manual, *Module 4- Homesteads*, which contains additional information and the "Determining if property qualifies for the agricultural homestead classification" flowchart that is useful in determining when a property may qualify for agricultural homestead. If the mother has a home site on the ag land that she has the expectation of returning to and the home is maintained for her eventual return, then she would get owner-occupied agricultural homestead while in nursing home care.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Hagen, State Program Administrator
Information and Education Section
Property Tax Division

April 2, 2014

Joanne Corrow
Le Sueur County Assessor's Office
jcorrow@co.le-sueur.mn.us

Dear Ms. Corrow,

Thank you for contacting the Property Tax Division regarding agricultural homestead.

Scenario:

- A husband and wife recently transferred their 300 acres into the "Ruhland **Family** LLC" of which they are the only shareholders.
- They live on the property.
- The property is farmed by Ruhland **Farms** LLC of which there are three shareholders: the husband, wife and their son (who has his own ag homestead).
- The father and son farm the land.

Question: Can one entity own the property and another entity farm it to qualify for special ag homestead?

Answer: With the information you provided, this property would not qualify for agricultural homestead because no one is farming on behalf of the owning entity. A separate entity cannot farm the property on behalf of a different entity. One of the shareholders (husband and/or wife) of the Ruhland Family LLC entity must be actively engaged in farming the property on behalf of the Ruhland Family LLC.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator Senior
Information and Education Section
Property Tax Division

June 25, 2014

Sue Cory
Faribault County Assessor's Office
sue.cory@co.faribault.mn.us

Dear Ms. Cory,

Thank you for contacting the Property Tax Division regarding Special Agricultural Homesteads. You presented us with multiple scenarios. We have answered your questions below.

Scenario 1:

- A farmer and his wife live in town and receive a residential homestead on their property.
- They also own multiple agricultural parcels that are within 4 townships of the base parcel, and the farmer is farming all of the agricultural parcels. Those parcels are linked and are receiving special agricultural homestead.
- The farmer owns additional land within 4 townships, but that land is under the ownership of Farmer Jones Land, LLC.
- These LLC parcels are currently classified as non-homestead.

Question 1: If the farmer had his residence in town under the same LLC ownership, would any or all of the LLC property qualify for special agricultural homestead?

Answer 1: A residential property that is owned by an entity cannot receive homestead. Only farms, resorts, and hotels/motels have special legislation that would allow a shareholder, member, or partner to receive a homestead on a property that is owned by an entity. Therefore, if the farmer put his residential property into an LLC, he would lose the homestead on that property.

The LLC-owned parcels do not receive special agricultural homestead because the individual who would qualify for ag homestead already receives homestead on his individually-owned land. He could try to receive agricultural homestead on the LLC-owned land, but then he could not also have it on his individually-owned land.

Scenario 2:

- An agricultural parcel is owned by 4 brothers.
- 2 of the brothers do not live in MN, so one-half of the property is classified as agricultural non-homestead.
- The other 2 brothers owned and occupied the property and were receiving an agricultural homestead on their respective interest in the land.
- One of those brothers is now deceased.
- That brother's interest in the property went to his widow and that portion is now owned by two trusts that were created by the widow upon her husband's death.
- One-third of the ¼ interest ($^{1}/_{12}$ total interest) is owned by Trust A and two-thirds of the ¼ interest ($^{1}/_{6}$ total interest) is owned by Trust B.

Question 2: With the creation of the two trusts upon the death of one of the owners (brother/husband) is there any way the trust-owned interest can receive a special agricultural homestead?

Answer 2: As stated above, the parcel is owned by four brothers.

- Brother A has 25% interest but does not live in MN, so his ¼ interest in the property does not receive an agricultural homestead.
- Brother B has 25% interest but does not live in MN, so his ¼ interest in the property does not receive an agricultural homestead.
- Brother C lives on the property and has ¼ interest in the property. Since brother C owns and occupies the property, his ¼ interest may receive an agricultural homestead.
- The remaining ¼ that is owned by two trusts may receive an agricultural homestead because a qualifying relative of the grantor lives on the property. The agricultural homestead would be granted to Brother C. It is not a "special" agricultural homestead; rather, it is treated similarly to a relative homestead.

When referencing the *Determining if property qualifies for the agricultural homestead classification flowchart,* you would answer the questions as follows for the trust-owned portion:

Who Owns: A trust (in this case, each trust can be viewed the same)
Who Occupies: A qualifying relative of the grantor
Who Farms: Participation is not a factor when the property is occupied
Does the owner, the owners spouse or the qualifying relative claim another agricultural homestead in MN? No [there is not *another* agricultural homestead in question; this is for the same homestead]
Does the family have more than one relative agricultural homestead? No

Therefore, since the ¼ trust-owned interest in the property meets all requirements, then that ¼ interest would qualify for a special agricultural homestead under the two trusts. The breakdown would look like this:

Brother A – 25% interest in the property, does not qualify for homestead
Brother B – 25% interest in the property, does not qualify for homestead
Brother C – 25% interest in the property, does qualify for 25% agricultural homestead
Trust A – qualifies for 8.33% agricultural homestead under Brother C
Trust B – qualifies for 16.66% agricultural homestead under Brother C

This parcel as a whole qualifies for 50% agricultural homestead and 50% agricultural non-homestead.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY, State Program Administrator Senior
Information and Education Section
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August 12, 2014

Sherry Steffl
Mahnomen County Assessor's Office
Sherry.Steffl@co.mahnomen.mn.us

Dear Ms. Steffl:

Thank you for submitting your questions to the Property Tax Division regarding agricultural homesteads. Each of your questions is answered below.

Question 1: Are annual applications required for relative agricultural homesteads?
Answer 1: No; annual applications are not required for relative-occupied agricultural homesteads. However, the assessor may request application or other proof at any time to verify that the property qualifies for homestead.

Scenario:

- A property is owned by an individual ("Mother").
- Mother lives in town and has a residential homestead.
- Mother owns 3 parcels of land that are farmed by her son-in-law and daughter.
- The son-in-law and daughter live on one of the three parcels.

Question 2: Can these three parcels be classified as agricultural relative homestead?
Answer 2: Yes. These three parcels may qualify for agricultural relative homestead, as they are owned by an individual and occupied by the individual's qualifying relative. This assumes that the three parcels are all contiguous. If they are not contiguous, each non-contiguous parcel must qualify for the agricultural classification on its own (e.g., at least 10 acres used for agricultural purposes) and they must be within four cities and/or townships of the base homestead parcel.

Question 3: Can more than one property be classified as agricultural relative homestead?
Answer 3: One person may only receive one homestead. In this case, the relative may only receive one agricultural relative homestead. Additionally, there can only be one agricultural relative homestead per family. This means that if another son or daughter wanted to claim homestead on Mother's property, it would not be allowed. All three of these parcels that are under the same ownership and within four cities and/or townships can be classified as homestead, however.

Scenario:

- A property owner has 3.21 acres containing two hog barns.
- The person lives and farms in a neighboring county.
- The 3.21-acre property in your county is classified as actively farming/special agricultural homestead.

Question 4: Is this classification correct?
Answer 4: No, that is not a correct classification. In order for the non-contiguous land to qualify for a special agricultural homestead, the property must be 40 acres in size. Because this owner only has 3.21 acres, it cannot be special agricultural homestead.

Question 5: Is the 40 acre requirement per parcel, or can contiguous parcels be combined to get to 40 acres?
Answer 5: For the agricultural classification, contiguous parcels under identical ownership may be combined in order to meet the 40 acre threshold for actively farming special agricultural homestead. All other requirements for active farming would still need to be met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

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September 29, 2014

Steve Hurni
Property Tax Compliance Officer
steve.hurni@state.mn.us

Dear Mr. Hurni:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question.

Scenario:

- There is a large family ranching/farming operation that expands across three counties.
- There are 7 or 8 sons that make up the family farm.
- All of the farmland is owned by the family farm entity (each brother is a partner), and they are granted homestead by qualifying for special agricultural homestead.
- None of the parcels are occupied and all of the brothers have their own residential homestead.
- The parcels of farmland have each been split up into 7 or 8 records, one for each brother (each brother is getting 1/7 of the parcel homesteaded).

Question: Should this family farm only be receiving one homesteaded?

Answer: Each partner of the entity is eligible for one homestead (up to 12 homesteads per entity). When it comes to property owned by an authorized entity, the ownership percentage of the qualified individuals farming the property is not considered. If you follow the *Determining if a property qualifies for the agricultural homestead classification* flow chart, a property owned by an entity that is not occupied qualifies for 100% special agricultural homestead if the following requirements are met:

1. The property is at least 40 acres in size.
2. A qualified person must actively farm the land.
3. Neither the qualified person who is actively farming the property nor that person's spouse claims another agricultural homestead in Minnesota.
4. The qualified person who is actively farming lives within four cities or townships (or a combination thereof) of the property.

Assuming all of the requirements listed above are met, 7 or 8 (depending on how many brothers are actively farming and number of parcels) of the partners would be eligible to receive homestead on the entity-owned property (7 or 8 total homesteads). The homestead is not prorated based on ownership percentages in the entity that owns the land. For example, if there are 11 parcels and 7 of the brothers (partners) are actively farming, the affected parcels don't get $^{7}/_{11}$ fractional homestead; there may be up to 7 separate full homesteads on any or all of the parcels.

For illustrative purposes, assume the following hypothetical scenario. In a similar situation, an entity is comprised of ten members, five of whom are actively farming the parcels. The entity owns eight parcels, all parcels are 40 acres in size, all are unoccupied, and all of the parcels are within four cities and/or townships of each other.

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Parcel 1 Owner: Entity Occupant: N/A Farmer: Farmer 1	**Parcel 2** Owner: Entity Occupant: N/A Farmer: Farmer 2	**Parcel 3** Owner: Entity Occupant: N/A Farmer: Farmer 1	**Parcel 4** Owner: Entity Occupant: N/A Farmer: Farmer 3
Parcel 5 Owner: Entity Occupant: N/A Farmer: Farmer 2	**Parcel 6** Owner: Entity Occupant: N/A Farmer: Farmer 4	**Parcel 7** Owner: Entity Occupant: N/A Farmer: Farmer 5	**Parcel 8** Owner: Entity Occupant: N/A Farmer: Farmer 1

Farmer 1 can qualify for special agricultural homestead on Parcel 1, and link to Parcels 3 and 8 which he also actively farms. Farmer 2 can homestead Parcel 2 and link to Parcel 5, which she also actively farms. Farmer 3 can receive a special agricultural homestead on Parcel 4; Farmer 4 can receive special agricultural homestead on Parcel 6; and Farmer 5 can receive homestead on Parcel 7.

All eight parcels receive 100% special agricultural/actively farming homestead. The homestead is not prorated, because each parcel on its own merits qualifies for either the actively farming agricultural homestead, or qualifies to be linked to a homesteaded parcel.

The property owners must determine for themselves which parcels they will seek to homestead. No active farmer can receive more than one special agricultural homestead (but each farmer who receives an agricultural homestead can link to other parcels within four cities or townships that meet the same requirements).

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

October 6, 2014

Becky Kotek
Rice County Assessor's Office
bkotek@co.rice.mn.us

Dear Ms. Kotek,

Thank you for contacting the Property Tax Division regarding special agricultural homesteads. You asked us the following question.

Question: Can a farmer or owner still qualify for special agricultural homestead if they do not file a 156 EZ form with the FSA?

Answer: The 156 EZ form, though not required by statute, is a valid form which is provided to the active farmer or producer. Due to the *Freedom of Information Act*, the information included on the 156 EZ form can only be released with the producer's consent.

The assessor can request any information they determine necessary to verify for homestead purposes; therefore, if the county requires the information found on the 156 EZ form, this information would need to be supplied by the producer in order to receive special agricultural homestead benefits.

The application for Special Agricultural Homestead does state that a 156 EZ form should be attached, but the 156 EZ form is **not required by statute**; the statement on the application is only a recommendation. Because it is not required by statute, the responsibility to determine eligibility ultimately falls upon the assessor. If you believe that the property qualifies for special agricultural homestead without the 156 EZ form, then it would be appropriate to extend homestead benefits to the property.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY, State Program Administrator Senior
Information and Education Section
Property Tax Division

October 17, 2014

Joanne Corrow
Le Sueur County Assessor's Office
jcorrow@co.le-sueur.mn.us

Dear Ms. Corrow:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question.

Scenario:

- Brothers Brian and Al have 50/50 ownership in 400 acres of agricultural land.
- Both brothers live within 4 cities or townships and receive a residential relative homestead. Both homes are owned by their parents.
- Francis (Dad) and Mildred (Mom) lived in town and have a residential homestead.
- Francis passed away in 2012, and Mildred still resides in the residential home.
- Francis and Mildred owned (as tenants in common) 600 acres agricultural land within four townships of their residential homestead that is farmed by Brian and Al.
- In September 2014, probate was completed on Francis's estate and Francis's one-half interest in the agricultural land was placed in a Family Share Trust.
- Brian, Al, and Mildred are co-trustees of the Family Share Trust.
- The 600 acres are now owned 50% by Mildred (individually) and 50% by the Family Share Trust.
- Brian and Al are farming all 600 acres owned by Mildred and the Family Share Trust.

Question: You have asked if the one-half (50%) agricultural property owned by the trust can receive an agricultural homestead; since Mildred (Mom), Brian, and Al are already claiming agricultural homestead.

Answer: Yes, in the case of a single parcel owned one-half by Mildred (individually) and one-half by the Family Share Trust, the parcel will receive full homestead (50% individually owned + 50% Trust owned=100%). To better illustrate, the scenario's information has been entered into the agricultural homestead classification flow chart.

For the ½ interest in the property owned by Mildred we utilize the "Determining if a property qualifies for the agricultural homestead classification" flow chart.

Who owns the farm? A natural person (Mildred).
Who occupies the property? No one occupies the property.
Is the property leased to an authorized entity? No.
Is the property actively farmed by the owner, owner's spouse, or sibling, child, grandchild, or parents of the owner or owner's spouse, either on their own behalf or on behalf of an authorized entity of which they are a qualified member? Yes, Mildred's sons (Brian and Al) are farming the agricultural property.
Is the property at least 40 acres in size? Yes, the property is 600 acres.
Does the owner or owner's spouse claim another agricultural homestead? No.
Does the owner/active farmer live further than four cities or townships from the property? No, the active farmers/owner lives within four cities/townships of the land.

Based on the information above, the 50% interest owned by Mildred is eligible for homestead.

For the ½ interest in the property owned by the Family Share Trust, we again utilize the flow chart.

Who owns the farm? A trust owns the farm.
Who occupies the property? No one occupies the property.
Is the property leased to an authorized entity? No.
Is the property actively farmed by the grantor or grantor's spouse , sibling, child, grandchild, or parent of the grantor on his/her own behalf, or on behalf of an authorized entity of which the grantor or grantor's spouse is a qualified member? Yes, the grantor's sons (Brian and Al) are farming the property. This is assuming that Francis is the grantor of the Family Share Trust.
Is the property at least 40 acres in size? Yes, the property is 600 acres.
Does the grantor or grantor's spouse claim another agricultural homestead? No [the 50% individual ownership interest is not "another" agricultural homestead; rather it is one half of the same agricultural homestead].
Does the grantor's spouse/active farmer live further than four cities or townships from the property? No, the active farmer/owner lives within four cities/townships of the land.

Therefore, the Family Share Trust is eligible for 50% homestead on its ½ interest in the property.

Based on the information described above, Mildred would receive 50% homestead on her individually owned agricultural homestead. The Family Share Trust would receive 50% homestead on its agricultural homestead land. Therefore, the property would receive 100% full homestead.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

Property Tax Division
600 North Robert Street
Mail Station 3340
St. Paul, MN 55146

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October 17, 2014

Joanne Corrow
Le Sueur County Assessor's Office
jcorrow@co.le-sueur.mn.us

Dear Ms. Corrow:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question.

Scenario:

- Patricia and Donald owned 400 acres individually.
- Donald passed away and a deed was filed deeding his half interest to the Family Share Trust, and the remaining half interest is owned by wife Patricia.
- Patricia lives within 4 cities or townships of the farm property. Jeffrey, her son, also lives within 4 cites or townships.
- Jeffery has a special agricultural homestead as a shareholder in Gibbs Farms LLC.

Question: Does Jeffrey qualify for special agricultural homestead on either Patricia's (mom) half, or the Family Share Trust half?

Answer: No, Jeffrey would not qualify for special agricultural homestead on either one-half ownership. However, Patricia would qualify on her individually owned one-half (50%) interest, and the one-half (50%) interest owned by the Family Share Trust would qualify on its one-half (50%) ownership. Therefore the parcel will receive full homestead (50% individually owned + 50% Trust owned=100%).

For the ½ interest in the property owned by Patricia we utilize the "Determining if a property qualifies for the agricultural homestead classification" flow chart.

> **Who owns the farm?** A natural person.
> **Who occupies the property?** No one occupies the property.
> **Is the property leased to an authorized entity?** No.
> **Is the property actively farmed by the owner, owner's spouse, or sibling, child, grandchild, or parents of the owner or owner's spouse, either on their own behalf or on behalf of an authorized entity of which they are a qualified member?** Yes, Patricia's son Jeffery is farming the agricultural property.
> **Is the property at least 40 acres in size?** Yes, the property is 400 acres.
> **Does the owner or owner's spouse claim another agricultural homestead?** No.
> **Does the owner/active farmer live further than four cities or townships from the property?** No, the active farmer/owner lives within four cities/townships of the land.

Based on the information above, the 50% interest owned by Patricia is eligible for homestead.

For the ½ interest in the property owned by the Family Share Trust, we again utilize the flow chart.

> **Who owns the farm?** A trust owns the farm.
> **Who occupies the property?** No one occupies the property.
> **Is the property leased to an authorized entity?** No.

Is the property actively farmed by the grantor or grantor's spouse , sibling, child, grandchild, or parent of the grantor on his/her own behalf, or on behalf of an authorized entity of which the grantor or grantor's spouse is a qualified member? Yes, the grantor's son (Jeffery) is farming the property. This is assuming that Donald is the grantor of the Family Share Trust.
Is the property at least 40 acres in size? Yes, the property is 400 acres.
Does the grantor or grantor's spouse claim another agricultural homestead? No [the 50% individual ownership interest is not "another" agricultural homestead; rather it is one half of the same agricultural homestead].
Does the grantor's spouse/active farmer live further than four cities or townships from the property? No, the active farmer/owner lives within four cities/townships of the land.

Therefore, the Family Share Trust is eligible for 50% homestead on its ½ interest in the property.

Based on the information described above, Patricia would receive 50% homestead on her individually owned agricultural homestead. The Family Share Trust would receive 50% homestead on its agricultural homestead land. Therefore, the property would receive 100% full homestead.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

Property Tax Division
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St. Paul, MN 55146

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December 22, 2014

Laura Hacker
Sibley County Assessor's Office
lauraw@co.sibley.mn.us

Dear Ms. Hacker:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You outlined a scenario and asked two questions, which are answered below.

Scenario: Property in your county is under ownership shown in the following example that you provided:

Parcel 1	**Parcel 2**
Owner: James	Owner: James and Mark, as individuals
Occupied: Yes, by James	Size: 6.18 acres with intensive ag buildings
Size: 2.59 acres	Contiguous to Parcel 1

Parcel 3-9
Owner: Fox Ridge Farms LLLP
Size: 551.35 acres all contiguous
Within 4 cities and/or townships of Parcels 1 and 2

- The three owners included above are James, Mark, and Fox Ridge Farms LLLP.
- James and Mark are the two members of Fox Ridge Farms LLLP.
- Mark has a residential homestead within 4 cities/townships.
- Parcels 3-9 are receiving special agricultural homestead under Mark's qualifications.

Question 1: Since Mark receives a special ag homestead on the properties owned by the LLLP for his share, is he able to homestead Parcel 2 for his share (linked to the special ag he is receiving on the LLLP land)?

Answer 1: No, Mark cannot link the LLLP's homestead to Mark's individually-owned land. That ½ ownership is agricultural non-homestead. Only James' portion can be homestead.

Question 2: Can James have the agricultural homestead value linkage on Parcels 3-9?

Answer 2: No. Because parcels 3-9 are classified as agricultural homestead (under special ag homestead provisions), it cannot receive value linkage. The first-tier value linkage applies only to non-homestead properties that are owned by entities, but these parcels already receive homestead. [See M.S. 273.124, subd. 8, paragraph (d).]

Please note that this opinion is based solely on the information provided. If any information was misinterpreted, or if any of the facts change, our opinion is subject to change as well.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6340
Email: proptax.questions@state.mn.us

January 16, 2015

Joanne Corrow
Le Sueur County Assessor's Office
jcorrow@co.le-sueur.mn.us

Dear Ms. Corrow,

Thank you for contacting the Property Tax Division regarding Special Agricultural Homestead. You provided us with the following information.

Scenario:

- An LLP owns agricultural properties in Le Sueur County
- The LLP has two shareholders: Gary has an existing agricultural homestead in Le Sueur County and Bradley has a residential homestead within 4 townships of the ag property
- Bradley applied for the special agricultural homestead after Gary was denied
- Bradley (on behalf of the LLP) pays expenses for the farm, has assumed the financial risks of the farm, participates in the decision-making of the farm, and all payments from the farm go to the corporation
- Bradley does not perform the day-to-day labor for the farm
- The LLP hires another farmer to custom farm the land

Question: Can Bradley get a special agricultural homestead on the property owned by CR Farms LLP?

Answer: No; this does not qualify for an "actively farming" special ag homestead. Active farming requires a greater degree of **participation/work** and a share in any profits or losses of the farm. The person must participate in the day-to-day decision-making and **labor on the farm**. They must contribute to the administration and management of the farming operation and they must assume all or a portion of the financial risks and sharing in any profits or losses of the farm.

Therefore, it is our opinion that "custom farming" or hiring another person to plant and harvest the crop does not meet the criteria outlined above and consequently, should not be considered actively farming for the purposes of agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY
State Program Administrator Senior
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

January 21, 2015

A Thor
Kanabec County Assessor's Office
a.thor@co.kanabec.mn.us

Dear Mr. Thor:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question.

Scenario:

- Four siblings own two non-contiguous agricultural parcels.
- One sibling ("Sibling A") lives on a parcel contiguous to one of the parcels and has an agricultural homestead on that occupied parcel.
- Two siblings (Siblings B and C) have residential homesteads within four townships.
- One sibling lives in Minnesota but outside of the surrounding four townships ("Sibling D").

Question:
Can the two siblings who live within four cities or townships qualify for special agricultural homestead if the sibling that lives contiguous to the property farms the land for the family?

Answer:
As stated above, the parcels are owned by four siblings.

- Sibling A has 25% interest in the two jointly-owned parcels and occupies his own agricultural homestead adjacent to one of the parcels, so his ¼ interest in the properties could be linked to his individually-owned agricultural homestead.
- Siblings B and C both have 25% interest and live within four townships. Since Sibling A farms the property on behalf of the family, both of siblings B and C's ¼ interests may receive an agricultural homestead.
- Sibling D has 25% interest but lives further than four townships away, so his ¼ interest in the property does not receive an agricultural homestead.

The parcels qualify for 75% agricultural homestead and 25% agricultural non-homestead as long as they are at least 40 acres in size.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Hagen
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

May 1, 2015

Becky Kotek
Rice County Assessor's Office
bkotek@co.rice.mn.us

Dear Ms. Kotek:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question.

Scenario:

- John & Carmen B. individually own and occupy 2 properties equaling around 40 acres.
- These properties are classified as agricultural homestead.
- John B. owns another 4 parcels totaling 118 acres with other individuals.
- John is considering putting the individually-owned parcels into a trust and the jointly owned parcels into "B. Properties LLC".
- John would be a member and actively farming.

Question:
If the property was put into an LLC, would it qualify for special agricultural homestead?

Answer:
Typically, we do not address hypothetical situations. However, in this case, the entity-owned property would not receive special agricultural homestead on behalf of John. John, as the active farmer, already is claiming another agricultural homestead in Minnesota so the requirements are not met to qualify for special agricultural homestead.

More information on these requirements and the flow chart for special agricultural homestead can be found in the Property Tax Administrator's Manual, *Module 4 – Homesteads*, available at:
http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx

Also, as you mentioned, the ownership of the two properties are different and it is never appropriate to link properties for homestead where the ownership entities differ, unless in the case of individually owned parcels and other limited exceptions, which in this scenario is not the case.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Hagen
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

May 14, 2015

Marcy Barritt
Murray County Assessor
MBarritt@co.murray.mn.us

Dear Ms. Barritt:

Thank you for submitting your question to the Property Tax Division regarding homestead. You have provided the following scenario and question

Scenario:

- Parcel is owned by Paul C Living Revocable Trust; the grantor Paul is deceased.
- Craig C (Paul's son) lives on the parcel and farms the land.
- Craig is claiming homestead on the parcel owned by his deceased father's trust.
- Craig C also owns agricultural land individually, another agricultural parcel jointly with his wife (Linda C), and an agricultural parcel under Craig C Separate Trust Share.

Question: Does Craig qualify for actively engaged in farming homestead on the parcels he owns?

Answer: No, Craig does not qualify for an actively engaged in farming homestead on the land he owns. As indicated in this scenario, Craig is already claiming a homestead on the property owned by Paul C living Revocable Trust. Craig is a qualifying relative of the grantor and lives on the property and under Minnesota law the qualifying relative cannot claim more than one agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

June 30, 2015

Lyn Regenauer
Chisago County Assessor's Office
Lyn.Regenauer@chisagocounty.us

Dear Ms. Regenauer:

Thank you for submitting your question to the Property Tax Division regarding a special agricultural homestead situation. You have provided the following scenario and question.

Scenario:
A person who is claiming homestead under the "actively farming" provision does not have a residential homestead, and instead has another living arrangement, such as an apartment.

Question:
Does the farmer who meets the actively farming qualifications for a special agricultural homestead need to have a residential homestead as well in order to receive homestead?

Answer:
No; having a residential homestead is not a requirement to qualify for a special agricultural homestead. In order for a property to qualify for a special agricultural homestead, the following requirements must **all** be met:

1. The owner and the person who is actively farming must live within four cities, townships, or a combination thereof from the farm;
2. It must be actively farmed by the owner or a qualifying relative of the owner;
3. The active farmer must be a Minnesota resident;
4. Neither the active farmer nor their spouse claim another agricultural homestead in Minnesota;
5. The farm must consist of at least 40 contiguous acres.

As long as the apartment is located within four cities, townships or a combination and the active farmer is a Minnesota resident and the additional requirements listed above are met, the farmer may qualify for special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Hagen
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

July 1, 2015

Lindsey McCloskey
Mahnomen County Assessor's Office
Lindsey.McCloskey@co.mahnomen.mn.us

Dear Ms. McCloskey:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question.

Scenario:

- 464.60 acres are owned by Deitz farms Inc.
- In assessment year 2014 (payable 2015), the acres were linked to the base parcel owned individually by Catherine T.
- For assessment 2015, the Catherine T. base parcel is no longer linked to the Deitz Farm Inc. properties.
- The land owned by Deitz Farms Inc. is all agricultural land with no buildings.

Question 1: Can the Catherine T individually-owned land be linked to the entity-owned land since Catherine helps with the day to day operations of the farm?

Answer 1: No; in order to be linked, the properties must first be owned by the exact same ownership entity. It is not appropriate to link properties where the ownership entities differ such as individually-owned parcels to corporate-or partnership-owned parcels.

Question 2: Should the homestead for the Deitz Farms Inc. be removed?

Answer: Yes, the Deitz Farms Inc. was receiving homestead benefits through linking to the Catherine T individually-owned parcel, and as indicated above its not appropriate to link properties where the ownership entities differ.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

August 4, 2015

Diane Rolloff
Brown County Assessor's Office
Diane.Rolloff@co.brown.mn.us

Dear Ms. Rolloff:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question.

Scenario:

- For the 2015 assessment, the property owner's son farmed the owner's two parcels and received special agricultural homestead.
- The son of the land owner passed away in July of 2015.
- The wife of the deceased son plans to continue farming the land owned by her father-in-law.

Question: If the daughter-in-law continues to farm this land would she receive a special agricultural homestead as a qualifying relative?

Answer: Yes, the land farmed by the daughter-in-law would be eligible for a special agricultural homestead as a relative of the owner. The daughter-in-law would qualify as a child of the owner since Minnesota Statue indicates "this relationship may be by blood or marriage."

However, if the daughter-in-law is to remarry she would no longer be considered a relative of the owner and therefore, the property would no longer qualify for special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

August 18, 2015

Lori Schwendemann
Lac qui Parle County Assessor
600 Sixth Street, Suite 2
Madison MN 56256
lori.schwendemann@lqpco.com

Dear Ms. Schwendemann:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question.

Scenario:
- A husband and wife own 1600 acres of farmland that is not all contiguous.
- The farmland is owned by an LLC that is registered with the Minnesota Department of Agriculture.
- The husband and wife live on one of the parcels, but their homestead (HGA) is owned by themselves as individuals under a life estate.

Question: Does the LLC-owned property qualify for agricultural homestead?

Answer: In order to qualify for agricultural homestead, the LLC-owned property must meet the requirements for non-occupied (special) agricultural homestead for entity-owned property. In order to determine whether homestead can be granted, you may wish to refer to the "*Determining if a property qualifies for the agricultural homestead classification"* flow chart, which is available in our Property Tax Administrator's Manual (*Module 4 – Homesteads*).

Because the homestead/HGA is owned by a different entity, the LLC-owned land is treated as not being occupied by members of the grantors, and a special agricultural homestead is the remaining opportunity.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6340
Email: proptax.questions@state.mn.us

September 21, 2015

Marcy Barritt
Murray County Assessor
MBarritt@co.murray.mn.us

Dear Ms. Barritt:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead for an entity-owned property.

Scenario:

- A farm property is owned by an LLC.
- The individual who incorporated the LLC and served as 100% president is deceased.
- The individual who incorporated the LLC granted membership units to a number of other individuals.
- The farm is farmed by one of those members (the deceased individual's son).
- The farmer and his wife have another agricultural homestead.

Question: Does this property qualify for agricultural homestead?

Answer: No, the property does not qualify for agricultural homestead. Ultimately, the fact that the active farmer already claims another agricultural homestead would disqualify him from receiving an additional homestead on this property.

However, should any of the owners/members apply for homestead in the future, we would note that it may be necessary to discuss the owning entity with the Minnesota Department of Agriculture to see if they are a qualifying entity that is registered. It is possible that the ownership may change (without knowing all of the details of the incorporation, now that the original owner is deceased).

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: 651) 556-6340
Email: proptax.questions@state.mn.us

October 15, 2015

Jill Murray
Norman County Assessor
jill.murray@co.norman.mn.us

Dear Ms. Murray:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question.

Scenario:

- Two brothers each receive special agricultural homestead on farmland owned in a partnership as active farmers.
- The same brothers own parcels with their mother in a different partnership.
- The brothers actively farm the parcels owned with their mother.
- The mother has moved off the farm and lives in a home (within four townships) owned by both of the sons; she is homesteading the property as a relative.

Question: Is the mother eligible to claim special agricultural homestead on these parcels owned under the partnership?

Answer: No, the property is not eligible for special agricultural homestead. When an entity-owned property is not occupied by a qualifying person, the active farmer would be receiving the homestead if they meet the requirements for special agricultural homestead. From the information provided, it appears that the mother is not actively farming the parcels owned in a partnership with her two sons. The information provided states that the “brothers” are actively farming the partnership land owned with their mother.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

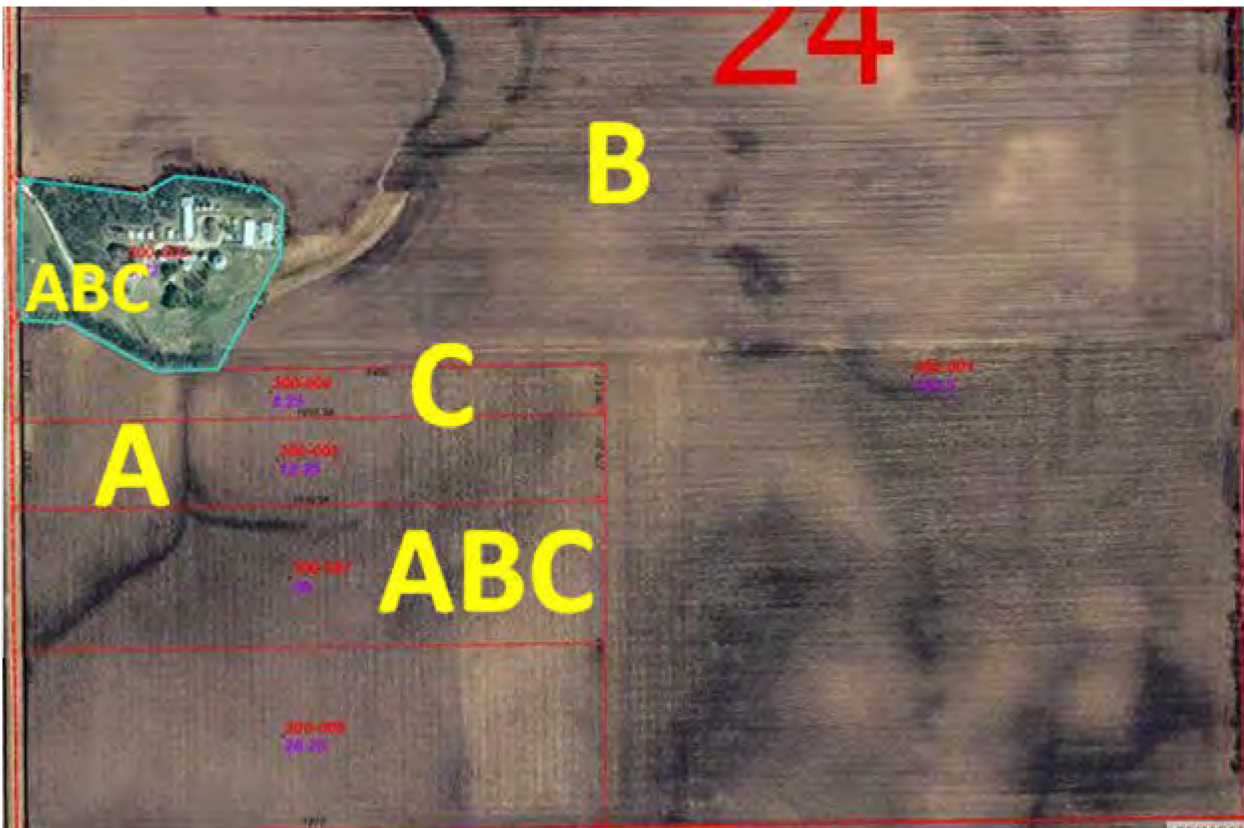
MINNESOTA · REVENUE

October 23, 2015

Mark Manderfeld
Assistant County Assessor
Blue Earth County Taxpayer Services
mark.manderfeld@blueearthcountymn.gov

Dear Mr. Manderfeld:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have outlined a question based on the properties below:



Scenario:

- The base parcel (outlined in blue) is owned by Brothers A, B, and C.
    - It is occupied by Brother Z.
    - It is 9 acres.
    - It contains buildings that potentially qualify as intensive grain and machinery storage used to support agricultural activities on other parcels of property operated by the same farming entity.
- Brother B owns 160 acres of agricultural land contiguous to the base parcel (marked "B" above).
- Brother C and his wife own a contiguous parcel of 8.25 acres exclusively used as 2a agricultural land (marked "C" above).
- Brother A and his wife own a parcel of 12.25 acres exclusively used as agricultural land (marked "A" above).
- Brothers A, B, And C own a parcel of 20 acres all 2a agricultural land (marked "ABC" above).

Question 1: Assuming the base parcel qualifies as intensive agricultural, it will qualify for a relative ag homestead. Can each brother's interest in that relative ag homestead then carry over to the contiguous ag land in their names only?

Answer 1: Yes; if the base parcel receives relative agricultural homestead, the 1/3 homestead for each owner can carry over to other agricultural properties that are within four cities/townships of the base.

This would mean Brother B's parcel gets 1/3 relative agricultural homestead, Brother C's parcel gets 1/3 relative agricultural homestead, Brother A's parcel gets 1/3 relative agricultural homestead, and the second ABC parcel gets 100% relative agricultural homestead.

Question 2: Should there be different treatment for parcel B versus parcel C due to size?

Answer 2: No; the homestead classification rate would be applied to the parcels classified as agricultural regardless of size. Brother C's parcel qualifies for exclusive agricultural use, so it would receive 1/3 relative agricultural homestead carryover. Because it is not a "special" agricultural homestead, size is not a determining factor.

Question 3: Could you extend a homestead chain to parcel A due to it being within 4 cities/townships to the base?

Answer 3: Yes; you can extend the agricultural homestead of the base parcel to any agricultural parcel under the same ownership that is within 4 cities/townships of the base. Parcel A would get 1/3 relative agricultural homestead based on the scenario above.

Question 4: Would parcel ABC be part of the homestead chain?

Answer 4: Yes; you can extend the agricultural homestead of the base parcel to any agricultural parcel under the same ownership that is within 4 cities/townships of the base. Parcel ABC would get 100% relative agricultural homestead based on the scenario above (1/3 for each brother/owner).

Please note that these responses are based solely on the facts as provided. If any of the facts were misinterpreted or change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6340
Email: proptax.questions@state.mn.us

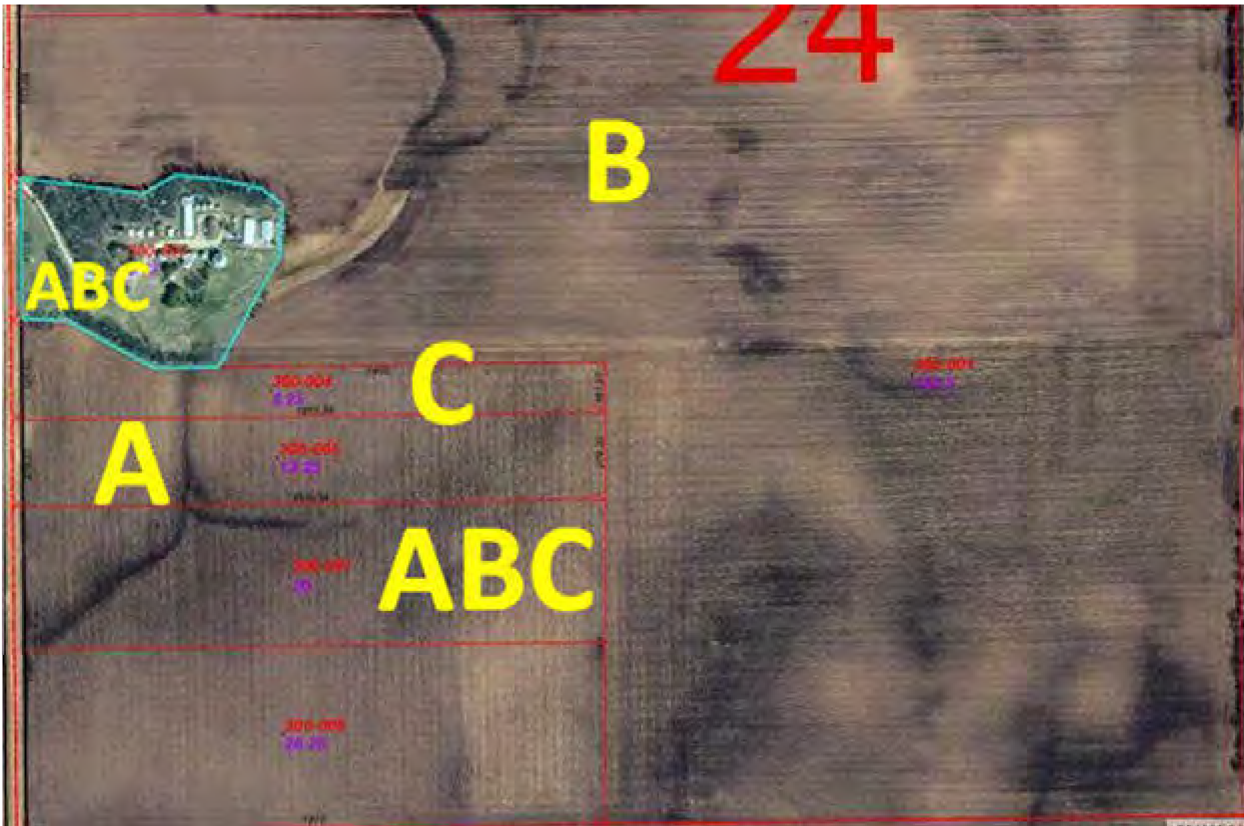
MINNESOTA · REVENUE

November 30, 2015

Mark Manderfeld
Assistant County Assessor
Blue Earth County Taxpayer Services
mark.manderfeld@blueearthcountymn.gov

Dear Mr. Manderfeld:

Thank you for submitting your follow-up questions to a letter regarding agricultural homestead that we issued on October 23, 2015. Your questions relate to the properties below:



Scenario:

- The base parcel (outlined in blue) is owned by Brothers A, B, and C.
    - It is occupied by Brother Z.
    - It is 9 acres.
    - It contains buildings that potentially qualify as intensive grain and machinery storage used to support agricultural activities on other parcels of property operated by the same farming entity.
- Brother B owns 160 acres of agricultural land contiguous to the base parcel (marked "B" above).
    - Brother B and his wife have a residential homestead within 4 cities/townships of these properties.
- Brother C and his wife own a contiguous parcel of 8.25 acres exclusively used as 2a agricultural land (marked "C" above).
    - Brother C and his wife have a residential homestead within 4 cities/townships of these properties.
- Brother A and his wife own a parcel of 12.25 acres exclusively used as agricultural land (marked "A" above).

    - Brother A also has an agricultural homestead base parcel within 4 cities/townships of these properties.
- Brothers A, B, and C own a parcel of 20 acres all 2a agricultural land (marked “ABC” above).

Question 1: How does the “one agricultural relative homestead per family” work in this scenario?

Answer 1: As outlined in our letter, each brother’s 1/3 interest in parcel ABC can be relative homestead. These fractional homesteads add up to one full homestead (that is, it is not three separate homesteads, so the property does not exceed one agricultural relative homestead per family).

Question 2: Because Brother A already has an agricultural homestead of his own, does that preclude agricultural relative homestead situation here?

Answer 2: No. While Brother A could extend his agricultural homestead to his own ownership interest, there is also nothing to prevent Brother Z – who occupies the property – from receiving relative agricultural homestead on that 1/3 interest.

Question 3: Could parcel ABC be classified as 1/3 owner-occupied agricultural homestead by linking to Brother A’s homestead, and 2/3 relative agricultural homestead?

Answer 3: Yes. You can either link Brother A’s agricultural homestead base to this property, *or* the property can receive relative agricultural homestead.

Please note that these responses are based solely on the facts as provided. If any of the facts were misinterpreted or change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6340
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

December 15, 2015

Lynette Snare
Kittson County Assessor's Office
lsnare@co.kittson.mn.us

Dear Ms. Snare:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead.

Scenario:

- Mr. and Mrs. Smith own agricultural parcels in Kittson County.
- Mr. and Mrs. Smith occupy a residence within four cities/townships of the agricultural property.
- Their farmland has three separate "operators" according to the Farm Service Agency (FSA).
    - Operator 1 is a son, William, who lives within four cities/townships.
    - Operator 2 is a son, Gregory, who lives within four cities/townships.
    - Operator 3 is an entity registered with the Minnesota Department of Agriculture; both sons and Mr. and Mrs. Smith are all members of the entity.
- Your office has granted special agricultural homestead due to the property being farmed by the owners' sons (Operators 1 and 2).

Question: Does the farming by Operator 3 also qualify the property for special agricultural homestead?

Answer: Yes. Since Operator 3 is comprised entirely of the owners and their sons, and the sons are actively farming the entire property, all three "operators" are giving the property the qualifications necessary for special agricultural homestead (thus, 100% special agricultural homestead to the property).

It is not necessary that Mr. or Mrs. Smith actively farm the property, because the active farming by their sons has already qualified the property for special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6340
Email: proptax.questions@state.mn.us

December 17, 2015

Dana Anderson
Scott County Assessor's Office
DJAnderson@co.scott.mn.us

Dear Ms. Anderson,

Thank you for contacting the Property Tax Division regarding special agricultural homestead. You provided us with two scenarios. Our responses are below.

Scenario 1:

- Two brothers, have equal ownership in approximately 20 parcels.
- Each brother has his own residential homestead.
- Each brother completed a special ag homestead application for their equal shares of the parcels.
- All property is being farmed by brother A.

Question: Should the brothers each be granted their own full tier of $2.1 million for the equal ownership of the 20 parcels?

Answer: No; if brother A owns 50% of parcels 1 – 20 and brother B owns the other 50% of parcels 1 – 20 then they may only be eligible for one full tier for all 20 parcels. However, if brother A owns Parcels 1 – 10 and brother B owns parcels 11 – 20, then each brother may qualify for their own full tier on their individually owned parcels.

Scenario 2:

- Agricultural property (land only) transferred from the parents to the brothers equally on a warranty deed filed in 1996.
- The parents reserved a life estate on that parcel.
- The parents claim their own residential homestead on a residential parcel they own in town within four cities or townships.
- Brother A farms the land.

Question: Does this scenario qualify the parents for a special agricultural homestead?

Answer: In a life estate situation, it is the holder of the life estate, not the fee owner of the property or the person with the remainder interest in the property, who has the right to occupy the property until their death. Property owned under a life estate provides the grantors of the life estate with sufficient ownership interest to qualify for homestead as owners of the property.

For this situation, we reference *the "Determining if property qualifies for the agricultural homestead classification"* flowchart provided by the Minnesota Department of Revenue.

To answer your question, we must address the following:

- **Who Owns?** Mom and Dad under a life estate.
- **Who Occupies?** No one, bare land.
- **Is the agricultural property leased to an authorized entity of which the owner is a qualified member?** No.
- **Do the owners, owner's spouse, or a sibling, child, grandchild, or parent of the owner or owners spouse actively farming the agricultural property either on their own behalf or on behalf of an authorized entity of which they are a qualified person?** The son of the owners farms the property.
- **The agricultural property is at least 40 acres?** Yes (we are assuming the property is at least 40 acres).
- **Do the owners or owners spouse claim another agricultural homestead?** No, the parents have a residential homestead.
- **Neither the owners nor the person who actively farms the property lives farther than four cities or townships of the agricultural property?** Yes, the owners live within four cities/townships of the agricultural property. It is unknown whether the son lives within four cities/townships but we will assume he does and that this requirement is met.

According to the information you provided it appears that this property qualifies for special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY
State Program Administrator Principal
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

December 22, 2015

Michelle Snobl
Wilkin County Assessor's Office
MSnobl@co.wilkin.mn.us

Dear Ms. Snobl,

Thank you for contacting the Property Tax Division regarding special agricultural homestead. You provided us with the following information.

Scenario:

- A property owner in your county has been receiving special agricultural homestead
- The property owner sent in the reapplication on October 19 for the 2015 assessment year
- You were notified that as of August 2015 the property owner no longer lives within 4 cities/townships of the agricultural property

Question: Should the county grant the special agricultural homestead for pay 2016 since the owner met all of the requirements as of January 2, 2015?

Answer: No; special agricultural homestead is based on the tillable year, and when a property owner applies/reapplies by December 15, they are applying for the current tillable year. The January 2nd date does not matter in this situation since occupancy isn't a factor for special agricultural homestead.

In this case, the property no longer qualifies for special agricultural homestead because the property owner no longer lived within four cities/townships for the current tillable year when they applied.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY
State Program Administrator Principal
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

December 22, 2015

Joyce Schmidt
Pipestone County Assessor's Office
joyce.schmidt@co.pipestone.mn.us

Dear Ms. Schmidt:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A taxpayer qualifies for special agricultural homestead because her son and daughter-in-law farm the land.
- The farmers are refusing to sign the homestead application until they know that the mother will rent them the land for the 2016 crop year.
- The owner of the land (mother) has filed the incomplete application timely with Pipestone County.

Question: Can the land be granted special agricultural homestead if the active farmer(s) signature(s) is missing and the application is incomplete?

Answer: No; one of the requirements that must be met to be eligible for the special agricultural homestead classification is that the owner and the person/s who is/are actively farming the property must sign and date the annual application as outlined in Minnesota Statutes, section 273.124, subdivision 14, paragraph (h). If the person who is actively farming does not sign/date section "A" of the Application for Special Agricultural Homestead, then it would be inappropriate to grant an active farming homestead classification.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

December 30, 2015

Lynette Snare
Kittson County Assessor's Office
Lsnare.co.kittson.mn.us

Dear Ms. Snare:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have submitted the following scenario and question:

Scenario:

- A family trust and marital trust own agricultural land in Kittson County
- The grantor of the two trusts is deceased and the surviving spouse lives out of state
- The land is farmed by the grantor's son
- The son lives within 4 townships/cities of the land and has his own agricultural homestead

Question 1: Is the trust-owned land eligible for special agricultural homestead?

Answer: Yes; based upon the information provided and as long as the agricultural property is at least 40 acres, the land appears to qualify for special agricultural homestead on behalf of the trust.

Question 2: Would the parcels receive 100% homestead or would they be fractioned based on the beneficiaries or trustees?

Answer 2: The property receives homestead on the trust's ownership. The parcels would be 100% special agricultural homestead. Because homestead is based on the grantor of the trust and the farmer, it is not necessary to fraction the interest of the other beneficiaries/trustees.

Question 3: As the grantor is deceased, who signs the homestead application?

Answer 3: The active farmer, in this case the grantor's son/operator, would sign the application and attest that the requirements have factually been met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jeff Holtz
Senior State Program Administrator
Property Tax Division
Phone: 651-556-4861
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

January 12, 2016

Chris Odden
Todd County Assessor
chris.odden@co.todd.mn.us

Dear Mr. Odden:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A poultry farmer owned a property with his wife as a sole proprietor. In 2013, a Quit Claim deed was filed and the property became owned by a Limited Liability Limited Partnership (LLLP).
- The farm is 108 acres with 65 tillable acres (actively farmed), a house and garage, and two turkey barns.
- The son of the couple who created the LLLP occupies the property but is not a shareholder in the company.
- The LLLP claims that poultry farms are exempt from registering as a corporate farm under Minnesota Statute 500.24.
- For the 2015 assessment, the agricultural homestead was removed because the LLLP was not registered as a corporate farm under Minnesota Statute 500.24.

Question 1: Does this property need to register under Minnesota statute 500.24 to receive homestead?

Answer 1: Yes; as it appears the property is utilizing 65 acres for agricultural production (not simply poultry farming), the LLLP would be subject to Minnesota Statute 500.24.

It may be plausible that farms that only produce poultry or poultry products are not subject to 500.24. However, that question would be better answered by the Minnesota Department of Agriculture. Doug Spanier at the Minnesota Department of Agriculture can be reached at douglas.spanier@state.mn.us or 651-201-6166.

Question 2: Does the son qualify for a relative homestead?

Answer: No, the son is not a qualified person of the authorized entity (shareholder). For further assistance please review the agricultural homestead flow chart. The flow chart is located in the Department of Revenue's Property Tax Administrator's Manual, *Module 4 – Homesteads* and is available online at: http://taxes.state.mn.us/property_tax_administrators/pages/other_supporting_content_propertytaxadministratorsmanual.aspx

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

March 23, 2016 *edited January 2018*

Laura Hacker
Sibley County Assessor's Office
lauraw@co.sibley.mn.us

Dear Ms. Hacker,

Thank you for contacting the Property Tax Division regarding special agricultural homestead and tier linking. You have additional questions regarding a letter that was sent to Scott County on December 17, 2015.

Question 1: Brother A owns his own residential homestead and Brother B owns his own residential homestead. Are they only entitled to one agricultural tier limit because they own other agricultural parcels together?

Answer: Yes, they would only be eligible for one agricultural tier on the land they own together. The residential homesteads cannot be a base parcel, because they are residential and not agricultural. Therefore, they must determine which agricultural parcel (1- 20) to establish as their base. Once they establish, they can then link their special agricultural homestead to the other parcels within four cities or townships.

For homestead purposes, percentage of ownership interest is not considered beyond the number of actual owners. For example, let's say they establish on Parcel 1. Parcel 1 is owned 50% by Brother A and 50% by Brother B, each brother would receive 50% special agricultural homestead, meaning that Parcel 1 would qualify for one full homestead because there are two individuals owning the property. Now, let's bring in the tier. The tier limit is fractionalized here because homestead is established at 50% (for each brother) on the base parcel, so they only get one tier between the two of them because they own the base parcel together (one full homestead). So the calculation would go as follows:

Agricultural first-tier value limit: 2,050,000

Parcel 1 TMV: 200,000

- Brother A 1st tier: 1,025,000* – 100,000 = 925,000 remaining in Brother A's 1st tier.
- Brother B 1st tier: 1,025,000* – 100,000 = 925,000 remaining in Brother B's 1st tier.

  **The first-tier limit is halved at $1,025,000.*

Parcel 2 TMV: 200,000

- Brother A 1st tier: 925,000 – 100,000 = 825,000 remaining in Brother A's 1st tier.
- Brother B 1st tier: 925,000 – 100,000 = 825,000 remaining in Brother B's 1st tier.

This calculation would continue for all of the remaining parcels.

- Brother A full 1st tier: 2,050,000 – 200,000 = 1,850,000 remaining Brother A's 1st tier.

Parcel 1 (owned by Brother A and Brother B) TMV: 200,000

- Brother A 1st tier: 1,850,000 – 100,000* = 1,750,000 remaining Brother A's 1st tier.
  **The $100,000 TMV represents Brother A's ownership share.*

Parcel 2 (owned by both brothers) TMV: 100,000

- Brother A 1st tier: 1,750,000 – 50,000 = 1,700,000 remaining Brother A's 1st tier.

This same process would repeat for Brother B using the full $2,050,000 agricultural first-tier.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY
State Program Administrator Principal
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

June 14, 2016

Sherri Kitchenmaster
Lyon County Assessor
SherriKitchenmaster@co.lyon.mn.us

Dear Ms. Kitchenmaster,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- J & M Matthys LLC is a legal entity that is comprised of eight living members.
- The entity owns 17 different parcels that are actively being farmed.
- No one occupies any of the 17 agricultural parcels.
- Five of the parcels are receiving agricultural homestead as they are actively farmed by a member of the LLC and meet all other requirements.
- The other 12 parcels are farmed by one of two different legal entities (RC Matthys Inc and HMHJ Inc).
- Currently these 12 parcels are not receiving agricultural homestead.

Question: Do these 12 parcels qualify for special agricultural homestead?

Answer: No. These 12 parcels do not meet the statutory requirements for receiving special agricultural homestead. Agricultural land that is owned by a legal entity and is not physically occupied by a qualifying person must meet several additional requirements to receive special agricultural homestead. One of these requirements is for a qualified person to actively farm the land on behalf of the authorized entity, in this case that would be J & M Matthys LLC.

In this situation, a qualified person is not actively farming the land on behalf of the owning entity. Instead, these parcels are being farmed on behalf of separate legal entities (RC Matthys Inc and HMHJ Inc).

Further information on this topic can be found in Module 4 of the Property Tax Administrator's Manual.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jeff Holtz
Senior State Program Administrator
Information and Education Section, Property Tax Division
Phone: 651-556-4861
Email: proptax.questions@state.mn.us

June 16, 2016

Amanda Lee
Mower County Assessor's Office
amandalee@co.mower.mn.us

Dear Ms. Lee,

Thank you for contacting the Property Tax Division regarding special agricultural homestead. You provided us with the following information.

Scenario:

- There are 3 unoccupied agricultural parcels owned by the M & J Trust.
- M and J are married and are the grantors of the M & J Trust.
- M and J do not claim another agricultural homestead in MN.
- All 3 parcels meet the 40AC requirement.
- M and J reside on a residential property in town within 4 townships of the 3 properties.
- The 3 properties are being actively farmed by the grantors' son & two grandsons through a separate legal entity called Roe Farms Partnership.
- The grantors are not members/partners/shareholders of Roe Farms Partnership.
- The three farmers/relatives are all member/partner/shareholder of the Roe Farms Partnership.
- The three farmers all live within 4 townships of the 3 parcels.

Question: Do these three parcels qualify for special agricultural homestead?

Answer: Yes. According to the information you provided, it appears that all requirements have been met to qualify for special agricultural homestead. The grantors cannot receive more than one agricultural homestead in MN, therefore they must establish their base parcel first and then link their special agricultural homestead to the remaining two parcels.

For example, if the grantors choose parcel A as their base, they would need to complete the Application for Special Agricultural Homestead Property Held under a Trust (CR-SAHT) for Parcel A. Once that application is approved and Parcel A is granted the special agricultural homestead, then the county should link the homestead to Parcel B and Parcel C. Since all three parcels are owned by the same trust with the same grantors, they can be linked.

Additionally, if any of the factors comprising this situation were to change, our opinion on qualification may change as well.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY
State Program Administrator Coordinator
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

July 15, 2016

Karl Lindquist
Grant County Assessor
karl.lindquist@co.grant.mn.us

Dear Mr. Lindquist:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A property owner owns land individually and an authorized entity farms her land.
- The authorized entity consists of the property owner and her son.
- She is listed as the farmer on the special agricultural homestead application.
- Her son owns land in his own name and has the same authorized entity farm his land.
- Her two daughters own farm land individually and have the same authorized entity farming their land.

Question:
Would only the mother's and son's property in the scenario qualify for special agricultural homestead?

Answer:
Yes. Assuming no one occupies these properties in the scenario, each of the properties the mother and son own individually may qualify for special agricultural homestead. The land owned by the two daughters would not qualify because each of the qualified persons (mother and son) are already claiming an agricultural homestead.

From what you provided, we are assuming for each property all other requirements are met for special agricultural homestead when property is leased to an authorized entity and the only requirement in question is the following for each property:

> ***Does the qualified person who is actively farming or his/her spouse claim another agricultural homestead in Minnesota?***

If the mother claims homestead on her individually owned land as a qualified person who is actively farming (signing as the farmer on the application) and the son does the same (claims he is the farmer) for his own property, you are correct in thinking they would not qualify for homestead on their daughters' individually owned land. Both the mother and son, who would be the qualified person(s) farming the daughters' land, are claiming another agricultural homestead so this requirement would not be met.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Anderson
Supervisor, Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

July 21, 2016

Monica Sanford
Wadena Assessor's Office
Monica.sanford@co.wadena.mn.us

Dear Ms. Sanford,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have submitted the following scenario and question:

Scenario:

- Two parcels of farm land are owned by 3 individual siblings.
- Two of the owners actively farm the parcels.
- One of the siblings has another agricultural homestead in the county, one has a residential homestead in another county, and the other sibling lives out of state.

Question: Can these three individual owners be considered to be one partnership entity for special agricultural homestead purposes?

Answer: No. This situation does not meet the requirements of Minnesota Statute 273.124 subdivision8 for special agricultural homestead. Three individuals who jointly own a property as individuals does not constitute a legal entity, or more specifically, a qualifying partnership for these purposes. The legal requirements for the type of entity ownership for this specific situation are outlined in Minnesota Statute 500.24.

Additionally, even ***if*** (emphasis added) the 3 siblings created a qualifying entity and placed ownership of these two parcels under that entity, the parcels do not necessarily appear to qualify for special agricultural homestead based upon the information you provided. When an authorized entity owns farm land, when no qualified person of that entity lives there, and when a qualified person of the entity is actively farming the property on behalf of the owning entity (presumably in your case the two siblings continue to farm it and would do so on behalf of the newly created partnership), 3 additional requirements must be bet:

- The ag property must be at least 40 acres;
- The qualified person(s) of the authorized owner entity who is actively farming the land, and his/her spouse, do not claim another agricultural homestead in Minnesota;
- The qualified person(s) of the authorized owner entity who is actively farming the land does not live father than four cities or townships from the agricultural land.

Based upon the information you provided, one of the siblings who is actively farming claims another agricultural homestead and the other sibling who is actively farming may not live within 4 cities or townships. In summary, these parcels are currently not owned by a qualifying entity for purposes of special agricultural homestead and, even if the ownership were changed to align with statutory requirements, the parcels still would likely not qualify for special agricultural homestead.

This guidance is based solely on the information you provided and is subject to change if any of the underlying facts were to change.If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jeff Holtz
Senior State Program Administrator
Information & Education Section
Property Tax Division
Phone: 651-556-4861
Email: proptax.questions@state.mn.us

September 20, 2016

Bridget Olson
Nicollet County Assessor's Office
Bridget.Olson@co.nicollet.mn.us

Dear Ms. Olson,

Thank you for contacting the Property Tax Division regarding agricultural homestead. You provided us with the following information.

Scenario:

- Property is owned by an entity (Sub Charter S-Corp), KH Farms Inc**.**
- There are 10 parcels owned by the entity.
- 1065.33 acres total.
- There are 8 shareholders, all siblings.
- One of the parcels is occupied by one of the shareholders.
- None of shareholders farm the property.

Question 1: Do any of these parcels qualify for agricultural homestead?

Answer: According to the information you provided, the properties owned by KH Farms Inc. would not qualify for agricultural homestead. To qualify for agricultural homestead, entity owned property must have a qualified person actively engaged in farming the property on behalf of the entity. It appears that none of the shareholders are farming, therefore that requirement is not being met and it does not qualify for agricultural homestead.

Question 2: Is there a minimum number of acres a shareholder must farm to receive an agricultural homestead?

Answer: No, there isn't a minimum number of acres that must be farmed, however statute does specify that the qualified member of the entity must "actively engage" in farming. Actively engaged in farming is defined as participation on the farm on a regular and substantial basis. The term "substantial" means "large" or "extensive", meaning that person should be doing the majority of the farming to be considered "actively engaged".

Question 3: Can the shareholder living on the property follow the 50% rule on the single parcel and only farm 116 acres but receive homestead on the entire 232.33 acres?

Answer: Assuming you are referring to the special agricultural homestead "50% rule", this property would not qualify since that rule only applies to agricultural homesteads where no one lives on the farm. In this situation, a shareholder is living on the farm.

Question 4: Should the parcel that is occupied by a shareholder receive a residential owner occupied homestead on the HGA?

Answer: No, entity owned property cannot receive a residential homestead.

Question 5: Does a "Sub Charter S-Corp" entity need to register with the Department of Agriculture?

Answer: Yes, they would need to register with the Department of Agriculture. Entities including corporations, limited partnerships, limited liability companies, and trusts must register with the Minnesota Department of Agriculture (MDA) by filing the Minnesota Corporate Farm Application prior to purchasing or engaging in farming of agricultural land. A sub charter s-corp is treated the same way as an s-corp entity, meaning that both types of entities would need to follow the requirements of Minnesota Statute 500.24.

If you have any further questions, please contact our division at proptax.questions@state.mn.us

Sincerely,

Jessi Glancey
State Program Administrator Coordinator
Property Tax Division
Phone: 651-556-6091

January 17, 2017

Marcy Barritt
Murray County Assessor's Office
mbarritt@co.murray.mn.us

Dear Ms. Barritt,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- You had a property owner in your county who owned 4 parcels totaling 249.45 acres.
- The owner put all the land into a family limited partnership in the spring of 2012, giving himself 1% interest by way of a general partner, and 99% interest as a limited partnership.
- The owner passed away in the fall of 2015 as the only member of the entity.
- The home on the property has been vacant since the owner's death.
- The nephew of the deceased owner lives on his own 3.57 acres agricultural property, and also farms the limited partnership property.
- It does not appear that the nephew is a qualified person of the family limited partnership.

Question: Would the nephew be able to obtain special agricultural homestead for property owned by the limited partnership?

Answer: The facts of the situation are examined below, based on the Department of Revenue's "Determining if a property qualifies for the agricultural homestead" flow chart.

- **Who owns the property?** A family limited partnership.
- **Who occupies the property?** No one occupies the property.
- **Does a qualified person of the ownership entity farm the property?** No.

Based on these determinations, it would appear that the property does not qualify for agricultural homestead since the information provided does not indicate that the nephew is a member of the entity.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Gary Martin
State Program Administrator
Property Tax Division
Information & Education

Phone: 651-556-6091

January 27, 2017

Laura Hacker
Sibley County
lauraw@co.sibley.mn.us

Dear Ms. Hacker,

Thank you for submitting your question to the Property Tax Division regarding special agriculture homestead qualification. You have provided the following scenario and question:

Scenario:

- There are four parcels owned by a LLC.
- Parcel one is owned by FRF LLC, is occupied by a qualified person of FRF LLC and is farmed by that qualified person on behalf of the LLC.
- Parcel two is owned by FRF LLC, is not occupied (i.e. bare land), and is farmed by the same qualified person as parcel one, on behalf of the LLC.
- Parcel three is owned by FRF LLC, is not occupied (i.e. bare land), farmed by a different qualified person of the entity (not the occupant) on behalf of the entity. This farmer claims his own agricultural homestead on their individually-owned property.
- Parcel four is owned by FRF LLC, is not occupied (i.e. bare land), and is farmed by a non-qualified person of the entity.

Question 1: Which parcels would be eligible for special ag homestead?

Answer: Minnesota Statute 273.124, subdivision 8, paragraph (a) allows one homestead for each qualifying entity under section 500.24 no matter how many members, shareholders, or partners there are in the entity. Paragraph (b) of that subdivision allows up to 11 additional homestead benefits for the same entity.

Parcel 1: You must first start by establishing special agricultural homestead on this parcel. This parcel is occupied and farmed by a qualifying member of the entity and would be the base parcel. Assuming all other requirements are met, this parcel would qualify for special agricultural homestead.

Parcel 2: This parcel is farmed by the same farmer as parcel 1, therefore this parcel cannot receive it's own special agricultural homestead. However, since this parcel is owned by the same entity as parcel 1 and farmed by the same farmer, the county could link the homestead for parcel 2 to the base parcel (parcel 1) as long as all other special agricultural homestead requirements are met.

Parcel 3: This parcel is owned by the same entity as parcel 1 and 2, but farmed by a different qualified individual. This parcel cannot be linked to the base parcel , but the farmer could qualify for a separate special agricultural homestead assuming all other requirements are met.

Parcel 4: This parcel is owned by the same entity as 1, 2, and 3, however it is farmed by a non-qualifying person and therefore does not qualify for special agricultural homestead.

Question 2: Can the LLC claim homestead on just the parcels it farms and not claim homestead on other parcels it does not farm?

Answer: To qualify for agricultural homestead, a qualified member of the ownership entity must actively farm the land. Any land not farmed by a qualified member of the entity is not eligible for special agricultural homestead. You can reference the "Determining Special Agricultural Homestead" Flowchart to determine if the property qualifies for special agricultural homestead.

Question 3: Is there a minimum amount/percentage of acres the LLC must farm?

Answer: Yes, In order for land to qualify for an actively farming homestead, over 50% of the class 2a land (excluding CRP, RIM, CREP, etc.) must be actively farmed by the person who is receiving the homestead. You can find more information regarding the 50% rule in Module 4: Homesteads, of the Property Tax Administrators Manual.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Kristine Moody

State Program Administrator Sr.
Property Tax Division
Information & Education
Phone: 651-556-6091

February 16, 2017

Jo Corrow
Le-Sueur County Assessor's Office
jcorrow@co.le-sueur.mn.us

Dear Jo Corrow:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Mr. & Mrs. S. have a residential homestead in Scott County
- Mr. & Mrs. S. own 500 agricultural acres in Scott County
- Mr. & Mrs. S. own an additional 120 agricultural acres in Le Sueur County
- All of the agricultural land is leased to an LLC
- Shareholders of the LLC are the son and daughter in law of Mr. and Mrs. S.
- The son and daughter in law claim agricultural homestead on their individually owned property in Scott County
- The LLC is listed as the farmer
- The 156EZ tax statement lists the operator as the LLC
- Neither of the shareholders are listed as the active farmer

Question 1: Can Mr. & Mrs. S get special agricultural homestead on land that is leased to the LLC?

Answer: No, the owners are not a qualified person of the authorized entity who farms the land.

Question 2: Can Mr. and Mrs. S get special agricultural homestead if their son is not the listed farmer, but the LLC is?

Answer: No, Mr. and Mrs. S do not meet the statutory requirements to receive special agricultural homestead on the property that is farmed by the LLC since they are not a qualified person of the LLC.

Question 3: Can Mr. and Mrs. S get special agricultural homestead if their son lists himself as farmer, and the 156EZ lists the operator as the LLC?

Answer: If the son of the owners is farming the property on behalf of the owner then the property may qualify for special agricultural homestead as long as all other requirements have been met. However, since the 156EZ lists the LLC as the operator, our opinion would be that the farmer in this case is the LLC. Our interpretation of "operator" in this situation would be that the operator is the farmer.

Question 4: Does the LLC need to be registered with the MN Department of Ag before homestead can be granted to Mr. and Mrs. S.?

Answer: Yes, they would need to register with the Department of Agriculture. Entities including Corporations, limited partnerships, limited liability companies, and trusts all must register with the Minnesota Department of Agriculture (MDA) by filing the Minnesota Corporate Farm Application prior to purchasing or engaging in farming of agricultural land.

For more information, refer to the Property Tax Administrator's Manual, Module 4, Homesteads. When determining if property qualifies for the agricultural homestead classification refer to the *'Determining if property qualifies for the agricultural homestead classification'* flowchart which can be used to verify if requirements are met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Kristine Moody

State Program Administrator Sr., Information & Education Section
Property Tax Division
Phone: (651) 556-6091
Email: proptax.questions@state.mn.us

February 17, 2017

Joanne Corrow
Le Sueur County Assessor's Office
jcorrow@co.le-sueur.mn.us

Dear Ms. Corrow,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Mr. And Mrs. S qualify for a residential homestead in Le Sueur County.
- The couple have applied for special agricultural homestead on a 146 parcel in Le Sueur County.
- The agriculture land is farmed by an LLC.
- Shareholders of the LLC include the owner's son and daughter-in-law, who farm the land.
- The son and daughter-in-law have their own homestead in Le Sueur County in their individual names.

Question 1: Can Mr. and Mrs. S get special agricultural homestead on land that is leased to the LLC?

Answer: No, the owners are not a qualified person of the authorized entity who farms the land.

Question 2: Can Mr. and Mrs. S qualify for agricultural homestead if their son is not the listed farmer, but the LLC is?

Answer: No, Mr. and Mrs. S do not meet the statutory requirements to receive special agricultural homestead on the property that is farmed by the LLC since they are not a qualified person of the LLC.

Question 3: Can Mr. and Mrs. S qualify for special agricultural homestead if the son lists himself as the farmer, and the 156EZ lists the operator as the LLC?

Answer: If the owner's son is farming the property on behalf of the owner then the property may qualify for special agricultural homestead as long as all other requirements have been met. However, since the 156EZ lists the LLC as the operator, our opinion would be that the farmer in this case is the LLC. Our interpretation of "operator" in this situation would be that the operator is the farmer.

Question: Does the LLC need to be registered with the MN Department of Ag before homestead can be granted to Mr. and Mrs. S?

Answer: Yes, they would need to register with the Department of Agriculture. Entities including Corporations, limited partnerships, limited liability companies, and trusts all must register with the Minnesota Department of Agriculture (MDA) by filing the Minnesota Corporate Farm Application prior to purchasing or engaging in farming of agricultural land.

For more information, refer to the Property Tax Administrator's Manual, Module 4, Homesteads. When determining if property qualifies for the agricultural homestead classification refer to the *'Determining if property qualifies for the agricultural homestead classification'* flowchart which can be used to verify if requirements are met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Gary Martin
State Program Administrator
Property Tax Division
Information & Education
Phone: 651-556-6091

March 1, 2017

Joyce Schmidt
Pipestone County Assessor's Office
joyce.schmidt@co.pipestone.mn.us

Dear Ms. Schmidt,

Thank you for submitting your question to the Property Tax Division regarding Special Agricultrual Homestead. You have provided the following scenario and question:

Scenario:

- Agricultural property located in your county is owned by an LLC, registered with the Minnesota Department of Agriculture.
- The entity is made up of six members
  - Mother & Father
  - Two Daughters
  - Two Sons

- The mother and father are married and have a residential homestead, and live within four cities/townships of the established main parcel.
- One daughter lives in South Dakota
- The other daughter and both sons live within four cities/townships of the established main parcel and they all receive their own individual residential homesteads.
- All of the agricultural parcels are either bare land or land with agricultural outbuildings used for agricultural operation.
- None of the parcels are physically occupied by a qualified person of the LLC.
- The agricultural parcels are being actively farmed by the members of the LLC on behalf of the LLC.
- All parcels are in excess of 40 acres.
- None of the members of the LLC or their spouses claim another agricultural homestead in Minnesota.

Question: Since the agricultural properties are owned by an entity, is it correct that the entity could receive multiple special agricultural hometeads?

Answer: Yes, entity owned agricultural property can receive up to 12 actively engaged special agricultural homesteads, as long as all special agricultural homestead requirements are met for each parcel.

According to the information you provided, it appears that the agricultural properties that are owned by the LLC meet the requirements for special agricultural homestead. However, you did not provide details on which member is farming which parcel. The county must review the farmer for each parcel, if the farmer is a qualified person of the entity and they are farming on behalf of the entity, then that farmer would qualify for a full special agricultural homestead. For example, if the father is farming parcel one and the son is farming parcel two, then parcel one would qualify for a full special agricultural homestead and parcel two would qualify for a full special agricultural homestead. If a farmer is farming more than one parcel, then you must determine which parcel is the established main parcel and link that homestead to the other parcels that are owned by the entity and farmed by the same farmer. Please note, since one of the daughters does not live within four cities/townships, any parcels that she farms would not qualify for special agricultural homestead.

It is the department's position that Minnesota Statutes, section 273.124, subdivision 8, paragraph (a) allows one homestead for each qualifying entity under section 500.24 no matter how many members, shareholders, or partners there are in the entity. Paragraph (b) of that subdivision allows up to 11 additional homestead benefits for the same entity.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Kristine Moody

State Program Administrator
Property Tax Division
Information & Education
Phone: 651-556-6098

March 8, 2017

Lacy Standke
Steele County Assessor's Office
Lacy.Standke@CO.STEELE.MN.US

Dear Ms. Standke,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A gentleman owns five agricultural parcels in your county.
- He also owns two agricultural parcels in Rice County.
- His primary residence is in Rice County with his mother and he is not claiming homestead on that property.

Question:
Does the property owner need to establish an owner-occupied/relative homestead in order to link his agricultural land?

Answer:
No, for special agricultural homestead, linking should be done from the established main agricultural parcel, not a residential parcel. It is not a requirement for the property owner to claim a residential homestead to receive special agricultural homestead. The Department recommends using the closest parcel to the primary place of residency of the owner to establish as the main parcel. As long as all the following requirements are met, the property owner may establish a special agricultural homestead:

- **Does the owner live within four cities, townships or a combination thereof from the parcels?** Yes, we assume the property owner's primary place of residency, with his mother, is within four cities/townships.
- **Does the owner actively farm the land?** Yes.
- **Is the owner a Minnesota resident?** Yes, his primary place of residency is in Rice County.
- **Neither the owner nor their spouse claim another agricultural homestead in Minnesota?** We assume no.
- **Is the parcel at least 40 contiguous acres?** We assume this is met.

Once special agricultural homestead is established on the main parcel, other parcels held under the same ownership and farmed by the property owner may be linked to the established main parcel and receive special agricultural homestead. Keep in mind that all parcels you are reviewing to receive special agricultural homestead must be within four cities, townships or a combination thereof from the primary place of residency of the owner and active farmer of the property. For additional information, review the Linking Special Agricultural Homestead Memo.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey
State Program Administrator Coordinator
Property Tax Division
Information & Education
Phone: 651-556-6091

March 22, 2017

Terrie Johnson
Mahnomen County Assessor's Office
terrie.johnson@co.mahnomen.mn.us

Dear Ms. Johnson,

Thank you for submitting your question to the Property Tax Division regarding the production of maple syrup and special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A property owner has 4 parcels, totaling 120 acres located in your county
  - Parcel 1: 19 acres, 17 are enrolled in CRP, 1 acre woods and 1 acre road
  - Parcel 2: 41 acres, 23 are enrolled in CRP, 14 woods and 4 acres of waste. 24 acres are enrolled in the Sustainable Forest Incentive Act (SFIA) Program
  - Parcel 3: 20 acres, 6 are woods and 14 are waste
  - Parcel 4: 40 acres, 26 woods, 14 are waste. 34 acres are enrolled in the SFIA program.
- All four parcels are unoccupied.
- The property owner has disclosed that he produces maple syrup on the land.
- It is unclear how many acres the property owner is using to produce maple syrup.
- The property owner is considering removing his land from the SFIA program to apply for special agricultural homestead on the acres he is producing maple syrup on.
- He is a licensed food producer for the 2017 year.

Question: How many total acres of maple syrup production does the property owner need to have to qualify for special agricultural homestead?

Answer: To qualify for special agricultural homestead, you must first determine the classification and review the property for homestead qualifications.

For any property used to produce maple syrup to qualify for the 2a agricultural land classification, the following requirements must be met under Minnesota Statutes, section 273.13:

- There must be ten contiguous acres or more, used during the preceding year for production for sale of an agricultural product.
- To be an "agricultural product," maple syrup must be taken from trees grown by a person licensed by the Minnesota Department of Agriculture under chapter 28A as a food processor.

Therefore, the property owner must have at least 10 contiguous acres dedicated to maple syrup production to qualify for the agricultural classification.

If the county classifies the property as agricultural, then revewing the property for homestead status would be the next step. Since the parcels are unoccupied, you will need to determine which agricultural parcel qualifies as the established main parcel. Once the established main parcel is identified, you could evaluate the other three agricultural parcels for linking. Be sure to review the Linking Special Agricultural

Homestead memo that was issued on January 13th, by the Department of Revenue to assist you in this process.

Finally, if the property owner decides to remove the parcels from the SFIA program, they must follow through with the withdrawl procedures for that program. The county should not change the classification/homestead status of the property until the property is removed from the SFIA program.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey

State Program Administrator Coordinator
Property Tax Division
Information & Education
Phone: 651-556-6091

March 22, 2017

Terri Johnson, SAMA
Mahnomen County Assessor's Office
terrie.johnson@co.mahnomen.mn.us

Dear Terri Johnson,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A taxpayer rents a house in Mahnomen County.
- The taxpayer farms land within four townships of where they live.
- The taxpayer's wife is living in Minneapolis due to her job, and they are receiving homestead there.
- One parcel is 1.08 acres and in both the husband and wife's name.
- The other parcels, 115.39 and 160 acres, are in the husband's name alone.

Question: Would the taxpayer get a 50% homestead on the agricultural land, and 50% on his home in Minneapolis?

Answer: Assuming that the assessor is able to verify a principal place of residence within four cities or townships of the agricultural property, then both the husband and his wife could qualify for two separate homesteads under Minnesota Statute, section 273.124, subdivision 1, paragraph (e). It is recommended that the county assessor verify that the individual seeking special agricultural homestead has established a residence in Mahnomen County by providing any one of the following with a Minnesota address:

- A tax statement
- The voting location
- Driver's license
- Mail

If he can prove that he is a resident of Mahnomen County, then he could receive a full special ag homestead on the agricultural land and his wife could receive a full residential homestead in Minneapolis. They would qualify for two homestead due to the wife's employment being located more than 50 miles away. If he does not prove his residency is in Mahnomen then there is no possibility for special agricultural homestead, the full homestead in Minneapolis would continue.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Kristine Moody
State Program Administrator
Property Tax Division
Information & Education
Phone: 651-556-6098

March 29, 2017 – *Edited September 2020*

Sherri Kitchenmaster
Lyon County Assessor's Office
SherriKitchenmaster@co.lyon.mn.us

Dear Ms. Kitchenmaster,

Thank you for submitting your question to the Property Tax Division regarding joint ventures and active farming. You have provided the following scenario and question:

Scenario:

- A property located in your county is owned by an entity.
- The property is being actively farmed by individuals (members of the ownership entity) who have created a joint venture and farm the property on behalf of the joint venture.
- They have applied for special agricultural homestead.

Question: Is a joint venture considered an entity?

Answer: A joint venture is considered an entity. MN. Statute sec. 273.124, subd. 8(a), allows for; family farm corporations, joint family farm ventures, limited liability companies and partnerships that operate a family farm to qualify for homestead under certain conditions. This statute defines a "joint family farm venture" as a "cooperative agreement among **two or more farm enterprises** authorized to operate a family farm under section 500.24." Minn. Stat. sec. 500.24 restricts corporate farming, but it allows for farming by a variety of family farm entities including family farm corporations, family farm trusts and family farm partnerships. For purposes of qualifying for homestead, a joint family farm venture is made up **of two or more of these entities** that are allowed to engage in farming under sec. 500.24.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey
State Program Administrator Coordinator
Property Tax Division
Information & Education
Phone: 651-556-6091

March 31, 2017

Terrie Johnson
Mahnomen County Assessor's Office
Terrie.Johnson@co.mahnomen.mn.us

Dear Ms. Johnson,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A taxpayer owns pasture land, and maintains the fences.
- There are cattle on this land that may or may not belong to the taxpayer.
- The taxpayer does take the profit or loss for the fences that he maintains.

Question: As long as the taxpayer maintains the fences on the property, is he allowed to get special agricultural homestead?

Answer: No, maintaining fences does not qualify as active farming, thus the taxpayer would not be eligible for special agricultural homestead.

In the given scenario, maintaining fences does not show a greater degree of participation or work in the day-to-day decision-making and labor of the farm.

Acording to the Property Tax Administrators Manual, Homestead, Module 4, "actively farming generally applies in situations where no one lives on the farm and it also requires a greater degree of participation/work and a share in any profits or losses of the farm. The person must participate in the day-to-day decision-making and labor on the farm. They must contribute to the administration and management of the farming operation and they must assume all or a portion of the financial risks and sharing in any profits or losses of the farm."

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Kristine Moody

State Program Administrator
Property Tax Division
Information & Education
Phone: 651-556-6098

March 31, 2017

Laura Hacker
Sibley County Assessor's Office
lauraw@co.sibley.mn.us

Dear Ms. Hacker,

Thank you for submitting your question to the Property Tax Division regarding homestead. You have provided the following scenario and question:

Scenario:

- A taxpayer purchased bare land that was up for auction by the IRS on November 30, 2016.
- On the same day, November 30, 2016, the taxpayer applied to have his agricultural homestead status linked to the new property.
  - All linking requirements were met.
- At that time the deed and the eCRV were not recorded, therefore the county denied the application.
- In early March, the documents were still not recorded, therefore taxes were certified as non-homestead.
- On March 14, 2017 the deed and eCRV were recorded and the state: "said property was sold on November 20, 2016".
- Documentation from the IRS state: "buyer purchased/paid for property at public auction from the USA on 11/30/2016. Deed could not be issued until the sale & distribution of funds was approved by Federal Judge."

Question: Since the date of the sale is listed as November 30, 2016, should this property owner be entitiled to the agricultural homestead status for the 2016 assessment, pay 2017?

Answer: Yes, it appears this property would be eligible for the homestead status for the 2016 assessment. The property was purched and an application was made prior to the December 15 deadline. Due to the unique situation of purchasing the property at an auction and the delayed process that takes place after an auction sale, we would recommend that the county take that into consideration and grant the homestead since both the deed and eCRV list the date of the sale as 11/30/2016. Finally, please note that a deed is not required to be filed for a property owner to receive homestead, however an eCRV is required.

Question 2: Is an abatement for the 2017 payable taxes the proper way to administer this?

Answer: Yes, it appears this would be a situation where an abatement could be granted for taxes payable in 2017. You should reference the county policy regarding abatements for more information.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey

State Program Administrator Coordinator
Property Tax Division
Information & Education
Phone: 651-556-6091

April 27, 2017

Michelle Snobl
Wilkin County Assessor's Office
MSnobl@co.wilkin.mn.us

Dear Ms. Snobl,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead and classification. You have provided the following scenario and question:

Scenario:

- In Wilkin County there are multiple agricultural parcels owned by four different entities.
- Below are the details for each entity:

Owner 1: AK Limited Partnership I

Partners: Mr. & Mrs. K, and Mom/Grandma K.

Farmers: Son K/Grandson K & Nephew T/Grandson T

Owner 2: AK Limited Partnership II

Partners: Mr. T, Mrs. T Trust, Son T, and Mom/Grandma K

Farmer: Son T/Grandson T

Owner 3: T Limited Partnership

Partners: Mr. T, Mrs. T Trust & Son T

Farmer: Son T

Owner 4: RM Kruse Limited Partnership

Partners: Mr. & Mrs. K, Son K and Nephew T.

Farmer: Son K & Nephew T (each farm individual parcels)

- All of the agricultural parcels are unoccupied.
- Mr. K and Mrs. T are siblings
- Mrs. T has passed away, therefore the Mrs. T Trust was created
- Mom K is the mother/mother-in-law to Mr. & Mrs. K and Mr. & Mrs. T
- Mom K is the grandmother to Son K and Son T/Nephew T
- Mom K has passed away
- The rest of the partners and farmers are MN residents
- The partners and farmers also live within four cities/townships of the agricultural parcels.
- Son T/Nephew T has his own special agricultural homestead in Minnesota.
    - None of the other partners/farmers claim another agricultural homestead in MN.

Question: How should homestead be granted on the parcels owned by the four different entities?

Answer: The first step to determine homestead status is to decide which parcel will be the established main parcel under **each owner**. According to the information you provided, there are four owners. Keep in mind, the entity can only receive one full agricultural homestead, therefore the partners must choose which parcel they want to establish agricultural homestead on. Once the established main parcel has been identified, the county should then review the other parcels owned by that exact same entity for linking. Be sure to reference the Linking Special Agricultural Memo sent in January 2017 for more information on establishing and linking special agricultural homestead.

We will use Parcel 1 for the first example:

Owner 1: AK Limited Partnership I

Partners: Mr. & Mrs. K, and Mom/Grandma K.

Farmers: Son K/Grandson K & Nephew T/Grandson T

The first step is to establish the main parcel, we will *assume* the following information applies to a single parcel owned by the AK Limited Partnership I. To determine homestead on the established main parcel we will use the "D*etermining Agricultural Homestead Flowchart*":

- **Who Owns:** AK Limited Partnership I
- **Who Occupies:** No one
- **Is a qualified person of the authorized entity that owns the property actively farming the property on behalf of the authorized entity: No** (Son K/Grandson K and Nephew T/Grandson T)
- **Is the agricultural property at least 40 acres**: Yes
- **Does the qualified person who is actively farming or their spouse claim another ag homestead in MN:** N/A. A qualified person is not farming.
- **Does the qualified person who is actively farming live within 4 cities/townships of the ag land:** N/A. A qualified person is not farming.

According to the information you provided, it appears that the property owned by AK Limited Partnership I would not qualify for special agricultural homestead because the farmers are not qualified persons of the entity. In this scenario, one of the partners would need to be farming the land, not a relative of the partner.

Now let's review the second owner. Again, the first step is to establish the main parcel, we will review parcel 1 to determine whether that parcel qualifies for special agricultural homestead using the *"Determining Agricultural Homestead Flowchart"*:

- **Who Owns:** AK Limited Partnership II
- **Who Occupies:** No one
- **Is a qualified person of the authorized entity that owns the property actively farming the property on behalf of the authorized entity:** Yes (Son T is a member of the entity)
- **Is the agricultural property at least 40 acres**: Yes
- **Does the qualified person who is actively farming or their spouse claim another ag homestead in MN: Yes**
- **Does the qualified person who is actively farming live within 4 cities/townships of the ag land:** Yes

Owner 2: AK Limited Partnership II

Partners: Mr. T, Mrs. T Trust, **Son T,** and Mom/Grandma K

Farmer: Son T/Grandson T

According to the information you provided, it appears that the property owned by AK Limited Partnership II would not qualify for special agricultural homestead because the farmer already claims another ag homestead in MN in his individual name.

It would not be appropriate to link this entity owned parcel to the ag homestead he already claims because they are held under different ownership.

Now let's review the third owner. Again, the first step is to establish the main parcel, we will review parcel 1 to determine whether that parcel qualifies for special agricultural homestead using the *"Determining Agricultural Homestead Flowchart"*:

- **Who Owns:** T Limited Partnership
- **Who Occupies:** No one
- **Is a qualified person of the authorized entity that owns the property actively farming the property on behalf of the authorized entity:** Yes (Son T is a member of the entity)
- **Is the agricultural property at least 40 acres**: Yes
- **Does the qualified person who is actively farming or their spouse claim another ag homestead in MN: Yes**
- **Does the qualified person who is actively farming live within 4 cities/townships of the ag land:** Yes

Owner 3: T Limited Partnership

Partners: Mr. T, Mrs. T Trust & Son T

Farmer: Son T

Similar to the previous example, according to the information you provided, it appears that the property owned by T Limited Partnership would not qualify for special agricultural homestead because the farmer already claims another ag homestead in MN in his individual name.

Finally, we will review the fourth owner. Again, the first step is to establish the main parcel, we will review parcel 1 to determine whether that parcel qualifies for special agricultural homestead using the *"Determining Agricultural Homestead Flowchart"*:

Owner 4: RM Kruse Limited Partnership

Partners: Mr. & Mrs. K, **Son K** and **Nephew T.**

Farmer: Son K & Nephew T (each farm individual parcels)

- **Who Owns:** RM Kruse Limited Partnership
- **Who Occupies:** No one
- **Is a qualified person of the authorized entity that owns the property actively farming the property on behalf of the authorized entity:** Yes
- **Is the agricultural property at least 40 acres**: Yes
- **Does the qualified person who is actively farming or their spouse claim another ag homestead in MN: Yes (Nephew T) & No (Son K)**
- **Does the qualified person who is actively farming live within 4 cities/townships of the ag land:** Yes

According to the information you provided, it appears that the property owned by RM Kruse Limited Partnership could qualify for special agricultural homestead for the parcels that Son K farms. Any parcels that Nephew T farms would not qualify since Nephew T already claims another agricultural homestead in Minnesota. Therefore, Son K would need to apply for special agricultural homestead on one of the agricultural parcels (the established main parcel) that he farms and then review the rest of the parcels that he farms for linking purposes.

For the purpose of this letter, we will assume that an established main parcel has been identified and does receive special agricultural homestead. To determine whether the other parcels farmed by Son K can be linked to the established main parcel, we will use the *Linking Special Agricultural Homestead Checklist:*

- **Are the parcels located within 4 cities/townships of the residence of the owner/grantor and farmer:** Yes
- **Are the parcels owned by the same owner/entity/trust as the established main parcel or an exception applies:** Yes (RM Kruse Limited Partnership)
- **Are the parcels classified as agricultural:** Yes
- **Are the parcels at least 40 acres in size:** Yes
- **Are the parcels being farmed by the owner, grantor or a qualified person of an authorized entity on behalf of the owning entity:** Yes

As long as all the information above applies to the remaining parcels owned by RM Kruse Limited Partnership and farmed by Son K, the parcels would qualify to link to the established main parcel for agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey
State Program Administrator Coordinator
Property Tax Division
Information & Education
Phone: 651-556-6091

June 13, 2017

Lorna Sandvik
Nicollet County Assessor's Office
Lorna.Sandvik@co.nicollet.mn.us

Dear Ms. Sandvik,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- There are 10 agricultural parcels located in Nicollet County
- All farmers and owners live within 4 cities/townships of the agricultural parcels
- All 10 parcels qualify for the agricultural classification
- There are three owners between all 10 parcels

Parcel 1

Owners: 50% Brother A & 50% Brother B

Occupied: Brother B's Daughter (also niece of brother A)

Farmer: Brothers A and B

Parcels 2 - 7

Owners: 50% Brother A & 50% Brother B

Occupied: Nobody, bare ag land

Farmer: Brothers A and B

Parcel 8

Owners: 50% Mom and Dad Trust, 25% Brother A, & 25% Brother B

Occupied: Nobody, bare ag land

Farmer: Brothers A and B

*Grantors are mom and dad, dad is deceased and mom lives in town within 4 cities/townships.

Parcel 9

Owner: Mom and Dad Trust

Occupied: Brother A lives in one house, Brother B lives in second house

Farmer: Brothers A and B

Parcel 10

Owners: Mom and Dad Trust

Occupied: Nobody, bare land

Farmer: Brothers A and B

Question 1: Can the county establish three residential relative homesteads, one under brother A, one under brother B, and one under the daughter/niece?

Answer: Yes, there are no limits to how many residential relative homestead a family can receive, therefore it would be appropriate to grant the homesteads as follows:

- Parcel 1 – Relative residential homestead on the HGA under the daughter/niece.
- Parcel 9 – Relative residential homestead on the HGA for house one under brother A.
- Parcel 9 – Relative residential homestad on the HGA for house two under brother B.

Question 2: Once the relative residential homesteads are established, should the county consider the agricultural land as occupied or unoccupied for establishing purposes?

Answer: Parcel 1 and Parcel 9 are occupied, however, for establishing homestead purposes, once you split the HGA off and classify it as residential, now you should look at the agricultural land separately. In this scenario, the agricultural land would be considered "unoccupied" because the occupied portion is classified as residential, not agricultural.

Question 3: How should homestead be granted to the agricultural parcels?

Answer: Since the county is treating all of the parcels as unoccupied agricultural land, the county will need to establish (special agricultural) homestead and then link the homestead to the other agricultural parcels. It is important to remember that you must establish homestead everytime ownership changes. Therefore, parcels 1 – 7 are owned 50/50 by the two brothers, you could establish on any of those parcels and link the homestead as long as all linking requirements are met. However, parcels 9 and 10 are owned by a trust, therefore the county will need to establish special ag homestead under the trust and then link to the other parcel under the same ownership (parcel 10).

It is also important to remember that all of the agricultural parcels that are being linked must be within 4 cities/townships of the residence of where the owner and farmer lives. So, parcels 1 -7 must be located within 4 cities/townships of where both brothers live. Parcels 9 and 10 must be located within 4 cities/townships of where the grantor (mother) and of where the farmers (brothers) live. If any of the parcels are not located within those 4 cities/townships, the agricultural homestead cannot be linked.

We would highly recommend you review the Linking Special Agricultural Homesteads Memo that was sent in January of 2017 to help guide you through the process of establishing and then linking homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey

State Program Administrator Coordinator
Property Tax Division
Information & Education
Phone: 651-556-6091

June 29, 2017

Lori Schwendemann
Lac Qui Parle County Assessor's Office
lori.schwendemann@lqpco.com

Dear Ms. Schwendemann,

Thank you for submitting your question to the Property Tax Division regarding actively farming homestead qualification. You have provided the following scenario and question:

Scenario:

- A property owner lives in Big Stone Township, in Big Stone County.
- The property owner is receiving residential homestead on his property.
- The property owner owns 894.21 acres located within four cities or townships of where the property owner lives.
- Two of the noncontiguous parcels are not 40 acres, one is 39.07 and the other is 36.46 acres.
- All other parcels are over forty acres.
- The property owner shares farming operations with his nephew in a 40/60 percent split.

Question: Is the nephew eligible for special agricultural homestead?

Answer: No. Nephews are not qualifying relatives for unoccupied agricultural homestead, therefore the nephew's participation in farming the parcels owned by the property owner would not qualify the parcels for special agricultural homestead. For the parcels to qualify for special agricultural homestead, the owner must be farming at least 50% of each parcel. If the owner is not farming at least 50% of the parcel, then the special ag homestead should be denied.

It is important to remember that the property must be classified according to use and then reviewed for homestead eligibility. The two parcels under 40 acres would not qualify for special agricultural homestead. In order to qualify, each parcel must meet all of the following requirements:

1. The owner must live within four cities, townships or a combination thereof from the agricultural parcels;
2. The owner or qualifying relative must actively farm the land;
3. The owner must be a Minnesota resident;
4. Neither the owner nor their spouse can claim another agricultural homestead in Minnesota; and
5. The farm consists of at least 40 contiguous acres.

As stated above, over 50% of the class 2a land must be actively farmed by the person who is receiving the homestead. There are three basic items to consider when applying the 50% rule:

1. The parcel (or contiguous land mass) must be at least 40 acres in size.
2. There must be enough of an agricultural use (10 acres in agricultural production) to sustain the agricultural class pursuant to Minnesota Statutes, section 273.13.
3. You must consider how much of the land is farmed by the person receiving homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Kristine Moody

State Program Administrator
Property Tax Division
Information & Education
Phone: 651-556-6091

August 8, 2017

Laura Odgren
Martin County Assessor's Office
Laura.Odgren@co.martin.mn.us

Dear Ms. Odgren,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- There are several parcels located in Martin County that are owned by two cousins.
- Cousin A owns land individually.
- Cousin B owns land individually.
- Cousin A and Cousin B also own land in a general partnership titled A and B Partnership.
- All of the parcels are farmed by the partnership.
- Cousin A has a residential parcel located in town.
- Cousin B lives on a 13 acre site which is receiving Agricultural Homestead.

Question: What would be the best way to apply special agricultural homestead to these parcels?

Answer: There are multiple ways that the county could apply special agricultural homestead on these parcels. Hypothetical situations are difficult for us to answer, however we will give a general response based on the facts provided. It is important to mention that if anything were to change, our answer would possibly change as well. Below are the details for each owner and the option for agricultural homestead.

Cousin A: The first step is to determine which agricultural parcel will be the established main parcel (EMP). We will call parcel 1 the EMP and use the flowchart to determine whether parcel 1 qualifies for special agricultural homestead:

- Who Owns: Cousin A.
- Who Occupies: Nobody.
- Who Farms: A and B Partnership, in which Cousin A is a partner.
- Is the ag property at least 40 acres: For the purpose of our response, we will assume the answer is yes.
- Does the owner or the owner's spouse claim another ag homestead: No.
- Does the owner and the active farmer live within 4 cities/townships of the ag property: Again, we will assume the answer to this is yes.

If all of the above information is correct, then parcel 1 would qualify for special agricultural homestead under Cousin A. Once special agricultural homestead is granted to the EMP, the county should then review all parcels owned by Cousin A for linking the special agricultural homestead.

Cousin B: Since cousin B already has an agricultural homestead on the base parcel (where he lives), the county can link all other agricultural land owned by Cousin B back to his base parcel. This would not be special agricultural homestead since the base parcel is occupied. It also does not matter who farms the agricultural parcels owned by Cousin B because the base parcel is occupied.

A and B Partnership: Finally the county will need to determine which agricultural parcel owned by the partnership will be the EMP. We will call parcel 1 the EMP and use the flowchart to determine whether parcel 1 qualifies for special agricultural homestead:

- Who Owns: A and B Partnership.
- Who Occupies: Nobody.
- Who Farms: A and B Partnership, in which Cousin A and Cousin B are the partners.
- Is the ag property at least 40 acres: For the purpose of our response, we will assume the answer is yes.
- Does the active farmer claim another ag homestead in MN: Yes, they are both claiming their own ag homesteads.
- Does the active farmer live within 4 cities/townships of the ag property: We will assume the answer to this is yes.

Since both Cousin A and Cousin B already claim another agricultural homestead the land owned by the partnership cannot qualify for special agricultural homestead.

In the end, the cousins can only receive agricultural homestead on either their individual owned land or the partnership owned land. Note, since Cousin B occupies his agricultural property and receives an agricultural homestead he cannot rescind the homestead and receive homestead on the partnership owned land.

Lastly, if the cousins decide to dissolve the partnership and own all of the land in their individual names, they may qualify to receive agricultural homestead on those parcels through agricultural homestead linking. Again, this would be possibly by linking the land back to the established main parcel under Cousin A and the base parcel under Cousin B.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey

State Program Administrator Coordinator
Property Tax Division
Information & Education
Phone: 651-556-6091

August 15, 2017

Amy Rausch
DOR Property Tax Compliance Officer
Amy.rausch@state.mn.us

Dear Ms. Rausch,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Farmer Jones owns and occupies a 160 acre farm.
- There are some animals located on the parcel and there are 148 tillable acres.
- In 2016, the ownership of the parcel was transferred to an LLC.
- The 156 EZ states that Farmer Jones rents out the 148 acres to a non-relative.
- Farmer Jones indicated that he has a few cattle on the nearly 3 acres of pasture and on his building site.
- The tax return shows a sale of nearly $5,000 in livestock sales.

Question: In this scenario, does Farmer Jones meet the requirements for actively engaged in farming? If so, could this parcel receive special agricultural homestead?

Answer: Since the parcel is physically occupied by a qualified person of the authorized entity that owns the property, then that qualified person must only be actively engaged in farming the parcel, they do not need to be actively farming the parcel to receive homestead. This is the benefit to occupying the land that an entity owns.

Actively engaged in farming applies when someone lives on the farm. It also involves participation on the farm on a regular and substantial basis, but it is not as much direct involvement and participation as "actively farming". The Department interprets "substantial basis" as having some involvement with the function of the farm. We would recommend that the county ask questions such as:

- Does Farmer Jones manage the lease agreement?
- Does he participate in day to day decisions?
- Does he assume all or portion of the financial risks?
- Is he doing some labor on the farm?

He doesn't have to be doing all of these, however those are questions that the county can determine whether he is actively engaged in farming **on behalf of the ownership entity**.

The assessor must use their professional judgement to determine whether someone is actively engaged in farming. The assessor can require documentation such as a 156EZ form, a tax return, a Schedule F, etc., to determine if the qualified member is actively engaged in farming. It is important for assessors to treat all actively engaged in farming scenarios the same throughout their county to ensure property owners are paying the right amount of tax across the county.

In this scenario, there is not enough information given to determine whether Farmer Jones is actively engaged in farming . If the county uses the tips we provided in the previous paragraphs and determines that Farmer Jones is actively engaged in farming, the county could grant a special agricultural homestead to Farmer Jones on the entire 160 acre parcel, as long as all other requirements are met.

If the county determines that Farmer Jones is not actively engaged in farming, then the entire parcel would not qualify for homestead. Since the property is owned by an entity, the county cannot break out the HGA and grant that a residential homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey

State Program Administrator Coordinator
Property Tax Division
Information & Education
Phone: 651-556-6091

August 17, 2017

Marcy Barritt
Murray County Assessor's Office
MBarritt@co.murray.mn.us

Dear Ms. Barritt,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Your office received a CR-RLAE re-application for special agricultural homestead property owned by Mr. and Mrs. F.
- The couple owns 5 unoccupied parcels.
- Two of the parcels are located in Lake Sarah Township.
  - Parcel 1 is owned by Mrs. F
  - Parcel 2 is owned by Mrs. F
- The remaining three parcels are located in Holly Township.
  - Parcel 3 is owned by Mr. F
  - Parcel 4 is owned by Mr. F
  - Parcel 5 is owned by Mr. F
- The Lake Sarah Township parcels are farmed by F. Farms Inc., which includes three couples:
  - Mr. and Mrs. F.
  - Brother F. and Wife
  - Son F. and Wife
- The Holly Township parcels are farmed by S. Farms, which includes Mr. F and Son F.

Question: Can agricultural homestead be granted on properties farmed by two separate entities?

Answer: The first step in determining homestead status is to decide which parcel will be the established main parcel (EMP). Once the main parcel has been established, the county should then review the other parcels for linking. Be sure to reference the Linking Special Agricultural Memo sent in January 2017 for more information on establishing and linking special agricultural homesteads.

We will review parcel 1 located in Lake Sarah Township and farmed by F. Farms Inc., to determine whether it qualifies for special agricultural homestead using the *"Determining Agricultural Homestead Flowchart"*:

- **Who Owns:** Mrs. F
- **Who Occupies:** Nobody
- **Is the agricultural property rented by an authorized entity of which the grantor/grantor's surviving spouse is a shareholder, member, or partner:** Yes
- **Who Farms:** F. Farms Inc.

- **Is the agricultural property at least 40 acres**: Yes
- **Does the owner and/or the owner's spouse claim another ag homestead in MN:** No
- **Does the owner and the active farmer(s) live within 4 cities/townships of the ag land:** Yes

According to the information provided, it appears parcel 1 in Lake Sarah Township may qualify for a special agricultural homestead and serve as the established main parcel. Since the property is being farmed by an entity that is made up of the owner, owner's spouse, and relatives of the owner, the parcel would qualify for special agricultural homestead.

At this point, the county needs to review the other parcels that are farmed by F. Farms Inc. for linking special agricultural homestead. To determine whether parcel 2 located in Lake Sarah Township can be linked to the established main parcel, we will use the *"Linking Special Agricultural Homestead" Checklist:*

- **Is parcel 2 located within 4 cities/townships of the residence of the owner and farmers:** Yes
- **Is parcel 2 owned by the same owner as the established main parcel or an exception applies:** Yes
- **Is parcel 2 classified as agricultural:** Yes
- **Is parcel 2 at least 40 acres in size:** No, but it is contiguous to the established main parcel so it can be linked.
- **Is parcel 2 being farmed by the owner or a qualified person of an authorized entity on behalf of the owner:** Yes

It appears that parcel 2 may be linked to the established main parcel and receive special agricultural homestead. It now needs to be determined if the Holly Township parcels farmed by S. Farms and owned by Dennis F. can be linked to the established main parcel as well. We will start with Parcel 3.

- **Is parcel 3 located within 4 cities/townships of the residence of the owner and farmer:** Yes
- **Is parcel 3 owned by the same owner as the established main parcel or an exception applies:** No. However an exception applies because the owner (Mrs. F) of the EMP is the spouse of the owner (Mr. F) of parcel 3, therefore these properties can be linked.
- **Is parcel 3 classified as agricultural:** Yes
- **Is parcel 3 at least 40 acres in size:** Yes
- **Is parcel 3 being farmed by the owner or a qualified person of an authorized entity on behalf of the owner:** Yes

It appears that parcel 3 may be linked to the established main parcel and receive special agricultural homestead. Let's now turn our attention to parcel 4.

- **Is parcel 4 located within 4 cities/townships of the residence of the owner and farmer:** Yes
- **Is parcel 4 owned by the same owner as the established main parcel or an exception applies:** No. However an exception applies because the owner (Mrs. F) of the EMP is the spouse of the owner (Mr. F) of parcel 4, therefore these properties can be linked.
- **Is parcel 4 classified as agricultural:** Yes
- **Is parcel 4 at least 40 acres in size:** No. However it is contiguous to the other parcels which are over 40 acres.
- **Is parcel 4 being farmed by the owner or a qualified person of an authorized entity on behalf of the owner:** Yes

Parcel 4 does not meet the 40 acre requirement on its own, however it is contiguous to the other agricultural parcels and together the group of parcels are over 40 acres. Therefore, parcel 4 can be linked to the EMP and receive special agricultural homestead. Please note, if parcel 4 was not contiguous to any of the other agricultural parcels, it would not qualify for special agricultural homestead linking.

Parcel 5 is the final parcel that may be linked.

- **Is parcel 5 located within 4 cities/townships of the residence of the owner and farmer:** Yes
- **Is parcel 5 owned by the same owner as the established main parcel or an exception applies:** No. However an exception applies because the owner (Mrs. F) of the EMP is the spouse of the owner (Mr. F) of parcel 5, therefore these properties can be linked.
- **Is parcel 5 classified as agricultural:** Yes
- **Is parcel 5 at least 40 acres in size:** Yes
- **Is parcel 5 being farmed by the owner or a qualified person of an authorized entity on behalf of the owner:** Yes

Parcel 5 meets all the requirements and can be linked to the established main parcel. Please note, these scenarios can change depending on where the property owners initially establishes their established main parcel.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Gary Martin
State Program Administrator
Property Tax Division
Information & Education
Phone: 651-556-6091

August 30, 2017

Samantha Kral
Sibley County Assessor's Office
samk@co.sibley.mn.us

Dear Ms. Kral,

Thank you for submitting your question to the Property Tax Division regarding relative agricultural homestead and ag value tier linking. You have provided the following scenario and question:

Scenario:

- Property A is owned by Mr. M and classified as agricultural.
- Mr. M's son occupies property A.
- Property A is receiving a relative agricultural homestead.
- Property B is owned by an entity of which both Mr. M and his son are members.
- Property B is also classified as agricultural.
- Property B is not occupied.

Question: Can Mr. M receive the agricultural homestead value tier linkage for the entity-owned property B, when the base parcel (property A) is receiving a relative agricultural homestead?

Answer: No, agricultural relative homesteads are granted in the name of the relative who is occupying the property, they are not granted in the name of the owner of the property. The base parcel must be individually owned and occupied by the owner. Minnesota Statutes, section 273.124, subdivision 8, paragraph (d) specifies that the agricultural land must be owned and used for the purpose of a homestead by that individual/owner.

This information can also be found in the Property Tax Administrator's Manual, Module 4 - Homesteads, under the Agricultural Homestead Value Linking section.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey
State Program Administrator Coordinator
Property Tax Division
Information & Education
Phone: 651-556-6091

September 6, 2017

Whitney Basgaard
Beltrami County Assessor's Office
whitney.basgaard@co.beltrami.mn.us

Dear Ms. Basgaard,

Thank you for submitting your question to the Property Tax Division regarding linking agricultural homestead. You have provided the following scenario and question:

Scenario:

- Property A is owned by Mr. and Mrs. T.
- Property B is owned by the T Family LLC

Question: Can Mr. and Mrs. T link their individually owned agricultural homestead to the land owned by the T Family LLC?

Answer: No. In order to be linked, the properties must first be owned by the exact same ownership entity. It is not appropriate to link properties where the ownership entities differ such as individually-owned parcels to corporate- or partnership-owned parcels.

There are three exceptions to this rule:

1. The homestead of a base parcel owned and occupied by an individual may be linked to a parcel of property that the owner owns with other individuals;

2. The homestead of a base parcel owned and occupied by an individual may be linked to a parcel of property that is owned by a trust and the individual owners of the base parcel are the grantors of the trust-held property (and vice versa); and

3. In the case of married couples, properties that are held solely in the name of one spouse may be linked to parcels that are held solely by the other spouse and parcels that are titled in both names. This does not apply to any entities of which the husband and/or wife are both members. It only applies to parcels owned by natural people.

As you can see, there are no exceptions for individually owned land being linked to entity owned land, therefore the agricultural homestead cannot be linked. For more information on linking agricultural homestead please review the Property Tax Administrators Manual Module 4- Homesteads.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Omar Fateh
State Program Administrator
Property Tax Division
Information & Education
Phone: 651-556-6091

September, 18 2017

Sherri Kitchenmaster
Lyon County Assessor's Office
SherriKitchenmaster@co.lyon.mn.us

Dear Ms. Kitchenmaster,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A married couple moved from their farm residence to town and this will be their first year of active farming.
- The couple owns seven parcels (all greater than 40 acres) in Lyon County, with an eighth parcel being located in Yellow Medicine County.
- The eight parcels are 50% owned by the wife's trust, and 50% owned by the husband's trust.
- Their son-in-law farms two (approximately 300 acres) of the parcels in Lyon County (parcels 1 & 2).
- The remaining six parcels (parcels 3-8) are rented to a non-qualified person and farmed on behalf of an entity.

Question: Which parcels are eligible for special agricultural homestead?

Answer: When there are multiple agricultural properties that are not occupied, you must first establish a "special agricultural homestead" on one parcel by utilizing the agricultural homestead flowchart. In this scenario we will designate one of the parcels the son-in-law farms in Lyon County parcels as parcel 1 as our established main parcel. According to the information provided, it appears that each trust would receive a 50% special agricultural homestead totaling one full homestead for parcel 1, the established main parcel.

Now that we have identified the established main parcel, we need to refer to the Linking Special Agricultural Homestead Checklist to determine which of the other 7 parcels can be linked to the established main parcel for homestead. From the checklist we can determine that the other parcel in Lyon County that the son-in-law is farming (parcel 2) can be linked to the established main parcel because all the qualifications have been met. In accordance with the checklist, the remaining six parcels cannot be linked because the parcels are being farmed by a non-qualified person on behalf of an entity and not on behalf of the owner/grantor.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education
Property Tax Division
Phone: 651-556-6091

October 3, 2017

Joyce Schmidt
Pipestone County Assessor
joyce.schmidt@co.pipestone.mn.us

Dear Ms. Schmidt,

Thank you for submitting your question to the Property Tax Division regarding establishing homestead on parcels being farmed by different individuals. You have provided the following scenario and question:

Scenario:

- 3 parcels are owned by an entity that is registered with the MN Department of Agriculture
- The entity is made up of four members: A husband, wife and two sons.
- All parcels are bare land that are being farmed by the members of the entity.
- None of the members claim another Ag homestead and all live within four townships of the parcels.

Question: Would the entity qualify for three Ag homesteads for the husband/wife and two sons?

Answer: Yes. Entity owned agricultural property can receive up to 12 actively engaged special agricultural homesteads, as long as all special agricultural homestead requirements are met for each parcel.

According to the information you provided, it appears that the agricultural properties that are owned by the LLC meet the requirements for special agricultural homestead. It is important to remember that the county must review the farmer for each parcel, if the farmer is a qualified person of the entity and they are farming on behalf of the entity, then that farmer would qualify for a full special agricultural homestead.

For example, if the father is farming the majority of parcel one and the son is farming the majority of parcel two, then parcel one would qualify for a full special agricultural homestead under the father and parcel two would qualify for a full special agricultural homestead under the son. If a farmer is farming more than one parcel, then you must determine which parcel is the established main parcel and link that homestead to the other parcels that are owned by the entity and farmed by the exact same farmer.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

November 7, 2017

Joanne Corrow
Le Sueur County Assessor's Office
jcorrow@co.le-sueur.mn.us

Dear Ms. Corrow,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Ag property is owned by V Farms LLC and is 258 contiguous tillable acres.
- There are three shareholders of the entity.
    - Brother A, Brother B, & Brother C
- Property is farmed by Brother A's son.
- The farmer occupies the property, is a MN resident and does not claim another ag homestead.
- Currently homestead is denied because the farmer is not a shareholder of the entity.
- The entity is going to add the son as a shareholder of the entity, meaning the entity will be made up of four shareholders:
    - Brother A, Brother B, Brother C, & Son A (farmer)
- The three brothers have 33% ownership interest and Son A has 1 % ownership interest

Question: Should the county consider the farmer's 1% ownership interest when establishing special agricultural homestead?

Answer: No. The percentage of ownership interest a shareholder of an entity must have is not a requirement for establishing special agricultural homestead; they simply must have ownership interest in the entity. Minnesota Statutes 273.124, subdivision 8 only references the owner(s) and farmer must be shareholders, members, or partners of an entity as requirements. Statute does not require that the shareholder of an entity have a minimum percentage of ownership interest to be eligible for homestead.

If Son A is a shareholder of the entity, then the property could qualify for special agricultural homestead as long as all requirements are met. As long as Son A is a shareholder, occupies the property, is actively engaged in farming, and does not claim another agricultural homestead in MN then the property owned by the entity would qualify for special agricultural homestead.

Please note that our opinion is based solely on the facts provided. If any of the facts of the situation were to change, our opinion would be subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

November 17, 2017

Krista Krupa
Kandiyohi County Assessor's Office
Krista.Krupa@co.kandiyohi.mn.us

Dear Ms. Krupa,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Parcel 1 is owned 50% by mom and 50% by son trust.
- Mom occupies parcel 1.
- Parcel 1 is receiving 50% owner occupied and 50% relative ag homestead.
- Mom also owns additional agricultural parcel(s) under an LLC.
- The LLC is made up of five members, which are all trusts.
- One of those members is mom's trust.
- Mom wants to link any remaining agricultural first tier value to the non-homestead entity owned agricultural parcel(s).

Questions:

- Is parcel 1 receiving the correct homestead?
- How is the EMV and tier value calculated due to moms 50% owner occupied homestead?
- Does mom's 1/5 membership of the entity need to be considered when linking the tier value to the entity owned property?

Answer: Homestead on parcel 1 is being granted correctly, mom qualifies for 50% owner occupied and a 50% relative agricultural homestead, equaling one full homestead. Since the property is 50% owned by mom and 50% by son trust, you must determine each owner's share of the estimated market value by dividing the EMV by the number of owners. The agricultural tier limit is fractionalized because homestead is established at 50% (mom) so the next step is to determine the amount of agricultural first-tier value the mom is eligible for by multiplying the agricultural first-tier value by her percentage of homestead. For 2017, the agricultural tier value is $1,940,000, therefore mom qualifies for up to $970,000 (1,940,000 x .50) of agricultural tier value.

After mom's share of the EMV of parcel 1 receives the agricultural first-tier value class rate, if mom would like to link her remaining agricultural tier value to the LLC owned property, she can do that as long as the LLC property meets the following parameters:

- The non-homestead agricultural land must be owned by a family farm corporation, joint farm venture, limited liability company, or partnership.

- The non-homestead land is not farther than four townships or cities from agricultural land that is **owned and occupied** as a homestead by a shareholder, member, or partner of owning entity.
- The owner, or someone acting on the owner's behalf must notify the county assessor by July 1 that the property may be eligible for ag tier value linking for the current assessment year, for taxes payable in the following year.

The county does not need to consider the fractional ownership of the entity when linking the remaining agricultural tier value to the entity owned land. As long as all requirements for agricultural first-tier value linking have been met, the remaining tier value can be linked to the full value of the non-homestead agricultural parcels until the remaining tier value limit is reached.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

November 20, 2017

Joyce Larson
Washington County Assessor's Office
Joyce.Larson@co.washington.mn.us

Dear Ms. Larson,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenarios and questions:

Scenario 1:

- Agricultural land is owned by a trust.
- The grantor of the trust is deceased.
- The parcel is more than 40 acres and farmed by the son.
- The son lives within four cities or townships.
- The grantor's wife (surviving spouse) has a residential homestead in the next township and does not claim another agricultural homestead.

Question 1: When determining special agricultural homestead, should the county count the number of cities and/or townships from where the deceased owner use to live or where the surviving spouse currently lives?

Answer: The trust is considered the owner of the property as long as the trust has not dissolved upon the death of the grantor. Since the grantor has passed away only the location of where the farmer lives needs to be reviewed. The homestead is granted to the grantor of the trust, however in this situation the farmer is qualifying the property for the homestead since the grantor is deceased, therefore the farmer must live within 4 cities and/or townships of the property. Since the surviving spouse is not a grantor of the trust, where that surviving spouse lives does not need to be reviewed. The only requirement that must be met by the surviving spouse is that he/she does not claim another agricultural homestead in MN.

Question 2: Whose social security number should be provided on the application for scenario one?

Answer: The one requesting homestead should be entering the social security number on the application. In the situation listed above the famer should provide their social security number on the application.

Question 3: What effect would the surviving spouse moving out of state have on the special agricultural homestead qualification?

Answer: As mentioned in the answer above, the location of the surviving spouse's residence has no impact on the qualification for special agricultural homestead unless the spouse is a grantor of the trust. The only requirement that must be met is that the surviving spouse is not claiming another agricultural homestead in MN.

Scenario 2:

- Agricultural bare land is trust owned.
- The owner is deceased and has no spouse.
- The parcel is more than 40 acres and farmed by the grantor's son.
- The son lives within four cities and townships of the agricultural land.
- The owner used to have a residential homestead two townships away.

Question 1: When determining special agricultural homestead should the county consider where the deceased owner used to live?

Answer: Again in the scenario above the trust is considered as the owner when determining homestead, and the qualifying individual farming the land must be within four cities or townships. The location of the deceased grantor does not impact the son's ability to claim homestead.

Question 2: Whose social security number should be provided on the application for this parcel?

Answer: Similar to scenario 1, the one requesting homestead should provide their social security number on the application. In this scenario, the farmer's social security number must be on the application.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

November 22, 2017

Jason McCaslin
Jackson County Assessor's Office
jason.mccaslin@co.jackson.mn.us

Dear Mr. McCaslin,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A Limited Partnership (LP) owns 21 agricultural parcels.
- There are five shareholders of the LP.
  - PP Inc
  - Mr. and Mrs. S
  - Mr. and Mrs. B
  - Mr. and Mrs. R
  - Brian S
- All five shareholders are a part of the farming/operation of the 21 agricultural parcels owned by the LP.
- PP Inc owns two residential parcels;
  - Mr. and Mrs. B occupy parcel 1
  - Mr. and Mrs. R occupy parcel 2
  - The parcels are non-homestead since they are owned by an entity and cannot receive homestead.
- Mr. and Mrs. S own and occupy a residential parcel in town and receive a residential homestead. They also individually own two agricultural parcels in which they receive special agricultural homestead.
- Brian S occupies one of the parcels owned by the LP.

Question: How should homestead be granted to the 21 parcels owned by the LP? Is this a situation where each shareholder could qualify for their own agricultural homestead and tier?

Answer: Yes, when property is owned by an entity and each qualifying member/shareholder is actively farming, those members/shareholders can receive their own special agricultural homestead for up to 12 homesteads. To determine special homestead for the 21 agricultural parcels, the county will need to establish homestead *under each farmer* and then review for linking.

It appears that one of the shareholders (Brian S) occupies one of the 21 parcels owned by the LP. In that situation, the county should review the occupied parcel for special agricultural homestead. The following requirements must be met for the parcel to receive the homestead:

- Owned by an entity: **Yes**
- Occupied by a shareholder: **Yes**
- Is that shareholder actively engaged in farming the ag property on behalf of the entity: **Yes**
- Does the shareholder and/or their spouse claim another ag homestead in MN: **No**

Since all of the requirements are met, this parcel would qualify for a full special agricultural homestead granted to the occupying shareholder (Brian S). Now that the established main parcel has been identified, the county can review any other parcels that are owned by the LP and farmed by Brian S. for linking. The linking requirements are as follows:

- The non-contiguous parcels are located within 4 cities/townships of the residence of the farmer.
- The non-contiguous parcels are owned by the same entity as the established main parcel.
- The non-contiguous parcels are classified as agricultural.
- The non-contiguous parcels are at least 40 acres in size.
- The non-contiguous parcels are being farmed by a qualified person of the entity.
- Neither the farmer nor their spouse can claim another ag homestead in MN.

If all of these requirements are met, the homestead can be linked.

This process should be repeated for **each agricultural parcel that is owned by the LP and farmed by a different shareholder**. It is important to note that each shareholder must be actively farming to receive their own special agricultural homestead.

If Mr. and Mrs. S are actively farming any of the LP owned parcels, they would not qualify the parcels for special agricultural homestead because they are already receiving their own special agricultural homestead on their individually owned land. However, the county could review for special agricultural homestead linking from an established main parcel that another member of the entity is farming. If homestead linking doesn't work the county could also review for agricultural value tier linking. This is different than homestead linking, the parcels would not receive homestead benefits however Mr. and Mrs. S cmay link any remaining agricultural value tier from their individually owned land to the entity owned land that they farm. If approved, those LP parcels would receive the .5% class rate up to the amount of value that is being linked.

We would recommend that the county review the Establishing Agricultural Homestead Flowchart and the Homestead Linking Checklist to help guide you in the process of granting the homestead correctly. You can find both resources in our Property Tax Administrators Manual, Module 4.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

December 27, 2017

Sherry Steffl
Mahnomen County Assessor's Office
Sherry.Steffl@co.mahnomen.mn.us

Dear Ms. Steffl,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Wife lives in Hennepin County where she is receiving a 50% owner occupied homestead.
- Her husband rents and occupies a house in Mahnomen County and owns 3 parcels of land which he is farming and receiving special agricultural homestead.
- Husband has reapplied for special agricultural homestead in Mahnomen County.
- Hennepin County recognizes they are a married couple living apart, with no legal separation or divorce decree in either county.

Question 1: Should the husband receive 50% special agricultural homestead?

Answer: No. A full special agricultural homestead could be granted as long as all requirements are met. Special agricultural homestead is different than a residential homestead. A property owner can have both a residential homestead and a special agricultural homestead. Hennepin County is correctly granting a 50% homestead because the husband does not occupy the property located in Hennepin County. The husband is not applying for residential homestead since he does not own residential property in Mahnomen County.

Question 2: Should the wife's social security number be listed on the homestead application, even though the husband is requesting the special agricultural homestead?

Answer: Yes, the name and social security number of the owner and the owners spouse is required. The special agricultural homestead applications do ask for the spouse's information. Again, the county is verifying that the spouse doesn't have another agricultural homestead, which is why the social security number is required.

Question 3: Does the husband still qualify for special agricultural homestead even though he is renting?

Answer: Yes, assuming all requirements are met. Special agricultural homestead does not require the owner to own a residential property or to receive a residential homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education
Property Tax Division
Phone: 651-556-6091

December 27, 2017

Beverly Johnson
Polk County Assessor's Office
Beverly.Johnson@co.polk.mn.us

Dear Ms. Johnson,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Several farms located in Polk County are farmed by an entity, MF Inc.
- The entity currently has three shareholders.
  - Ms. O actively farms parcels as a shareholder of the entity.
  - Mr. and Mrs. MC both actively farm parcels as shareholders of the entity.
- Ms. O is currently receiving a special ag homestead on the parcels that she owns as an individual.
- Mr. and Mrs. MC are not receiving agricultural homestead on any parcels.

Question: Can Mr. and Mrs. MC qualify for their own special agricultural homestead on the entity owned parcels since they are shareholders of the entity and actively farming on behalf of the entity?

Answer: Yes, as long as all requirements are met under Mr. and Mrs. MC as the active farmers. It is important to note that since they are a married couple, they can only receive one homestead. When a property is owned by an entity and is unoccupied, each qualifying member that is actively farming can receive their own special agricultural homestead, up to 12 homesteads for the entity. If a qualifying member is already receiving a homestead (in the case of Ms. O) they would not qualify for a homestead on the entity owned parcels. The county will need to re-establish under each farmer and then review for linking. Please note that all requirements for establishing special agricultural homestead must be met as well as the requirements for linking special agricultural homestead must be met.

Each shareholder of the entity that is actively farming must complete the CR-OAE, Application for Special Agricultural Homestead Property Owned by an Authorized Entity. Once that application is submitted, the assessor's office will need to verify all requirements are met before homestead is granted. Be sure to review the Establishing Agricultural Homestead flowchart and the Homestead Linking Checklist, both can be found in the Property Tax Administrators Manual, Module 4.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

January 2, 2018

Sue Schulz
McLeod County Assessor's Office
sue.schulz@co.mcleod.mn.us

Dear Ms. Schulz,

Thank you for submitting your question to the Property Tax Division regarding residency and special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Mr. A owns and farms agricultural land located in McLeod County.
- Mr. A and his wife own and occupy a property in Crow Wing County and they are receiving a residential homestead.
- During the farming season, Mr. A lives with family within 4 cities and townships of his agricultural property.
    - His mail, driver's license, bank statements and voters registration are all registered to his relatives home located in McLeod County.
- Mr. A's principle place of residency, located in Crow Wing County, is further than 4 cities/townships from the agricultural property located in McLeod County.

Question: Does the agricultural land located in McLeod County qualify for special agricultural homestead?

Answer: According to the information you provided, it appears the property would not qualify for special agricultural homestead due to the established homestead in Crow Wing County, located further than four cities/townships from the agricultural property. When a property owner applies for homestead they are certifying that they own and occupy the property, which means that the property is their principle place of residency.

However, MN Statute 273.124 subdivision 1 does allow a married couple to receive two full homesteads if they qualify for one of the provisions listed in statute. One of those provisions is employment/self -employment where the spouse's place of employment is at least 50 miles away from the other spouse's place of employment. If Crow Wing and McLeod County determine that the couple's primary residences are more than 50 miles apart due to employment/self-employment, then McLeod County should consider the home in McLeod County that Mr. A lives at as his place of residency and review the agricultural property for special agricultural homestead. The special agricultural homestead status is contingent on the homestead status in Crow Wing County.

We highly recommend that you work with Crow Wing County to determine homestead status. The property owner must provide documentation to the counties so that the correct homestead is granted.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

January 3, 2018

Kelly Rose
Sibley County Assessor's Office
KellyRose@co.sibley.mn.us

Dear Ms. Rose,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Base parcel is owned by Gerald LLC and occupied by a qualified person of the entity
- Farmer listed on the 156EZ is Gerald LLC and the individual farmer is the occupant
- Parcel is classified as agricultural
- There is one 80 acre parcel that is non-contiguous to the base parcel with 66 acres CRP, 10 acres Meadow and 4 acres road.
- There is no farmed land by definition of actively farming

Question: Could the parcel qualify for special agricultural homestead?

Answer: No, an entity cannot receive special agricultural homestead unless there is a qualified person actively engaged in farming the property on behalf the authorized entity. In the scenario described, there is no indication that any of the land is being farmed. The CRP portion of the parcel by definition implies that the majority of the land is not farmed, while the meadows and the roads would give further validation that the property is lacking of any agricultural activities. If the occupant is not actively engaged in farming, they do not meet the requirements for special agricultural homestead.

Question: Could the parcel qualify for residential homestead?

Answer: No, the property is owned by an entity and entities are not eligible for homestead treatment unless they are classified as agricultural, resort, or hotel/motel properties due to specific provisions granted in law. (See Minnesota Statutes, sections 273.124, subdivisions 8, 14, 17, and 273.13, subdivision 22, paragraph (c)). Since the parcel does not fit the listed requirements for homestead in this scenario, residential homestead should not be granted.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

January 9, 2018

Joyce Larson
Washington County Assessor's Office
Joyce.Larson@co.washington.mn.us

Dear Ms. Larson,

Thank you for submitting your question to the Property Tax Division regarding residency and special agricultural homestead. You have provided the following scenarios and questions:

Scenario 1:

- Property is owned by the ORS Trust
- The agricultural parcel is 43 acres
- The grantor of the trust is deceased
- The son of the grantor farms the property

Question: Who receives the homestead in this scenario, the deceased grantor or the farmer?

Answer: When agricultural parcels are owned by a trust, the trust is the legal owner. For property tax administration purposes, we use the grantor of the trust to determine whether the property qualifies for agricultural homestead. If/when a grantor passes away, as long as the trust is still the active/legal owner, the grantor (though deceased) may still qualify for homestead since the ownership of the property hasn't changed.

Keep in mind, when grantor is deceased the county will need to verify if the property is being farmed by a qualifying relative of the deceased grantor. If all of the requirements are met the grantor/trust will receive the homestead. Since the grantor is deceased, the farmer will need to complete the application on behalf of the grantor. It is important to note that the farmer is not getting the homestead in this situation; they are only completing the application on behalf of the grantor.

When the farmer completes the CR-SAHT application, they should use the grantor's information where it asks for the grantor's information.

- The first section is asking about the farmer's information, which should be completed correctly by the farmer using their information.
- The next section asks information about the grantor; this is where the farmer will need to include information about the grantor again.
- For mailing address, the farmer may use their address since the deceased grantor no longer has a mailing address. If the deceased grantor has a mailing address for the estate, it can also be used.
- The four questions that follow should be answered by the farmer on behalf of the grantor. Regarding question four, the farmer can answer that on behalf of themselves.
- Finally, the farmer should sign the application on behalf of the grantor.

Scenario 2:

- Ms. E.M. owns a 56 acre agricultural parcel
- Ms. E.M. is deceased
- The son of Ms. E.M. actively farms the property
- The son receives his own agricultural homestead on his individually owned land
- The son lives within four cities and townships of the agricultural land that he farms

Question: Who receives the homestead in this scenario?

Answer: The owner would receive the homestead, however in this situation there is no owner because the owner is deceased. When a property owner dies, the natural process is that the property goes into probate where the owner's estate will be settled depending on whether the owner had a will and/or heirs to inherit the property. Once probate is settled, the ownership of the property will change and homestead status will need to be reviewed according to the new ownership. Under the Uniform Probate Code, probate proceedings must typically start within three years of the individual's death.

If the property is going through the probate process we would recommend the county allow a reasonable period of time to pass before removing the homestead after the death of the property owner. The amount of time the county wants to allow for the property to go through probate should be based on county policy and practices. If the property isn't going through the probate process, the county should make a decision on whether to pull the homestead immediately or allow time for the son to begin the probate process. Eventually the homestead will need to be removed under Ms. E.M.

The homestead in this scenario cannot be granted to the son, nor can it be linked to the son's agricultural property because he is not the owner of the 56 acre parcel.

Scenario 3:

- Ms. M.M. owns a 78 acre agricultural parcel
- She is a MN resident
- The owner's son is actively farming the property and lives within four cities/townships
- The son receives his own agricultural homestead on his individually owned land

Question: Who receives the homestead in this scenario?

Answer: Assuming all requirements are met, Ms. M.M. would receive the homestead. She is the owner and a qualifying relative farms the property on her behalf. As long as they both live within 4 cities/townships, and she does not claim another ag homestead in MN, then the property would qualify and it would go to the owner, Ms. M.M.

Scenario 4:

- Husband and wife homestead three agricultural parcels
- They own another agricultural parcel with their son
    - The parcel is noncontiguous to the base parcel
- The husband/father farms all four parcels
- The son is a MN resident

Question: How should this parcel be classified and how should the homestead be granted?

Answer: First, the three parcels that are owned and occupied by the husband and wife qualifies for owner-occupied agricultural homestead. Parcel four, which is owned half by husband and wife and half by son, should be classified as agricultural since it appears to meet the requirements for the agricultural classification. When reviewing parcel four for homestead, you should link 50% homestead from the base parcel that is owned by husband and wife to their half of parcel four. The other half, which is owned by the son, would need to be reviewed for homestead on its own. In other words, this parcel will have two records, one under the couple and one under the son.

When reviewing the son's ownership:

- Who owns: Son owns half of the parcel.
- Who occupies: No one.
- Who farms: The father of the owner.
- Does the owner (son) and his spouse (if applicable) claim another ag homestead in MN: We will assume no.
- Does the owner (son) and the farmer (dad) live within four cities/townships of the ag parcel: We will assume yes.

It appears that the son's half ownership in the parcel would qualify for a special ag homestead. If all of the assumptions are correct and all requirements are met, this parcel would receive 50% ag homestead under husband and wife through linking and 50% special ag homestead under the son, equaling one full ag homestead. Finally, it is important to remember that we do not consider percentage of ownership interest beyond the number of actual owners when administering fractional homesteads.

Scenario 5:

- Dad's Trust owns a 40 acre agricultural parcel
- Dad, the grantor, lives in Wisconsin and is a Wisconsin resident
- Son occupies and farms the land

Question: Does the son qualify for a relative agricultural homestead when the grantor is not a MN resident? The owner being a MN resident is not listed as a requirement on the Establishing Agricultural Homestead flowchart.

Answer: No, the owner/grantor must be a MN resident for relative **agricultural** homestead to be granted. MN statute 273.124 subdivision 1(d) explains that an owner of agricultural property (individually-owned or trust-owned) must be a MN resident for the property to qualify for a relative agricultural homestead. You are correct that the flowchart does not reflect this requirement. The flow chart was developed to serve as a guide when determining homestead and additional requirements in Minnesota Statutes must always be met in scenarios such as these even if not specifically stated on the flowchart. We will, however, during the next update of the flowchart, add reference to this requirement..

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

January 17, 2018

Jeff Johnson
Stearns County Assessor's Office
Jeff.Johnson@co.stearns.mn.us

Dear Mr. Johnson,

Thank you for submitting your question to the Property Tax Division regarding actively farming. You have provided the following scenario and question:

Scenario:

- A property owner has applied for special agricultural homestead.
- The applicant is listed as the owner and operator on the 156 EZ farm record.
- The parcel is 40.41 acres
  - 21 tillable acres
  - 2 acres in an apple orchard
  - 18 remaining acres are woods
- The owner has very little farm equipment in his possession.
- The owner pays a local farmer to put in the crop and harvest it.
- The owner works alongside the paid farmer and performs some labor such as:
  - Bringing supplies
  - Picking rock
  - Some spraying for weeds, however the majority of the spraying is done by a local coop
- The owner assumes all risk and expenses for the crop, manages the property, and makes all of the day to day decisions.
- There is no custom farming or crop sharing agreement in place.

Question: Does this level of participation meet the requirements for actively farming?

Answer: The department has defined actively farming to mean "participation in the day-to-day decision making, labor, administration and management of the farm as well as assuming all or a portion of the financial risks and sharing in any profits or losses."

It is our opinion that when an owner hires another person to plant and harvest the crop, the definition of actively farming is not met since that person does not participate in the **daily labor** of farming. According to the information you provided, it appears that the owner assists with the farming, however it doesn't appear that the participation level would meet our definition.

Please note that our opinion is only based on the information you provided. We highly encourage you to make a decision based on Minnesota statute, definitions, recommendations, and current county policy/practice when it comes to other active farming applications. Ultimately it is up to the county assessor to determine if the owner's participation rises to the level required to be considered actively farming, and to grant or deny homestead applications accordingly.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

March 5, 2018

Kelly Rose
Sibley County Assessor's Office
kellyrose@co.sibley.mn.us

Dear Ms. Rose,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- An individual owns 80 acres of agricultural land.
- No one occupies the land.
- The property is leased to an authorized entity.
- The owner and his son are members of the entity.
- The property is actively farmed by the son.
- Both the owner and the son live within four cities or townships of the property.
- Owner claims a residential homestead in town.
- Son claims an agricultural homestead on his own property.

Question:

Would a special agricultural homestead be granted on this parcel?

Answer:

No. When special agricultural homestead is farmed by an entity, the homestead goes to the farmer, not the owner. Since the son is the qualifying person of the authorized entity actively farming the parcel, to qualify for a special agricultural homestead he must not be claiming another agricultural homestead. In this case he is claiming an agricultural homestead on his own land, and therefore would not be eligible to qualify this parcel for one as well.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

March 9, 2018

Terrie Johnson
Mahnomen County Assessor
terrie.johnson@co.mahnomen.mn.us

Dear Ms. Johnson,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- A farm is 50% owned by a mother and 50% owned by her two sons.
- The family wants to put the farm into a Family Limited Liability Partnership with the mother as one of the members of the entity.
- The mother will live on the farm and the two sons will farm the land.

Question: Will the entire farm qualify for agricultural homestead?

Answer: In this scenario, you will need to establish agricultural homestead using the *Establishing Ag Homestead Flowchart*. The answer is dependent on whether or not the occupant/mother is **actively engaged** in farming.

- **Who owns:** A Family Limited Liability Partnership
- **Who occupies:** Mom, a qualified person of the entity
- **Is the qualified person who is occupying the property actively engaged in farming?** Since this is a hypothetical situation, it is difficult to determine whether the mom is actively engaged in farming. If the mother is a qualified person of the authorized entity, and she is actively engaged in farming, then the parcel could qualify for agricultural homestead, if all other requirements are met.

Actively engaged in farming applies when a qualified person of the ownership entity lives on the farm. It involves participation on the farm on a regular and substantial basis but it is not as much direct involvement and participation as “actively farming”.

If the assessor determines the mother is not actively engaged in farming, then the property would not qualify for an agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

March 26, 2018

Joyce Schmidt
Pipestone County Assessor's Office
joyce.schmidt@co.pipestone.mn.us

Dear Ms. Schmidt,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following hypothetical scenarios and questions:

Scenario:

- Two separate trusts will dissolve and the property ownership will be transferred into a single LLC.
- The agricultural base parcel will be occupied by the sole manager and member of the LLC.
- The qualifying member's spouse is deceased.
- The qualifying member would apply for and receive a FSA number on behalf of the LLC, and be considered the operator for FSA purposes.
- The qualifying member would be responsible for the decision making and management of LLC farm property that would include such activities as when to plant, fertilize, and harvest.
- The LLC would bear all economic risks related to the LLC's farming activities.
- The LLC would lease equipment, hire labor, and contract with third parties as needed.

Question: Would the land qualify for special agricultural homestead?

Answer: Although we do not typically offer advice on a hypothetical scenario, we will provide you our opinion based on the information provided to us. It is important to note that if any of the hypothetical factors were to change, our opinion could change as well. In this scenario the qualifying member would occupy the property, therefore the assessor would reference column 2.1 of the *Establishing Agricultural Homestead Flowchart* to determine agricultural homestead.

- **Would an authorized entity own the agricultural property?** Yes. The LLC would own the property under this scenario.
- **Would a qualified person of the authorized entity occupy the property?** Yes. The qualifying member of the entity would occupy.
- **Would a qualified person of the authorized entity be actively engaged in farming the agricultural property on behalf of the entity?** The information provided indicates that the owner would likely be actively engaged in the farming operations; however, the final determination concerning actively engaged farming by the occupant of the property must be made by the assessor.
- **The qualified person actively engaged in farming and their spouse do not claim another agricultural homestead in Minnesota?** Unknown. This information is not provided, other than the fact that the wife is deceased and the husband/member occupies the agricultural property. If the qualifying member does not claim another agricultural homestead then the property would meet this requirement.

If the assessor can answer "yes" to all of the above questions the property could qualify for special agricultural homestead according to the *Establishing Agricultural Homestead Flowchart*.

Question: If the member of the entity moves off the agricultural base parcel to a residential homestead, but all other terms remain the same, would this terminate the special agricultural homestead?

Answer: As with the question above, the assessor would now need to refer to column 2.2 of the *Establishing Ag Homestead Flowchart* to determine if the entity owned property qualifies for homestead.

- **Would an authorized entity own the agricultural property?** Yes. The LLC would own the property under this scenario.
- **Would a qualified person of the authorized entity occupy the property?** No. The qualifying member would not occupy.
- **Would a qualified person of the authorized entity that owns the property be actively farming the property on behalf of the authorized entity?** No. Information provided indicates that the qualifying member would only be *actively engaged* in the farming activities and not *actively farming*.

If the assessor determines the qualified member is not actively farming then the agricultural homestead should be denied. If the assessor determines the qualified member does meet the actively farming definition then the assessor would continue down column 2.2 of the *Establishing Ag Homestead Flowchart* to the next question. The assessor may wish to utilize the glossary at the bottom of the flowchart when determining the level of farming activity.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

April 2, 2018

Bonnie Crosby
Chippewa County Assessor's Office
BCrosby@co.chippewa.mn.us

Dear Ms. Crosby,

Thank you for submitting your question to the Property Tax Division regarding homestead. You have provided the following scenario and question:

Scenario:

- Property A is owned by a trust and occupied by the grantor, Mr. Doe.
- Property A is receiving a residential homestead.
- Property B is an agricultural property and it is unoccupied.
- Property B is owned by a partnership, the county has verified the ownership of the property by reviewing the deed as well as with the Department of Agriculture.
    - The members of the partnership are Mr. Doe and his son.
- Property B is actively farmed by the son, a qualified member.
- Son has his own agricultural homestead.

Question: Does property B qualify for a special agricultural homestead?

Answer: According to the information it appears that the property would not qualify for a special agricultural homestead because the active farmer is already receiving a special agricultural homestead. To determine special agricultural homestead you can use the Establishing Agricultural Homestead flowchart, which is found in Module 4 of the Property Tax Administrators Manual. The follow requirements must be met for a homestead to be granted:

- **Who Owns**: A partnership
- **Who Occupies**: Nobody
- **Who Farms**: A qualified person of the authorized entity (the partnership)
- **Is the property at least 40 acres**: Yes
- The qualified person who is actively farming **cannot claim another** agricultural homestead in MN. **Is the farmer already claiming another agricultural homestead**? Yes

The requirement listed in Minnesota Statute 273.124, subdivision 14(g) that states that the farmer cannot have another agricultural homestead in MN has not been met in this scenario, therefore the assessor must deny the homestead application. This is a requirement for ***all*** special agricultural homestead scenarios, the farmer cannot receive two agricultural homesteads.

Additionally, our opinion is based on the facts provided, so if any of the facts were to change or opinion may be subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

May 17, 2018

Carice Goldberg-Cummins
Hubbard County Assessor's Office
cgolberg@co.hubbard.mn.us

Dear Ms. Goldberg-Cummins,

Thank you for submitting your question to the Property Tax Division regarding agricultural classification. You have provided the following scenario and question:

Scenario:

- Property owner co-owns 89.29 acres with four other individuals who are relatives.
- None of the property owners reside on the property, but the co-owner in question claims to farm it and is requesting the property to be classified as agricultural homestead.
- The co-owner claims to be actively farming the property and lives within four townships.
- The assessor viewed 2017 aerial maps and determined the total agricultural producing land to be less than 10 acres.
- There are two distinct tillable areas of crop land that have been connected in the past year with an untilled area large enough to drive a tractor on, creating over 10 acres of contiguous farmland property, according to the co-owner.
- In 2016 the tillable areas were planted and a crop was harvested, but the tillable acres were less than 10 acres.
- In 2017 the two fields were planted in clover/alfalfa, but a third party hired to harvests the crops failed to do so.

Question: Does the property qualify for 2a agricultural classification?

Answer: No. When determining if a property qualifies for the agricultural classification, the assessor must ensure the land is at least 10 **contiguous** acres and used for an agricultural purpose in the previous year, the land produces an agricultural product, and the agricultural product is produced for sale (Minnesota Statutes, section 273.13, subdivision 23). As stated in the Property Tax Administrator's Manual, *Module 3 - Classification of Property*:

> *"Contiguous" is defined by the dictionary provided by law.com as "connected to or 'next to,' usually meaning adjoining pieces of real estate." This does not mean a property should be classified as agricultural when there is a total of 10 acres if the acres are broken up into small plots."*

Therefore, it is our opinion that the parcel does not meet the statutory requirements listed under Minnesota Statutes, section 273.13, subdivision 23 and would not qualify for the agricultural classification. You can find additional information regarding classification in the Property Tax Administrators Manual, Module 3.

Our opinion is based on the facts provided, if the facts were to change then our opinion could change as well. Ultimately, classification of a property must be determined by the assessor based on the use of the property and the requirements listed in Minnesota Statutes.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

June 5, 2018

Laura Hacker
Sibley County Assessor's Office
lauraw@co.sibley.mn.us

Dear Ms. Hacker,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Agricultural property is owned by an entity.
- A member of the entity occupies one of the entity-owned parcels.
- The occupying member does not perform any physical farming, but he does make day-to-day decisions about the farm and meets the definition of actively engaged in farming.
- The occupying member does not claim another agricultural homestead in MN.

Question: Does this property qualify for an agricultural homestead?

Answer: According to the information provided, it appears that the entity-owned property may qualify for special agricultural homestead. Minnesota Statutes, section 273.124, subdivision 8 explains when a property is owned by an entity and occupied by a member of the ownership entity, that member must be actively engaged in farming to qualify for homestead.

Actively engaged in farming involves participation on the farm on a regular and substantial basis but it is not as much **direct involvement and participation** as "actively farming." This means that the occupying member must participate in some farming activity as a member of the ownership entity. For example, the agricultural property could be operated by someone other than the ownership entity, however the occupying member must be making decisions about the operation of the farm/managing the farming operations as a member of the ownership entity. In this situation, the occupying member that is **actively engaged in farming receives the homestead**, not the operator of the farm.

Lastly, when the base parcel qualifies for the agricultural homestead, the assessor should review other parcels owned by the entity to determine whether those parcels can be linked back to the base parcel and receive the agricultural homestead benefits. For more on linking entity owned parcels, please review the Homestead Linking Checklist found in Module 4-*Homesteads* of the Property Tax Administrator's Manual.

If you have any additional questions, please contact us at proptax.questions@state.mn.us

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

June 7, 2018

Beverly Johnson
Polk County Assessor's Office
Beverly.Johnson@co.polk.mn.us

Dear Ms. Johnson,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and questions:

Scenario:

- Agricultural property is owned by an entity.
- The entity is made up of four shareholders.
- The entity owned land is unoccupied.
- The entity is listed as the owner and operator on the FSA 156EZ form.
- Three of the shareholders are actively farming the entity owned agricultural land as members of the entity.
- All three of the farmers live within 4 townships of the agricultural land.
- Two of the shareholders(one actively farming and one **not** actively farming) also own agricultural land separately, as individuals.
    - The entity is listed as the operator on the 156EZ form

Question 1: What are the requirements for the provision allowing up to 12 homesteads for entity owned agricultural land? Does each qualifying member get their own tier or does the entity receive one tier?

Answer: When a property is owned by an entity and is unoccupied, each qualifying member(shareholder) that is **actively farming** can receive their own special agricultural homestead on the entity owned land, up to 12 homesteads for the entity. The county will need to **re-establish** under each farmer and then review for linking parcels owned by the entity and farmed by that same farmer. Please note that all requirements for establishing special agricultural homestead must be met as well as the requirements for linking special agricultural homestead must be met. If a qualifying member is already receiving an agricultural homestead, they would not qualify for a homestead on the entity owned parcels.

Each shareholder of the entity, **that is actively farming**, must complete the CR-OAE, Application for Special Agricultural Homestead Property Owned by an Authorized Entity. Once that application is submitted, the assessor's office will need to verify all requirements are met before homestead is granted. Be sure to review the Establishing Agricultural Homestead flowchart and the Homestead Linking Checklist, both can be found in the Property Tax Administrators Manual, Module 4.

Question 2: If the entity is receiving a homestead, can other shareholders of the entity receive homestead on individually owned land?

Answer: It's important to remember that the entity-owned homesteads are granted to the farmer, therefore there are situations where the entity is receiving an agricultural homestead under one

shareholder (the active farmer) and other shareholders are receiving their own individual agricultural homesteads. If a shareholder is receiving an agricultural homestead as a farmer for the entity, then they would not be eligible for their own individual agricultural homestead. When a shareholder of an entity is farming the land, that person receives the homestead on behalf of the entity. Therefore, if the shareholder applies for homestead under the entity then they do not qualify to receive another agricultural homestead on their individually owned land.

Question 3: Can a property owner link their remaining tier value of their individually owned agricultural homestead to entity owned non-homestead agricultural land that they are a member of?

Answer: It depends. Minnesota Statutes, Section 273.124, subdivision 8 paragraph (d) allows non-homestead agricultural land to use remaining first-tier value under the following parameters:

- The non-homestead agricultural land must be owned by an entity
- The non-homestead entity land is not farther than four townships or cities, from agricultural land that is **owned and occupied as a homestead (base parcel)** by a shareholder, member, or partner of the owning entity
- The owner of the individually owned land must notify the county assessor by July 1 that the property may be eligible for the current assessment year, for taxes payable in the following year

Therefore, qualifying non-homestead agricultural property that is owned by an entity, may receive the **first-tier homestead class rate** on any remaining market value in the first homestead class tier that is in excess of the market value of the shareholder's class 2a agricultural homestead property. It is important to note that only the class rate up to the first-tier amount is being linked, not homestead benefits. The entity-owned agricultural land would continue to be non-homestead, however the .5 class rate could be applied up to the first-tier amount.

If you have additional questions, contact us at proptax.questions@state.mn.us

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

July 3, 2018

Meggie Munsterman
Watonwan County Assessor's Office
Meggie.munsterman@co.watonwan.mn.us

Dear Ms. Munsterman,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead and probate. You have provided the following scenario and question:

Scenario:

- Ms. M owns 120 acres of agricultural land.
- Ms. M passed away in 2017.
- The son of Ms. M farms the land.
- The son receives his own agricultural homestead on his individually owned land.
- Prior to Ms. M's death the property was receiving special agricultural homestead.

Question 1: Can agricultural homestead be granted for 2018 assessment year, taxes payable in 2019 and possibly 2020 if the probate has not been settled and the son continues to farm the land?

Answer: For this answer we will assume the son lives within four cities or townships of the agricultural land owned by Ms. M. When a property owner dies, the normal course is for the property to go into probate where the owner's estate will be settled depending on whether the owner had a will and/or heirs to inherit the property. Once the estate is settled, the ownership of the property will change and homestead status will need to be reviewed according to the new ownership.

Under the Uniform Probate Code, probate proceedings must typically start within three years of the individual's death. If the property is going through the probate process we would recommend the county allow a reasonable period of time before removing the homestead after the death of the property owner. The reasonable amount of time the county wants to allow for the property to go through probate should be based on county policy and practices. If the property isn't going through the probate process, the county should make a decision on whether to pull the homestead immediately or allow time for the son to begin the probate process.

Question 2: Does Minnesota Statute 273.124, subdivision 1(h) apply to this situation?

Answer: M.S. 273.124, subd. 1(h) references when a child of a deceased owner occupies the property and the property is going through probate court. This statute allows the child to occupy the property and it allows the child to receive a relative homestead. According to the information you provided, it appears this property is not occupied by the son and therefore this statute doesn't apply to this scenario.

Question 3: In the case of an unmarried property owner, should the homestead be pulled on January 2 of the year following the death if the property is not physically occupied by a child of a deceased owner?

Answer: Eventually the homestead will need to be removed under Ms. M. As we stated earlier, it is up to the county policy and practice on how long they will allow a property to receive homestead while going through probate. If the county doesn't allow time for probate court, then the homestead would be removed immediately for taxes payable 2019. If the county were to remove the homestead immediately, the homestead in this scenario cannot be granted to the son because he is already receiving his own agricultural homestead, nor can it be linked to the son's agricultural property because he is not the owner of the 120 acre parcel.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

July 9, 2018

Amanda Lee
Mower County Assessor's Office
amandalee@co.mower.mn.us

Dear Ms. Lee,

Thank you for submitting your question to the Property Tax Division regarding agricultural land that is owned by multiple owners. You have provided the following scenario and question:

Scenario:

- The base parcel is classified agricultural.
- The base parcel is owned by 14 individuals (father, children & spouses). No trusts or entities are involved.
- The base parcel is occupied by the father.
- His spouse has passed away and her share of ownership was deeded to the children.
- Deed specifies financial ownership interest as 50% to father with the remainder divided between the children and spouses.
- The county has divided ownership by number of owners, which is 14, resulting in a 7.1428% interest for each eligible owner.
- Five of the 14 owners are not Minnesota residents.
- Father qualifies as a veteran with a disability and receives an exclusion based on his percentage of homestead of the base parcel.
- Father files annually for part owner-occupied homestead, part relative- homestead.
- The father has been granted homestead on the base parcel at 64.2852% based on qualifying owners.
- Father additionally qualifies a parcel in another county for the agricultural homestead first tier value limit.

Question 1: Based on the information provided is the homestead percentage correct for the base parcel?

Answer: Yes. Based on the information provided each qualifying owner would be eligible for a 1/14 homestead for property tax purposes, or 7.1428%. Therefore, the base parcel would qualify for a 7.1428% owner-occupied agricultural homestead and a 57.1424%relative-agricultural homestead (eight qualifying relatives who are MN residents).

In regards to the HGA and the father qualifying for the Veterans' with a Disability Market Value Exclusion (DVMVE), due to the limited percent of the homestead that he is qualifying for, it would be important to determine if that benefit outweighs the loss of the Homestead Market Value Exclusion. The Homestead Market Value Exclusion would be based on the total percent of the HGA eligible for homestead, both owner-occupied and relative-homestead, and not the 7.1428% the father can claim under the DVMVE.

Residential and agricultural (HGA) homestead properties that receive the DVMVE are not eligible to receive the homestead market value exclusion provided under Minnesota Statutes, section 273.13, subdivision 35.

Question 2: What percentage of the Agricultural First Tier Value Limit of $1,900,000 should the father be eligible for?

Answer: When the base parcel is fractionalized, so is the first-tier value amount. In this example, the base parcel receives 7.1428% homestead **per qualifying owner**, therefore each property owner's first tier value limit is $135,713 ($1,900,000/14). It is unclear what the EMV of the base parcel is so to provide an example we will use an EMV of $100,000. In this scenario, the EMV must be fractionalized according to the homestead status:

- 14 owners, 7.1428% homestead for each qualifying owner
- EMV = $100,000
- Each qualifying owner: $7,143 ($100,000/14)

The amount of each owner's fractional EMV will need to be subtracted from the fractional first tier value, in this scenario each owner has $135,713 first-tier value:

- Father: $135,713 - $7,143 = $128,570 remaining first-tier
- Other 8 qualifying owners: $135,713 - $7,143 = $128,570 remaining first-tier

Question 3: For cross county, do we report the value/acres based on only the father's owner-occupied percentage (7.1428%) or the relative homestead percentage (64.2852%) as well?

Answer: In determining any excess agricultural homestead first tier limit that could be linked to another parcel the county would report the amount based on the total available for the owner(s) of the noncontiguous qualifying parcel(s). In this case, if the cross county parcel is owned solely by the father, then the 7.1428% or $128,570 in the example above would be reported. If the cross county parcel is owned by the father **and** the other 13 owners of the base parcel, then the 64.2852% would be reported.

Finally, it is important be sure that the noncontiguous, cross county parcel meets the following three requirements for linking the agricultural homestead:

1. The parcel must be located within 4 cities/townships of the base parcel.
2. The parcel must be owned by the same owner/owners of the base parcel.
3. The parcel must be classified as agricultural.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

September 13, 2018

Ann Phillips
City of Saint Cloud Assessor's Office
Ann.Phillips@ci.stcloud.mn.us

Dear Ms. Phillips,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homesteads. You have provided the following scenario and questions:

Scenario:

- Exempt land owned by the City of St. Cloud (St. Cloud Airport).
- A portion of the city owned land is being leased to a farmer.
- A personal property parcel id was created for the land being farmed by the lessee.
- The farmer is responsible for the taxes associated with the personal property parcel.
- The farmer does not have an Agricultural or Residential homestead.
- The farmer lives within 4 cities/townships of the leased land.
- The parcel is more than 40 acres.
- The farmer is actively farming the leased land.

Question: Can the farmer *establish* special agricultural homestead on the leased land?

Answer: According to previous department guidance, it appears that the personal property may qualify for special agricultural homestead. All requirements for establishing special agricultural homestead must be met and the farmer would be considered the owner. Minnesota Statutes 272.01 subdivision 2 and 273.19 subdivision 1 reference exempt property that is leased. The statutes explain that for all taxation purposes the lessee would be treated as the owner. Homestead is part of taxation, therefore the farmer may be eligible to establish special agricultural homestead.

Question: If the farmer was already receiving special agricultural homestead on individually owned land, could he *link* the agricultural homestead to the land owned by the city but leased to the farmer?

Answer: Establishing agricultural homestead and linking agricultural homestead have different requirements. It has been the department's position that when linking agricultural homestead benefits, all parcels included must be owned by the same owner. However, based on past guidance for scenarios similar to this and the interpretation of the statutes that reference exempt land that is leased, it does appear that homestead linking could be allowed in this situation. Since the farmer is considered the "owner" of the personal property portion of the city owned land, the county can link the homestead benefits to that portion of the parcel. Please note that the entire parcel should not benefit from the homestead extension, only the portion that meets the qualifications for special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

September 27, 2018

Cheri Collins
Ottertail County Assessor's Office
ccollins@co.ottertail.mn.us

Dear Ms. Collins,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A resident in your county has a residential homestead.
- He also owns 80 acres of land enrolled in the Minnesota Land Trust.
- The agreement with the Minnesota Land Trust allows for continued agricultural use of the land.
- His son-in-law farms the property.

Question:

Does the fact that the land is enrolled with the Minnesota Land Trust impact the eligibility for special agricultural homestead?

Answer:

For this answer we will assume the Minnesota Land Trust holds a recorded conservation easement over the 80 acres and that the ownership has not changed. In the case of a conservation easement that allows for the continued farming of the land, it would not impact the classification since the use has not changed. The easement does not prohibit the parcel from receiving a special agricultural homestead. However, the parcel must still meet the requirements for a special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

October 18, 2018

Sherry Steffl
Mahnomen County Assessor's Office
Sherry.Steffl@co.mahnomen.mn.us

Dear Ms. Steffl,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A property in Mahnomen County has 90.38 acres.
- There are 44.38 acres of tillable agricultural land and 46 acres of rural vacant land classified as 2b.
- The property is owned by four sisters.
- Each sister has ¼ ownership interest in the property.
- One of the owner's son-in law is farming the land.

Question: Would this property qualify for special agricultural homestead?

Answer: Yes, there is potential for this property to receive special agricultural homestead, if all requirements are met for each owner. When there are multiple owners of a property, the county must establish the homestead under each owner. For property tax purposes, percentage of homestead eligibility is based on the number of owners. According to Minnesota Statute 273.124, subdivision 14(b), special agricultural homestead can be established so long as the owner, owner's spouse, or a qualifying relative is actively farming the agricultural property. A qualifying relative is defined as a child, sibling, grandchild, or parent of the owner or of the spouse of the owner of the agricultural property, by blood or by marriage. In the scenario given, one of the four owner's son-in law is actively farming the land and would therefore meet the active farming requirement as a qualifying relative to one of the four owners. If all other requirements are met under this specific owner, then the parcel could qualify for a ¼ or 25% special agricultural homestead.

The son-in-law would not meet the requirement for active farming for the other three owners because nephews are not qualifying relatives. Therefore, the other three owners would not be able to establish special agricultural homestead on their percentage of ownership in the property.

If you have any additional questions regarding fractional homesteads, please see Module 4-Homesteads in the Minnesota Property Tax Administrator's Manual on the Department of Revenue website.

Please note that our opinion is based solely on the information provided. If any of the facts change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

November 8, 2018

Kelly Rose
Sibley County Assessor's Office
kellyrose@co.sibley.mn.us

Dear Mr. Rose,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- John and Betty are a married couple who live in town, but do not live in the same residence.
- John and Betty own eight unoccupied agricultural parcels titled in John's name as an individual and in John's and Betty's names as a couple.
- John is actively farming all eight parcels on behalf of an authorized entity.
- There is no lease between the individual owners/couple and the authorized entity.
- The members of the authorized entity are John and his two daughters.
- John receives a 50% residential homestead due to Betty not occupying the same residence in town.
- Neither John nor Betty claim another agricultural homestead.

Question:

Can the parcels farmed by the authorized entity that are owned by John individually, Betty individually, and by John and Betty jointly, receive a special agricultural homestead?

Answer:

Yes. Assuming all other requirements are met the parcels could be eligible for a full special agricultural homestead. The county will need to establish special agricultural homestead on one of the eight parcels. Once the established main parcel has been identified, then the county can review the other seven parcels for linking. The parcels can be linked due to each being owned by a spouse, or the married couple together, and therefore would be treated as having the same owner for property tax purposes. Married couples in Minnesota are considered one, even if only one of the spouses is listed as the owner on a deed.

Finally, there is no need to fractionalize the special agricultural homestead due to the residential homestead being fractionalized. Individuals/married couples are allowed up to one full residential homestead and one full special agricultural homestead, therefore the residential homestead status doesn't affect the special agricultural homestead status.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

11/30/18

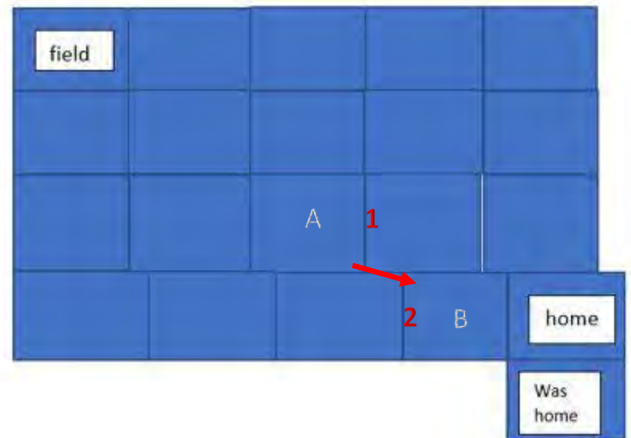
Michael Wacker
Pope County Assessor's Office
michael.wacker@co.pope.mn.us

Dear Mr. Wacker,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- John Doe owns a piece of agricultural property that is unoccupied.
- The property has been receiving special agricultural homestead.
- John Doe has moved to a new property closer to the agricultural property.
- The row of townships that the new home resides in does not line up corner-to-corner with the row of townships to the north, as shown to the right.
- There is a ½ mile jog between the rows of townships.



Question: Is the new home within four cities or townships from the field?

Answer: Minnesota Statute 273.124, subdivision 14 (b)(i), paragraph 5 requires that for special agricultural homestead to be granted, an agricultural property be located within four cities or townships from the occupied parcel. The Department of Revenue has determined that if a township's correction lines prevent two townships from bordering each other diagonally, they may be treated as contiguous.

In this scenario, if lines 1 or 2 in the above figure can be verified as correction lines by the county, then townships A and B can be treated as contiguous. Should townships A and B be contiguous, then the occupied parcel is within four cities or townships from the agricultural property, and special agricultural homestead can be granted if all other requirements are met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

December 21, 2018

Becky Kotek
Rice County Assessor's Office
bkotek@co.rice.mn.us

Dear Ms. Kotek,

Thank you for submitting your question to the Property Tax Division regarding Special Agricultural Homestead. You have provided the following question:

Question: When processing an application for Special Agricultural Homestead on a property owned by an authorized entity, whose social security numbers should be entered into the tax system: the shareholders of the entity or the qualifying farmer?

Answer: For an entity authorized under Minnesota Statutes, Section 500.24, our guidance has been to utilize the "*Establishing Agricultural Homestead Flowchart*" to determine on whose behalf the property receives the homestead. When that is determined, enter that person's information into the property tax system. Statute requires that the information of all of the owners , including social security numbers, needs to be collected on an application for Special Agricultural Homestead, but does not specify if that collected information needs to be transferred to the county's tax system.

Please remember that statute also gives authority to the Commissioner to request counties to furnish lists of all properties and owners of record. Therefore it would be up to the county to determine how best to be prepared for such a request.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

February 1, 2019

Jason McCaslin
Jackson County Assessor's Office
jason.mccaslin@co.jackson.mn.us

Dear Mr. McCaslin,

Thank you for submitting your question to the Property Tax Division regarding verification of MN residency. You have provided the following scenario and questions:

Scenario:

- A farmer has applied for special agricultural homestead on agricultural land that he owns.
- The farmer lives with his parents, throughout the year, which is located within four cities/townships from the agricultural land that he owns.
- The farmer currently purchased a house in Iowa and is receiving a homestead in Iowa.
- The farmers spouse is a full time Iowa resident and occupies the home in Iowa.
- The county has asked for documentation to verify the farmer's residency.
- The farmer has provided the documentation requested including a MN driver's license, a copy of his M1 income tax form which lists the MN address and a copy of his M1NR form which lists him as a "part year" resident of MN.

Question 1: Since the state is considering him a "part year" resident of MN for income tax purposes, is he a resident of MN for property tax purposes?

Answer: When a taxpayer is considered a "part year" resident of MN for income tax purposes, that means they have either:

- Moved to or from Minnesota during the tax year and established residency or
- Spent at least 183 days in Minnesota and they either rent, own, maintain, or occupy a residence suitable for year-round use that is equipped with its own cooking and bathing facilities. In this case, you are considered a Minnesota resident for income tax purposes for the length of time you maintained a residence in Minnesota, even if your permanent residence may be in another state for the full year.

According to the M1NR form, it appears that the farmer does meet the requirements for a "part year" resident of Minnesota. For property tax purposes, if a property owner is considered a "part year" resident on the M1NR form, then they would be considered a MN resident for homestead purposes. Therefore, if the farmer would meet the residency requirements for homestead. The county should continue to verify that the applicant meets the criteria for homestead, and if the applicant's residency

status changes, homestead treatment should be re-evaluated. The farmer must meet all special agricultural homestead requirements before the county can grant the homestead.

Question 2: The farmer's spouse is not a MN resident, the M1NR form lists her as a nonresident of the state. Does that effect the farmers homestead eligibility?

Answer: Yes. One of the requirements for homestead is that the owner and their spouse are Minnesota residents. Since the spouse of the farmer is not a Minnesota resident, then the farmer is only eligible for 50% special agricultural homestead, if all other requirements are met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

February 7, 2019

Mark Landsverk
Polk County Assessor's Office
Mark.Landsverk@co.polk.mn.us

Dear Mr. Landsverk,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homesteads. You have provided the following scenario and questions:

Scenario:

- Four agricultural parcels are owned by three individuals.
- Owner 1 and Owner 2 are brothers.
- Owner 3 is a cousin to Owners 1 and 2.
- Parcel 1 is occupied by Owner 1.
- The other three parcels are unoccupied.
- All three owners farm the four agricultural parcels.
- Owners 2 and 3 live within four cities/townships of the four agricultural parcels in Polk County
- The three owners own additional parcels together that are currently receiving special (unoccupied) agricultural homesteads in both Polk county and a neighboring county.
- Owner 3 has his own special agricultural homestead in his individual name.

Question: Since Owner 1 has established a homestead on parcel 1, should this be the base parcel?

Answer: Yes, now that Owner 1 has established his homestead on parcel 1, that becomes the base parcel and homestead must be established on parcel 1. The special agricultural homestead that is being granted to non-occupied agricultural land owned by the three brothers will need to be removed, so that the owner can establish the occupied agricultural homestead on the base parcel. Once the homestead is established on the base parcel, the county can then review the other parcels, owned by the three owners, for agricultural homestead linking.

Question: Does parcel 1 qualify for a full agricultural homestead?

Answer: When determining whether a property with multiple owners should receive homestead, it is important to evaluate **each owner's** eligibility independently. Consulting the *Establishing Agricultural Homestead Flowchart,* we can determine whether each owner qualifies for homestead. Depending on if they meet the requirements, each owner would be eligible to receive up to 33% or 1/3 agricultural homestead for the property.

Since parcel 1 is the base parcel, you must start with parcel 1 when establishing for each owner.

Owner 1:

- **Who owns?** Owner 1 owns 33% of the parcel
- **Who occupies?** Owner 1 occupies the parcel
- **Does Owner 1 and their spouse claim another agricultural homestead in Minnesota?** According to the information provided it appears that Owner 1 does not claim another agricultural homestead.
- If all requirements are met, Owner 1's 33% would qualify for an owner occupied agricultural homestead.

Owner 2:

- **Who owns?** Owner 2 owns 33% of the parcel
- **Who occupies?** The brother of Owner 2
- **Does Owner 2 and Owner 1 (& spouses) claim another agricultural homestead in MN?** No
- If all requirements are met, Owner 2's 33% ownership would qualify for a relative agricultural homestead, which goes to the occupying relative (Owner 1). Meaning that Owner 1 would need to provide his information on the application since he is the occupant.

Owner 3:

- **Who owns?** Owner 3 owns 33% of the parcel
- **Who occupies?** Owner 1 – the cousin of Owner 3, cousins are not qualifying relatives.
- Owner 3's 33% would not qualify for an owner occupied or a relative agricultural homestead.

According to the information provided, it appears that parcel 1 would qualify for a 33% owner occupied agricultural homestead and a 33% relative agricultural homestead. The remaining 33% would be agricultural non-homestead.

Since the other three parcels in Polk County are owned by the same three owners the homestead percentage that was established on the base parcel can be linked to those other parcels, as long as all linking requirements are met. Since the property is occupied, the only requirements they would need to meet for linking are as follows:

1. The non-contiguous parcels are located within 4 cities/townships of the base parcel
2. The non-contiguous parcels are owned by the same owners as the base parcel
3. The non-contiguous parcels are classified as agricultural.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

February 21, 2019

Sheila Buenger
Fillmore County Assessor's Office
sbuenger@co.fillmore.mn.us

Dear Ms. Buenger,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead and linking. You have provided the following scenario and question:

Scenario:

- An agricultural base parcel had been owned and occupied by a husband and wife.
- The husband and wife were also grantors of a trust that owned two noncontiguous agricultural parcels that were linked to the base parcel.
- After the death of the husband a deed was recorded that grants his interests of the agricultural base parcel to his widow (individually) and three children as follows:
  - The three children together own 50% of the base parcel
    - First child does not own any other property in Fillmore County;
    - Second child has an agricultural homestead on a parcel in Fillmore County that is not contiguous, but is within four cities or townships of the base parcel;
    - Third child has a residential homestead on a parcel in Fillmore County.
  - The widow owns 50% in her own name and received a life estate interest to the 50% of the base parcel owned by the children.
- The base parcel is now under title as "Widow ETAL."

Question: Can the trust held properties remain linked to the agricultural base parcel?

Answer: According to the information provided, it appears that the widow holds a life estate over the 50% interest of the base parcel owned by the children, and owns the other 50% in her name. The agricultural base parcel would qualify for one full homestead based solely on the widow's ownership (50% owner occupied and 50% due to the widow's life estate). Since the widow is both the grantor of the family trust that owns the two non-contiguous agricultural parcels, and the owner/life estate holder of the base parcel, the parcels can be treated as being held under common ownership and linked for homestead. In this case, the two agricultural properties owned by the family trust can remain linked.

Given that the agricultural base parcel is receiving full homestead based on the widow's ownership and life estate, the individual situations of the children as remaindermen will not impact the linking or homestead. If the life estate dissolves, the ownership of the property will transfer and the homestead status will need to be reviewed based on the children's ownership at that time.

Question: Would the county need to create 5 separate records for the base parcel since there are four individual owners and the "ETAL"?

Answer: No, for homestead purposes since the widow individually owns (50%) and has retained a life estate (50%) on the property she has sufficient ownership in the property to receive homestead. Therefore, the county does not need to create homestead records for the three children nor the "ETAL". Depending on county procedures, it is possible that the county would have records for each owner to reflect the number of owners; however, the only owner that should be receiving the homestead would be the widow due to her 50% ownership and her life estate on the property.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

January 14, 2020

Joyce Schmidt
Pipestone County Assessor
joyce.schmidt@co.pipestone.mn.us

Dear Ms. Schmidt,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Entity A owns farmland and is composed of Mom, Dad, Son 1, Son 2, Daughter 1, and Daughter 2
- Entity B is listed by the Farm Service Agency (FSA) as the operator of the property and is composed of the same members
- Daughter 2 is no longer farming any of the property
- Daughter 2's husband assists with the operation of the farm and is actively farming the entity owned agricultural land

Question: Is the daughter's husband able to qualify property that he is farming for special agricultural homestead?

Answer: No. In order to establish special agricultural homestead for entity-owned property, a qualified person of the farming entity must be actively farming the land. In this situation, daughter 2's husband is not a qualified person of either entity, and would not be able to establish special agricultural homestead. Therefore, the entity would only be allowed to establish up to four full special agricultural homesteads, one for each member who is actively farming, if all other requirements are met. Please note that because the owning and operating entities are different, daughter 2's husband would need to be a member of both entities in order to establish special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

June 18, 2020

Michael Harvey
Benton County Assessor
MHarvey@co.benton.mn.us

Dear Mr. Harvey,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- An entity owns multiple agricultural parcels
- Two members of the entity live on two separate agricultural parcels owned by the entity and both receive agricultural homestead
- These members link their homestead to the other entity-owned parcels
- A third member of the entity lives in a residential homestead within four cities/townships of the entity-owned agricultural property
- The third member has applied for special agricultural homestead
- The third member has stated that they are the sole decision maker for day-to-day farming operations

Question: Does the third member qualify for a special agricultural homestead?

Answer: From the information provided, it appears that the only requirement that is under question is whether or not the third member of the entity is actively farming. Actively farming is defined in the Property Tax Administrator's Manual as:

- Participating in the day-to-day decision-making **and** labor of the farm.
- Contributing to the administration and management of the farming operation.
- Assume all or a portion of the financial risks and sharing in any profits or losses of the farm.

The assessor must make the determination as to whether or not the third member of the entity meets these requirements. The county should have a consistent policy of what activities do or do not qualify. Homestead is a fact situation, and the applicant must prove that they meet the definition of "actively farming" in order to qualify.

If the third member does meet the above criteria, please note that they would still need to apply for and establish special agricultural homestead on a **specific parcel.** Any subsequent linking of homestead would then need to be done from that established main parcel.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

August 21, 2020

Chad Benda
Jackson County Assessor's Office
chad.benda@co.jackson.mn.us

Dear Mr. Benda,

Thank you for submitting your question to the Property Tax Division regarding Special Agricultural Homestead. You have provided the following scenario and question:

Scenario:

- A property owner is a missionary with a nonprofit organization.
- The owner has been in Rwanda since the early 1980's.
- The property owner has a residential property in Windom, MN.
- The property owner returns to the United States "every several years" and occupies the residential property.
- He was last in Windom from December 5, 2019 through January 12, 2020.
- His next scheduled return to Windom is planned to be May 2021 and he will stay for 15 months.
- The property owner also owns a 60-acre parcel of agricultural land, located 6 miles from his residential property.
- The brother of the owner operates the agricultural land.
- All requirements for special ag homestead are met, except the requirement of the owner living within 4 cities/townships of the agricultural property.

Question: Does Minnesota Statute 273.124, subdivision 12 allow this property owner to qualify for special agricultural homestead on his agricultural land if he is not physically occupying the residential property that he owns on a regular basis?

Answer: No, Minnesota Statute, Section 273.124 subd.12 (a), only applies to homesteads where the owner is absent due to being on active duty or serving as a volunteer under the VISTA or Peace Corps program. According to the information provided, it appears that the missionary work and the non-profit organization are not part of a VISTA and/or the Peace Corp program. Therefore, the absence from the property would not be approved as an exception to the **living** within four cities and townships rule that is a requirement for special agricultural homestead.

Please note, for the years that the owner is in Minnesota and is occupying his property it may be possible that the property could qualify for special agricultural homestead. Upon submission of the special agricultural homestead application, if all requirements are met, including **living** within 4 cities/townships of the agricultural property then the property could qualify that year. Special agricultural homestead has an annual re-application

process therefore the owner's occupancy would need to be verified when the reapplication is submitted. All requirements must be met, each year, for a property to qualify or continue to qualify for special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

September 1, 2020

Mark Buysse
Lyon County Assessor
MarkBuysse@co.lyon.mn.us

Dear Mr. Buysse,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- An entity owns a 9.6-acre parcel that is classified as agricultural based on intensive use
- A married couple occupy the property and are qualifying members of the entity
- Spouse A owns three agricultural parcels individually
- Spouse B owns one agricultural parcel individually
- The couple own four agricultural parcels jointly
- The entity farms all the agricultural parcels
- All parcels are within four cities/townships

Question 1: Can special agricultural homestead be established on an unoccupied individually-owned parcel if the individuals occupy an agricultural parcel?

Answer: The members of the entity could qualify for either an occupied agricultural homestead on the entity-owned land, or special agricultural homestead on any of their qualifying[1] individually-owned unoccupied parcels. As with all homestead situations, the assessor cannot make any decisions without the submission of a homestead application. If the members of the entity currently do not receive an agricultural homestead, they would be able to apply for and establish special agricultural homestead on any of the qualifying agricultural parcels that they own.

If the members of the entity currently receive an owner-occupied agricultural homestead, they **would not** be able to apply for and receive special agricultural homestead on the individually-owned parcels. Once homestead has been applied for and received on a parcel, a property owner may not choose to switch to a different homestead scenario at will. It is not appropriate for a property owner to rescind their original homestead application unless circumstances such as ownership/occupancy/farming etc. have changed since the **initial** application. If something has changed which triggers a new application for the owner, then the property owner can decide to establish agricultural homestead on a different agricultural parcel.

[1] Please note that one parcel listed is unoccupied and less than 40 deeded acres, and therefore is not able to receive special agricultural homestead or be linked to agricultural homestead benefits unless it is contiguous to another homesteaded parcel.

Question 2: Could any of the individually-owned parcels qualify for homestead despite being farmed by the entity?

Answer:

Minnesota Statute 273.124, subdivision 14(g) does allow individually-owned land to qualify for special agricultural homestead when it is operated by an entity and the **owner is a member of** that entity. If the parcel is unoccupied, the active farmer must be a member of the same entity and not receive another agricultural homestead. The agricultural homestead would then be attached to the active farmer, not the owner of the land. Please review the *Establishing Agricultural Homestead* flowchart for individually-owned land for additional details.

Keep in mind that property owners can only qualify for one agricultural homestead in Minnesota. If the property owner applies for special agricultural homestead on an individually-owned parcel and they are already receiving an agricultural homestead, then the special agricultural homestead cannot be granted on any additional agricultural land that they own.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

September 1, 2020

Mark Buysse
Lyon County Assessor
MarkBuysse@co.lyon.mn.us

Dear Mr. Buysse,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- Entity A owns a 5-acre parcel that is classified as agricultural based on intensive use
- A married couple occupies the property
- Entity B owns 14 additional agricultural parcels within all within four cities/townships
- All 14 parcels are unoccupied and farmed by Entity A
- The married couple are qualifying members of both Entity A and Entity B

Question 1: Can special agricultural homestead be established on a parcel owned by Entity B?

Answer: The couple could qualify for either an occupied agricultural homestead on the occupied parcel owned by Entity A, or special agricultural homestead on any of Entity B's unoccupied parcels. As with all homestead situations, the assessor cannot make any decisions without the submission of a homestead application. If the couple currently do not receive an agricultural homestead, then they would be able to apply for and establish special agricultural homestead on any of the qualifying unoccupied parcels that they own. If the members of the entity currently receive an owner-occupied agricultural homestead on Entity A's parcel, they **would not** qualify for a special agricultural homestead on Entity B's parcels. Once homestead has been applied for and received on a parcel, a property owner may not choose to switch to a different homestead scenario at will. It is not appropriate for a property owner to rescind their original homestead application unless circumstances such as ownership/occupancy/farming etc.…have changed since the **initial** application.

Question 2: Could any of the properties owned by Entity B qualify for agricultural homestead despite being farmed by Entity A?

Answer: If certain requirements are met, the parcels owned by Entity B and farmed by Entity A could qualify for a special agricultural homestead. Referring to the *Establishing Agricultural Homestead* flowchart, entity-owned agricultural land may qualify for special agricultural homestead if the active farmer is a member of both the owning **and** operating entity and they are not already receiving another agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,
Information & Education Section

Property Tax Division
Phone: 651-556-6922

September 4, 2020

Joyce Schmidt
Pipestone County Assessor's Office
joyce.schmidt@co.pipestone.mn.us

Dear Ms. Schmidt,

Thank you for contacting the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- Parcel A is owned by Wife Trust, with wife as the only Grantor
- Parcel A is occupied by wife and husband
- Parcel A is 2 acres with no ag production
- Parcel B is contiguous to Parcel A
- Parcel B is owned by Husband
- Parcel B is 108 acres of agricultural land

Question: Can Parcel A and Parcel B be linked for special agricultural homestead?

Answer: According to the information provided, it appears that these two parcels would not qualify for special agricultural homestead linking due to the lack of agricultural classification on Parcel A. Since parcel A is not classified as agricultural, agricultural homestead may not be established on this parcel. While Parcel B may qualify for special agricultural homestead, the homestead could not be linked to Parcel A because of the lack of agricultural classification.

Additionally, parcels not under common ownership, cannot be considered one "land mass." Therefore, each parcel must be reviewed on an individual basis. While there are agricultural homestead linking rules that allow spouses to link an agricultural homestead to their individually owned land and their trust owned land, those only apply to agricultural property, and therefore are not applicable to this scenario.

Classification always comes before granting or linking homestead, therefore linking isn't a factor to consider in this situation.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

December 14, 2020

Amber Hansen
Murray County Assessor's Office
ahansen@co.murray.mn.us

Dear Ms. Hansen,

Thank you for contacting the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Agricultural property is owned by John Doe Rev. Trust.
- John is the only grantor of the trust.
- The agricultural property is unoccupied.
- John applied for special ag homestead and meets all the requirements as the sole grantor.
- John is married but his spouse does not occupy the residence.
- The spouse does not meet any of the exceptions for not occupying the homestead (divorce, legal separation, or employment).
- The spouse does not live within 4 cities/townships of the agricultural trust owned property.
- The spouse did not sign the application.
- It is unclear if the spouse is a Minnesota resident.

Question: Would this property qualify for a 50% or 100% special agricultural homestead?

Answer: In Minnesota, married couples are considered one entity for property tax purposes, therefore the spouse of the grantor must also meet the spousal requirements for the trust owned agricultural land to qualify for special agricultural homestead. Since the spouse does not live within 4 cities and townships, did not sign the application, and is potentially not a Minnesota resident the agricultural property would only qualify for a 50% special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

January 11, 2021

Jean Popp
Morrison County Assessor's Office
JeanP@co.morrison.mn.us

Dear Ms. Popp,

Thank you for contacting the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A property owner has a 70-acre parcel
- 27 acres are enrolled into CRP
- About 5 acres of the land is cut for hay and farmed by the owner
- The remaining acres are unproductive woods/waste land
- The property owner has applied for special agricultural homestead

Question: How should this parcel be classified?

Answer: Since the parcel is over 10 acres and the 2b land is practical to separate, the parcel would need to be split classified. It appears the 27 acres of CRP and the 5 acres used to cut hay meets the requirements for 2a agricultural land. The remaining acres appear to be rural vacant land and should be classified as 2b.

Question: Does the entire 70-acre parcel qualify for special agricultural homestead due to the 50% rule?

Answer: For land to qualify for an actively farmed special agricultural homestead, over 50% of the class 2a land, **excluding the CRP acres**, must be actively farmed by the person who is receiving the homestead. There are three requirements to consider when applying this rule:

1. The parcel (or contiguous land mass) must be at least 40 acres in size.
2. There must be enough of an agricultural use to sustain the agricultural class (2a) pursuant to Minnesota Statutes, section 273.13.
3. 50% of the agricultural land is being farmed by the person receiving the special agricultural homestead.

According to the information, it appears all three of these requirements are met and the agricultural land could qualify for special agricultural homestead, as long as all other requirements for special agricultural homestead are met. There is no requirement for a minimum number of actively farmed acres for the 50% rule. Since the owner is farming at least 50% of the farmed land, the agricultural

portion meets the 50% rule and it may qualify. With the established agricultural homestead, statute allows the contiguous 2b land to be included in the 2a agricultural homestead, therefore the entire 70-acre parcel would qualify for special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

May 21, 2021

Sherry Steffl
Mahnomen County Assessor's Office
Sherry.Steffl@co.mahnomen.mn.us

Dear Ms. Steffl,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Parcel A is 79.5 acres; 3.5 acres are currently classified as 2a and the remaining 76 acres are classified as 2b
- The 76 acres classified as 2b are enrolled in the Wetlands Reserve Program (WRP)
- Parcel B is 300 acres
    - 126 acres are actively farmed and classified as 2a
    - The remaining acres are classified as 2b and enrolled in WRP
- The land receiving WRP on both parcels was farmed before it was enrolled
- Parcel B is receiving special agricultural homestead
- Parcel A is contiguous to Parcel B
- Both parcels are under the same ownership

Question: Should Parcel A receive special agricultural homestead treatment?

Answer: Yes. While Parcel A would not qualify for special agricultural on its own since it does not contain any qualifying 2a agricultural land (land enrolled in WRP does not qualify as an agricultural purpose in statute), it is contiguous to Parcel B. Minnesota Statutes 273.124 Sub. 14 (b)iii states that agricultural property includes 2b property that is contiguous to and under the same ownership as the class 2a property. Therefore, the special agricultural homestead on Parcel B could be extended to Parcel A and receive homestead benefits.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

DEPARTMENT OF REVENUE

September 21, 2022

Mark,

Thank you for contacting the Property Tax Division regarding special agricultural homestead. You provided us with the follow scenario and question.

Scenario:

- A husband and wife occupy a residential homestead in town.
- The husband and wife also own 80 acres of unoccupied class 2a agricultural land.
- The agricultural land is actively farmed by a qualifying relative.
- The qualifying relative recently married a resident of another state.
- The husband, wife, and actively-farming qualifying relative live within four cities or townships of the agricultural land.

Question: Does this agricultural land qualify for special agricultural homestead? If yes, would the wife of the actively farming qualifying relative be required to sign the application?

Answer: Based on the information provided this property would qualify for special agricultural homestead. If the qualifying relative is actively farming on their own behalf or on behalf of an operating entity of which the qualifying relative is a qualifying person, the special agricultural homestead would be granted in the name of the owners and not the qualifying relative. Minnesota Statures 273.124, Subdivision 14(b), clause (i) states that the owner and the person who is actively farming the agricultural property must be Minnesota residents. As statute uses the term "***person*** who is actively farming" and makes no reference to any spousal requirements, it is our opinion that in this specific situation these requirements apply to the owners and active farmer. Therefore, the requirement for signatures would be limited to those parties as well.

If the qualifying relative is farming on behalf of an operating entity that he or she is not a qualifying person, then the homestead if approved would be granted in the name of the qualifying relative. In that case the residency of the spouse would need to be taken into consideration as it relates to full or partial homestead and both signatures would be required.

The Special Agricultural Homestead application was designed to accommodate both situations, therefore sections are included to ensure all necessary information and signatures are present for either homestead option. These situations are outlined in columns 3 and 4 of the Establishing Individually Owned Agricultural Homestead Flowchart located in the Property Tax Administrator's Manual, Module 4.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

December 13, 2022

Dear Josh,

Thank you for submitting your question to the Property Tax Division regarding homestead. You have provided the following scenario and question:

Scenario:

- A family farm entity owns two properties
- Property A is a 100 acre parcel receiving agricultural homestead
- Property B is down the road from property A and is made up of two contiguous parcels totaling 32.7 acres
- Property B was historically larger than 40 acres, however previous property owners transferred portions of the property to various entities
- There is now a state trail that was formerly a railroad, a state highway, and a Department of Natural Resources wildlife management area that has reduced the size of the property to under 40 acres

Question: Can property B qualify for special agricultural homestead?

Answer: No. Minnesota Statute 273.124 subdivision 14 (g) lists the requirements for an entity-owned property to qualify for special agricultural homestead, the first of which states: "*the property consists of at least 40 acres including undivided government lots and correctional 40's*". Property B does not meet this requirement, as it is under 40 acres and is not an undivided government lot or correctional 40. Correctional 40's exist when a division that would normally be 40 acres in the township-range surveying system are under 40 acres due to surveying errors or correctional lines due to the spherical nature of the Earth. Government lots are irregularly shaped parcels due to a meandered body of water, impassable object, or other boundary. Given that this property used to be larger than 40 acres it would not meet either exception, and therefore would not qualify for special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

April 13, 2023

Dear Lori,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A property contains approximately 150 acres of farmland and is unoccupied
- The property is owned individually by two siblings
- The property is farmed by a local farmer in a rental agreement
- The property owner states that they manage the land and should be treated as an entity who is actively farming due to their status for other farming programs

Question: Does this property qualify for special agricultural homestead?

Answer: Based on the information provided, the property would not qualify for special agricultural homestead. How the property is titled (in the name of an individual, family farm entity, or trust) determines many of the qualifications that must be met to receive agricultural homestead. If individual ownership by two people are referred to as entities for farming purposes outside of property tax, it does not cause justification to treat the ownership as entity ownership for homestead purposes.

In this situation, the property is owned by two individuals and unoccupied, which means that one of the following conditions at a minimum must be met to receive special agricultural homestead:

- The owner or a qualifying relative of the owner must be actively farming the property
- The farmer must be actively farming the property on behalf of an operating entity, of which the owner is a qualified person

From the information provided, the active farmer is an unrelated third party who does not meet either of these conditions. Therefore, the property does not qualify for special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

October 5, 2023

Dear Katie,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Two contiguous parcels are under the same ownership
- Parcel A is 40 acres and is entirely classified as 2a agricultural land
- Parcel B is 80 acres and is entirely classified as 2b rural vacant land
- The property owner has established special agricultural homestead on Parcel A

Question: Would the homestead extend to the 2b land on Parcel B?

Answer: Yes. Minnesota Statute 273.124, sub. 14(b)(iii) states that "*As used in this paragraph, "agricultural property" means class 2a property and any class 2b property that is contiguous to and under the same ownership as the class 2a property.*" Therefore, Parcel B would also receive homestead treatment.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

June 26, 2024

Dear Liz,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A property owner has applied for special agricultural homestead.
- The property in question is over 40 acres, and the property owner and farmer reside within four cities and townships.
- The property is entirely pasture and is classified as 2a agricultural.

Question: Does the property qualify for special agricultural homestead?

Answer: The biggest difference between occupied and special agricultural homestead is that in order to qualify for special agricultural homestead, the property must be **actively farmed** by the owner, a qualifying relative, or an operating entity that the owner is a qualifying person of. “Actively farming” is defined in the property tax administrator’s manual as follows:

> *The person must participate in the day-to-day decision-making and labor on the farm. They must contribute to the administration and management of the farming operation and they must assume all or a portion of the financial risks and sharing in any profits or losses of the farm.*

There is nothing in the definition of actively farming or special agricultural homestead that would disallow pasture to not be able to meet the requirements. If the county has determined that the property meets the definitions for the agricultural classification and the farmer meets the definition of actively farming, then they would be eligible for special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

July 12, 2024

Lori,

Thank you for contacting the Property Tax Division regarding special agricultural homestead. You provided us with the following:

Scenario:

- A married couple reside in a nursing home/assisted living facility.
- The facility is within four cities/townships from agricultural property that they own.
- The land is operated by a qualifying relative, who lives within four cities/townships of the property.
- The base parcel containing a residence was split off and sold.

Question 1: Does the couple qualify for special agricultural homestead while living in a nursing home?

Answer: If all other requirements are met, the property would qualify for special agricultural homestead even if the owners are in a nursing home. The owner and qualifying relative farming the property must live within four cities or townships of the agricultural property. If the nursing home is the owners' permanent residence and is within four cities or townships of the land being farmed, that would meet the qualification. Individual owned unoccupied agricultural land may still qualify for special agricultural homestead despite not owning a physical residence.

Question 2: Whose Social Security Number (SSN) would be associated with the homestead?

Answer: We recommend using the Establishing Agricultural Homestead Flowcharts found in Module 4 – Homesteads, of the Property Tax Administrators Manual to determine whose SSN is associated with the homestead. In the situation described where a qualifying relative of the owner is farming the special agricultural homestead, the homestead is associated with the owners. Therefore, the owners' SSNs should be linked to the agricultural homestead.

Question 3: Does it matter if the owners live more than four cities/townships away from the agricultural land?

Answer: Yes. If the nursing home is the owners' residence and is more than four cities/township from the agricultural property, the land would not qualify for special agricultural homestead.

Question 4: Would any of the above answers change if the owners lived in a rented apartment or in a residence where they were not the owners?

Answer: No. As long as the owner and active farmer (if applicable) live within four cities and townships, and all other requirements are met, the property could qualify for special agricultural homestead. There

is no requirement that the property owner maintain another homestead to establish a special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

Fractional Homesteads

November 30, 2005

Joyce Larson
Washington County Assessor's Office
Washington County Govt. Center
14900 61st Street North
Stillwater, Minnesota 55082

Dear Joyce:

Thank you for your question regarding property tax refund (PTR) on fractional homesteads.

You have an agricultural property with two houses on it. There are two owners but only one occupies, so it is receiving a 50% homestead. You state that you are an ACS county and that this property is getting PTR on 50% of the homesteaded house, garage and one acre (HGA) value. You have asked if this is correct.

No, in our opinion, that is not correct. PTR should be calculated on 100% of the HGA value. The HGA on the farm occupied by the owner (class 2a) is eligible for QTA.

With regard to fractional agricultural homesteads, the QTA for the PTR is calculated using the total taxable market value (TMV) on the HGA on both the homestead and nonhomestead class rates. In the case of fractional residential homesteads, the QTA for the PTR is calculated using the total TMV on both the homestead and nonhomestead residential class rates up to a maximum of ten acres. This is an exception to the general rule for calculating the QTA. For fractional homesteads only, the QTA is calculated using the total TMV of the HGA on agricultural homesteads and the total TMV of the residential portion of the property up to the ten-acre maximum limitation on residential homesteads. The decision to allow full QTA on any residence that is occupied by an owner, even if they are only a fractional owner was made many years ago.

Remember, only the homesteaded house would receive the 2a classification. The other house would receive the appropriate residential nonhomestead classification. Also, the classification of the other house would be predicated upon the use of the property. For example, if the second house were occupied by a qualifying relative and classed as residential relative homestead, it would be classed as 1a (a separate residential homestead from the agricultural homestead) or if it was not eligible for homestead, it would be classed as 4b(1).

You also asked us to look in the Property Tax Administrator's Manual at the following examples:

- Section 6120, page 3 (Two owners/Three parcels/one owner occupies farm). This is an agricultural property receiving 50% homestead with only 50% of the HGA eligible for PTR. There is only one house in this example.

(Continued…)

Joyce Larson
Washington County Assessor's Office
November 30, 2005
Page 2

- Section 6110, page 9, # 21 (Two owners/unrelated/one occupies). This is a residential (duplex or triplex) property receiving 50% homestead with the whole tax capacity being used for PTR. There is a note at the end of the example that says, "The QTA is not fractionalized on a fractional homestead."

You have asked why PTR is not calculated on 100% of the HGA on the agricultural example (Section 6120, page 3) above. It appears that example is in error. We will review the examples in the Property Tax Administrator's Manual and make the necessary corrections with regard to fractional agricultural property. Thank you for bringing this to our attention.

If you have further questions, please direct them to proptax.questions@state.mn.us.

Sincerely,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114
Fax (651) 556-3128
E-mail: joan.seelen@state.mn.us

April 15, 2008

Mary Black
Cook County, Assistant Assessor
Cook County Assessor's Office
411 2nd Street
Grand Marais, Minnesota 55604-1150

Dear Ms. Black:

Thank you for asking us to help you determine the homestead status of a 160 acre parcel based on three scenarios presented to you by a taxpayer. In the three scenarios, a father of children and his ex-wife jointly own 160 acres. They wish to split the property into separate life estates, with the remainder interest going to their children. You have inquired as to what extent the three scenarios would classify as homestead.

Under all three scenarios, the father would only receive partial (one-half) homestead. This is due to the fact that he and his ex-wife jointly own the property. The father can only receive homestead based on the ownership he retained on the property before the property is split into separate life-estates. If the ex-wife were to release her interest to the property, or release her interest to the portion of the property the father wishes to homestead, and does so before the property is split into separate life estates, it would then be possible for the father to receive full homestead. If the ex-wife does not release her interest in the property, and the property continues to be jointly owned, the father can receive only partial (one-half) homestead.

Please remember that this opinion is based solely on the facts provided. If any of the facts were to change, our opinion would be subject to change as well.

If you have any other questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

DREW IMES, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

March 25, 2010

Joy Lindquist
Lake of the Woods County Assessor's Office
206 8th Ave SE Ste. 296
Baudette MN 56623

Joy_L@co.lake-of-the-woods.mn.us

Dear Ms. Lindquist,

Thank you for your recent question regarding agricultural homesteads. You have outlined the following scenario: John and Mary Smith and their son, Paul, own a farm property. Only John and Mary occupy the property. You have asked if they would qualify for full agricultural homestead, even if Paul was not a Minnesota resident.

In this case, both John and Mary qualify for owner-occupied agricultural homestead on their 1/2 ownership of the property (spouses are considered one unit for property tax purposes). Because Paul is not a Minnesota resident, John and Mary would not qualify for the 1/2 relative agricultural homestead and only the 1/2 owner-occupied agricultural homestead would apply.

If you have any further questions, please do not hesitate to contact our division via proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

September 20, 2010

Laurie Hein
Anoka County Assessor's Office
Laurie.Hein@co.anoka.mn.us

Dear Ms. Hein:

Thank you for your question concerning the homestead classification. You have presented us with the following scenario and question:

> A parcel of property contains two homes that are both being occupied as principal places of residence by different married couples. The land is owned by all four people under a trust, but each home is owned separately and has a separate address. Would each home receive 100 percent homestead status or should the homestead be pro-rated?

In our opinion, the property is eligible to receive one full homestead classification. Each home would receive a 50-percent homestead totaling one full homestead classification. The tax statement for the parcel would reflect a full homestead classification for the property. How the taxes are divided and paid is the concern of the property owners. Your office may send the two homes separate tax statements as a matter of convenience or you can send only one tax statement for the parcel.

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

March 15, 2011

Debbie Maresch
Carver County Assessor's Office
dmaresch@co.carver.mn.us

Dear Ms. Maresch,

Thank you for your recent question regarding homestead. You have outlined the following scenario: Two individuals own a property in Carver County. Previously, the individuals owned the property as a married couple. They have since divorced. Both names remain on the deed, and both are on the mortgage; however only one of the individuals occupies the property. You have asked if the property is eligible for a full homestead.

Because the individuals are now divorced, they are treated as two unrelated individuals who own a property. The provisions for two full homesteads for married persons do not apply to this scenario. Because only one of the owners occupies the property, the property is only eligible for one-half homestead.

If you have any additional questions, please do not hesitate to contact our division via email at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

July 14, 2017

Karen McClellan
Kanabec County Assessor's Office
karen.mcclellan@co.kanabec.mn.us

Dear Ms. McClellan,

Thank you for submitting your question to the Property Tax Division regarding homestead exclusion and how to apply homestead when multiple owners occupy the same property. You have provided the following scenario and question:

Scenario:

- There are three owners of a property as tenants-in-common. It is not Agricultural land.
- One has 50% ownership and the other two each have 25% ownership.
- The owners are not related and only the owner with 50% ownership occupies the property.

Question:

What is the percentage of homestead exclusion that the owner that occupies would receive?

Answer:

The property would receive 1/3 homestead and receive 33.33% homestead exclusion based on the 1/3 ownership of the owner that occupies the property. In order to calculate the benefit for fractional homesteads, you must take into account the number of homesteading owners and determine the percentage of ownership for each.

For properties with multiple owners, the amount of homestead is prorated equally between the owners, regardless of ownership type (or percentage of granted ownership interest).

Homestead is based on a property being occupied by an owner, not based on ownership type. If a property has three owners, and one of the owners (1/3) occupy, then it receives 1/3 homestead. Fractionalization will always be in equal shares of the number of owners, even if they do not own equal shares.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Anderson
Supervisor, Property Tax Division
Information & Education
Phone: 651-556-6091

September 22, 2017

Amy McDonnell
Clay County Assessor's Office
amy.mcdonnell@co.clay.mn.us

Dear Ms. McDonnell,

Thank you for submitting your question to the Property Tax Division regarding residential homestead. You have provided the following scenario and questions:

Scenario:

- Two adjoining residential parcels are owned by:
  - Mom & Dad
  - Son
  - Girlfriend
- Each parcel has a residential structure
- Parcel one is occupied by the son
- Parcel two is unoccupied

Question One: What percentage of homestead should be granted on parcel one?

Answer: Married couples are considered "one owner" for property tax purposes. Therefore, in the situation you have outlined, parcel one would receive a 33.3% owner-occupied homestead (based on son's ownership), 33.3% relative homestead (based on mom and dad's ownership), and 33.3% non-homestead (based on girlfriend's ownership).

Question Two: If the girlfriend moves into parcel two, what percentage of homestead should be granted on parcel two?

Answer: In this hypothetical scenario, if it is determined to be the girlfriend's primary place of residency parcel two would receive a 33.3% owner-occupied homestead (based on girlfriend's ownership) and 66.6% non-homestead (based on boyfriend, his mom and dad's ownership).

You can find more information on residential homesteads and relative homesteads in the Property Tax Administrator's Manual, *Module 4 – Homesteads*, on the Department of Revenue website.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

August 1, 2018

Sherry Steffl
Mahnomen County Assessor's Office
sherry.steffl@co.mahnomen.mn.us

Dear Ms. Steffl,

Thank you for submitting your question to the Property Tax Division regarding homestead and linking. You have provided the following scenario and question:

Scenario:

- Mother has submitted a quit claim deed transferring two parcels of agricultural land to her son.
- The parcels are only in the name of her deceased husband.
- The mother has marital interest in the two parcels; probate or affidavit of survivorship for the parcels was not filed after the husband's death.
- The two parcels are currently receiving full homestead.
- Mother has three other parcels she is conveying to the children but is retaining a life estate on those parcels.
- She is not retaining a life estate on the two parcels conveyed to the son.

Question:

Do these two parcels qualify for homestead? If homestead is granted should it be linked to the son, and would it be fractionalized?

Answer:

It is not the department's policy to give legal advice on the appropriateness of a quit claim deed signed by the spouse of a deceased property owner before the property has been transferred into her name through probate or other legal means. This determination would be up to county policy and practice. We would also advise that you seek legal advice from the county attorney regarding the marital interest and the deed.

Assuming that you conclude that the quit claim deed transferred ownership of the property, then agricultural homestead would be granted to the son as he would be the owner of these two parcels. If the son is the only owner listed on the deed, then it would not be appropriate to fractionalize the homestead since he is the only owner. Finally, potential agricultural homestead and/or linking agricultural homestead would need to be determined based on the facts of the situation and the requirements for establishing and linking agricultural homestead.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

January 22, 2020

Kim Kylander
Pine County Assessor's Office
Kim.Kylander@co.pine.mn.us

Dear Ms. Kylander,

Thank you for submitting your question to the Property Tax Division regarding fractional homesteads. You have provided the following scenario and questions:

Scenario:

- A residential property is owned by three owners:

    1. Spouse 1
    2. Spouse 2
    3. Daughter of the married couple

Question: How should the homestead be fractionalized between the three owners?

Answer: Married couples are considered "one owner" for property tax purposes, therefore when reviewing homestead, the property would be fractionalized 50% to the couple and 50% to the daughter. If the married couple occupies the property as their homestead, they could qualify for a 50% residential homestead and a 50% residential relative homestead since they are qualifying relatives to the other owner (daughter).

Question: What if a property under the same ownership is classified as seasonal residential recreational and the daughter moves in and applies for homestead?

Answer: Property that has been classified as seasonal residential recreational (SRR) property ***at any time*** under the same ownership cannot receive a homestead unless it is occupied as a homestead ***by the owner*****.** Once a property is classified as SRR, the property cannot receive a residential relative homestead. Therefore, the property would only qualify for a 50% residential owner-occupied homestead to the daughter (assuming all other qualifications are met) and the remaining 50% would be classified as residential non-homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

July 10, 2020

Pam Olson
Maple Grove Assessor's Office
POlson@maplegrovemn.gov

Dear Ms. Olson,

Thank you for contacting the Property Tax Division regarding residential fractional homestead. You have provided the following scenario and question:

Scenario:

- A residential property is owned by four siblings
- One of the owners occupies the property
- The other three owners live in Minnesota

Question: How should the homestead be granted on this property?

Answer: According to the information provided, it appears the property would qualify for a full homestead. Since the property is owned by four siblings, the homestead will need to be fractionalized between the four owners. The homestead would be granted as follows:

- Sibling 1, occupying the property, 25% owner occupied residential homestead.
- Siblings 2, 3, & 4, each of their 25% ownership qualifies for a residential relative homestead because sibling 1 is occupying the property and sibling 1 is a qualifying relative to **each of the other owners**. This relative homestead is granted to sibling 1 since they are the occupying relative. This would be a 75% residential relative homestead.
- With the 25% owner occupied homestead plus the 75% relative homestead, this property does qualify for a full homestead.

For record keeping purposes, we would recommend that the county ask sibling 1, the occupant, to complete a homestead application as the owner occupant. We also recommend that sibling 1 fill out another homestead application as the relative of the other three owners. The names and addresses of sibling 2, 3, & 4 must be included in the residential relative homestead application.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

November 3, 2020

Virginia Wenisch
Waseca County Assessor's Office
Virginia.Wenisch@co.waseca.mn.us

Dear Ms. Wenisch,

Thank you for contacting the Property Tax Division regarding agricultural homestead. You have provided the following scenario and questions:

Scenario:

- 220 acres of agricultural land is owned by 5 siblings
- The siblings own the land as tenants in common and have separate percentages of ownership in the land
  - Sibling 1: 14% ownership
  - Sibling 2: 29% ownership
  - Sibling 3: 29% ownership
  - Sibling 4: 14% ownership
  - Sibling 5: 14% ownership
- The agricultural land is unoccupied
- The agricultural land is operated by a non-qualifying relative
- Sibling 2 also owns a parcel that is currently classified as residential homestead, which is contiguous to the agricultural land
- None of the five siblings own any additional agricultural land and none of them are receiving an agricultural homestead
- All five siblings live within 4 cities/townships of the agricultural land and are MN residents

Question 1: Can the parcel owned by sibling 2 be classified as agricultural and qualify for a fractional agricultural homestead due to the contiguous agricultural land?

Answer: No. Since the ownership of the occupied parcel is different than the ownership of the agricultural land, it cannot be considered contiguous and classified as agricultural. Minnesota Statutes 273.13, subdivision 23(e) defines contiguous acreage as "all of, or a contiguous portion of a tax parcel…or…a set of contiguous tax parcels…that are **owned by the same person**" (emphasis added). There are no exceptions within 273.13 that allow partial ownership to be considered the same as individual ownership. Therefore, the agricultural land would not qualify for an owner-occupied agricultural homestead.

The agricultural land would need to qualify for special agricultural homestead to receive homestead benefits. According to the information provided, it appears the land does not meet the operating requirements for special agricultural homestead.

Question 2: If sibling 2 qualifies for an owner-occupied agricultural homestead, can the other 4 siblings qualify for an agricultural relative homestead?

Answer: Since the agricultural land does not qualify for an owner-occupied agricultural homestead, it would also not qualify for relative agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

Trust-Held Properties

December 23, 2004

Cathy Olson
Aitkin County Assessor's Office
Courthouse
209 2nd Street NW
Aitkin, MN 56431

Dear Cathy:

Thank you for your inquiry regarding a homestead situation in your county. The situation is as follows: The property in question is a lakeshore parcel of property that was homesteaded by the owner. In April 2003, the property owner passed away. For the 2004 assessment, you removed the homestead and classified the property as seasonal residential recreational (SRR). During 2004, the former owner's daughter contacted you asking if she could homestead her portion of the home since she is living on the property. To complicate matters further, you discovered that the property in question had actually been put into a trust in 1996. For whatever reason, your records did not show that the property was owned by the trust. You have asked us if you should grant the daughter a relative homestead since Minnesota Statute 273.124, subdivision 1, paragraph (c) prohibits relative homestead on property that has been classified as SRR under the current owner.

While I was researching this situation, I contacted the daughter of the former owner who has filed for homestead. She stated that she has actually lived in the home since 1998. Up until her mother's death, she and her mother operated a real estate business out of the home and she and her mother together occupied the property as their principal place of residence.

I also consulted with our legal staff. We have been informed that it would be very unusual for a property held in trust to be subject to the jurisdiction of a probate court. That being said, it is our opinion that the daughter who is occupying the property would qualify for a residential relative homestead because she is a qualifying relative of the grantor of the trust, even if that grantor is deceased as stated in Minnesota Statute 273.124, subdivision 21. Therefore, since the classification should not have been changed to SRR for the 2004 assessment, the portion of the law prohibiting relative homesteads does not apply in this case. As with all relative homesteads, we recommend that you verify ownership and occupancy annually.

If you have further questions on this situation, please contact our division.

Sincerely,

STEPHANIE NYHUS, Principal Appraiser
Information and Education Section
Property Tax Division
Phone: (651) 556-6109 Fax: (651) 556-3128
E-mail: stephanie.nyhus@state.mn.us

July 14, 2005

Linda Rooney
Ramsey County Homestead
50 W. Kellogg Blvd., Suite 840
Saint Paul, Minnesota 55102-1695

Dear Ms. Rooney,

Thank you for your email regarding a trust homestead and for faxing a copy of the trust to our office. You stated that you received information regarding a trust homestead in which you were unsure of the correct answer. A co-worker advised that if a property is put into a trust, it is not necessary for a husband and his wife to occupy in order to receive a full homestead. The Certificate of Trust indicates the husband, Gerald, as the grantor and one of four trustees. Gerald occupies the property. The wife is absent due to serving a prison sentence. You have asked if the property held by this trust qualifies for a full homestead.

Minnesota Statute 273.124, subd. 21, states in part:

> *"Real property held by a trustee under a trust is eligible for classification as homestead property if:*
>
> *…(3) the grantor or surviving spouse of the grantor of the trust occupies and uses the property as a homestead;*
>
> *(4) a relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead;…"*

Since the property is held in trust in which Gerald is listed as the only grantor of the trust and he occupies the property, he qualifies for a full homestead.

Furthermore, Minnesota Statute 273.124, subd. 1(e), clause 4, states in part:

> *"In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to:*
>
> *…(4) other personal circumstances causing the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes…"*

If the property were not held in trust, the property would likely qualify under this provision since one of the spouses is absent due to other personal circumstances.

If you have additional questions or concerns, please contact our office.

Sincerely,

MELISA REDISKE, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6092 Fax (651) 556-3128
E-mail: melisa.rediske@state.mn.us

November 2, 2005

A. Keith Albertsen
Douglas County Assessor
Courthouse
305 8th Avenue West
Alexandria, Minnesota 56308

Dear Keith:

Thank you for your questions regarding two separate trust homestead situations.

The first situation involves an individual who is currently receiving agricultural homestead on property that he owns. He is also farming another property on behalf of a trust in which he is one of several beneficiaries. You state that the grantor of the trust property is deceased. You ask if you can link his fractional ownership in the trust property to his primary homestead. You also ask that if you cannot, could he then qualify for a special agricultural homestead.

As you know trusts are considered to be separate entities. As a rule, homesteads cannot be extended between two parcels under different ownership entities. For instance, in this situation, you could not extend homestead between the parcel owned and occupied by an individual and another parcel in the name of a trust. The only exception to this rule is in the case of a trust where the owner of one parcel is the grantor of the trust that owns another parcel. Since the person in question in this situation is not the grantor of the property held in trust, it is our opinion that he cannot qualify for homestead this way.

Additionally, this person cannot qualify for a special agricultural homestead since he is already claiming another agricultural homestead in Minnesota.

Your second situation involves a mother who is receiving an agricultural homestead and then deeds the home site and buildings to her son. Both mother and son live on the property. The remaining ag land is put into a trust. You indicate that this ag land is in CRP and so does not qualify for a special agricultural homestead. You ask if the land that was put into a trust can qualify for a homestead since the building site is in her son's name.

First of all, you are correct in stating that this land does not qualify for the special agricultural homestead classification since over 50 percent of farmable land (tillable plus pasture) of a parcel or contiguous land mass must be actively farmed by the owner, the spouse of the owner or the child of the owner or owner's spouse. Since this land is enrolled in CRP, it is not considered to be farmable.

As mentioned above, homesteads cannot be extended between two parcels under different ownership entities except in cases of trust held property where the owner of a parcel is the grantor of the trust that owns another parcel. In this particular situation, since the site where the mother and son live is now in the son's name, the only possible way the homestead could be extended to the ag land is if the grantor of the trust is the son.

If you have further questions, please direct them to proptax.questions@state.mn.us.

Sincerely,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114 Fax (651) 556-3128
E-mail: joan.seelen@state.mn.us

December 5, 2006

Marcy Barritt
Murray County Assessor
Courthouse
P.O. Box 57
2500 28th Street
Slayton, Minnesota 56172-0057

Dear Marcy:

Your question on property held by a business trust has been assigned to me for reply. You provided a copy of the Mathy Swine Business Trust for our review and have asked us if property held by a business trust can qualify for homestead.

In general, it is our opinion that property that is owned by a business trust cannot qualify for homestead. As you are aware, there are only three types of properties where corporate entities (i.e. corporations, partnerships, etc.) can qualify for homestead treatment. Those properties are farms, resorts, and hotels.

Therefore, since the statutes governing homesteads in those situations do not specifically mention business trusts, it is our opinion that property held by business trusts, including farms, hotels, and resorts, do not qualify for homestead treatment.

If you have further questions, please direct them to proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, SAMA
Information and Education Section
Property Tax Division

February 12, 2007

Nancy Amberson, Red Lake County Assessor
County Courthouse
P. O. Box 458
Red Lake Falls, MN 56750

Dear Nancy:

Thank you for your question regarding a homestead for trust-held property.

You have the following situation. The grantor of a trust seeking the homestead classification on trust-held agricultural property refuses to provide his Social Security number on the homestead application. He indicates that he is not the owner of the property and feels he should not have to provide his Social Security number in order to receive the homestead classification on the trust-held property. You indicated that Brad Averbeck, regional rep, has explained to this taxpayer that every property owner applying for homestead classification must furnish to the county assessor the Social Security number of each occupant who is listed as an owner of the property. The taxpayer is seeking a specific statute requiring him to provide his Social Security number so that the trust-held property that he occupies can receive the homestead classification. You have asked for our opinion.

In our opinion, the law is clear. Minnesota Statute 273.124, Subd. 21 states in part:

> *"Real property held by a trustee under a trust is eligible for classification as homestead property if: (1) the grantor or surviving spouse of the grantor of the trust occupies and uses the property as a homestead; (2) a relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead…"*

In addition, Minnesota Statute 273.124, Subd. 13, paragraph (c) states in part that:

> *"Every property owner applying for homestead classification must furnish to the county assessor the Social Security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and Social Security number of each owner's spouse who occupies the property."*

Therefore, the grantor should be treated as the owner of the property with regard to the requirement of providing a Social Security number. If the grantor of the trust-held property does not provide his Social Security number on the homestead application, we recommend that you deny the application for ag homestead in this case.

If you have further questions, please direct them to proptax.questions@state.mn.us.

Sincerely,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114 Fax (651) 556-3128

cc Brad Averbeck

February 26, 2008

Doreen Pehrson
Nicollet County Assessor
Government Center
501 S. Minnesota Ave
St. Peter, Minnesota 56082

Dear Ms. Pehrson:

Thank you for your question concerning linked homesteads. You have presented us with the following scenario:

> A farm property was transferred from individual ownership to a trust. The grantors of the trust are parents and the trustees are their two children. The grantors live in another county (away from the trust property) and the trustees each own individual properties that are contiguous to the trust property. The trust land is farmed by a non-relative.

You have asked if the trust property can be linked to qualifying relatives for homestead treatment.

Only the grantors of a trust can link an individually-owned parcel to another parcel held by the trust. The trustees cannot be linked to the trust property and cannot receive homestead on it. In this particular case, because the property is farmed by a non-relative, the property is not eligible for homestead benefits.

The *Special Agricultural Homesteads* bulletin (and the accompanying flow chart) issued in August of 2006 offers guidance when trying to determine which properties can be linked for homestead purposes. We recommend using the bulletin as a resource when trying to determine which properties may be eligible for homestead benefits.

Please be aware that this opinion is based solely on the information provided. If any of the facts were to change, our opinion would be subject to change as well.

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us.

Sincerely,

DREW IMES, State Program Administrator
Information and Education Section
Property Tax Division

July 28, 2008

Becky Kotek, Office Supervisor
Rice County Assessors Office
Government Services Building
320 3rd St NW, Suite 4
Faribault MN 55021

Dear Ms. Kotek,

Thank you for your recent question to the property tax division concerning property tax benefits programs and homesteads owned by a family trust. You have outlined the following situation: A disabled veteran and his spouse occupy a property that is owned by a family trust, for which the veteran and his spouse are the trustees. You have asked if the property is eligible for the class 1b blind/disabled homestead.

As you are aware, the class 1b blind/disabled homestead for paraplegic veterans was redacted from Minnesota Statutes this year to provide for the newly enacted market value exclusion on homestead properties of disabled veterans. For either benefit program, the qualifying veteran (or disabled person) must be an owner of the home. In the scenario you have outlined, the qualifying veteran must be a grantor of the trust to be considered an owner. He may also be a grantor along with his spouse and receive the full benefit allowable to him. A trustee only owns the property based on future deeded interest, so trustees are not considered home owners for the application of either the class 1b homestead or the market value exclusion for disabled veterans.

If you have further questions or concerns, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009055

February 4, 2009

Joy Lindquist
Assessment Specialist
Lake of the Woods County
206 8th Street SE
Baudette, MN 56623

Dear Ms. Lindquist:

Thank you for your question regarding *transfer on death* deeds. The legislation allowing for this type of transfer was enacted during the 2008 session and will be found in Minnesota Statutes, section 507.071, subdivision 87. You have asked how this type of deed should be treated concerning ownership (e.g. homestead) and if you should treat them like life estates.

It is our opinion that "transfer on death" deeds are to be treated similarly to life estate property. Basically, the grantor would retain enough ownership interest to qualify for homestead treatment, but the grantee would not (unless the grantee is a qualifying relative of the grantor, in which case the property could receive a relative homestead). Please remember that all other homestead requirements (occupancy, Minnesota residency, etc.) must still be satisfied.

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us.

Sincerely,

DREW IMES, State Program Administrator
Information Education Section
Property Tax Division

2009123

April 8, 2009

Brad Averbeck
Regional Representative
PO Box 84
Detroit Lakes, MN 56502

Dear Mr. Averbeck,

Thank you for your recent homestead question. You have outlined the following scenario: A property was owned under a trust by a husband and wife. The wife was the grantor of the trust. She passed away, and her husband continues to reside on the farm. The husband has since remarried. You believe that he is still eligible for homestead as the surviving spouse of the grantor, and have asked our opinion on the matter.

You are correct. Regardless of having remarried, he is still considered the surviving spouse of the grantor of the trust for homestead purposes. Per Minnesota Statutes, section 273.124, subdivision 21, the property may be homestead.

If you have any further questions, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

August 24, 2010

Jody Moran
Washington County Assessor's Office
jody.moran@co.washington.mn.us

Dear Ms. Moran,

Thank you for your recent question regarding agricultural homestead applications for property held under a trust. You have asked who signs the application for agricultural homestead.

Referring to the "Determining if property qualifies for the agricultural homestead classification" flow chart created by the Department of Revenue, the two possibilities are as follows:

1. The **grantor** of the trust completes the application if the property is held under a trust; AND the property is physically occupied by the grantor or surviving spouse of the grantor; AND neither the grantor nor his/her spouse claims another agricultural homestead in Minnesota. This is an owner (grantor)-occupied agricultural homestead.

2. The **qualifying relative** completes an application if the property is held under a trust; AND the property is occupied by a qualifying relative of the grantor (child, sibling, grandchild, or parent) or of the grantor's spouse (child, sibling, or grandchild); AND neither the owner, owner's spouse, nor qualifying relative or qualifying relative's spouse claims another agricultural homestead in Minnesota; AND there are no other agricultural relative homesteads for this family in Minnesota.

We recommend referring to the flow chart to determine eligibility and application requirements for agricultural homestead for properties owned by a trust. If you have any further questions, please do not hesitate to contact our division via email at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

April 18, 2011

Farley Grunig
Jackson County Assessor's Office
Farley.grunig@co.jackson.mn.us

Dear Mr. Grunig,

Thank you for your question regarding homestead eligibility when a trust is created by a court order. You have provided the following question to us:

> *"In order to be eligible for the homestead classification, the person occupying a property held by a trust must either be the grantor of the trust or a qualifying relative of the grantor of the trust. Are the rules different if the trust is created by court order? For the case in question the property was in the past been held in trust and occupied by the grantor of that trust. It was receiving the homestead classification. The occupant died. The daughter of the deceased is now occupying the property. The daughter is an adult and has a guardian. The court ordered the creation of a special needs trust for the benefit of the daughter. The trust created by the deceased parent is transferring title of the property to the special needs trust. Is the property eligible for homestead based on the occupancy by the daughter who is also beneficiary of the trust?"*

Minnesota Statutes, section 273.124, subdivision 21, outlines the provisions for which property held under a trust may be eligible for homestead treatment:

> *"Real or personal property held by a trustee under a trust is eligible for classification as homestead property if the property satisfies the requirements of paragraph (a), (b), (c), or (d).*
> *(a) The grantor or surviving spouse of the grantor of the trust occupies and uses the property as a homestead.*
> *(b) A relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead."*

In the scenario you have outlined, a qualifying surviving relative occupies the property and uses it for purposes of a homestead. The law does not state that trusts created by a court order should be treated differently, therefore, based on the information you have provided, the property is eligible for homestead.

If you have any further questions or concerns, please do not hesitate to contact out division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA • REVENUE

October 26, 2011

Connie Erickson
Yellow Medicine County Assessor
Connie.Erickson@co.ym.mn.gov

Dear Ms. Erickson:

Thank you for your question concerning agricultural homesteads. You have provided us with the following scenarios and have asked about homestead eligibility.

1. **A property's title is held by the "Lillian Doe Trust" and the "Gerald Doe Trust" (Lillian and Gerald are husband and wife). The property is currently receiving a special agricultural homestead. Gerald Doe has passed away and one half of the property will remain in the Gerald Doe Trust, with Lillian Doe being the beneficiary of the Gerald Doe Trust. Lillian Doe is currently receiving a separate residential homestead. Her son is actively farming the land.**
This property may be eligible for a full special agricultural homestead. Using the Department of Revenue's agricultural homestead flow chart, the property may qualify for special agricultural homestead on trust-held property if it is actively farmed by a child of the grantor or grantor's spouse. The child of the grantor of both trusts is currently actively farming the property. It must be at least 40 acres in size, and neither the grantor nor the grantor's spouse (in either case, Lillian Doe) may receive another agricultural homestead. Based on the information you have provided, she is not receiving another agricultural homestead. Neither the grantor (Lillian Doe) nor the actively farming relative may live further than four cities or townships from the agricultural property.

2. **A property's title is held by the "Theodore Doe Trust" and the "Suzette Doe Trust" (Theodore and Suzette are husband and wife). Theodore has passed away. Suzette Doe records a disclaimer through District Court and renounces, declines, and refuses to accept any and all rights or interests to the Theodore Doe Trust. Suzette Doe lives in another county (County A) and is receiving a cross-county agricultural homestead.**
Assuming that Suzette's individually-owned parcel in County A is receiving a 100 percent agricultural homestead, it is our opinion that the parcel owned by both the Theodore Doe Trust and the Suzette Doe Trust may receive a 50 percent agricultural homestead. As the grantor of the Suzette Doe Trust, she is eligible to link her individual-owned homestead to the portion of the property held by the Suzette Doe Trust. However, Suzette is not able to link her individual-owned agricultural homestead to the portion of the property held by the Theodore Doe Trust, as that portion of the property is under different ownership.

   Please note: If Suzette has assumed ownership of the portion of the property held by the Theodore Doe Trust, she may be able to receive agricultural homestead on that portion.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well. If you have any further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

February 1, 2012

Gale Bondhus
Cottonwood County Assessor
900 Third Avenue
Windom MN 56101

Dear Gale,

Thank you for your recent email to the Property Tax Division seeking clarification on an agricultural homestead situation in your county. An agricultural property was put into a trust in 1996, with the grantor retaining life estate. The grantor occupied the property, and it was an agricultural homestead. Additionally, there was a second residence on the property that was occupied by the grantor's son and daughter-in-law. That second residence was receiving a residential relative homestead. Some years ago, the grantor's residence was considered unlivable, and the grantor moved into a nursing home property. Subsequently, the agricultural land was reclassified as an agricultural relative homestead based on the continued occupancy of the grantor's son. The grantor of the trust has passed away. You have asked for clarification on the potential for continued homestead.

You are correct that for agricultural relative homesteads, the owner must be a Minnesota resident. Your concern in this case is that, technically, the owner is not a Minnesota resident, as he is deceased. However, language in Minnesota Statutes, section 273.124, subdivision 21, paragraph (b) allows for agricultural relative homesteads on trust-held properties if the property is occupied by "A relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead [emphasis added]." In other words, although the grantor of the trust has passed away, a qualifying surviving relative occupies the property. Therefore, the property may still qualify for an agricultural relative homestead.

You also asked if the trust is considered "null and void" when the grantor passes away. The answer, of course, depends. When the conditions of the trust are satisfied or if it is dissolved, the estate would be disposed of according to the trust. At that time, the property would transfer ownership depending on the beneficiary or beneficiaries of the estate. However, it appears that the trust currently still owns the property and therefore that ownership governs the applicability of homesteads.

Please note that this opinion is based solely on the facts provided. If any of the facts were to change, our opinion would be subject to change as well. If you have any further questions, please do not hesitate to contact our division via email at proptax.questions@state.mn.us. Thank you.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

June 1, 2012

Michael Frankenberg
Goodhue County Assessor's Office
michael.frankenberg@co.goodhue.mn.us

Dear Mr. Frankenberg,

Thank you for your recent question to the Property Tax Division seeking clarification on a relative homestead situation in your county. You have provided us with the following information:

You are currently reviewing a trust-owned property where the grantor of the trust is deceased, there is no surviving spouse, and the trust has not been exercised due to family disagreements. The property is still in the name of the trust. The son, who is to get the property according to the trust, has been occupying the property for 3-plus years and wants homestead. You are asking for some guidance as to if the son can receive a relative homestead.

Minnesota Statutes, section 273.124, subdivision 21, paragraph (b) allows for relative homesteads on trust-held properties if the property is occupied by "A relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead [emphasis added]."

In other words, although the grantor of the trust has passed away, a qualifying surviving relative occupies the property. Therefore, it may be granted a relative homestead.

If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

Property Tax Division
600 North Robert Street
Mail Station 3340
St. Paul, MN 55101

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Fax: 651-556-5128
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August 8, 2012

Candy Lahann
Mower County Assessor's Office
candyl@CO.MOWER.MN.US

Dear Ms. Lahann:

You have questions concerning the last scenario in the recent trust homestead bulletin distributed by the department on July 30, 2012.

A mother owns 18 percent of the trust and lives on the farm with her daughter who owns ¼ percent interest in of the remaining 82 percent of the trust. It also states the other three siblings do not live within four townships. You have asked if we can explain to you how this scenario would qualify for a full homestead (assuming it is ag Class) when the siblings do not live within four townships?
The scenario is a trust relative homestead situation and therefore the other grantors don't need to live within four cities or townships because the property is physically occupied by both owners and qualifying relatives (the mother and the daughter) of the grantors of the trust. There is no requirement that the relatives need to live within four cities or townships under Minnesota Statute 273.124, subdivision 21, paragraph (b). The property qualifies for full agricultural homestead as a grantor occupied homestead (the mother and daughter are occupying grantors) and an agricultural relative homestead (the mother and daughter are occupying relatives to the remainder of the grantors).

In this scenario homestead is not being given to each grantor. The property is homestead because it has qualifying ownership and occupancy due to the fact the grantors occupy the property and are also relatives of the other grantors of the trust. This is similar to a situation in which a mother owns a property with all her kids but not as a trust – in which case we would split classify the property as owner-occupied homestead and relative homestead.

You have also asked, how does the Department of Revenue want counties to handle any trust homesteads that were incorrectly granted? Specifically, do you have a deadline in which to get them "cleaned up"?
There is no deadline to correct homesteads that have been granted erroneously. However, we do strongly encourage you to actively search for any homesteads that are granted incorrectly per the guidance in the recent bulletin. We suggest running a report to identify the trust homesteads in your county and then performing a review of those results. In addition, trust homestead properties should be closely reviewed as part of ongoing assessment.

If you have any additional questions, please do not hesitate to contact the division via email at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

August 21, 2012

Wendy Iverson
Assessment Support Specialist
Dodge County Assessor's Office
wendy.iverson@co.dodge.mn.us

Dear Ms. Iverson:

Thank you for your question submitted to the Property Tax Division in regard to trusts, life estate and homestead classification. You have provided the following scenario:

A husband and wife each create their own separate trusts. The base agricultural parcel is owner-occupied. The husband passed away and his half-interest in the property went to his children, who formed an LLC. You asked the following question:

> "If the LLC created by the children has a life estate to their mother who occupies the farm, can she receive homestead on the whole farm?"

The half-interest in the property owned by the LLC may qualify for agricultural homestead if the following are true per Minnesota statutes 273.124, subdivision 14, paragraph (g):

- A **qualified person** of the authorized entity that owns the property is **actively farming** the property on behalf of the authorized entity
- The property is at least 40 acres
- Neither the **qualified person** who is **actively farming** nor his/her spouse claims another agricultural homestead in Minnesota
- The **qualified person** who is **actively farming** does not live farther than four cities or townships from the agricultural property.

If the above are true, the **qualified person**, who must be a Minnesota resident and is **actively farming** the property, would receive the homestead classification.

If the wife in this scenario is a Minnesota resident, she qualifies for 50% agricultural homestead because she is the grantor of the trust that owns the property, and she physically occupies the property as her permanent residence.

Therefore, to answer your question, the property is classified as 50% agricultural homestead granted to the mother (grantor of the trust) and 50% agricultural homestead may be granted to the LLC if the above conditions are met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

August 23, 2012

Doreen Pehrson
Nicollet County Assessor's Office
dpehrson@co.nicollet.mn.us

Dear Ms. Pehrson,

Thank you for your recent email regarding agricultural homesteads on trust-held property. You referenced a letter that was written to the Brown County Assessor on April 12, 2012 regarding husband and wife trusts and not linking different entities. You are looking for some clarification regarding this topic. You would like to know if a husband and wife have two different trusts for agricultural land, can each of them have an agricultural homestead by occupying or by actively farming since they are now separate entities?

As you know, for trust-held property to receive agricultural homestead, one of the requirements is that neither the owner/grantor nor the owner's/grantor's spouse can have another agricultural homestead. The only way that two spouses could qualify for homestead on separate trust-held properties is if one of the requirements of Minnesota Statutes, section 273.124, subdivision 1, paragraph (e) for spouses living separately is met.

If you have additional questions, please contact us via proptax.questions@state.mn.us. You may also wish to refer to the Property Tax Administrator's Manual, *Module 4* – Homesteads, which contains information and a flowchart that is useful in determining when a property may qualify for agricultural homestead.

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

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September 4, 2012

Dean Champine
County Assessor
Lyon County
deanchampine@co.lyon.mn.us

Dear Mr. Champine:

Thank you for your question submitted to the Property Tax Division in regard to trust owned properties. You have provided the following scenario:

There is an agricultural base homestead in your county that is half in Mr. A's trust and half in Mrs. A's trust. There is additional land owned by Mr. A as an individual and there is also land owned by Mrs. A's trust alone. You have asked the following questions:

1. Can Mr. A's individual ownership be linked to the base that is half in each trust?
2. Can Mrs. A's land that is in her trust only be linked to the base that is half in each trust?

Answer to question 1:
It is not appropriate to link properties where the ownership entities differ. There are, however, exceptions to this rule:

- The homestead of a base parcel which is owned and occupied by an individual may be linked to a parcel of property that the owner owns with other individuals.
- An individually-owned parcel may be linked to a trust-held parcel if the owners of the individually-owned parcel are the grantors of the trust that holds another parcel.
- In the case of married couples, properties that are solely held in the name of one spouse may be linked to parcels that are solely held by the other spouse, and/or parcels that are titled in both names. This does not apply to parcels held by an entity of which the husband and/or wife are members. It only applies to parcels owned by natural people.

For the properties presented in question 1, we will refer to the second bulleted item: "an individually-owned parcel may be linked to a trust-held parcel if the owners of the individually-owned parcel are the grantors of the trust that holds another parcel." Since this property is owned by an individual (Mr. A), and Mr. A is the grantor of the trust that the homesteaded property is held under, the two properties may be linked. Each of these properties must qualify for the agricultural classification under section 273.13 and the properties must be within 4 townships of each other. Also, since the homesteaded property receives 50% homestead for Mr. A's trust t, the linked property would only receive 50% homestead.

Answer to question 2:
When looking at the two properties presented in question 2, you will notice that they have identical ownership by Mrs. A's trust. Because these properties are owned by the same entity, they may be linked if the second parcel qualifies for agricultural classification under section 273.13, and the properties are within 4 townships of each other. Also, since the homesteaded property receives 50% homestead for Mrs. A's trust, the linked property would only receive 50% homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

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September 14, 2012

Doreen Pehrson
Nicollet County Assessor
Nicollet County
dpehrson@co.nicollet.mn.us

Dear Ms. Pehrson:

Thank you for submitting your question to the Property Tax Division regarding trust homesteads. You have provided the following scenario:

A husband and wife create two separate trusts and they both are grantors of their own trust (i.e. John Doe Trust and Jane Doe Trust). You are asking if the agricultural parcels can be linked.

For this scenario, we are assuming that the individuals' trusts own two or more separate parcels. For taxing purposes, trusts are considered separate entities and are not able to be linked unless they are linked to the exact same entity. For example, a wife forms a trust that owns two separate properties. Since the same exact trust owns these properties, it would be appropriate to link the two properties together. Although the individuals in this scenario are married, these properties are not owned by the individuals, they are owned by two separate trust entities, and therefore cannot be linked. This information was outlined in a recent bulletin regarding trust homesteads provided by the Property Tax Division. If you would like a new copy of that bulletin, please let us know.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

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September 20, 2012

Rita Treml
Brown County Assessor
14 South State Street
PO Box 248
New Ulm MN 56073
Rita.Treml@co.brown.mn.us

Dear Ms. Treml:

Thank you for your recent questions to the Property Tax Division regarding trust-held properties and homestead. You outlined two situations and are asking for our opinion.

Situation 1: A husband and wife own a property under their separate, individual trusts (Mr. Trust and Mrs. Trust). Mr. Trust would qualify for 50% owner-occupied trust homestead, and Mrs. Trust would qualify for 50% owner-occupied trust homestead (i.e. one full homestead for the property). If a son or daughter lives on the property instead of the grantors, how would relative homestead be determined? Would this be the same as granting two homesteads?
In a relative homestead situation, the qualifying relative would receive 50% relative homestead based on his or her relation to the grantor of the trust. Because this is one parcel, the one parcel would receive one full homestead (not two full homesteads). This relative homestead could not extend to other properties in other ownership, however.

Situation 2: In an October 26, 2011 letter to Yellow Medicine County, the department provided an opinion related to a property owned by a trust where the grantor had passed away. The property was occupied by the surviving spouse of the grantor of the trust, and actively farmed by a qualifying relative of the trust. You had asked how the wife can be a "qualifying relative" after the death of the spouse.
The spouse is not a qualifying relative; rather she is the qualifying "surviving spouse of the grantor of the trust" that qualifies for homestead. Her son, a qualifying relative, actively farmed the property. As you know, trusts are not immediately dissolved upon the death of the grantor. Minnesota Statutes allow for homestead for the surviving spouse of a grantor of a trust, as described in a recent bulletin to all assessors regarding trust-held property and homestead.

If you have any additional questions, please do not hesitate to contact our division via email at proptax.questions@state.mn.us. Thank you.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

Property Tax Division
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October 18, 2012

Lynette Snare
Kittson County Assessor's Office
lsnare@co.kittson.mn.us

Thank you for your questions concerning agricultural property owned by trusts. You have presented us with a specific scenario in your county along with a number of questions, which are answered below.

Scenario:

1. John Smith created the John Smith Revocable Trust;
2. Upon his death the trust was divided into the Mrs. John Smith Trust and the Smith Family Trust.

Can homestead only be granted to the property owned by the Mrs. John Smith Trust as that is where she physically resides? Would the property owned by the Smith Family Trust be non-homestead property?
Although we are uncertain as to who is actually the grantor of these trusts, we assume that Mrs. Smith is the grantor or surviving spouse of the grantor of the trusts. Generally speaking, the property owned by the Mrs. John Smith Trust would qualify for agricultural homestead because Mrs. Smith is the grantor or surviving spouse of the grantor of the trust and occupies the property. If Mrs. Smith homesteads the property owned by the Mrs. John Smith Trust, the homestead cannot be extended to the Smith Family Trust, as that is a separate ownership.

What needs to be filed in order to obtain homestead status on the property?
An application would need to be submitted to the assessor's office. In order for trust owned property to qualify for homestead, the trust must first be registered with the Minnesota Department of Agriculture (MDA) under Minnesota Statute 500.24. The trust must be in compliance with this law to receive homestead. If a trust is in compliance with Minnesota Statute 500.24 it will be listed on the MDA's website here: http://www2.mda.state.mn.us/webapp/lis/corpfarm_default.jsp

Is there a requirement wherein the trust must file with the Secretary of State's office? I don't believe there is but I have seen where a trust has filed for an "assumed name".
We are not aware of any requirements in property tax law that requires a trust to file with the Secretary of State to receive homestead. However, there may be other laws that require a trust to file with the Secretary of State for other purposes (e.g. to create the trust). Questions of this nature would be better addressed to the Secretary of State's office.

Are any trusts grandfathered in where so that they don't need to comply with Minnesota Statute 500.24?
All trusts that own and farm land that wish to receive homestead must be in compliance with Minnesota Statute 500.24 and must be registered with the Minnesota Department of Agriculture if the trusts created are subject to Laws 2000, chapter 47. If the trusts were not subject to Chapter 47 of Laws 2000, they may be exempt from the requirements of 500.24. In other words, we believe that there are trusts that were established prior to 2000 that may not be registered with the MDA.

Are trusts that are "non-homestead" (and probably never will be homestead due to circumstances) required to file the Corporate Farming Report [as part of Minnesota Statute 500.24]?

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Entities including corporations, limited partnerships, limited liability companies, and trusts must register with the Minnesota Department of Agriculture (MDA) by filing the Minnesota Corporate Farm Application prior to purchasing or engaging in the farming of agricultural land. After making initial application, qualifying entities must annually verify eligibility information and file a report of the corporation to the MDA.

In short, entities subject to 500.24 must remain in compliance with said law whether they apply for homestead or not.

Entities subject to law (M.S. 500.24)

- Corporations (S-corps, C-corps, etc.)
- Limited Liability Companies (LLCs)
- Limited Partnerships (LPs)
- Limited Liability Limited Partnerships (LLLPs)
- Trusts

Entities NOT subject to law (M.S. 500.24)

- Individual owners (sole proprietorships)
- General Partnerships
- Limited Liability Partnerships (LLPs)

There are some instances in which an entity can petition the MDA for exemption from the requirements of Minnesota Statute 500.24. Would it be correct to say that these trusts are granted homestead status?
If a trust or other entity owning agricultural property can provide proof to your office that it made successful petition to the MDA for exemption from the requirements contained within Minnesota Statute 500.24, then that entity may qualify for homestead if all other necessary requirements are met. Proof of the exemption would need to be provided on an annual basis as the MDA annually reviews all entities that have petitioned to be exempt from the requirements of Minnesota Statute 500.24.

If you have any additional questions please do not hesitate to contact the Property Tax Division of the Minnesota Department of Revenue at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

October 22, 2012

Doreen Pehrson
Nicollet County Assessor's Office
dpehrson@co.nicollet.mn.us

Dear Ms. Pehrson:

Thank you for your question submitted to the Property Tax Division in regard to trust homesteads. You have provided the following scenario and questions which have been answered in turn:

Scenario:

In 2011, Dan W. and Christine W. transferred their individually owned property into trusts. Their base parcel was 3.5 acres that originally qualified for the agricultural classification because it was surrounded on two sides by ag land, the owners owned at least 20 acres within four townships, etc. Because the property does not remain under the same ownership, the base parcel will be changed to residential.

Their additional property is 111 acres, now ½ interest to the Dan W. trust and ½ interest to the Christine W. Trust. Also a 40 acre parcel to the Christine W. trust. Dan and Christine are currently actively farming the land.

Question: Will the parcel that is owned by both trusts only be eligible for a 50% homestead?

In correspondence with you, we determined the following facts regarding the 111 acre parcel that is owned by Dan W Trust and Christine W Trust. The facts are used in conjunction with the department's *"Determining if property qualifies for the agricultural homestead classification"* flow chart.

Who owns the property? The property is owned by 2 trusts: 50% Dan W. Trust and 50% Christine W. Trust
Who occupies the property? We are under the assumption that no one occupies the property.
Is the property leased to an authorized entity of which the grantor is a qualified person? No.
Who farms the property? Both grantors of the trusts (Dan W. and Christine W.)

Additional requirements:

- ***Is the property at least 40 acres in size?*** Yes
- ***Does either the grantor or the grantor's spouse claim another agricultural homestead in Minnesota?*** We are under the assumption that neither Dan nor Christine claims another agricultural homestead in MN. If either of them do claim another ag homestead then our answer would change.
- ***Do the grantors and the person who is actively farming live further than four cities or townships away from the property?*** From the information you provided, it appears that the base parcel that Dan W. and Christine W. occupy is within 4 cities or townships of the of the property being farmed., Again, if this isn't correct then our answer would change.

Assuming all of the requirements listed above have been met for each trust then the property would receive 50% agricultural homestead on Dan W. Trust and 50% agricultural homestead on Christine W. Trust, which would equal a 100% agricultural homestead for the property. Because this property is owned by two trusts you will need to have two records listed in your system for this one 111-acre parcel.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

October 24, 2012

Doreen Pehrson
Nicollet County Assessor
dpehrson@co.nicollet.mn.us

Dear Ms. Pehrson:

Thank you for your question submitted to the Property Tax Division regarding trust homesteads. You have provided the following scenario:

A 10-acre farm building site is owned individually by Marie H. Marie occupies this property as her homestead. There are two parcels contiguous to this property consisting of 159 acres. The two contiguous parcels are owned one-half is individually by Marie H. The other one-half is owned by the Donald H. Trust, of which Donald H. (deceased) is the grantor. The farm land is farmed by Donald and Marie's sons."

You are asking if the farm land is eligible for an actively farming homestead, if the grantor's spouse is claiming an agricultural homestead.

In regard to the 1/2 interest that Marie H. has on the farmed land, this ½ interest would qualify for homestead as an extension of the homestead granted on the base parcel. This is the case because the ownership entity is the same for both. The ½ interest owned by the Donald H. Trust is treated differently, however, since it is owned by a different ownership entity. This is explained further below.

For this situation, we can reference the *"Determining if property qualifies for the agricultural homestead classification"* flowchart provided by the Minnesota Department of Revenue.

To answer your question, we must answer the following:

1. Is the property held under a trust? **Yes**
2. Is the property physically occupied by the grantor or surviving spouse of the grantor? **No**
3. Is the property physically occupied by a qualifying relative of the grantor? **No**
4. Is the agricultural property rented by an authorized entity of which the grantor or grantor's surviving spouse us a shareholder, member, or partner? **No**
5. Is the grantor, grantor's spouse, or sibling, child, grandchild, or parent of the grantor or grantor's spouse actively farming the ag property either on their own behalf or on behalf of an authorized entity of which they are a qualified person? **Yes**

Since we answered 'yes' to question number 5, all of the below requirements must be met in order to qualify for an actively farming homestead:

1. The ag property is at least 40 acres, including undivided government lots and correctional 40's. **Yes**
2. Neither the grantor nor his/her spouse claims another ag homestead in Minnesota. **No** (Marie already receives one full agricultural homestead on the base parcel).
3. Neither the grantor nor the person who is actively farming lives farther than four cities or townships from the ag property. **Unknown**- this information was not provided along with the question. For purposes of this letter, we will assume that the individuals who are actively farming do live within 4 cities or townships of the property.

4) The owner/occupant has an ITIN, and the non-owner spouse also has an ITIN. Does the property qualify for full homestead?
No, the property does not qualify for homestead. At least one owner/occupant must have a Social Security Number.

You also provided us with the following two questions:

1) A husband and wife are both on the title. They are getting a divorce.
The husband moved out and purchased a new house with no proof of divorce. Does this mean both couples will get 50% homestead credit or does the wife get 100% and husband gets 50%?

2) A couple is married but the husband is the only one on the title for their home. The wife moved out because they are thinking about getting a divorce (with no proof of divorce proceedings for the county assessor), and the wife purchased a new home. How should homestead be applied?

Minnesota Statutes, section 273.124, subdivision 1, clause (e) reads:

> *"e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to:* ***(1) marriage dissolution proceedings, (2) legal separation,*** *(3) employment or self-employment in another location, or (4) other personal circumstances causing the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes. To qualify under clause*
> *(3), the spouse's place of employment or self-employment must be at least 50 miles distant from the other spouse's place of employment, and the homesteads must be at least 50 miles distant from each other. Homestead treatment, in whole or in part, shall not be denied to the owner's spouse who previously occupied the residence with the owner if the absence of the owner is due to one of the exceptions provided in this paragraph [emphasis added]."*

If a couple chooses, by mutual agreement, to separate but do not **legally** separate or seek dissolution of their marriage, a property owned and occupied by either spouse is eligible for only 50 percent homestead based on the spouse that occupies it. If, however, the couple are **legally** separated or have started divorced proceedings, each spouse may be eligible for full homestead treatment on their principle places of residence.

In other words, based on the information you provided in both situations, it has not been verified whether divorce proceedings have begun, therefore each spouse would get a maximum 50% homestead. One final note, no matter how a property is titled, whether in one name or both, a married couple is considered one entity for property tax purposes.

If you have any other questions or concerns please direct them to proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

October 25, 2012

Doreen Pehrson
Nicollet County Assessor
dpehrson@co.nicollet.mn.us

Dear Ms. Pehrson:

Thank you for your question concerning trust owned agricultural property. You have presented us with the following scenario:

> A farm property is transferred to two trusts. One-half interest in the property is held by the John D. Trust with John D. being the grantor; the other one-half interest is held by the Jane D. Trust with Jane D. being the grantor. John D. and Jane D. are married. All parcels including the base are titled this way. Both grantors live on the base parcel. You have asked, if one of the grantors dies, will the property still qualify for a full homestead?

The property in question is held by two separate trusts and is receiving a full homestead as 50 percent John D. Trust homestead and 50 percent Jane D. Trust homestead. The properties are not being "linked"; it is simply the fact that the each trust owns part of the base parcel and each trust is eligible for 50 percent homestead on that base parcel. Each trust is also eligible to extend their 50 percent ownership on the base parcel to any other agricultural parcels under the same ownership. This effectively gives the properties that are owned 50 percent by the John D. Trust and 50 percent by the Jane D. Trust a 100 percent homestead.

If one of the spouses/grantors were to pass away, the properties would continue to receive full homestead as long as all other agricultural homestead requirements are met (e.g. actively farmed by a qualifying person, 40 acres in size, etc.). The property's homestead is granted in the name of the trust, even though the grantor is deceased. The trust paying the property taxes will benefit from the reduced class rate.

If you have any additional questions please do not hesitate to contact the Property Tax Division of the Minnesota Department of Revenue at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

As shown, the above 3 qualifications are not all met. Therefore, the land in question does not qualify for an actively farming homestead, as the surviving spouse of the grantor claims a homestead on the property already.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

Property Tax Division
600 North Robert Street
Mail Station 3340
St. Paul, MN 55146

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MINNESOTA · REVENUE

October 26, 2012

Cynthia Blagsvedt
Fillmore County Assessor
cblagsvedt@co.fillmore.mn.us

Dear Ms. Blagsvedt:

Thank you for your recent email to the Property Tax Division regarding homesteads and properties owned by life estates. You had referenced a statement I had made at MAAO Fall Conferences regarding life estates. The seminar at Fall Conferences focused on trusts and similar ownership entities, and life estates were briefly included as part of the discussion. As part of misunderstanding and miscommunications within the Department of Revenue, I incorrectly stated as part of that seminar that life estates are to be treated as entities for purposes of granting homestead. I have since had the opportunity to clarify and correct this with our Legal Services Division.

As has been our policy in the past, life estates are not to be treated as entities similar to trusts for homestead purposes. Life estates carry similar "rules" for granting homestead (e.g., the grantor of the life estate as qualifying for homestead) but are not synonymous or consistent with trusts for purposes of property tax administration.

I apologize for the miscommunication at the trust seminar. As far as we are aware, none of our current documentation (bulletins, manuals, etc.) contains this error, and should reflect our standing and correct policy. If you do determine that any of our correspondence conflicts with this, please let us know and we will diligently correct such correspondence. Please also contact us via proptax.questions@state.mn.us if you have additional questions. Thank you.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

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October 3, 2012

Kathy Hillmer
Redwood County Assessor
kathy_h@co.redwood.mn.us

Dear Ms. Hillmer:

Thank you for your question submitted to the Property Tax Division regarding a course on trust homesteads. For this course, the following scenario was presented:

Justin Bieber and Selena Gomez got married. They moved to Minnesota and bought 9 sections of land in joint tenancy. They established residency as husband and wife. They occupy the property but do not farm it. All tracts are 160 acres of 2a farm land. They were advised to put some of the land into a trust. Justin and Selena put 6 of the 9 parcels into 4 different trusts (they are the grantors of all four trusts) and kept some in individual ownership:

Parcel 1: 50% Selena Gomez Trust & 50% Justin Bieber Trust
Parcel 2: Selena Gomez Trust
Parcel 3: Justin Bieber Trust
Parcel 4: Selena Gomez & Justin Bieber Marital Trust
Parcel 5: Bieber-Gomez Family Trust
Parcel 6: 50% Selena Gomez Trust & 50% Justin Bieber Trust
Parcel 7: Selena Gomez & Justin Bieber, as JT
Parcel 8: Selena Gomez
Parcel 9: Justin Bieber

We have highlighted the ownership entities in the two groups mentioned: those that are owned by entities (trusts) and those that are owned by individuals. Again, the ownership type of the base parcel will be of particular importance.

Based on the information above, a set of scenarios were presented. You are asking for an explanation as to how net tax capacities are calculated for each scenario. Each scenario will be discussed separately in turn. I have attached, for your reference, the original letter that explains, in depth, the homestead determinations for each parcel. As you will notice, each scenario includes a diagram of the parcels for easier understanding. Within these diagrams, the HGA is identified and the percentage of homestead per parcel is indicated. For simplification purposes, we will assume that each parcel's land EMV is $100,000 and each HGA has an additional EMV of $76,000.

Scenario 1: Selena Gomez and Justin Bieber occupy a house on parcel 1.

P1 HGA 100%	P2 50%	P3 50%	P4	P5	P6 100%	P7 100%	P8 50%	P9 50%

To calculate the net tax capacity of this property, we must begin by calculating the Homestead Market Value Exclusion (HMVE) for the HGA. Since the HMVE only applies to the HGA, we only need to calculate for the HGA amount of parcel 1:

P1: EMV up to $76,000 x 40% = $30,400; HMVE = $30,400

Next, we will determine the taxable market value (TMV) of each parcel:

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P1: $145,600 (as shown below)
$76,000-$30,400 (HMVE) = $45,600 value of HGA
$100,000 additional land value
$45,600 + $100,000 = $145,600 total TMV
P2: $100,000
P3: $100,000
P4: $100,000
P5: $100,000
P6: $100,000
P7: $100,000
P8: $100,000
P9: $100,000

Next we will multiply each TMV by the proper classification rate to arrive at the net tax capacity (NTC) of each parcel:

P1: HGA $45,600 x 1.00% = $456
Land $100,000 x .50% = $500
Total NTC: $456 +500 = **$956**
P2: $100,000 x 50% = $50,000 [One-half qualifies for homestead; one-half is non-homestead]
$50,000 x .50% = $250
$50,000 x 1.00% = $500
$250 + $500 = **$750**
P3: $100,000 x 50% = $50,000 [One-half qualifies for homestead; one-half is non-homestead]
$50,000 x .50% = $250
$50,000 x 1.00% = $500
$250 + $500 = **$750**
P4: $100,000 x 1.00% = **$1,000**
P5: $100,000 x 1.00% = **$1,000**
P6: $100,000 x .50% = **$500**
P7: $100,000 x .50% = **$500**
P8: $100,000 x 50% = $50,000 [One-half qualifies for homestead; one-half is non-homestead]
$50,000 x .50% = $250
$50,000 x 1.00% = $500
$250 + $500 = **$750**
P9: $100,000 x 50% = $50,000 [One-half qualifies for homestead; one-half is non-homestead]
$50,000 x .50% = $250
$50,000 x 1.00% = $500
$250 + $500 = **$750**

Total net tax capacity for scenario 1: **$6,956**

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Scenario 2: Selena Gomez and Justin Bieber occupy a house on parcel 2

P1	P2 HGA	P3	P4	P5	P6	P7	P8	P9
50%	100%				50%	50%	100%	

To calculate the net tax capacity of this property, we must begin by calculating the Homestead Market Value Exclusion (HMVE) for the HGA. Since the HMVE only applies to the HGA, we only need to calculate for the HGA amount of parcel 2:

P2: EMV up to $76,000 x 40% = $30,400; HMVE = $30,400

Next, we will determine the taxable market value (TMV) of each parcel:

P1: $100,000
P2: $76,000-$30,400 (HMVE) = $45,600 + $100,000 = $145,600
P3: $100,000
P4: $100,000
P5: $100,000
P6: $100,000
P7: $100,000
P8: $100,000
P9: $100,000

Next we will multiply each TMV by the proper classification rate to arrive at the net tax capacity (NTC) of each parcel:

P1: $100,000 x 50% = $50,000
$50,000 x .50% = $250
$50,000 x 1.00% = $500
$250 + $500 = **$750**
P2: $45,600 x 1.00% = $456
$100,000 x .50% = $500
$456 + $500 = **$956**
P3: $100,000 x 1.00% = **$1,000**
P4: $100,000 x 1.00% = **$1,000**
P5: $100,000 x 1.00% = **$1,000**
P6: $100,000 x 50% = $50,000
$50,000 x .50% = $250
$50,000 x 1.00% = $500
$250 + $500 = **$750**
P7: $100,000 x 50% = $50,000
$50,000 x .50% = $250
$50,000 x 1.00% = $500
$250 + $500 = **$750**
P8: $100,000 x .50% = **$500**
P9: $100,000 x 1.00% = **$1,000**

Total net tax capacity for scenario 2: **$7,706**

Continued…

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Scenario 3: Selena Gomez and Justin Bieber occupy a house on parcel 4

P1	P2	P3	P4 HGA 100%	P5	P6	P7 100%	P8 50%	P9 50%

To calculate the net tax capacity of this property, we must begin by calculating the Homestead Market Value Exclusion (HMVE) for the HGA. Since the HMVE only applies to the first HGA, we only need to calculate for the HGA amount of parcel 4:

P4: EMV up to $76,000 * 40% = $30,400; HMVE = $30,400

Next, we will determine the taxable market value (TMV) of each parcel:

P1: $100,000
P2: $100,000
P3: $100,000
P4: $76,000-$30,400 (HMVE) = $45,600 + $100,000 = $145,600
P5: $100,000
P6: $100,000
P7: $100,000
P8: $100,000
P9: $100,000

Next we will multiply each TMV by the proper classification rate to arrive at the net tax capacity (NTC) of each parcel:

P1: $100,000 x 1.00% = **$1,000**
P2: $100,000 x 1.00% = **$1,000**
P3: $100,000 x 1.00% = **$1,000**
P4: $45,600 x 1.00% = $456
$100,000 x .50% = $500
$456 + $500 = **$956**
P5: $100,000 x 1.00% = **$1,000**
P6: $100,000 x 1.00% = **$1,000**
P7: $100,000 x .50% = **$500**
P8: $100,000 x 50% = $50,000; $50,000 x .50% = $250; $50,000 x 1.00% = $500; $250 + $500 = **$750**
P9: $100,000 x 50% = $50,000; $50,000 x .50% = $250; $50,000 x 1.00% = $500; $250 + $500 = **$750**

Total net tax capacity for scenario 3: **$7,956**

 Continued…

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Scenario 4: Selena Gomez and Justin Bieber occupy a house on parcel 5

P1	P2	P3	P4	P5 HGA 100%	P6	P7 100%	P8 50%	P9 50%

To calculate the net tax capacity of this property, we must begin by calculating the Homestead Market Value Exclusion (HMVE) for the HGA. Since the HMVE only applies to the first HGA, we only need to calculate for the HGA amount of parcel 5:

P5: EMV up to $76,000 x 40% = $30,400; HMVE = $30,400

Next, we will determine the taxable market value (TMV) of each parcel:

P1: $100,000
P2: $100,000
P3: $100,000
P4: $100,000
P5: $76,000-$30,400 (HMVE) = $45,600 + $100,000 = $145,600
P6: $100,000
P7: $100,000
P8: $100,000
P9: $100,000

Next we will multiply each TMV by the proper classification rate to arrive at the net tax capacity (NTC) of each parcel:

P1: $100,000 x 1.00% = **$1,000**
P2: $100,000 x 1.00% = **$1,000**
P3: $100,000 x 1.00% = **$1,000**
P4: $100,000 x 1.00% = **$1,000**
P5: $45,600 x 1.00% = $456; $100,000 x .50% = $500; $456 + $500 = **$956**
P6: $100,000 x 1.00% = **$1,000**
P7: $100,000 x .50% = **$500**
P8: $100,000 x 50% = $50,000; $50,000 x .50% = $250; $50,000 x 1.00% = $500; $250 + $500 = **$750**
P9: $100,000 x 50% = $50,000; $50,000 x .50% = $250; $50,000 x 1.00% = $500; $250 + $500 = **$750**

Total net tax capacity for scenario 4: **$7,956**

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Scenario 5: Selena Gomez and Justin Bieber occupy a house on parcel 7

P1	P2	P3	P4	P5	P6	P7 HGA	P8	P9
100%	50%	50%	100%	100%	100%	100%	100%	100%

To calculate the net tax capacity of this property, we must begin by calculating the Homestead Market Value Exclusion (HMVE) for the HGA. Since the HMVE only applies to the first HGA, we only need to calculate for the HGA amount of parcel 7:

P7: EMV up to $76,000 * 40% = $30,400; HMVE = $30,400

Next, we will determine the taxable market value (TMV) of each parcel:

P1: $100,000
P2: $100,000
P3: $100,000
P4: $100,000
P5: $100,000
P6: $100,000
P7: $76,000-$30,400 (HMVE) = $45,600 + $100,000 = $145,600
P8: $100,000
P9: $100,000

Next we will multiply each TMV by the proper classification rate to arrive at the net tax capacity (NTC) of each parcel:

P1: $100,000 x .50% = **$500**
P2: $100,000 x 50% = $50,000; $50,000 x .50% = $250; $50,000 x 1.00% = $500; $250 + $500 = **$750**
P3: $100,000 x 50% = $50,000; $50,000 x .50% = $250; $50,000 x 1.00% = $500; $250 + $500 = **$750**
P4: $100,000 x .50% = **$500**
P5: $100,000 x .50% = **$500**
P6: $100,000 x .50% = **$500**
P7: $45,600 x 1.00% = $456; $100,000 x .50% = $500; $456 + $500 = **$956**
P8: $100,000 x .50% = **$500**
P9: $100,000 x .50% = **$500**

Total net tax capacity for scenario 5: **$5,456**

Continued…

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Scenario 6: Selena Gomez and Justin Bieber occupy a house on parcel 8

P1	P2	P3	P4	P5	P6	P7	P8 HGA	P9
50%	100%		50%	50%	50%	100%	100%	100%

To calculate the net tax capacity of this property, we must begin by calculating the Homestead Market Value Exclusion (HMVE) for the HGA. Since the HMVE only applies to the first HGA, we only need to calculate for the HGA amount of parcel 8:

P8: EMV up to $76,000 x 40% = $30,400; HMVE = $30,400

Next, we will determine the taxable market value (TMV) of each parcel:

P1: $100,000
P2: $100,000
P3: $100,000
P4: $100,000
P5: $100,000
P6: $100,000
P7: $100,000
P8: $76,000-$30,400 (HMVE) = $45,600 + $100,000 = $145,600
P9: $100,000

Next we will multiply each TMV by the proper classification rate to arrive at the net tax capacity (NTC) of each parcel:

P1: $100,000 x 50% = $50,000; $50,000 x .50% = $250; $50,000 x 1.00% = $500; $250 + $500 = **$750**
P2: $100,000 x .50% = **$500**
P3: $100,000 x 1.00% = **$1,000**
P4: $100,000 x 50% = $50,000; $50,000 x .50% = $250; $50,000 x 1.00% = $500; $250 + $500 = **$750**
P5: $100,000 x 50% = $50,000; $50,000 x .50% = $250; $50,000 x 1.00% = $500; $250 + $500 = **$750**
P6: $100,000 x 50% = $50,000; $50,000 x .50% = $250; $50,000 x 1.00% = $500; $250 + $500 = **$750**
P7: $100,000 x .50% = **$500**
P8: $45,600 x 1.00% = $456; $100,000 x .50% = $500; $456 + $500 = **$956**
P9: $100,000 x .50% = **$500**

Total net tax capacity for scenario 6: **$6,456**

We hope this information is useful to you and understand that determining the net tax capacity of these scenarios can be a complex task. If you need clarification of any calculations included in this letter, or have any other questions, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

November 6, 2012

Lynette Snare
Kittson County
lsnare@co.kittson.mn.us

Dear Ms. Snare:

Thank you for your question submitted to the Property Tax Division regarding homestead for properties owned by various trusts/life estates/individuals. You have provided the following scenarios and are looking for verification of the homestead amount you have listed for each parcel.

Before reviewing the scenarios presented, we will review the rules for homestead linkage. In order to be linked, the properties must first be owned by the exact same ownership entity. It is not appropriate to link properties where the ownership entities differ such as individually-owned parcels to corporate- or partnership-owned parcels. Of course there are exceptions to this rule:

1. The homestead of a base parcel owned and occupied by an individual may be linked to a parcel of property that the owner owns with other individuals;
2. The homestead of a base parcel owned and occupied by an individual may be linked to a parcel of property that is owned by a trust and the individual owners of the base parcel are the grantors of the trust-held property (and vice versa); and
3. In the case of married couples, properties that are held solely in the name of one spouse may be linked to parcels that are held solely by the other spouse and parcels that are titled in both names. This does not apply to any entities of which the husband and/or wife are both members. It only applies to parcels owned by natural people.

Parcel ownership

Parcel #1 John Smith Trust (John Smith, grantor)
Parcel #2 John Smith and June Smith Marital Trust (John Smith and June Smith, grantors)
Parcel #3 Life Estate in John Smith
Parcel #4 John Smith, individually
Parcel #5 John Smith and June Smith, as individuals
Parcel #6 Transfer on Death Deed - John Smith, Grantor

<u>Homestead established at Parcel #1:</u>

If the homestead was established at parcel 1, homestead would be granted in the following manner:

Parcel #1 **Base parcel - 100% homestead**
Parcel #2 No homestead (cannot link entity to entity)
Parcel #3 100% homestead (Trust can link to property owned individually by the grantor of the trust)
Parcel #4 100% homestead (Trust can link to property owned individually by the grantor of the trust)
Parcel #5 50% homestead (Trust can link to property owned individually by the grantor; the grantor is 50% owner of parcel #5)
Parcel #6 100% homestead (Trust can link to property owned individually by the grantor)

<u>Base Parcel #2:</u>

If homestead is established at parcel 2, homestead would be granted in the following manner:

Parcel #1 No homestead (entity to entity)
Parcel #2 **Base parcel- 100% homestead**
Parcel #3 50% homestead (Trust can link to property owned individually by the grantor; John Smith is 50% of the grantors of the trust that has homesteaded Parcel 2)
Parcel #4 50% homestead (Trust can link to property owned individually by the grantor; John Smith is 50% of the grantors of the trust that has homesteaded Parcel 2)

Parcel #5 100% homestead (Trust can link to property owned individually by the grantors – 50% for John Smith and 50% for June Smith)
Parcel #6 50% homestead (Trust can link to property owned individually by the grantor; John Smith is 50% of the grantors of the trust that has homesteaded Parcel 2)

Base Parcel #3:
If homestead is established at Parcel 3, homestead would be granted in the following manner:
Parcel #1 100% homestead (Trust can link to property owned individually by the grantor)
Parcel #2 50% homestead (Trust link to property owned individually by the grantor; John Smith is 50% of the grantors of this trust)
Parcel #3 **Base parcel- 100% homestead**
Parcel #4 100% homestead (Life Estate as individual ownership linked to individual ownership)
Parcel #5 100% homestead (base parcel is in individual ownership; may be linked to parcels owned by that individual and his/her spouse)
Parcel #6 100% homestead (Life estate as individual ownership can link to transfer on death deed as individual ownership)

Base Parcel #4:
If homestead is established at Parcel 4, homestead would be granted in the following manner:
Parcel #1 100% homestead (individual to trust)
Parcel #2 50% homestead (individual to trust of which John is 50% of grantors)
Parcel #3 100% homestead (Life estate as individual ownership to individual)
Parcel #4 **Base parcel- 100% homestead**
Parcel #5 100% homestead (individual to individuals who are spouses)
Parcel #6 100% homestead (individual to transfer on death deed as individual ownership)

Base Parcel #5:
If homestead is established at Parcel 5, homestead would be granted in the following manner:
Parcel #1 50% homestead (individual to trust; John is 50% owner of the base parcel and grantor of this trust)
Parcel #2 100% homestead (individual to trust that has the same grantors as the base parcel)
Parcel #3 100% homestead (Life estate as individual ownership to property owned by the individuals and his/ her spouse)
Parcel #4 100% homestead (individuals to property owned by the individual and his/her spouse)
Parcel #5 **Base parcel- 100% homestead**
Parcel #6 100% homestead (property owned by transfer on death deed as individual ownership to property owned by that individual and his/her spouse)

Base Parcel #6:
If homestead is established at Parcel 6, homestead would be granted in the following manner:
Parcel #1 100% homestead (transfer on death deed as individual ownership to a trust where that individual is grantor)
Parcel #2 50% homestead (transfer on death deed as individual ownership to trust; John is 50% of grantors of this trust)
Parcel #3 100% homestead (transfer on death deed as individual to life estate as individual)
Parcel #4 100% homestead (transfer on death deed as individual to individual)
Parcel #5 100% homestead (transfer on death deed as individual to property owned by that individual and his/her spouse)
Parcel #6 **Base parcel- 100% homestead**

After completing review of the above scenarios, we believe the confusion is in regard mostly to the life estate and transfer upon death deed ownerships. In determining the homestead status of a property, life estates and transfer upon death deeds do not affect homestead eligibility of the individual who continues to own and occupy the

property. This is because the ownership of the property is still with the individual until the terms of the life estate or transfer on death deed are met. Life estates and transfer upon death deeds are arrangements made on the property prior to an owner's death and determine what will happen to the ownership of the property once the owner is deceased. These are not considered entities as they are not trusts; therefore, these properties are considered as being owned by an individual for determining homestead on a property and linking eligibility.

If you have any other questions, please feel free to contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

November 14, 2012

Lynette Snare
Kittson County Assessor's Office
lsnare@co.kittson.mn.us

Dear Ms. Snare:

Thank you for your question submitted to the Property Tax Division regarding the linking of trust properties. You have provided the following scenario: A property in your county is classified as agricultural homestead. This base parcel is owned individually by John Doe. You currently have on file an Application *for Owner Occupied Homestead Classification.*

On November 26, 2011, John Doe received, by Trustee's Deed, real estate from his parents that is conveyed to "John Doe, or his successor, as Trustee of the John Doe Irrevocable Trust dated November 26, 2011". John Doe is the grantor of this trust. Currently, homestead is being linked from his individual base parcel homestead to his trust owned parcels.

You are asking the following question: What requirements need to be met to grant the linking of homestead to these trust parcels in this type of linkage? Since you are not requesting any type of new application for homestead, you are assuming that you would still have to request a copy of the trust document to have in your file to make certain who the grantor is, the grantor's signature, and the date of the signature.

According to Minnesota Statutes 273.124, subd.1:

> *"The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status."*

According to this statute, anything listed under subdivision 13 that is deemed necessary for proof of homestead status may be requested at any time. This may be county specific as to what is required to verify homestead status, as the Department of Revenue does not have certain requirements because these forms are processed at the county level.

It is recommended, however, that you have the individual fill out the *Application for Homestead Classification for Property Held under a Trust*. This document requests that the certificate of trust accompany the application.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

Property Tax Division
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November 28, 2012

Lynette Snare
Kittson County Assessor
lsnare@co.kittson.mn.us

Dear Ms. Snare:

Thank you for your question concerning trust-owned agricultural property. You have provided us with the following scenario:

> The base parcel is owned individually by John Doe and is occupied by John Doe. He also extends homestead to other farmland owned in his individual name. His wife created a trust of which she is the sole grantor and conveyed her farmland to this trust. The wife is now deceased. The trust is still in place.
>
> You have asked, can John Doe link his individual homestead to the property in his deceased wife's trust since he is the surviving spouse of the grantor?

As you know, it is not appropriate to link properties where the ownership entities differ. There are, however, exceptions to this rule:

- The homestead of a base parcel which is owned and occupied by an individual may be linked to a parcel of property that the owner owns with other individuals.
- An individually-owned parcel may be linked to a trust-held parcel if the owners of the individually-owned parcel are the grantors of the trust that holds another parcel.
- In the case of married couples, properties that are solely held in the name of one spouse may be linked to parcels that are solely held by the other spouse, and/or parcels that are titled in both names. This does not apply to parcels held by an entity of which the husband and/or wife are members. It only applies to parcels owned by natural people.

As the surviving spouse of the grantor of the trust, John Doe would be eligible to receive homestead on the property owned by his deceased wife's trust. However, in the scenario you have outlined, John Doe is already receiving an agricultural homestead as an individual. Therefore, John Doe cannot receive another agricultural homestead and cannot link his individually owned property to the property owned by his wife's trust, which is a separate and different entity.

If you have any additional questions please do not hesitate to contact the Property Tax Division of the Minnesota Department of Revenue at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

October 30, 2012

Lori Schwendemann
County Assessor
Lac qui Parle County
lori.schwendemann@lqpco.com

Dear Ms. Schwendemann:

Thank you for your question submitted to the Property Tax Division regarding trusts. You have provided the following scenario:

A wife puts a base 160-acre agricultural property into her trust. She also has an additional 160 acres in her trust. She receives homestead on this property. The husband has 160 acres in his trust. He cannot link his trust's homestead to his wife's trust.

You are asking the following: Can the husband's trust receive an actively farming agricultural homestead on his 160 acres?

To answer this question, we refer to the *Determining if property qualifies for the agricultural homestead classification* flowchart provided by the Property Tax Division.

To begin, we have identified that the husband's property is owned by a trust, of which the husband is the sole grantor. To initially qualify for an actively farming agricultural homestead, the following must be addressed:

- The property is physically occupied by the grantor or surviving spouse of the grantor- **NO**
- The property is physically occupied by a qualifying relative of the grantor- **NO**
- The ag property is rented by an authorized entity of which the grantor or grantor's surviving spouse is a shareholder, member or partner- **NO**
- The grantor, grantor's spouse or sibling, child grandchild, or parent of the grantor or grantor's spouse actively farms the ag property either on their own behalf or on behalf of an authorized entity of which they are a qualified person- **YES**

Now that we have determined that last item above is true in this situation, **ALL** of the following requirements must be met in order for the husband's property to qualify for an actively farming homestead:

- The ag property is at least 40 acres, including undivided government lots and correctional 40's- **YES**
- Neither the grantor nor his/her spouse claims another ag homestead in Minnesota- **NO**
- Neither the grantor nor the person who is actively farming lives farther than four cities or townships from the ag property.- **YES**

Since the grantor's wife currently receives an agricultural homestead on her trust's property, this property does not qualify for an actively farming agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

November 30, 2012

Lynette Snare
Kittson County Assessor's Office
lsnare@co.kittson.mn.us

Dear Ms. Snare:

Thank you for your question submitted to the Property Tax Division regarding agricultural land held in a trust in your county. You provided information related to various trust ownership scenarios and transfers of ownership.

The ownership of the properties was very unclear. In order to answer this question accurately, you must first determine who/which entity actually owns each parcel of property. Without knowing who legally owns each property, we are unable to give you an accurate answer. What we can tell you regarding the situation presented is that trusts are separate entities for property tax purposes and all agricultural land held under the same trust (entity) can be linked for homestead. Once the ownership of each parcel is determined, by requesting all documentation that you deem necessary to verify ownership, you can determine agricultural homestead by following the Property Tax Division's *Determining if Property Qualifies for the Agricultural Homestead Classification* flow chart.

You have also provided the following question:

"Let's say the same land and trusts as above is now owned in Mrs. John Doe's name individually. Since she is not the grantor to the original trust, the John Doe Trust, would she be able to link her individual base parcel to any of the trust properties?"

If some of the parcels are owned by Mrs. John Doe individually and some are owned by the John Doe Trust, these parcels cannot be linked because Mrs. John Doe is not the grantor of the trust, and her individual ownership would not link to another trust entity of which she is not the grantor.

You will be able to determine homestead eligibility when you determine the legal ownership information for the parcels. We advise that you work with your county attorney to determine ownership and homestead eligibility along with the *Determining if Property Qualifies for the Agricultural Homestead Classification* flow chart to arrive at an answer.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

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MINNESOTA · REVENUE

April 15, 2013

Rita Treml
Brown County Assessor's Office
Rita.Treml@co.brown.mn.us

Dear Ms. Treml:

Sherri Kitchenmaster forwarded your question to the Information and Education section regarding an agricultural homestead situation in your county. You provided the following: A trust owns farm land that was once farmed but is now in CRP or CREP; they are not required to register with the Minnesota Department of Agriculture (you have confirmed this with the MDA). The property is occupied by the grantor of the trust. You have asked for our opinion as to whether the property would qualify for agricultural homestead.

While in most cases, trusts are required to be registered under section 500.24 in order to be eligible for homestead, the trust in this case has been deemed in compliance and not required to file with MDA. Because you have verified this information, homestead may be granted to the property because it is occupied by the grantor of the trust. Additionally, if the property meets the requirements for agricultural classification under section 273.13 (e.g., the property has at least 10 contiguous acres enrolled in a qualifying easement program), then the entire property would be considered an agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

C: Sherri Kitchenmaster, Property Tax Compliance Officer

MINNESOTA · REVENUE

May 10, 2013

Robin Johnson
McLeod County Assessor's Office
Robin.johnson@co.mcleod.mn.us

Dear Ms. Johnson:

Thank you for submitting your question to the Property Tax Division regarding linking agricultural property. You have provided the following:

> Parcel A is located in Sibley County in the name of the Buck Credit Shelter Trust. The grantor of the trust is the Maurice Buck Trust. Mary Ann Buck is the surviving spouse of Maurice Buck. Parcel B is located in McLeod County in the name of MMC, LLC. The MMC, LLC consists of three sisters; Mary Ann, Myra and Carol. As of January 18, 2013 the entity is registered with the Department of Agriculture as a Family Farm Corporation. The grantor of Mary Ann's share is the Mary Ann Buck Revocable Trust.

You would like to know if parcel A can be linked to Mary Ann's share of parcel B.

As stated in the Property Tax Administrator's Manual, *Module 4 – Homesteads*: "[P]roperties held by different entities **cannot** be linked together, nor can the homestead be carried over from one entity to another."

Exceptions to this are limited to:

- Base parcel owned by individual can be linked to a parcel owned by individual and other individuals
- Base parcel owned by individual can be linked to a parcel owned by a trust where the same owner is the grantor
- Base parcel owned by one spouse can be linked to a parcel owned by the other spouse (no entities)

Because the situation outlined above is not one of those exceptions, it would be inappropriate to link parcel A to parcel B. The properties cannot be linked because they are not owned by the exact same ownership entity.

If you have any further questions, please contact our division at proptax.question@state.mn.us.

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

May 31, 2013

Amanda Lee
Mower County Assessor's Office
amandalee@co.mower.mn.us

Dear Ms. Lee:

Thank you for submitting your question to the Property Tax Division regarding a trust homestead situation in your county. You have provided the following:

> A property in your county is owned by a husband and wife. The couple deeded the property to the wife's trust only. You would like to know what percentage of homestead this property qualifies for.

Property held by a trustee under a trust may be eligible for homestead if all other requirements are met. In such cases, the grantor of the trust is considered to be the "owner" of the property for homestead purposes. Thus, if the grantor occupies the trust-held property, it would be considered to be an owner-occupied homestead (either agricultural or residential). For the situation you have outlined, we are assuming that the sole grantor of the trust is the wife.

In the situation you have outlined, we assume the property is occupied by the grantor and the grantor's spouse, and is therefore eligible for a full owner-occupied homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
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MINNESOTA · REVENUE

June 28, 2013

Jeanne Runge
Martin County Assessor's Office
Jeanne.runge@co.martin.mn.us

Dear Ms. Runge:

Thank you for submitting your question to the Property Tax Division regarding a special agricultural homestead situation in your county. You have provided the following: In your county, you have a 155-acre parcel that is owned by a trust. The grantor of the trust is deceased, and there is no surviving spouse. The grantor's son is farming the parcel, and he lives in a residential parcel in the same township.

You would like to know if this parcel will continue to qualify for a special agricultural homestead.

For this situation, we can reference the *"*Determining if property qualifies for the agricultural homestead classification*"* flowchart provided by the Minnesota Department of Revenue.

To answer your question, we must answer the following:

1. **Who owns the property?** The property is owned by a trust.
2. **Is the property physically occupied by the grantor or surviving spouse of the grantor of the trust?** No
3. **Is the property physically occupied by a qualifying relative of the grantor?** No
4. **Is the agricultural property leased to an authorized entity of which the grantor or grantor's surviving spouse is a shareholder, member, or partner?** No
5. **Is the grantor, grantor's spouse, or a sibling, child, grandchild, or parent of the grantor or grantor's spouse actively farming the ag property either on their own behalf or on behalf of an authorized entity of which they are a qualified person?** Yes, the grantor's son is farming the land.

Since we answered "yes" to question number 5, all of the below requirements must be met in order to qualify for an actively farming homestead:

1. **The ag property is at least 40 acres, including undivided government lots and correctional 40's.** This requirement is met, as the property is 155 acres.
2. **Neither the grantor nor his/her spouse claims another ag homestead in Minnesota**. This requirement is met.
3. **Neither the grantor nor the person who is actively farming lives farther than four cities or townships from the agricultural property.** Yes, the son lives in the same township on a residential parcel.

The above 3 qualifications are all met. Therefore, the land in question does qualify for a special agricultural homestead. The property's homestead is granted in the name of the trust, even though the grantor is deceased, and will continue to receive full homestead as long as all other agricultural homestead requirements continue to be met. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

July 10, 2013

Kathy Hillmer
Redwood County Assessor's Office
Kathy_h@co.redwood.mn.us

Dear Ms. Hillmer:

Thank you for submitting your question to the Property Tax Division regarding a special agricultural homestead. You have provided the following: In your county, you have an agricultural parcel owned by a trust. The grantor of the trust is deceased, and the surviving spouse is now remarried. The grantor's son is farming the parcel, and he lives in the same township

You would like to know if this parcel will qualify for a special agricultural homestead.

For this situation, we reference the *"*Determining if property qualifies for the agricultural homestead classification*"* flowchart provided by the Minnesota Department of Revenue.

To answer your question, we must address the following:

1. **Who owns the property?** The property is owned by a trust
2. **Is the property physically occupied by the grantor or surviving spouse of the grantor of the trust?** No
3. **Is the property physically occupied by a qualifying relative of the grantor?** No
4. **Is the agricultural property leased to an authorized entity of which the grantor or grantor's surviving spouse is a shareholder, member, or partner?** No
5. **Is the grantor, grantor's spouse, or a sibling, child, grandchild, or parent of the grantor or grantor's spouse actively farming the ag property either on their own behalf or on behalf of an authorized entity of which they are a qualified person?** Yes, the grantor's son is farming the land on his own behalf.

Since we answered "yes" to question number 5, all of the below requirements must be met in order to qualify for an actively farming special agricultural homestead:

1. **The ag property is at least 40 acres, including undivided government lots and correctional 40's.** This is unknown, but we are assuming that the parcel is at least 40 acres.
2. **Neither the grantor nor his/her spouse claims another ag homestead in Minnesota**. We assume this requirement is met.
3. **Neither the grantor nor the person who is actively farming lives farther than four cities or townships from the agricultural property.** Yes, the son lives in the same township.

Assuming the above 3 qualifications are met, this parcel would qualify for a special agricultural homestead. The property's homestead is granted in the name of the trust, even though the grantor is deceased, and will continue to receive full homestead as long as all other agricultural homestead requirements continue to be met. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

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MINNESOTA · REVENUE

July 18, 2013

Bonnie J. Crosby
Chippewa County Assessor's Office
Bcrosby@co.chippewa.mn.us

Dear Ms. Crosby:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead.

Scenario: A deceased man's property is in a trust, and his son farms it. The deceased man's widow is remarried and has a life estate on her individually owned property. Her grandson farms her land and she receives a special agricultural homestead on her land.

Question: Would both of these ownerships be eligible for a special agricultural homestead. Whose Social Security number would you enter for the trust property?

Answer: If all other requirements are met, the property held in trust remains eligible for special agricultural homestead even though the grantor is deceased. The son that is actively farming the property would supply his SSN on the special agricultural homestead application or a tax ID number of the trust, if available. The deceased man's widow has remarried, and owns property under separate ownership, which is eligible for special agricultural homestead if all other requirements are met. The two properties are treated separately as they are under different ownership.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

August 1, 2013

Joyce Schmidt
Pipestone County Assessor
joyce.schmidt@co.pipestone.mn.us

Dear Ms. Schmidt:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead.

Scenario: An agricultural base parcel consisting of 160 acres is held 50% by a husband's living trust; and 50% by a wife's living trust. The husband and wife live on the parcel. They also own three other 160-acre agricultural parcels which are titled exactly like the base parcel.

The husband has now passed away and his trust property is transferred to the Husband's Family Trust which was created in his will, so he is the grantor of the new trust. The wife is still living on the base parcel.

Question: Because the spouse of the grantor resides on the base parcel, can the 50% owned by the Husband's Family Trust be linked in with the Wife's Trust and receive a full homestead on the base parcel? Would it be a 50/50 homestead on all of the parcels?

Answer: The base parcel may receive a full agricultural homestead: 50% Wife's Trust homestead and 50% Husband's Family Trust homestead. The properties are not being "linked"; it is simply the fact that the wife's occupancy qualifies both "owners" for homestead on the base parcel. Each "owner" is also eligible to extend the 50% homestead on the base parcel to any other agricultural parcels under the same ownership. This effectively gives all of the properties within four cities or townships that are owned by the exact same ownership as the base parcel (50% by Wife's Trust and 50% by the Husband's Family Trust) a 100% homestead.

The fact that the husband (the grantor of the Husband's Family Trust) has passed away does not affect the homestead status because the property is occupied by his surviving spouse.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

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MINNESOTA · REVENUE

August 21, 2013

Dean Champine
Lyon County Assessor
DeanChampine@co.lyon.mn.us

Dear Mr. Champine:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead.

Question: Once occupancy and homestead are established on agricultural land owned by an entity subject to Minnesota Statute 500.24, do counties need to check with the Minnesota Department of Agriculture (MDA) for continued certification per Minnesota Statute 500.24 ? If the counties are required to check with the MDA and it is determined that the property didn't re-register, should the agricultural homestead be removed?

Answer: Yes, counties should annually verify that these types of ownership entities continue to meet homestead requirements, one of which is annual certification with the Department of Agriculture. If the owners are found to be out of compliance with Minnesota Statute 500.24, then the homestead should be removed.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

November 4, 2013

Mark Vagts
Waseca County Assessor's Office
mark.vagts@co.waseca.mn.us .

Dear Mr. Vagts,

Thank you for submitting your question to the Property Tax Division regarding a trust-owned agricultural homestead.

Scenario:

- There is a 2a agricultural property located in your county that is owned by two trusts.
- Half is owned by "Brother Trust"; a brother is the grantor.
- The other half is owned by "Sister and Spouse Trust"; the sister and her spouse are the grantors.
- Brother occupies the property and does not claim another agricultural homestead.
- Sister and spouse live within 4 cities/townships of the property and do not claim another agricultural homestead.

Question 1: Is it correct that since the property is owned by two trusts, the homestead interest should be split?
Answer: Yes, it is correct that the homestead interest for this property is split in half, since there are two owners.

Question 2: If so, would the Brother Trust receive 50% agricultural homestead and the Sister and Spouse Trust receive 50% agricultural relative homestead?
Answer: According to the information you provided, it appears that this property would qualify for a full agricultural homestead: 50% agricultural homestead would be granted to the Brother Trust because the grantor occupies the property. The Sister and Spouse Trust would qualify for the other 50%, but that homestead could be either relative agricultural homestead or a special agricultural homestead. The property qualifies for a relative agricultural homestead because the property is occupied by a qualifying relative of the grantor of the trust. To determine if the property qualifies for a special agricultural homestead under the Sister and Spouse Trust, you must look at how the property is being farmed. If the brother is actively farming the property, then the half that is owned by the sister and spouse trust would qualify for a special agricultural homestead.

Question 3: If the property does qualify for a full homestead, is it correct to state that the property would be eligible for one full tier of homestead (maximum of $1.5 million value at .5%), one market value exclusion for the HGA (maximum at $30,400), and one agricultural homestead credit up to a maximum of $345?
Answer: Since the property does qualify for 100% agricultural homestead, it is correct that the property would be eligible for the full tier of homestead, a market value exclusion for the HGA, and one agricultural homestead credit.

More information can be found in the Property Tax Administrator's Manual, *Module 4 – Homesteads*, available at: http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx

If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

January 23, 2014

Rita Treml
Brown County Assessor's Office
Rita.Treml@co.brown.mn.us

Dear Ms. Treml,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You recently received a response from us regarding your agricultural homestead questions and you now have some additional clarification questions. After reviewing your follow up questions and our original response it has come to our attention that our guidance in the original letter was incorrect. We apologize for any confusion this might have caused. Below is the information you provided in your original question to the Property Tax Division followed up by the correct answers.

Scenario:

- **Parcel #1** – Owned by an individual (who is widower of the grantor of the trust that owns parcel 2); occupied and farmed by the individual's son
- **Parcel #2** – Owned by a testamentary trust (the grantor is deceased; the owner of parcel 1 is the grantor's widow); it is our assumption that the property is not occupied; farmed by the grantor's son
- **Parcel #3** – Owned by the widower of the grantor and his new wife as joint tenants
- **Parcel #4** – Same ownership as parcel 1
- The owner of parcels 1, 3, and 4 lives in town and has a residential homestead. It is our assumption that all parcels are within four cities and townships of each other **and** the individual's residential homestead.

Question: The base parcel receives an agricultural relative homestead, so Parcels 1, 3 and 4 can be linked up; however, you are unsure about the testamentary trust. Can Parcel 3, owned by the deceased spouse/mother's testamentary trust receive agricultural homestead?

Answer: Our original answer stated that Parcel 2 would qualify for an agricultural homestead because a relative of the grantor was actively farming the property. It is correct that there is a qualifying relative actively farming the property but this property does **not** qualify for an agricultural homestead because the grantor's spouse/widow is already claiming another agricultural homestead in MN. Since the trust owns the property, a spouse of the grantor remains as" the spouse" whether the grantor is alive or deceased. Once the trust disseminates and the ownership changes then the homestead status of the property would change.

If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

March 21, 2014

Gale Bondhus
Cottonwood County Assessor's Office
gale.bondhus@co.cottonwood.mn.us

Dear Ms. Bondhus,

Thank you for contacting the Property Tax Division regarding trust-owned property that must be registered with the Department of Agriculture.

Scenario:
Cottonwood County has a few questions regarding trusts that were created in the 1990s but were not deeded/recorded as the owner of the property until after May 16, 2000. Law states that trusts created after May 16, 2000 would need to register with the Minnesota Department of Agriculture (MDA). In the majority of cases, agricultural homestead may not be granted until the trust is registered with the MDA.

Question:
Would a trust that was created **prior** to May 16, 2000 need to register with the MDA if the trust was deeded ownership and/or acquired additional property **after** the May 16, 2000 date? Which date does the assessor need to look at when reviewing these trusts: the date the trust was created or the deed date?

Answer:
This question was reviewed by our attorneys as well as with the MDA and it has been determined the date the assessor needs to look at when reviewing the trust for agricultural homestead purposes is the created date. If a trust was created before May 16, 2000 and had an interest in ag land (directly or indirectly), then that trust **does not** need to be registered with the MDA. Those trusts do not need to be registered, even if the deed wasn't filed until after the May 16, 2000 date. This same theory applies to a trust that was created prior to May 16, 2000 and that trust acquired *additional* property after that effective date. Since the created date on the trust is before the effective date of May 16, 2000 the trust would not need to be registered with the MDA.

The assessor may not be aware that there was a trust with direct or indirect interest in the ag land until a deed was filed. However, once that deed is filed and the assessor is notified of the trust ownership, the assessor should review the trust to determine whether the trust needs to be registered with the MDA or not. Again, the only date the assessor should review is the date the trust was created. If it was prior to May 16, 2000 the assessor should not require that the trust register with the MDA for the property to receive ag homestead.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns we would highly recommend you contact Doug Spanier at the Department of Agriculture. You may also contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

June 10, 2014

Joyce Schmidt
Pipestone County Assessor's Office
joyce.schmidt@co.pipestone.mn.us

Dear Ms. Schmidt:

Thank you for submitting your question to the Property Tax Division regarding trust-held properties and homestead. You have provided the following scenario and question.

Scenario:
An agricultural base homestead parcel and other agricultural land parcels are held by the Mickey and Minnie Living Trust. The grantors of the trust are Mickey and Minnie; acting jointly and not separately. Recently, Mickey inherited two more parcels of agricultural land in his individual name.

Question:
Can the parcels inherited by Mickey be linked to those held by the Mickey and Minnie Living Trust?

Answer:
The two parcels inherited by Mickey can receive 50% homestead. Mickey and Minnie each receive 50% homestead on the base parcel as grantors of the Mickey and Minnie Trust, making it 100% homestead. Trust-held properties may be linked to other properties owned by the same individual grantor if properties are owned in the individual's name. Therefore, Mickey's individual parcels may receive 50% homestead because they can link to Mickey's 50% ownership interest in the homestead on the base parcel. This assumes that the additional parcels are within four cities, townships, or a combination thereof from the homestead parcel.

More information about linking trust-held properties can be found in the Property Tax Administrator's Manual, *Module 4- Homesteads* which can be found on our website at:
http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Hagen, State Program Administrator
Information and Education Section
Property Tax Division

Property Tax Division
600 North Robert Street
Mail Station 3340
St. Paul, MN 55146

Tel: 651-556-6099
Fax: 651-556-3128
TTY: Call 711 for Minnesota Relay
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MINNESOTA · REVENUE

July 2, 2014

Lyn Regenauer
Chisago County Assessor's Office
ljregen@co.chisago.mn.us

Dear Ms. Regenauer:

Thank you for submitting your question to the Property Tax Division regarding trust-held homesteads. You have provided the following questions.

Questions: Who signs the homestead application for trust-owned property? Is it the grantor if it is occupied by the grantor? Does a relative sign if it is occupied by a relative? What application is used?

Answer:
The Property Tax Administrator's Manual, *Module 4 – Homesteads*, addresses who signs the applications in the case of trust-owned property.

1. *The **grantor** of the trust completes the application if the property is held under a trust; AND the property is physically occupied by the grantor or surviving spouse of the grantor; AND neither the grantor nor his/her spouse claims another agricultural homestead in Minnesota. This is an owner (grantor)-occupied agricultural homestead.*
2. *The **qualifying relative** completes an application if the property is held under a trust; AND the property is occupied by a qualifying relative of the grantor (child, sibling, grandchild, or parent) or of the grantor's spouse (child, sibling, or grandchild); AND neither the owner, owner's spouse, nor qualifying relative or qualifying relative's spouse claims another agricultural homestead in Minnesota; AND there are no other agricultural relative homesteads for this family in Minnesota.*

In any case, the individual seeking homestead treatment (the grantor, the relative, the active farmer, etc.) must sign the application and meet all necessary requirements.

You may use either the standard homestead application or the appropriate special agricultural homestead application, depending on the situation at hand.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

Property Tax Division
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Mail Station 3340
St. Paul, MN 55146

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July 11, 2014

Kathy Hillmer
Redwood County Assessor's Office
Kathy_H@CO.REDWOOD.MN.US

Dear Ms. Hillmer,

Thank you for contacting the Property Tax Division regarding trust-owned property and actively farming agricultural homesteads. You provided us with the following information.

Scenario:

- A property is owned by a trust
- The grantors of the trust are deceased
- The property is not physically occupied by the grantor, surviving spouse, or qualifying relative
- The property is not rented to an authorized entity
- The property is being actively farmed by a qualifying relative
- The property is at least 40 acres
- The active farmer already receives an agricultural homestead in Minnesota
- It is unknown whether the active farmer lives within 4 cities or townships of the property

Question 1: When following the "Determining if a property qualifies for agricultural homestead" flowchart, how do you answer the question: "Neither the grantor nor his/her spouse claim another ag homestead in MN" when both grantors are deceased?

Answer 1: When a property is owned by a trust, the grantors are considered the "owners" of the property for homestead purposes. Once the trust is no longer active or is dissolved, the ownership would change and the homestead status must be reviewed. According to the information you provided, it appears that the trust is still active and ownership has not changed.

Since the grantors of the trust are deceased, we would recommend that the homestead on the property remain the same as when the grantors were alive. The homestead should not change just because the grantors are deceased. The only time the homestead should be reviewed or changed is if the trust is no longer the owner. If both grantors are deceased, you can bypass that question on the flowchart and leave the homestead of the property as-is, as long as all other requirements are met.

Question 2: Who would receive the ag homestead for this property?

Answer 2: Since both grantors are deceased, the active farmer would complete and sign the application but the property receives homestead based on the trust, as long as the trust is still active and owner of the property. In the footnotes section of the flowchart, number 8 explains how the homestead should be granted when a grantor is deceased. The flowchart states: "*If the grantor is deceased, the property may still qualify for homestead to the benefit of the trust. The active farmer must sign the application, attesting that the requirements are factually met, but the homestead is given to the land owned by the trust.*"

It does not matter whether the active farmer has his own ag homestead because the homestead is not being granted to the farmer; it is being granted to the property. According to the information you provided, it appears this property qualifies for a full special agricultural homestead as long as the farmer lives within 4 cities or townships. If the farmer does not live within four cities or townships then this property would not qualify for a special agricultural homestead.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator Senior
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

August 5, 2014

Mark Vagts
Waseca County Assessor
mark.vagts@co.waseca.mn.us

Dear Mr. Vagts:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead.

Scenario: A widowed wife owns and lives on an 80-acre agricultural parcel she owns in her own name. When her husband passed away, his will put a contiguous agricultural parcel into a trust in which she and her son are the trustees. The deceased husband is the grantor of the trust.

Question: Is it appropriate to link the widowed wife's parcel to the trust parcel created upon her husband's death?

Answer: No, it would not be appropriate to extend the wife's homestead to the trust property. Although a surviving spouse of a grantor of a trust may qualify for homestead on trust-owned property, the wife in this situation already qualifies for a full homestead on the property she owns in her own name. She has already established her own homestead and since she is not the grantor of the trust, cannot extend the homestead in her individual name to the trust-owned property. Individuals may only extend their homestead to trust property unless they are the grantor of the trust.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

September 25, 2014

Sheila Buenger
Fillmore County Assessor's Office
sbuenger@co.fillmore.mn.us

Dear Ms. Buenger:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question.

Scenario:

- A property (three parcels) is held by a trust.
- The grantor of the trust currently resides at an assisted living facility.
- Currently all three parcels are agricultural homestead.

Question: Can the property be homesteaded since the owner does not occupy the property held in the trust?

Answer: Yes, the property can be homestead while the owner (grantor) is in assisted living. Minnesota Statute 273.124, subdivision 1, paragraph (f) states:

> "*The assessor must not deny homestead treatment in whole or in part if: (1) in the case of a property owner who is not married, the owner is absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not otherwise occupied; or (2) in the case of a property owner who is married, the owner or the owner's spouse or both are absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not occupied or is occupied only by the owner's spouse.*"

In other words, an elderly assisted living facility is not reason to remove homestead. The intent to return to the property is not a factor that is considered when determining homestead for someone that is receiving elderly assisted living care. We recommend that the homestead is not removed until the property is sold or transferred, or if it is rented or receives a relative homestead.

You can find additional information regarding this question in the *Property Tax Administrator's Manual, Module 4, Homesteads* available online at:
http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

September 30, 2014

Karen McClellan
Kanabec County Assessor's Office
karen.mcclellan@co.kanabec.mn.us

Dear Ms. McClellan:

Thank you for submitting your question to the Property Tax Division regarding homestead for trust-owned property.

Scenario:

- There are five parcels of property in your county with the following ownership:
  - Four parcels (land only) are owned by the Jane Doe Revocable Trust, with Jane Doe as the grantor.
  - One parcel is owned ½ by the Jane Doe Revocable Trust (Jane Doe is grantor) and ½ by the Jane Doe Irrevocable Catastrophic Illness Trust (John Doe is grantor), and this parcel contains the homestead.
- Jane Doe is deceased.
- John Doe (Jane Doe's surviving spouse) occupies the base parcel.

Question: Does John Doe qualify for full homestead on the base parcel? If so, can any homestead be linked to the land-only parcels?

Answer: Homestead is determined based on the ownership of the base parcel. This parcel qualifies for full homestead, based on 50% homestead of each of the two owners:

- The Jane Doe Irrevocable Catastrophic Illness Trust ½ ownership is homestead because the property is occupied by the grantor of the trust.
- The Jane Doe Revocable Trust ½ ownership is homestead because it is occupied by the surviving spouse of the grantor.
- The two ½ homesteads equal one full homestead.

Because the Jane Doe Irrevocable Catastrophic Illness Trust receives ½ homestead on the base parcel, ½ homestead can be linked to any property owned by the Jane Doe Irrevocable Catastrophic Illness Trust that is within four cities/townships of the base homestead and that is classified as class 2a agricultural land.

Please note that this opinion is based solely on the facts as provided. If the facts were misinterpreted or change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

October 1, 2014

Sheila Buenger
Fillmore County Assessor's Office
PO Box 67
101 Fillmore St.
Preston MN 55965
sbuenger@co.fillmore.mn.us

Dear Ms. Buenger:

Thank you for submitting your question to the Property Tax Division regarding trust-owned property and homestead.

Scenario:

- Three agricultural parcels are owned ½ by Minar's revocable trust and ½ by Dorothea's revocable trust.
- Dorothea and Minar were spouses.
- Minar has passed away.
- Dorothea has life estate on the main (homestead) parcel.

Question 1: Does Dorothea need to file a trust homestead application or relative homestead application in order to continue to receive homestead treatment?

Answer 1: If homestead had already been approved for the base parcel, Dorothea does not need to file a new homestead application because Minar has passed away. The ownership of the base parcel has not changed, so a new homestead application does not need to be filed. If you believe you need a new homestead application for verification purposes, you could certainly send one. In any case, Dorothea is not a relative of any owner (herself or the trust), so a relative homestead application is not applicable.

Question 2: Can the other agricultural parcels continue to be linked to the main parcel where Dorothea resides and has life estate?

Answer 2: Because the base parcel is the homestead of Dorothea, the homestead may link to the portion of the parcels that are owned by Dorothea as grantor of the Dorothea revocable trust. In other words, ½ interest of the two land-only parcels can be homestead.

Question 3: Do these parcels need to be registered with the Minnesota Department of Agriculture?

Answer 3: State law requires that any trusts (established after 2000) need to file with the Minnesota Department of Agriculture in order to own agricultural land. The trust-owned properties will need to be registered with the MDA.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

October 14, 2014

Sheila Buenger
Fillmore County Assessor's Office
sbuenger@co.fillmore.mn.us

Dear Ms. Buenger:

Thank you for submitting your question to the Property Tax Division regarding agricultural trust homestead property.

Scenario: In May of this year, your office received applications for *Homestead Classification for Property Held Under a Trust* (along with the required Minnesota Department of Agriculture registration approval letters) from a husband and wife who each owned ½ interest in the property under their respective trusts. Recently, a trustees' deed was recorded putting the now-deceased husband's ½ interest into a family trust while retaining the spouse's original revocable living trust on her ½ interest.

The property is now titled:
Paul Family Trust (1/2 interest) and Jacqueline Revocable Living Trust (1/2 interest).

Jacqueline is a surviving spouse of Paul.

Question 1: Is it necessary for Jacqueline to complete another trust homestead application? And if so, would two need to be completed (one for Paul Family Trust of which she is surviving spouse and one for her own portion of the property held under her revocable living trust)?

Answer 1: A new homestead application should be filed for the Paul Family Trust since that ½ ownership interest has changed. However, the Jacqueline Revocable Living Trust ownership has not changed, so a new application is not necessary for the portion of the property held under that continued ownership.

Question 2: Will this trust need to be registered with the Minnesota Department of Agriculture?

State law requires that any trusts (established after 2000) need to file with the Minnesota Department of Agriculture in order to own agricultural land. Therefore, the Paul Family Trust will need to be registered with the Minnesota Depart of Agriculture if it owns agricultural land.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

December 15, 2014

Kim Armstrong
Ottertail County Assessor's Office
kaarmstr@co.ottertail.mn.us

Dear Ms. Armstrong,

Thank you for contacting the Property Tax Division regarding trust owned property. You provided us with the following information.

Scenario:

- Trust A owns property within your county; the grantors of Trust A are Jon and Mary Anderson (husband and wife)
- Trust B owns property within your county; the grantors of Trust B are Jon and Mary Anderson (husband and wife)
- You are aware that property that is owned by a trust cannot be linked to other property that has different ownership

Question: Does the trust own the property or does the grantor of the trust own the property? Can the Trust A property be linked to the Trust B property since the grantors of the trusts are the same?

Answer: Property that is held under a trust is owned by the trust; in order to link trust-owned property, the trusts would have to be the exact same. In the scenario you provided there are two different trusts that have the same grantors. You could not link the two because they are two different trusts/owners.

It would be possible to have the married couple link their individually-owned property to the two trust-owned properties if their base parcel would be owned by individuals, because individuals can link to property that is owned by a trust that they are grantors of.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY
State Program Administrator Senior
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

January 8, 2015

Amy Rausch
Property Tax Compliance Officer
amy.rausch@state.mn.us

Dear Ms. Rausch:

Thank you for submitting your question to the Property Tax Division regarding trust-owned property. You have provided the following scenario and question

Scenario:

- A property is owned by a trust.
- In 2006 the owner trust was named the Louis W. Revocable Trust, with Louis as sole grantor.
- In March 2013, Louis passed away and a new trust was automatically created, named the Matthew W.e Trust.
- Louis W. remained the grantor of the new trust, despite the name change of the owner trust.
- The property is currently classified as seasonal residential recreational (SRR), as well as under the Louis W. Revocable Trust.

Question 1: Did the ownership change when the trusts changed?

Answer 1: The name of the trust on the title has changed, but the grantor of the trusts remains the same despite the trust name change. The Department of Revenue is in the opinion that there has not been sufficient enough change to allow for a change in ownership with the grantor remaining the same.

Question 2: Can the property receive a relative homestead if the ownership has not changed?

Answer 2: Since the property is classified as SRR, the property is not eligible for a relative homestead. It has been classified as SRR under the current ownership based on the grantor of the trust.

Question 3: Can Matthew have an owner occupied homestead?

Answer 3: As indicted above, the ownership of the property hasn't sufficiently changed; therefore, an owner-occupied homestead in not applicable. Matthew is not the grantor of the trust, so he is not treated as owner of the property.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

February 2, 2015

Angela Nelson
Sibley County Assessor's Office
Angela@co.sibley.mn.us

Dear Ms. Nelson:

Thank you for submitting your questions to the Property Tax Division regarding trust property. You have provided the following scenario and question

Scenario:

- Parcel 09.2602.000: Ownership is Helena's Trust - residential parcel containing 4.50 acres
- Parcel 09.2602.020: Ownership is Kenneth's Trust - is 75.50 acres; 74 are tillable [for purposes of this response, we assume that all acres you call "tillable" are actually tilled; please let us know if this is incorrect]
- Parcel 09.2604.000: Ownership is Helena's Trust - 20 tillable acres
- Parcel 09.2605.000: Ownership is Kenneth's trust - 140 acres and 113.97 acres are tillable
- Parcel 24.0603.010: Ownership is Helena's trust - 157.29 acres and 144.77 acres are tillable
- Kenneth and Helena's son is farming all parcels.

Question 1: Since the parcel 09.2602.000 is a residential parcel, can the property owners receive homestead on one of the trust-owned properties through special agricultural homestead?

Answer 1: Yes, one of the trust-owned properties may receive special agricultural homestead (either Helena's trust or Kenneth's trust) because they are actively farmed by a son of the grantor. However, the Kenneth Trust could not be linked to Helena's Trust for homestead and vice versa.

Furthermore, all of the requirements listed under Minnesota Statutes 273.124 would need to be met to qualify for special agricultural homestead. Such as: the agricultural property must be at least 40 acres, neither the grantor nor his/her spouse claims another agricultural homestead, and neither the grantor nor the person who is actively farming live farther than four cities or townships from the agricultural property.

Question 2: Can the owners choose which trust-owned property they would like to homestead?

Answer 2: Yes, the owners would have to decide which ownership entity would receive special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

April 9, 2015

Stephanie Niemi
Mahnomen County Assessor's Office
Stephanie.Niemi@co.mahnomen.mn.us

Dear Ms. Niemi:

Thank you for submitting your question to the Property Tax Division regarding homestead situations.

Scenario: Your office recently mailed out new homestead applications to the entire county. You have had issues with some property ownerships, specifically trusts and life estates.

Question 1: What information is needed on a trust homestead application? Do you need the signature and Social Security number of all of the property owners?

Answer 1: The information you need will depend on who is claiming homestead.

- If the grantor of the trust claims homestead, you will need the signature and SSN of the grantor.
- If a spouse or surviving spouse claims homestead, you will need the spouse's signature and SSN.
- If a relative or surviving relative claims homestead, you will need the relative's signature and SSN.

Question 2: Is a trust homestead considered a relative homestead to the trust holder?

Answer 2: No. A trust homestead is based on the grantor's information. The grantor of the trust is treated like the owner for property tax purposes. So, if the grantor occupies the property, it is considered an owner-occupied homestead. If a relative of the grantor occupies a property, it is considered a relative homestead. The same application rules would apply for trust homesteads as apply for owner-occupied and relative homesteads.

Question 3: Are properties held under life estate considered relative homestead?

Answer 3: No. Properties held under life estate are treated as if owned by the grantor of the life estate. The property is treated as individually-owned. Under a life estate, ownership does not actually transfer until the death of the owner. So, the same application rules apply for all other individually-owned homesteads.

You may find information related to trust homesteads, life estates, and application requirements in the Property Tax Administrator's Manual, *Module 4 – Homesteads*, which is available at:
http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6091
Email: proptax.questions@state.mn.us

April 24, 2015

Marcy Barritt
Murray County Assessor's Office
MBarritt@co.murray.mn.us

Dear Ms. Barritt,

Thank you for contacting the Property Tax Division regarding trust owned property. You provided us with the following information.

Scenario:

- A married couple in your county filed three deeds at different times for three different properties.
- Each property is owned by a different trust:
  - **Property A** – owned 50% by the Alvin H Revocable Living Trust & 50% by the Arlene H Revocable Living Trust. The grantors of each trust are Alvin H and Arlene H.
  - **Property B** – owned 50% by the Alvin H Revocable Trust & 50% by the Arlene H Revocable Trust. The grantors of each trust are Alvin H and Arlene H
  - **Property C** – owned 50% by Alvin H Revocable Intervivos Trust & 50% by Arlene H Revocable Intervivos Trust. The grantors of each trust are Alvin H and Arlene H. **This property is the base parcel**.

Question 1: Are there three different ownerships according to the deeds: a Living Trust, a Revocable Living Trust, and also Revocable Intervivos Trust?

Answer1: Yes, there are three separate trusts and therefore three separate owners.

Question 2: How should homestead be established on these properties? Can any of these be linked?

Answer 2: The base parcel (Property C) would qualify for 100% homestead if the grantors occupy this property as their primary residence. However, you cannot link this trust to other trusts, so properties A and B would not receive homestead.

You can find additional information regarding trust homestead and linking in our Property Tax Administrators Manual, Module 4.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY
State Program Administrator Principal
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

May 8, 2015

Marcy Barritt
Murray County Assessor
mbarritt@co.murray.mn.us

Dear Ms. Barritt:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead.

Scenario:

- An agricultural property is owned by 2 trusts: ½ interest is owned by the Sandra N. Revocable Living Trust and ½ by the Family Share Trust.
  - Grantors of the Sandra N. Trust were Sandra N. and her husband, George N.
  - The grantor of the Family Share Trust was George N.
- Sandra N. occupies the property.
- George N. is deceased.

Question 1: Does Sandra qualify for full homestead or half homestead?

Answer 1: Sandra qualifies for full homestead.

- The Sandra N. Revocable Living Trust qualifies for 50% homestead because it is occupied by one grantor and the surviving spouse of the other grantor.
- The Family Share Trust ½ ownership qualifies for 50% homestead (occupied by a surviving spouse of the grantor).

The two half-homesteads equal full homestead.

Question 2: If Sandra moved to town, and her son moved to the property, would it still receive 100% homestead?

Answer 2: The property may continue to qualify for full homestead because it would be occupied by a relative/surviving relative of the grantors of the trusts. Each trust would be eligible for 50% homestead. One additional requirement would be that the qualifying relative could not have another agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6091
Email: proptax.questions@state.mn.us

May 27, 2015

Marcy Barritt
Murray County Assessor
MBarritt@co.murray.mn.us

Dear Ms. Barritt:

Thank you for submitting your question to the Property Tax Division regarding trust homesteads. You have provided the following scenario and question.

Scenario:

- The land is owned by the McKenna S Trust, Zachary S Trust, and the Taylor S Trust.
- The minor children are the grantors of their respective trusts.
- Michelle S (mother) is actively farming the parcel.
- Michelle S has her own agricultural homestead.

Question 1: For the 2015 assessment, is the parcel entitled to any homestead?

Answer 1: To determine if this parcel qualifies for homestead we utilize the "Determining if a property qualifies for the agricultural homestead classification" flow chart.

> **Who owns the farm?** McKenna S Trust 1/3, Zachary S Trust 1/3, Taylor S Trust 1/3.
>
> **Is the property physically occupied?** No, the property is not physically occupied.
>
> **Is the agricultural property rented by an authorized entity of which the grantor or grantor's surviving spouse is a shareholder, member, or partner?** No.
>
> **Is the grantor, grantor's spouse, or sibling, child, grandchild, or parent of the grantor or grantor's spouse actively farming the agricultural property on either their own behalf or on behalf of and authorized entity?** Yes, the grantors' mother (Michelle S) is farming the land on her own behalf.
>
> **Does the grantor or grantor's spouse claim another agricultural homestead?** Unknown; however, we are assuming that none of the grantors claim another agricultural homestead. If any of the grantors claim another agricultural homestead then our answer is subject to change.
>
> **Do the grantors or active farmer live further than four cities or townships from the property?** Unknown; however we are assuming that the grantor and the active farmer all live within 4 cities and/or townships.

If we assume that none of the grantors claim another agricultural homestead, and the grantors and the active famer all live within 4 cities and/or townships, then this property would qualify for a full special agricultural homestead.

Question 2: Is Michelle S eligible for Actively Farming? (Michelle S has an agricultural homestead where she lives.)

Answer 2: Yes, Michelle can be considered the active farmer even though she has her own agricultural homestead. The homestead is granted based on the grantor of the trust and not the active farmer. Therefore, Michelle is not receiving two homesteads.

You may find information related to trust homesteads in the Property Tax Administrator's Manual, *Module 4 – Homesteads*, which is available at: http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

June 11, 2015

Sue Cory
Faribault County Assessor's Office
Sue.Cory@co.faribault.mn.us

Dear Ms. Cory,

Thank you for contacting the Property Tax Division regarding Trust Homestead. You provided us with the following information.

Scenario:

- Parcels A and B were owned by Arlene under life estate.
- Parcel A is the base parcel where Arlene lived and received a homestead.
- Parcel B also received a homestead by linking to Arlene's homestead from parcel A.
- Arlene passed away in 2014. We assume ownership of Parcels A and B transferred to her children.
- Parcels C, D, E, F, & G are owned by the Chester Qualified Terminable Interest Property (QTIP) Trust (we are assuming that Chester is the grantor of the trust). Chester was Arlene's spouse.
- Prior to 2013, all five parcels (C-G) were receiving ag homestead.
- The classification of the 5 parcels (C – G) was changed in 2013 to agricultural non-homestead.

Question 1: Are there any special circumstances when dealing with a QTIP trust?

Answer 1: When establishing homestead, the type of trust does not matter. A QTIP trust is a qualifying type of trust and we do not consider the type of trust when determining homestead.

Question 2: Can the trust property be linked to property A and receive ag homestead?

Answer 2: According to the information you provided, parcels C-G cannot be linked to parcel A because the owner of parcel A is not the same owner of parcels C- G. For the purposes of linking homestead, properties must be under the same ownership.

Since Arlene has passed away, we are assuming her children now own parcels A and B. If this is the case, the county should reassess the property to verify that parcels A and B still qualify for agricultural homestead. Because parcels A and B are no longer owned by Arlene, we would recommend that the county review the homestead determination for parcels C- G. Parcels C-G may qualify for special agricultural homestead on their own without linking back to parcel A.

To determine homestead please use the "Determining if a property qualifies for the agricultural homestead classification" flowchart. We would also recommend you review Module 4 of the Property Tax Administrator's Manual for more information on trust homesteads.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY
State Program Administrator Principal
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

June 17, 2015

Lori Schwendemann
Lac qui Parle County Assessor
600 Sixth Street, Suite 2
Madison, MN 56256
lori.schwendemann@lqpco.com

Dear Ms. Schwendemann:

Thank you for submitting your question to the Property Tax Division regarding linking an agricultural homestead.

Scenario:

- A property is owned by a trust.
- The trust has 8 grantors.
- One of the 8 grantors (Mr. H) lives on the property and receives 12.5% homestead.
- Mr. H purchased an additional 161 acres with his wife.

Question: How much homestead can the additional 161 acres get?

Answer: Because homestead is established on the trust property at 12.5% for Mr. H, he can link 12.5% additional homestead to property he owns in his individual name that is within 4 cities and/or townships of the base parcel.

The amount (percentage) of homestead that can be linked depends on the ownership and homestead of the base parcel. In this case, because it is linked to one of the grantor's properties, his wife's ownership interest isn't accounted for and it is simply 12.5% under Mr. H's linked homestead.

Please note that our answer also assumes Mr. H does not qualify for any relative homestead on the base parcel. As always, if any of the facts change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6091
Email: proptax.questions@state.mn.us

September 21, 2015

Judy Liddell
Morrison County Assessor's Office
JudyL@co.morrison.mn.us

Dear Ms. Liddell,

Thank you for contacting the Property Tax Division regarding linking agricultural homestead. You provided us with the following information.

Scenario:

- Property A is owned by Robert, Jason, and Michael.
- Property A is the base parcel with a homestead residence on the property.
- Property B is owned 50% interest by Robert Trust (Robert is the grantor), and 50% interest by Bonnie Trust (Bonnie is the grantor). Robert and Bonnie are married.
- Property C is owned 100% by Robert Trust.
- Property D is owned 100% by Bonnie Trust.

Question: Can any of these properties be linked for homestead?

Answer: Property A is the base parcel and that is where homestead has been established. The following is our recommendation for how the homestead should be linked:

- **Property A**: 33% owner-occupied homestead on Robert's interest. If the other owners occupy, they would each qualify for their own 33% owner-occupied homestead, which would qualify Property A for a full owner-occupied homestead. If the other two owners do not occupy but are related to Robert, then Property A would qualify for 33% owner-occupied and 66% relative homestead.

- **Property B**: 33% can be linked from Robert's interest in Property A to his interest in Property B; the rest would be non-homestead.

- **Property C:** 33% can be linked from Robert's interest in Property A to his interest in Property C; the rest would be non-homestead.

- **Property D:** Does not qualify for homestead; no linking is allowed. Bonnie is not an owner of Property A, even though she is the spouse of one of the owners. Bonnie would have to be an owner of Property A to link to her trust property, of which she is the grantor.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY
State Program Administrator Principal
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

October 2, 2015

Judy Liddell
Morrison County Assessor's Office
JudyL@co.morrison.mn.us

Dear Ms. Liddell:

Thank you for submitting your question to the Property Tax Division regarding linking of agricultural homestead held under a trust. You have provided the following scenario and question.

Scenario:

- Three parcels held under the Husband Revocable Trust were classed as agricultural homestead.
- Husband and wife are both grantors of the Husband Revocable Trust.
- Wife occupies one of the parcels held by the Husband Revocable Trust.
- Wife owns an agricultural parcel in her name that is linked to the base parcel.
- Husband passed away.

Question:
Can the wife's individually-owned parcel continue to be linked to the homestead, and what percentage of homestead would be given to her parcel?

Answer:
The base parcel and other parcels held under the Husband Trust property would receive 50% grantor-occupied (the wife) and 50% occupied by surviving spouse of the other grantor (husband). These properties would receive 100% homestead, however only 50% (wife's interest) would link to the wife's individually-owned parcel.

The wife's individually-owned parcel would receive 50% homestead by being linked to her 50% interest on the three parcels as a grantor of the Husband Revocable Trust. The name or types of trust are not determining factors in linking homestead; instead, we look at who are the grantors of the trust. It is not appropriate to link the husband's interest in the trust-held properties to the wife's individually-owned parcels.

You can find more information regarding "linking" of trust-held properties in the Property Tax Administrator's Manual, *Module 4-Homesteads* which can be found on our website at:
http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Hagen
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

December 1, 2015

Marcy Barritt
Murray County Assessor
MBarritt@co.murray.mn.us

Dear Ms. Barritt:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Husband Trust owns 160 acres (agricultural land and HGA), which was his base parcel and was receiving 100% homestead.
- Wife Trust owns three pieces of bare agricultural land.
- The husband passed away on January 26, 2015.
- There is a clause in the Husband Trust that states "I give to my spouse, if my spouse survives me, a life estate in my residence and contiguous five acres and all interest in personal property used by me or my spouse for residential purposes."
- The husband is the grantor of his trust and the wife is the grantor of her trust.

Question 1:
Does the husband's death make the Wife's Trust eligible to be linked to the homestead, since she occupies the house that is titled under the Husband's Trust?

Answer 1:
If the ownership of the property is still the Husband Trust, the wife's property would not qualify to be linked to the base homestead because the properties are held by two different entities.

If a deed was created to transfer ownership of any of the Husband Trust land to the wife or her trust, then she can link the homestead to her trust-held property. However, the base homestead would need to qualify for agricultural homestead before it could be linked (i.e., it would have to have at least 10 acres used for agricultural purposes).

Any remaining acres held by the Husband Trust would not qualify for homestead by being linked to the base homestead parcel if ownership transferred to the wife or her trust.

If the base parcel does not qualify for special agricultural homestead, the wife may pursue a special agricultural homestead on her land.

Question 2:
Would the Husband's Trust still be eligible for agricultural homestead?

Answer 2:
Both properties would not be able to be homesteaded. The wife is considered the surviving spouse of the grantor of the trust for homestead purposes. Per Minnesota Statutes, section

273.124, subdivision 21, the Husband Trust property may remain as homestead as long as the wife does not claim homestead on Wife Trust property and ownership does not transfer in the scenario explained above. In other words, only one of the two trusts is eligible for agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Anderson
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

December 17, 2015

Penny Vikre
Cass County Assessor's Office
penny.vikre@co.cass.mn.us

Dear Ms. Vikre:

Thank you for submitting your question to the Property Tax Division regarding homestead for a Ma & Pa resort. You have provided the following scenario and question.

Scenario:

- Scott Jr. and his wife Barbara deeded 50% interest to Barbara Trust and 50% to Scott Jr. Trust.
- Scott Jr. died and his estate is presently in probate.
- Barbara resides in a nursing home and does not occupy the property.

Question: Is this property eligible for full homestead or only a partial (50%) homestead?

Answer: This property is eligible for a full homestead based on the information provided. Barbara should receive 50% homestead on the property owned by her trust. Additionally, Barbara is the surviving spouse of the grantor of the Scott Jr. Trust, so she is eligible to receive 50% homestead on the property owned by Scott Jr's. Trust. The 50% owned Barbara Trust property + 50% Scott Jr. Trust owned property (surviving spouse) = 100% homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

December 28, 2015

Tom Houselog
Rock County Land Records Director
tom.houselog@co.rock.mn.us

Dear Mr. Houselog:

Thank you for submitting your question to the Property Tax Division regarding trust-owned properties and agricultural homestead.

Scenario:

- A property owner placed three of her parcels into a trust (she is the grantor of the trust).
- She is in the process of registering her trust with the Minnesota Department of Agriculture (MDA).
- She occupies the property.
- She leases the property to a farm entity for farming, and she is not an authorized member of the farm entity.

Question: Does the property qualify for agricultural homestead, even though she is not a member of the entity farming the property?

Answer: Because the farm is occupied by the grantor of the trust, the owner's farm participation is not a factor. It qualifies for agricultural homestead. You may also refer to the "Determining if a property qualifies for the agricultural homestead classification" flow chart in the Property Tax Administrator's Manual, *Module 4 – Homesteads*, which will show the qualifications that are met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6091
Email: proptax.questions@state.mn.us

January 4, 2016

Mark Manderfeld
Assistant County Assessor, Blue Earth County
Mark.Manderfeld@blueearthcountymn.gov

Dear Mr. Manderfeld:

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have submitted the following scenario and question:

Scenario:

- An agricultural property is owned 50% by Husband Trust and 50% by Wife Trust.
- The husband (and grantor of Husband Trust) recently passed away.
- The surviving spouse has applied for special agricultural homestead on behalf of the Husband Trust.

Question: How should homestead be applied?

Answer: In addition to the scenario details above, our response presumes the following conditions are being met:

- The grantor's spouse, sibling, child, grandchild, or parent are actively farming the parcel.
- The parcel is at least 40 acres.
- The grantor's spouse (wife) does not claim another agricultural homestead in Minnesota.
- The person who is actively farming the parcel lives within 4 cities/townships of the land.

If all of these conditions are being met, then the wife can apply for special agricultural homestead on behalf of the Husband Trust as the she is a surviving spouse of grantor. The parcel would receive 50% homestead on her trust's interest and 50% on the Husband's Trust interest.

Further information that can assist you with variants of this situation can be found in the Property Tax Administrator's Manual, Module 4 – Homesteads.

If you have further questions regarding a specific situation, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jeff Holtz
Senior State Program Administrator
Property Tax Division
Phone: 651-556-4861
Email: proptax.questions@state.mn.us

January 6, 2016

Robert Wagner
Polk County Assessor
Robert.Wagner@co.polk.mn.us

Dear Mr. Wagner:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead held under a trust. You have provided the following scenario and question:

Scenario:
These parcels in your county have the following ownership:

- Parcel 1 (base parcel): held under Mark Trust and Debra Trust
- Parcel 2-4: held under Mark Trust
- Parcel 5-6: Mark individually has 50% interest
- Parcel 7-9: held under Debra Trust

Additional information:

- Parcel 1 does not qualify for agricultural classification on its own.
- Parcel 2 is contiguous to Parcel 1 and is 149 tillable acres in size.
- Parcels 3-9 are not contiguous to but are located in the same township as Parcel 1.

Question 1:
With parcel 1 as a residential classification, what would the homestead treatment be?

Answer 1:
Assuming Mark, Debra, or a qualifying relative of Mark or Debra lives on the property, the property would qualify for 100% residential homestead (50% Mark Trust + 50% Debra Trust = 100%).

Question 2:
Can parcel 1 be classified as agricultural homestead with parcel 2 being contiguous?

Answer 2:
No, parcel 1 would not qualify for agricultural homestead. Classifying the property comes before determining possible homestead treatment. The property must meet the requirements under section 273.13 in order to be classified as agricultural. The classification language allows for contiguous land masses under the **same ownership** to be classified as 2a. There is a difference between "adding up" contiguous acreage for classification purposes and "linking" already-classified properties for homestead purposes.

Question 3:
Would the rest of the parcels qualify for special ag homestead?

Answer 3:
Assuming all other requirements are met, properties held under Mark Trust or Debra Trust may qualify for special ag homestead. A base parcel must be established and then linked to other parcels held under the same ownership. For example, if Parcel 2 was the base parcel, Parcels 3-6 would also receive the same percentage homestead as the percentage ownership Mark has on the property. Only one agricultural homestead is allowed per family; in this example, Debra Trust parcels would not qualify for special ag homestead.

MINNESOTA · REVENUE

February 19, 2016

Sue Cory, CMA
Faribault County Assessor's Office
sue.cory@co.faribault.mn.us

Dear Ms. Cory:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead for property owned under a trust.

Scenario:

- An individual who lives in town receives special agricultural homestead on land owned in her name as an individual.
- She owns additional farmland as part of a Credit Trust and a Marital Trust.

Question: Does any of the trust-owned land qualify for agricultural homestead?

Answer: No. As discussed in the Property Tax Administrator's Manual, Module 4 - Homesteads, and as is shown in the "Determining if a property qualifies for the agricultural homestead classification" flow chart, the trust-owned property cannot receive homestead because the grantor (and surviving spouse of the other grantor) already has an agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6091
Email: proptax.questions@state.mn.us

Additional information on classification and "linking" agricultural homesteads can be found in *Module 3 – Classification of Property* and *Module 4 – Homesteads* in our Property Tax Administrator's Manual.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Anderson
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

February 26, 2016

Diane Rolloff
Brown County Assessor's Office
Diane.Rolloff@co.brown.mn.us

Dear Ms. Rolloff:

Thank you for submitting your question to the Property Tax Division regarding trust-owned property. You have provided the following scenario and questions:

Scenario:

- A 120-acre agricultural base parcel is in the name of John Doe Disc Trust.
- John Doe is the grantor of the trust.
- John Doe died on 1/19/15.
- Sally Doe is the surviving spouse and lives on the agricultural base.
- Sally Doe owns three other agricultural parcels that are in her name individually.

Question 1: Is it appropriate for Sally Doe to get a surviving spousal homestead on the trust-owned agricultural base?

Answer 1: Yes, it may be appropriate for Sally Doe to receive homestead, presuming all requirements listed in Minnesota Statute 273.124 are met. In this scenario the surviving spouse of the grantor of the trust occupies the property and uses the property as her homestead.

Question 2: Would Sally Doe be able to extend homestead from the trust owned parcel to the agricultural parcels she individually owns?

Answer 2: No. In order to be linked, the properties must first be owned by the exact same ownership entity. It is not appropriate to link properties where the ownership entities differ such as individually-owned parcels to corporate- or partnership-owned parcels.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

April 8, 2016

Lynette Snare
Kittson County Assessor's Office
lsnare@co.kittson.mn.us

Dear Ms. Snare,

Thank you for submitting your question to the Property Tax Division regarding trusts and agricultural homestead. You have provided the following scenario and question:

Scenario:

- A married couple were receiving agricultural homestead on a base home parcel and surrounding parcels that had approximately 300 acres of agricultural land.
- The surrounding agricultural land was placed into a revocable trust with both spouses as the grantors.
- The base parcel and home are still owned by the spouses themselves.

Question: Should the base parcel remain classified as agricultural homestead?

Answer: Yes. The base parcel can remain classed as agricultural homestead due to linking. Individuals may extend their homestead on a base parcel to other parcels owned by a trust if the individual owners are the only grantors of the trust. This only applies when the ownership is exactly the same as linking cannot occur when parcels are owned by different entities.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jeff Holtz
Senior State Program Administrator
Information and Education Section, Property Tax Division
Phone: 651-556-4861
Email: proptax.questions@state.mn.us

May 17, 2016

Joanne Corrow
Le Sueur County Assessor's Office
jcorrow@co.le-sueur.mn.us

Dear Ms. Corrow:

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:
Property in your county is under ownership as shown:

Parcel 1	**Parcel 2**
Owner: John Family Trust Occupied: Yes, by Barbara Size: 5 acres (Grantor occupied trust held residential homestead)	Owners: • 1/6 Michael – individually • 1/6 Barbara – individually • 2/3 John Family Trust Size: 75 acres Contiguous to Parcel 1

Parcel 3	**Parcel 4**
Owner: Michael and his wife Occupied: Yes, by Michael and his wife Size: 5 acres (Owner-occupied residential homestead)	Owners: • 1/6 Michael – individually • 1/6 Barbara – individually • 2/3 John Family Trust Size: 35 Acres Contiguous to Parcel 3

- The agricultural land is rented to a non-relative.
- The owners do not claim another agricultural homestead.
- Michael and Barbara are brother and sister.
- John is their uncle and is deceased.
- Barbara is the grantor of the John Family Trust.

Question 1:
Can parcels 1 and 3 be classified as agricultural homestead with parcel 2 and 4 being contiguous to them?

Answer 1:
No; parcels 1 and 3 would not qualify for agricultural homestead. They would each qualify for 100% residential homestead. Classifying the property comes before determining possible homestead treatment. The property must meet the requirements under section 273.13 in order to be classified as agricultural. The classification language allows for contiguous land masses under the **same ownership** to be classified as 2a. There is a difference between "adding up" contiguous acreage for classification purposes and "linking" already-classified properties for homestead purposes.

For land to be linked to an agricultural homestead, the contiguous land must first be classified as 2a agricultural land and meet all of the ownership and location requirements found within the statute. This is why parcels 2 and 4 cannot be linked to qualify for homestead. Parcel 1 is a residential homestead based on its classification, as is

Parcel 3. Parcels 2 and 4 are classified as agricultural, and we use the rules of applying homestead in order to determine its homestead eligibility.

Question 2:
Can parcel 2 and 4 qualify for special agricultural homestead?

Answer 2:
No; parcels 2 and 4 would not qualify for special agricultural homestead. The requirements for special agricultural homestead for individual- and trust-held property are not met because a qualifying person is not farming the property. Instead a non-relative is renting the property.

This opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Anderson
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

June 8, 2016

Janene Herbert
Hennepin County Assessor's Office
Janene.Hebert@hennepin.us

Dear Ms. Herbert,

Thank you for contacting the Property Tax Division regarding trust homestead. You provided us with the following information.

Scenario:

- Property is owned by a trust
- There are four grantors of the trust
- Two of the grantors occupy the property
- The other two grantors do not occupy the property

Question 1: How should homestead be granted?

Answer: The property would qualify for 50% homestead, the other 50% would be non-homestead. Each grantor is eligible for 25% or ¼ homestead on the property based on their ownership interest. Since only two grantors meet the qualifications for homestead this property qualifies for 25% for Grantor A and 25% for Grantor B, equaling 50%.

Question 2: The property was previously receiving full homestead, if that was incorrect how far back can the county go to correct the homestead?

Answer: If homestead has been incorrectly granted, the county has two options. The county must first identify whether the homestead was fraudulent or it was mistakenly granted (non-fraudulent).

- Fraudulent Homestead: Minnesota Statute 273.124, subdivision 13b addresses how a county should handle a fraudulent homestead. The county auditor must send a notice demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. Please review the statute for more information.
- Non-Fraudulent Homestead: Minnesota Statute 273.02, subdivision 2 addresses how a county should handle a non-fraudulent homestead. There is a limit on the time the county auditor can correct the tax on property mistakenly classified as homestead. That limitation is December 1 of the year the taxes should have been due.

Please note that if the homestead was granted due to a non-fraudulent circumstances, the Department of Revenue would recommend that the county correct the homestead as of today and move forward with the correct homestead for this property.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY
State Program Administrator Principal
Property Tax Division
Phone: 651-556-6091; Email: proptax.questions@state.mn.us

June 20, 2016

Judy Liddell
Morrison County Assessor's Office
JudyL@co.morrison.mn.us

Dear Ms. Liddell:

Thank you for submitting your question to the Property Tax Division regarding trust-owned agricultural homestead. You have provided the following scenario and question:

Scenario:

- Wife and husband own multiple parcels that are classified as agricultural homestead.
- They put all the parcels into two trusts: ½ interest owned by the Wife Revocable Trust and ½ by the Husband Revocable Trust.
- The wife and husband are the grantors of both trusts so they linked the parcels.
- The wife passed away.
- The wife's trust transferred to the Smith Family Trust and the husband is the grantor of the Smith Family Trust.

Question:
Does the husband qualify for full homestead or half homestead?

Answer:
The husband qualifies for full homestead on all the parcels. Assuming all other requirements are met, the Husband Revocable Trust qualifies for 50% homestead and the Smith Family Trust qualifies for 50% homestead. The two half-homesteads equal one full homestead. When "linking" the additional properties, only property that is under the exact same ownership (Smith Family Trust linked to Smith Family Trust, or Husband Revocable Trust linked to Husband Revocable Trust) may be "linked".

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Anderson
Supervisor, Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

July 19, 2016

Bonnie Crosby
Chippewa County Assessor's Office
BCrosby@co.chippewa.mn.us

Dear Ms. Crosby,

Thank you for contacting the Property Tax Division regarding trust homestead. You provided us with the following information:

Scenario:

- Multiple properties are owned by a trust.
- The grantor of the trust is deceased.
- The son of the grantor occupies one of the properties as the base parcel.
- There are additional parcels also owned by the trust.

Question 1: Do the additional parcels owned by the trust qualify for homestead through linking?

Answer: Yes, the additional parcels would qualify for an agricultural relative homestead through linking from the base parcel as long as those parcels are located within four cities/townships of the base parcel.

Question 2: The son of the grantor also individually owns a parcel of agricultural land. Can the base parcel that is occupied by the son and owned by the trust be linked to the individually owned parcel?

Answer: No, the two properties have different ownership, therefore the homestead cannot be linked to the individually owned parcel. Additionally, the individually owned parcel would not qualify for special agricultural homestead since the son is already claiming an agricultural homestead on the trust owned property.

If you have any further questions, please contact our division at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY
State Program Administrator Coordinator
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

November 9, 2016

Judy Liddell
Morrison County Assessor's Office
judyl@co.morrison.mn.us

Dear Ms. Liddell,

Thank you for contacting the Property Tax Division regarding agricultural homestead. You provided us with the following information.

Scenario:

- There are four parcels located within your county that are currently classified as agricultural homestead, these properties were individually owned by a married couple.
- Recently the ownership changed due to the death of one of the owners.
- Parcel A, the base parcel where the residence is located, is owned by Mr. & Mrs. S. and is classified as agricultural homestead.
- Parcels B, C & D are now owned 50% by Mrs. S and 50% by the Mr. S Trust.
- Mr. and Mrs. S are the grantors of the Mr. S Trust.
- All of the parcels are classified as agricultural.

Question 1: Now that the ownership has changed, can parcels B, C, & D qualify for agricultural homestead?

Answer: According to the information you provided it appears that parcels B, C, & D would qualify for agricultural homestead through linking.

Parcel A is the base parcel, owned by Mr. & Mrs. S and receiving a full agricultural homestead. You can link Mrs. S 50% individually owned portions of parcels B, C, & D to the base parcel. The other 50% that is owned by the trust can be linked to the base parcel since the owners of the base parcel are the same as the grantors of the trust. Even though Mr. S has passed away he is still considered as one of the grantors of the trust, as long as that trust remains active. Parcels B, C & D would receive 100% homestead (50% on Mrs. S individually-owned interest + 50% on the trust owned interest).

You can find more information about this situation in our Property Tax Administrators Manual, Module 4.

Question 2: Morrison County requires additional paperwork to be completed by the grantors of the trust prior to granting homestead. How should the county handle this when one of the grantors is deceased?

Answer: As you know, counties have the authority to require additional documentation prior to granting homestead. In the case of a trust, deceased grantors are still considered the grantor for homestead purposes, as long as the trust is active. Therefore, since the deceased grantor is not capable of signing the required documentation we would recommend that you accept a signature from the grantor' surviving spouse or surviving relative.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey
State Program Administrator Coordinator
Property Tax Division
651-556-6091

December 9, 2016 *Edited 11/21/2017*

Jacquelyn Paquette
Senior Tax Specialist
jpaquette@co.scott.mn.us

Dear Ms. Paquette:

Thank you for submitting your question to the Property Tax Division regarding an agricultural homestead application involving a trust. You have provided the following scenario and question:

Scenario:

- The county received an application for homestead that involves a mother and her 14-year-old daughter.
- There are four contiguous parcels in total.
- The first three parcels are owned by the mother's trust.
- The fourth parcel has split interest in which ¼ of the parcel is under the mother's trust, and the remaining ¾ interest is owned by the daughter.
- Both mother and daughter live in the same house located on the first parcel and is held solely by the mother's trust.

Question: Is it possible for the mother to claim full homestead on the fourth parcel?

Answer: No, however, the mother may qualify for a 50% homestead on the fourth parcel through linking the trust ownership from the base parcel to the fourth parcel. For homestead purposes, we do not consider percentage of ownership interest beyond considering the number of actual owners. In the given scenario, the mother's portion does not qualify for a full homestead because the daughter's ownership is not the same as the base parcel ownership, therefore the homestead cannot be linked to the daughter's portion. The daughter would therefore receive 50% non-homestead on her portion of the parcel.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Gary Martin
State Program Administrator
Property Tax Division

December 12, 2016

Lynda Arendt
Goodhue County Assessor's Office
Lynda.Arendt@co.goodhue.mn.us

Dear Ms. Arendt,

Thank you for contacting the Property Tax Division regarding agricultural homestead. You provided us with the following information.

Scenario 1:

- Mr. P Trust owns four contiguous agricultural parcels.
- Mr. and Mrs. P are the grantors of the trust.
- Parcel 1 is occupied by Mr. and Mrs. P, and is the base parcel.
- Currently all four parcels are receiving agricultural homestead.
- Mr. P also own nine additional agricultural parcels under a Family Limited Partnership.
- Mr. and Mrs. P are the shareholders of the entity.
- Mrs. P Trust owns additional agricultural parcels located in your county and a neighboring county.
- Mr. and Mrs. P are the grantors of the Mrs. P Trust.

Question: Can homestead be linked from the base parcel to the entity owned and/or the Mrs. P Trust owned property?

Answer: No, homestead cannot be linked to the Family Limited Partnership property or the Mrs. P Trust owned property. It is not appropriate to link properties where the ownership entities differ, this includes properties that are held by a trust. Since the base parcel is owned by Mr. P Trust, the only parcels that could be linked for homestead would be any other parcels owned by Mr. P Trust.

Scenario 2:

- A married couple owns multiple parcels located within your county.
- The base parcel, where they live, is owned by H Farms Inc.
- Four parcels are owned by J. & L. Acres Inc.
- The last parcel is owned by the JH Trust and the LH Trust.

Question: Can homestead be linked from the base parcel to the entity owned and/or the trust owned property?

Answer: No, homesteads cannot be linked to the entity owned property nor the trust property. Similar to the answer above, it is not appropriate to link properties where the ownership entities differ, this includes properties that are held by a trust.

If you have any further questions, please contact our division at proptax.questions@state.mn.us

Sincerely,

Jessi Glancey
State Program Administrator Coordinator
Property Tax Division
Phone: 651-556-6091

December 19, 2016

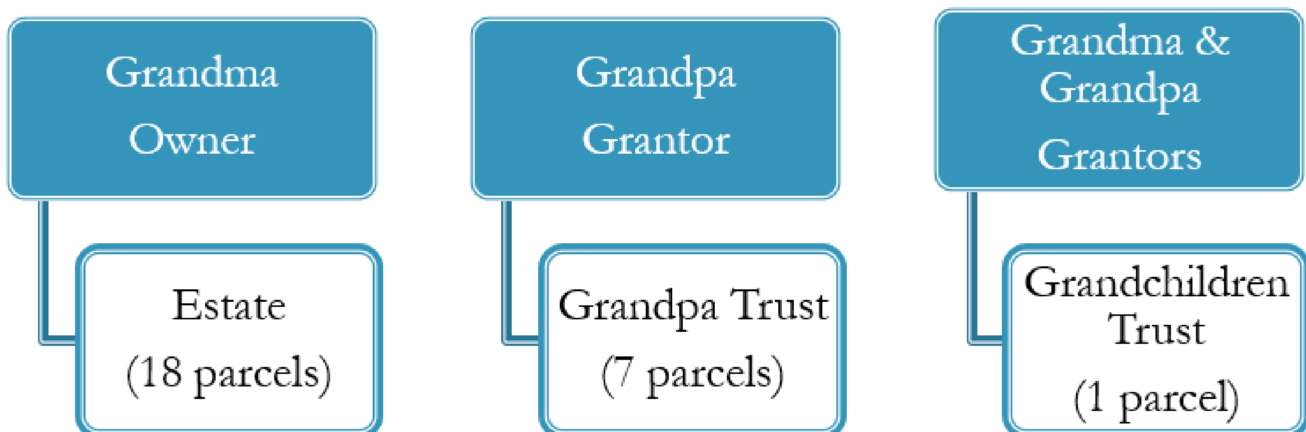
Lori Schwendemann
Lac Qui Parle County Assessor
lori.schwendemann@lqpco.com

Dear Mrs. Schwendemann:

Thank you for submitting your question to the Property Tax Division regarding trust qualified homesteads. You have provided the following scenario and question:

Scenario:

- **Parcel 1**
  - Owner: Grandchildren Trust
  - Grantors: Grandma and Grandpa, both deceased
  - Land is not occupied, grandson farms the land
- **Parcels 2 – 8**
  - Owner: Grandpa Trust
  - Grantor: Grandpa (deceased)
  - Land is not occupied, farmed by qualifying relatives of the grantor
- **Parcels 9 – 26**
  - Owner: Grandma
  - Land is currently in the process of being transferred to surviving children and/or trusts
  - Once property is transferred, the county will review for homestead



Question: Can all three ownerships receive their own special agricultural homestead?

Answer: No, one of the requirements for special agricultural homestead is that neither the owner nor their spouse can claim another agricultural homestead in Minnesota. Even though the grantors are deceased they are still considered "spouses" for property tax purposes. In addition, properties held by different entities/trusts cannot be linked together, nor can the homestead be carried over from one entity to another.

In the scenario given, the family will need to choose which trust to assign the qualifying special agricultural homestead to. For example; if the family chooses to assign the special agricultural homestead to Grandpa Trust owned land, they would not qualify for homestead on either the Grandchildren Trust owned land or grandma's land. The qualifying farmer of the Grandpa Trust owned land would complete the special agricultural homestead application.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Kristine Moody

State Program Administrator Sr., Information & Education Section
Property Tax Division
Phone: (651) 556-6091
Email: proptax.questions@state.mn.us

January 4, 2017

Whitney Basgaard
Beltrami County Assessor's Office
whitney.basgaard@co.beltrami.mn.us

Dear Mrs. Basgaard,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead and linking. You have provided the following scenario and question:

Scenario:

- Parcel 1: owned and occupied by Mr. and Mrs. W, the property receives an owner occupied agricultural homestead.
- Parcel 2 – 9: Owned by W Family Trust.
- There are 5 grantors of the trust.
- One of the grantors, Mr. W, is already receiving an agricultural homestead.
- All 8 parcels are classified as agricultural/rural vacant land and are contiguous.
- Parcel 2 is occupied by a relative of all of the grantors.

Question: Currently, Parcel 2 is classified as relative agricultural homestead. Is that the correct classification and can the other seven parcels be linked for homestead?

Answer: According to the information you provided, it appears that parcel 2 should receive four-fifths relative agricultural homestead and one-fifth non-homestead due to one of the five grantors already receiving their own agricultural homestead. Since the other seven parcels are owned by the same trust as the base parcel (Parcel 2), we would recommend that the four-fifths relative homestead be linked to all seven parcels from the base parcel.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey
State Program Administrator Coordinator
Property Tax Division
Information & Education
Phone: 651-556-6091

April 4, 2017

Gale Bondhus
Cottonwood County Assessor's Office
Gale.Bondhus@co.cottonwood.mn.us

Dear Ms. Bondhus,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- A property located in your county is owned by a trust and classified as agricultural.
- The county has denied the special agricultural homestead application for multiple reasons;
    - The schedule F shows that the land was custom farmed.
    - Farm expenses include custom hire ($8,729), fertilizer & lime, insurance, seeds & plants, storage & warehousing, taxes, and other expenses of ($2,113). No other expenses are identified.
    - The form that was submitted for the 2016 assessment year was a 2015 form signed on December 2, 2015.
- Recently the property owner's attorney has contacted you regarding the Department of Revenue's definition of actively engaged in farming.

Question 1: Does the property qualify for special agricultural homestead?

Answer: To determine if the property qualifies for special agricultural homestead we will refer to the *Determining Agricultural Homestead* flowchart:

- **Who Owns:** JLK Trust
- **Who Occupies:** Nobody
- **Who Farms:** Grantor of the trust on behalf of a Joint Family Farm Venture of which the grantor is a member of.
- **Is the ag property at least 40 acres:** Yes
- **Does either the grantor or the grantors spouse claim another ag homestead in MN:** No
- **Does the grantor and the active farmer live within four cities/townships of the property:** No

According to the information provided, it appears the property does not qualify for special agricultural homestead due to the fact that the grantor and active farmer do not live within 4 cities or townships of the agricultural property. Per Minnesota Statute 273.124, subdivision 14(h)(2), this requirement must be met for special agricultural homestead to be granted. In addition, the assessor has determined that the farm was being custom farmed which is not allowed under the definition of actively farming. It appears the property qualifies for the agricultural classification, but does not qualify for homestead status.

Question 2: According to the property owner's attorney, some of the Department's language regarding actively farming and other special agricultural homestead requiremets are only "opinions and not law". Is the county required to abide by the guidance that the department provides regarding property tax administration?

Answer: All Department of Revenue guidance that is provided to county assessors regarding property tax administration is based off of statute and legislature intent. The department has not changed its guidance or definitions regarding special agricultural homestead, therefore the county should continue to administer special agricultural homestead following the guidance that the department has provided.

Ultimately, the assessor has sole authority to grant or deny homestead, using homestead laws created by MN Legislature and guidance provided by the Department of Revenue. If a property owner disagrees with the county assessor's determination regarding the homestead status of the property, they can always file an appeal with MN Tax Court.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey

State Program Administrator Coordinator
Property Tax Division
Information & Education
Phone: 651-556-6091

April 4, 2017

Terrie Johnson
Mahnomen County Assessor's Office
Terrie.Johnson@co.mahnomen.mn.us

Dear Ms. Johnson,

Thank you for submitting your question to the Property Tax Division regarding. You have provided the following scenario and question:

Scenario:

- In Polk County there are 11 parcels of agricultural land owned by three different trusts.
- Below are the details for each parcel:

Parcel 1

Owner: Trust A	Owner: Trust B
Grantor: Mr. & Mrs. A	Grantor: Mr. & Mrs. B

Farmer: V Farms Inc.

Parcel 2

Owner: Trust A	Owner: Trust B
Grantor: Mr. & Mrs. A	Grantor: Mr. & Mrs. B

Farmer: V Farms Inc.

Parcel 3

Owner: Trust A	Owner: Trust B
Grantor: Mr. & Mrs. A	Grantor: Mr. & Mrs. B

Farmer: V Farms Inc.

Parcel 4

Owner: Trust A	Owner: Trust B
Grantor: Mr. & Mrs. A	Grantor: Mr. & Mrs. B

Farmer: V Farms Inc.

Parcel 5

Owner: Trust A	Owner: Trust B
Grantor: Mr. & Mrs. A	Grantor: Mr. & Mrs. B

Farmer: V Farms Inc.

Parcel 6
Owner: Trust A
Grantor: Mr. & Mrs. A
Farmer: V Farms Inc.

Parcel 7
Owner: Trust A
Grantor: Mr. & Mrs. A
Farmer: V Farms Inc.

Parcel 8
Owner: Trust A
Grantor: Mr. & Mrs. A
Farmer: V Farms Inc.

Parcel 9
Owner: Mrs. B Trust
Grantor: Mrs. B
Farmer: V Farms Inc.

Parcel 10
Owner: Mrs. B Trust
Grantor: Mrs. B
Farmer: V Farms Inc.

Parcel 11
Owner: Mrs. B Trust
Grantor: Mrs. B
Farmer: V Farms Inc.

- All 11 parcels are unoccupied.
- Mr. A and Mr. B are brothers.
- V Farms Inc. is made up of three shareholders
    - Son A, Son B1, and Son B2
- The grantors and the farmers all live within four cities/townships of the 11 agricultural parcels.
- None of the grantors claim another agricultural homestead in Minnesota.
- In addition to the parcels owned in Polk County, there are additional parcels located in the neighboring county of Mahnomen , that are owned 50% by Trust A and 50% by Trust B.
    - These parcels are within 4 cities or townships of the residence(s) of the grantors and farmers.

Question: How should homestead be granted on the parcels located in Polk County and Mahnomen County?

Answer: The first step to determine homestead status is to decide which parcel will be the established main parcel under **each owner**. According to the information you provided, there are three owners: Trust A, Trust B, and Mrs. B Trust. Keep in mind, the grantors of the trusts can only receive one full agricultural homestead, therefore the grantors must choose which parcel they want to establish agricultural homestead on, with the understanding that some of their parcels will not qualify for special agricultural homestead. Once the established main parcel has been identified, the county should then review the other parcels for linking. Be sure to reference the Linking Special Agricultural Memo for more information on establishing and linking special agricultural homestead.

We will use parcels 6 – 8 as the example:

Parcel 6	**Parcel 7**	**Parcel 8**
Owner: Trust A	Owner: Trust A	Owner: Trust A
Grantor: Mr. & Mrs. A	Grantor: Mr. & Mrs. A	Grantor: Mr. & Mrs. A
Farmer: V Farms Inc.	**Farmer: V Farms Inc.**	**Farmer: V Farms Inc.**

The first step is to establish the main parcel. We will review parcel 6 to determine whether that parcel qualifies for special agricultural homestead using the *"Determining Agricultural Homestead Flowchart"*:

- **Who Owns:** Trust A (grantors are Mr. and Mrs. A)
- **Who Occupies:** Nobody
- **Is the agricultural property rented by an authorized entity of which the grantor/grantor's surviving spouse is a shareholder, member, or partner:** No
- **Who Farms:** V Farms Inc. – shareholders are Son A, Son B1, and Son B2
- **Is the agricultural property at least 40 acres**: Yes
- **Does the grantor and/or the grantor's spouse claim another ag homestead in MN:** No
- **Does the grantor and the active farmer(s) live within 4 cities/townships of the ag land:** Yes

According to the information provided, it appears that parcel 6 could qualify for a special agricultural homestead; however we need to know more about the farmers. Since the property is being farmed by an entity that is made up of the son of the grantors and the nephews of the grantors, the county must verify that the son is farming over 50% of the parcel for the property to qualify for special agricultural homestead (nephews are not considered qualifying persons for active farming agricultural homestead). If the son is farming over 50% of the property, then parcel 6 would qualify for a special agricultural homestead.

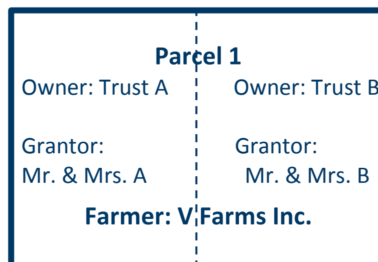
For the purpose of this letter, we will assume the property does qualify for special agricultural homestead and that parcel 6 is the established main parcel. At that point, the county needs to review the other parcels that are owned by Trust A and farmed by V Farms Inc. Keep in mind, the son of the grantors would need to be farming over 50% of the other parcels. To determine whether parcels 7 and 8 can be linked to the established main parcel, we will use the *Linking Special Agricultural Homestead Checklist:*

- **Is parcel 7 located within 4 cities/townships of the residence of the owner/grantor and farmer:** Yes
- **Is parcel 7 owned by the same owner/entity/trust as the established main parcel or an exception applies:** Yes
- **Is parcel 7 classified as agricultural:** Yes
- **Is parcel 7 at least 40 acres in size:** Yes
- **Is parcel 7 being farmed by the owner, grantor or a qualified person of an authorized entity on behalf of the owning entity:** Yes

It appears that parcel 7 could be linked to the established main parcel (parcel 6) and receive special agricultural homestead. The county would do the same test for parcel 8, to determine if that parcel would also be eligible to link for agricultural homestead. For the purpose of this letter, we will assume that parcel 8 does qualify and all three parcels owned by Trust A do qualify for special agricultural homestead.

Scenario 2

Now that we've reviewed the parcels owned by Trust A, let's look at the 5 parcels owned 50% by Trust A and 50% by Trust B. We will start by establishing agricultural homestead on parcel 1 and then review the rest for linking agricultural homestead.



The first step is to establish the main parcel. We will review parcel 1 to determine whether that parcel qualifies for special agricultural homestead using the *"Determining Agricultural Homestead Flowchart"*:

- **Who Owns:** 50% Trust A (grantors are Mr. and Mrs. A) & 50% Trust B (grantors are Mr. & Mrs. B)
- **Who Occupies:** Nobody
- **Is the agricultural property rented by an authorized entity of which the grantor/grantor's surviving spouse is a shareholder, member, or partner:** No
- **Who Farms:** V Farms Inc. – shareholders are Son A, Son B1, and Son B2
- **Is the agricultural property at least 40 acres**: Yes
- **Does the grantor and/or the grantor's spouse claim another ag homestead in MN: Yes & No**
- **Does the grantor and the active farmer(s) live within 4 cities/townships of the ag land:** Yes

Most of the requirements have been met, except the portion regarding another agricultural homestead. Since parcels 6, 7, & 8 are already receiving an agricultural homestead under Trust A, the grantors of Trust A cannot receive another

agricultural homestead for their half ownership in parcel 1. Therefore, parcel 1 could qualify for a 50% special agricultural homestead under Trust B and a 50% agricultural non-homestead under Trust A.

Another requirement we must review is the farming piece. In this case, the sons of Mr. & Mrs. B (son B1 and B2) must be farming over 50% of the parcel for the property to qualify for a 50% special agricultural homestead (nephews are not considered qualifying persons for active farming agricultural homestead). If the sons are farming over 50% of the property, then parcel 1, the established base parcel, would qualify for a 50% special agricultural homestead.

For the purpose of this letter, we will assume the property does qualify for a 50% special agricultural homestead under Trust B and that parcel 1 is the established main parcel. At that point, the county needs to review the other parcels that are owned 50% by Trust A and 50% by Trust B and farmed by V Farms Inc. Keep in mind, the sons of Mr. & Mrs. B would need to be farming over 50% of the other parcels. To determine whether parcels 2 - 5 can be linked to the established main parcel, we will use the *Linking Special Agricultural Homestead Checklist:*

- **Are the parcels located within 4 cities/townships of the residence of the owner/grantor and farmer:** Yes
- **Are the parcels owned by the same owner/entity/trust as the established main parcel or an exception applies:** Yes
- **Are the parcels classified as agricultural:** Yes
- **Are the parcels at least 40 acres in size:** Yes
- **Are the parcels being farmed by the owner, grantor or a qualified person of an authorized entity on behalf of the owning entity:** Yes

You would continue the linking process to the other parcels located in Mahnomen County that are owned 50% by Trust A and 50% by Trust B and farmed by V Farms Inc., again you would need to verify if the sons of Mr. and Mrs. B are farming at least 50% of those parcels prior to linking the homestead.

Please note, if the sons of Mr. & Mrs. B. are not farming at least 50% of the parcels, the county could go back to parcel 6 (the established main parcel), which is owned by Trust A and review linking from parcel 6 to the parcels owned 50% by Trust A. Again, you must verify that Son A is farming at least 50% of each parcel before you can link the 50% homestead.

In this situation, none of the properties owned 50% by Trust A and 50% by Trust B will receive a full agricultural homestead because Mr. and Mrs. A are already receiving another ag homestead on parcels 6, 7, & 8. If the property owners were to initially establish their homestead on parcel 1, these parcels would still not receive a full homestead. Since one of the sons must be farming at least 50% of the property, that means the other ownership entity would not meet the “50% rule”, which would ultimately end with either Trust A receiving a 50% agricultural homestead **or** Trust B receiving a 50% agricultural homestead.

The county would need to repeat this process (establish then link) for the parcels owned by Mrs. B trust to determine if any of those parcels qualify for agricultural homestead. Please note, these scenarios can change depending on where the property owners initially establish their main parcel.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey

State Program Administrator Coordinator
Property Tax Division, Information & Education
Phone: 651-556-6091

April 17, 2017

Sherri L. Kitchenmaster
County Assessor's Office
sherrikitchenmaster@co.lyon.mn.us

Dear Ms. Kitchenmaster,

Thank you for submitting your question to the Property Tax Division regarding trusts where both grantors are deceased. You have provided the following scenario and question:

Scenario:

- Seven properties are owned by two trusts: HN Revocable Trust and MEN Revocable Trust.
- Each parcel is owned 50/50 by each trust.
- One full homestead was allowed between the two trusts.
- Both grantors are now deceased.

Question: Does the property continue to receive 50/50 active farming homestead, or does the death of the grantors mean that only one trust is eligible for homestead, or are both trust eligible for full homesteads?

Answer: When a property is owned by a trust, the grantors are considered the "owners" of the property for homestead purposes. In the given scenario, even though the grantors are deceased the trusts have not dissolved, therefore the ownerships have not changed. One of the requirements for special agricultural homestead is that neither the owner nor their spouse can claim another agricultural homestead in Minnesota. Although the grantors are deceased they are still considered "spouses" for property tax purposes and would thus continue to receive one full homestead. Once the trust is no longer active or is dissolve, the ownership would change and the homestead status must be reviewed.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Gary Martin
State Program Administrator
Property Tax Division
Information & Education
Phone: 651-556-6091

July 6, 2017

Becky Kotek
Rice County Assessor's Office
bkotek@co.rice.mn.us

Dear Ms. Kotek,

Thank you for submitting your question to the Property Tax Division regarding residential property owned by a trust. You have provided the following scenario and questions:

Scenario:

- Property owners transferred their residential property to trust.
- The trust is labeled a Land Trust.
- The land trust does not qualify as a neighborhood land trust.
- The land trust does not qualify under the MN Land Trust program.
- The grantors of the trust (husband and wife) occupy the property as their primary residence.
- The couple also owns an 18.45 acre parcel that is split classified as agricultural and rural vacant land. This parcel is owned by the couple as individuals.

Question 1: Does the residential parcel, owned by the trust, qualify for homestead?

Answer: Yes, as long as the grantors are using the parcel as their primary place of residency and the property is being used for residential purposes, then this property would qualify for owner occupied homestead.

Question 2: Would the 18.45 acre parcel qualify for special agricultural homestead?

Answer: No, to qualify for special agricultural homestead the non-contiguous parcel must be at least 40 acres in size. Since this parcel is only 18.45 acres, this parcel would not qualify for special agricultural homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Jessi Glancey
State Program Administrator Coordinator
Property Tax Division
Information & Education
Phone: 651-556-6091

March 30, 2018

Beverly Johnson
Polk County Assessor's Office
beverly.johnson@co.polk.mn.us

Dear Ms. Johnson,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead and family trusts. You have provided the following scenario and question:

Scenario:

- A farmer owns an agricultural property as an individual and receives agricultural homestead.
- The farmer wants to put his property into a family trust upon his death.
- His daughter will move onto the property under current individual ownership.
- His daughter will not be named as a trustee of the family trust.

Question: Will the daughter be able to maintain relative agricultural homestead on the property upon the owner's death and the land being transferred to the family trust?

Answer: Yes. According to the information you provided, it appears that the daughter would qualify for a relative agricultural homestead once the property is transferred into a trust. The daughter is a qualifying relative of the grantor of the trust that will be created upon her father's death. In this situation it would not matter that she is not named a trustee. Since this is a transfer of ownership, the county will need to review the homestead status once the ownership changes. If all requirements are met at that time, then she would be able to receive a relative agricultural homestead after the property transitions to trust ownership.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

September 5, 2018

Beverly Johnson
Polk County Assessor's Office
Beverly.johnson@co.polk.mn.us

Dear Ms. Johnson,

Thank you for submitting your question to the Property Tax Division regarding homestead. You have provided the following scenario and question:

Scenario:

- Father and Mother deed a property to Daughter One and Daughter Two.
- Daughter One, her husband, and Daughter Two deed the property to a revocable trust.
- Daughter One, her husband, and Daughter Two are listed as grantors on the deed.
- Daughter One and Daughter Two are listed as settlors of the trust, the trust does not specify who the grantor is.
- Father and Mother occupy the property.

Question:

Do the father and mother qualify for a relative homestead of the trust-held property?

Answer:

According to the information provided it appears the property could qualify for a relative homestead. For property tax purposes, we focus on the grantor of the trust and not the settlor. The deed information provided indicates that Daughter One and Daughter Two are the grantors of the trust in addition to being listed as settlors on the trust document. Per Minnesota Statutes, section 273.124, subdivision 21, the parents of the grantors of the trust would qualify the property for a relative homestead assuming all other homestead factors are met.

However, if the county would like more information about who the grantor of the trust is, then the county should require that additional documentation be submitted before approving the homestead application. Since the trust does not clearly state who the grantor is, it would be reasonable for the county to request more information on the grantors.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

September 20, 2018

Diane Rolloff
Brown County Assessor's Office
diane.rolloff@co.brown.mn.us

Dear Ms. Rolloff,

Thank you for submitting your question to the Property Tax Division regarding homestead linking. You have provided the following scenario and question:

Scenario:

- An agricultural homestead base parcel and an additional non-contiguous agricultural parcels are owned by the Mr. Smith Revocable Trust.
- Mr. Smith is the grantor of the Mr. Smith Revocable Trust.
- Two separate agricultural parcels are owned by Mrs. Smith Revocable Trust.
- A trustee's deed was filed from Mrs. Smith Revocable Trust under agreement dated 12/17/97 conveying a legal life estate to the Mr. Smith Revocable Trust (by conveying the property to Mr. Smith, as trustee of the Mr. Smith Revocable Trust), for the life of Mr. Smith on the two parcels owned by the Mrs. Smith trust.

Question: Does the life estate Mrs. Smith's trust conveyed to Mr. Smith, as trustee of the Mr. Smith trust, allow homestead linking from the base parcel owned by Mr. Smith trust?

Answer: Yes. The interest conveyed by the life estate is sufficient ownership interest for agricultural homestead linking. In this case, the grantor (Mr. Smith) is treated as the owner for property tax purposes of the Mr. Smith Trust's parcels and the Mr. Smith Revocable Trust that was granted the life estate. For agricultural homestead linking, these parcels would be considered to be under the same ownership. Mrs. Smith Revocable Trust would no longer be considered the owner for homestead purposes, the homestead would be granted to Mr. Smith Revocable Trust.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

September 24, 2019

Sherri Kitchenmaster
Lyon County Assessor
SherriKitchenmaster@co.lyon.mn.us

Dear Ms. Kitchenmaster,

Thank you for submitting your question to the Property Tax Division regarding homestead treatment involving deceased grantors. You have provided the following scenario and question:

Scenario:

- Trust A consists of a sole grantor and owns a parcel
- Trust B consists of a sole grantor and owns a parcel
- The grantors of trust A and trust B were married
- The grantor of trust A passed in 2018
- The grantor of trust B passed in 1979

Question: How should homestead be administered on both parcels?

Answer: In the 2019 legislative session, statute was amended to allow two trusts to link their homesteads under certain conditions. The grantors of each trust must be "any combination of an individual, the individual's spouse, or the individual's deceased spouse". In this situation, the grantor of trust A was an individual, and the grantor of trust B was the individual's deceased spouse, therefore the two separate trusts could qualify for agricultural homestead linking, if all requirements are met. Since the two trusts still own the property, even after the death of the grantors, the grantors are still considered married for property tax purposes. Therefore, if different qualifying relatives occupied or farmed each parcel, both parcels would not be able to establish a full agricultural homestead as a grantor and their spouse are not able to receive multiple homesteads.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

April 2, 2020

Mark Buysse
Lyon County Assessor's Office
MarkBuysse@co.lyon.mn.us

Dear Mr. Buysse,

Thank you for submitting your question to the Property Tax Division regarding homestead. You have provided the following scenario and question:

Scenario:

- Residential property is owned by a business trust
- The creators of the trust occupy the property and according to the trust language have retained a life estate in the property
- The life estate is not recorded on the deed

Question: Can property owned by a business trust qualify for homestead?

Answer: No. The grantor language related to trust homestead found in Minnesota Statutes, Section 273.124, Subdivision 21 relies on language found in 501C which defines trusts and trust law. Unlike the trusts described in 501C, business trusts are organized under Chapter 318 of the corporation laws of Minnesota.

The language in this business trust states that the creators of the trust have retained a life estate in the property. However, simply stating that they are retaining a life estate in the trust document would not be sufficient proof of ownership, it must be recorded on the deed.

If the life estate is recorded, and the holders of that life estate continue to occupy the property, that life estate would allow them to qualify for homestead. The ownership type of the holder of the remainder interest in a property is not a factor when qualifying for homestead with the interest conveyed by a life estate.

Finally, given the 1991 date of the trust it appears that the property might qualify for homestead based on the language found in M.S. 273.124, Subdivision 21(d). This statutory language was adopted when the current trust and grantor language was enacted to allow those benefiting from homestead to retain that homestead if the new law otherwise would have removed it. The statute states that a person will qualify "who has received homestead classification for property taxes payable in 2000 on the basis of an unqualified legal right under the terms of the trust agreement to occupy the property as that person's homestead and who continues to use the property as a homestead". We would recommend reviewing the homestead status of this property for taxes payable in 2000. If the property meets the requirements listed in the statute it may qualify for homestead, regardless of the business trust ownership.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

November 5, 2020

Becky Kotek
Rice County Assessor's Office
bkotek@co.rice.mn.us

Dear Ms. Kotek,

Thank you for contacting the Property Tax Division regarding residential homestead for property owned by a trust. You have provided the following scenario and questions:

Scenario:

- A residential property was recently purchased by a corporation under a special needs trust.
- The trust was created on behalf of an eleven-year-old girl who is occupying the property with her parents and siblings.
- The young child is the sole beneficiary of the trust.
- The grantor of the trust are the parents of the beneficiary.

Question: Does this trust owned property qualify for a residential homestead?

Answer: Yes, the property would qualify for an occupied residential homestead if all other requirements are met.

Minnesota Statute 273.124, subdivision 21 allows property to be owned by a trust and qualify for homestead. The requirements in statute specify that the grantor of the trust must occupy the property and according to the information provided, it appears that the requirement in statute has been met.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

January 13, 2021

Tammy Mortenson
County Assessor's Office
Tammy.Mortenson@Chippewa.MN

Dear Ms. Mortenson,

Thank you for submitting your question to the Property Tax Division regarding homestead. You have provided the following scenario and question:

Scenario:

- Property A is an agricultural homestead owned by a trust
- The grantor of the trust is deceased
- The property currently receives an occupied relative agricultural homestead through a qualifying relative, John
- John occupies the property
- Property B is a residential homestead owned by John, John's wife Jane, and Jane's daughter
- Jane and Jane's daughter occupy property B

Question: How should homestead be administered on these two parcels?

Answer: Each property's homestead situation should be examined independently to determine if ownership and occupancy requirements are met. Because married couples are treated as one owner for property tax purposes and Jane does not occupy the property, property A would receive a 50% relative agricultural homestead through John.

For property B, the homestead requirements should be evaluated for each owner. The portion owned by Jane's daughter would qualify for an owner-occupied homestead because she occupies the homestead. Because married couples are treated as one owner and because John does not meet the occupancy requirements, the property would only receive 50% of the homestead benefit on their portion of the property. This would result in a 75% homestead (50% Jane's daughter + 25% Jane) for property B.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

February 23, 2022

Cindy,

Thank you for contacting the Property Tax Division regarding homestead. You provided us with the follow scenario and questions.

Scenario:

- A property owner is the grantor of a Special Needs Trust.
- The property owner has a son.
- The Trust purchased residential property in 2012 which the son occupies.
- The son applied for and was granted a relative homestead.
- The grantor passed away on February 13, 2022.

Question: Can the son continue to receive a residential relative homestead now that the grantor of the trust is deceased?

Answer: Yes, the property can continue to qualify for relative homestead as long as the trust is still active upon the death of the grantor and the qualifying relative continues to meet residential relative homestead requirements (i.e. they are a MN resident and do not claim another homestead etc..). If the trust dissolves upon the death of the grantor and the ownership changes, then the county will need to review the relative homestead status.

Question: Would the answer be different if the property were agricultural property, and the son was receiving an agricultural relative homestead?

Answer: No, trust owned property that is homesteaded by a grantor or a qualifying relative of the grantor have the same requirements for both residential and agricultural property. The only difference between residential relative homestead and agricultural relative homestead is the qualifying relatives for **unoccupied**, special agricultural homestead property.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

September 8, 2023

Dear Wendy,

Thank you for submitting your question to the Property Tax Division regarding special agricultural homestead. You have provided the following scenario and question:

Scenario:

- Trust A and Trust B both own unoccupied agricultural parcels
- Spouse A and B are grantors of Trust A
- Spouse B is the sole grantor of Trust B
- Both spouses farm both parcels
- Both spouses live on a residential parcel within four cities/townships of the agricultural parcels

Question: How should homestead be administered in this scenario?

Answer: The couple could establish special agricultural homestead (assuming all requirements are met) on one of the two parcels and potentially link to the other parcel. They cannot establish homestead on both parcels, as one requirement of establishing trust-owned agricultural homestead is that the grantor and their spouse must not receive another agricultural homestead in Minnesota.

While agricultural homestead cannot normally be linked when ownership differs, there is an exception for trust ownership if the grantors of each trust are any combination of an individual, that individual's spouse, or that individual's surviving spouse. In this situation, because the grantors of trust A are either the same person (spouse B) or the spouse (spouse A) of the grantor of trust B, these parcels may link agricultural homestead, assuming all special agricultural homestead linking requirements are met.

Requirements for special agricultural homestead linking may be found on page 77 of Module 4 of the Property Tax Administrator's Manual.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

September 14, 2023

Dear Jenna,

Thank you for submitting your question to the Property Tax Division regarding trust-owned homestead. You have provided the following scenario and question:

Scenario:

- A residential property is owned by a trust.
- The grantors of the trust were long term partners but unmarried.
- The property had received a fractional homestead due to Grantor A not being a Minnesota resident.
- Grantor A died in February 2023.
- Grantor B re-applied for homestead in July.

Question: Would Grantor B receive a full homestead?

Answer: No, as Grantor A is still a grantor of the trust even after their passing. Minnesota Statute 273.124 subdivision 21 (a) allows homestead if *"the grantor or surviving spouse of the grantor of the trust occupies and uses the property as a homestead."* Because Grantor A has passed away and Grantor B is not the surviving spouse, Grantor A's ownership interest in the trust would not receive homestead. Therefore, assuming that Grantor B continues to qualify for homestead, the homestead would stay at a 50% owner occupied homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

September 27, 2023

Dear Mark,

Thank you for submitting your question to the Property Tax Division regarding trust-owned agricultural homestead. You have provided the following scenario and question:

Scenario:

- Grantor A & their spouse owned two tracts of land totaling approximately 471 acres
- The grantor passed away in 2013 and their spouse in passed in 2022
- After Grantor A's death, the property was put into Family Trust
- At the end of 2022 the land was divided and quitclaimed to the trusts of their nine children
- Grantor A is the grantor of all of the children's trusts
- Children A, B, and C all have ag homestead established in the county.
- Children D, E, and F, have residential homestead established in either the county or neighboring county.
- Children A, B, C, D, E & F all live within 4 townships of the land in question.
- Child C farms all of the land.
- Children G and I are not Minnesota residents, and Child H lives more than 4 townships away.

Question: Can homestead be linked from any of the already-established agricultural homesteads?

Answer: No. When property is owned by a trust, the grantor of the trust is considered the owner of the property for homestead purposes. This is the case even if the grantor and their spouse are deceased. To link homestead, ownership of the base parcel must be the same as the parcel to be linked, with exceptions only covering situations when an individual is linking to a trust in which they are a grantor. Because this exception does not apply in this situation and Grantor A is considered the owner of all nine parcels, the children who already receive an agricultural homestead would not be able to link to the trust-owned parcels.

Question: Can special agricultural homestead be established on any of these parcels?

Answer: Possibly. Using the agricultural homestead flowchart for trust-owned property, we see that a qualifying relative of the grantor (child C) is farming all the parcels. They must be farming the ag property on their own behalf or on behalf of an operating entity of which they are a qualified person, as this would establish the agricultural homestead on the grantor's behalf rather than the farmer, who cannot qualify for another ag homestead.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,
Information & Education Section

Property Tax Division
Phone: 651-556-6922

November 22, 2023

Dear Liz,

Thank you for submitting your question to the Property Tax Division regarding trust owned agricultural homestead. You have provided the following scenario and question:

Scenario:

- A property was owned by a revocable trust and was receiving agricultural homestead.
- The trust was changed to an irrevocable trust this year.
- The trust is not currently registered with the Minnesota Department of Agriculture (MDA).

Question: If the trust does not register with the MDA, are they eligible to receive agricultural homestead?

Answer: While revocable trusts are not required to register with the MDA under Minnesota Statutes 500.24, irrevocable trusts are required to do so before engaging in farming or having an interest in agricultural land. It has been the Department of Revenue's policy that all entities required to register with the MDA under M.S. 500.24 must do so before the assessor can grant homestead. It is recommended that the assessor communicate with the property owner notifying them that they are not in compliance with M.S. 500.24 and must register with MDA before a new homestead application can be processed.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

October 25, 2023

Dear Tami,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- A trust owns an agricultural property with a home.
- The grantors of the trust are a married couple.
- The son of the grantors occupies and farms the property.
- The son has recently bought an agricultural parcel in his own name and is farming this land.

Question 1: Can the son establish an agricultural homestead on his newly purchased land?

Answer: No. Because the son is receiving a relative agricultural homestead on the trust-owned land, he cannot establish a special agricultural homestead on his individually owned land. When a qualifying relative of the grantor (or an owner in the case of individually owned property) occupies an agricultural property and qualifies it for homestead, they are considered to be the person receiving homestead on the property. This makes them ineligible to establish another agricultural homestead, as individuals cannot receive multiple agricultural homesteads.

Question 2: Can the son link his individually owned land to the base parcel receiving the relative homestead?

Answer: No, the county is correct that he cannot link to his individually owned land. In order to link agricultural homestead, both the base parcel receiving homestead and the other agricultural parcel must be owned by the same person. While there are some exceptions for trust ownership, there is no provision that allows linking between a property owner and their relative for any type of property ownership.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

January 17, 2024

Dear Jo,

Thank you for submitting your question to the Property Tax Division regarding agricultural homestead. You have provided the following scenario and question:

Scenario:

- Family Trust owns 210 acres of agricultural land.
- Revocable Trust owns 165 acres of agricultural land.
- Both trusts have the same grantor.
- Family Trust's property is occupied by the grantor's parents.
- Revocable Trust's property is occupied by the grantor's daughter.
- Both the parents and daughter have applied for relative agricultural homestead.
- The grantor is a Minnesota resident and does not have an agricultural homestead.

Question: How should agricultural homestead be applied?

Answer: Minnesota Statutes 273.124, subd. 21 describes the requirements that must be met for trust-owned property to qualify for homestead. Relative agricultural homestead owned by a trust has the same requirements as relative agricultural homestead for individually owned property, with the grantor being treated as the owner. One of the requirements of relative agricultural homestead is that only one relative agricultural homestead is permitted per family. **Either** the Family or Revocable Trust's property may qualify for one full relative agricultural homestead, assuming all other requirements are met. It does not matter in this scenario that the property is owned by two different trusts, because they both have the same grantor.

Whichever property establishes agricultural homestead can potentially link the agricultural homestead to the other agricultural parcels. While ownership generally needs to be the same in order to link homesteads, M.S. 273.124 subd. 21 (f)(2) allows linking between "*different trusts of which the grantors of each trust are any combination of an individual, the individual's spouse, or the individual's deceased spouse.*" Because the grantor is the same for both trusts, the trust that establishes agricultural homestead could link to the other trust as long as the property is within four cities or townships of the other trust land. Any noncontiguous land that is part of the established homesteaded property located in another county must be made known to both county assessors.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

May 9, 2024

Sherry,

Thank you for contacting the Property Tax Division regarding relative agricultural homestead for property held in a trust. You provided us with the follow scenario and question.

Scenario:

- A married couple own and occupy 80 acres of agricultural land.
- The property had been receiving an occupied agricultural homestead on the parcel and had linked agricultural homestead to four additional parcels in the county.
- The couple deeded the five parcels to their two children.
- The children set up a trust the property will be held under, naming them as the grantors.
- The parents are still occupying the 80-acre parcel.
- One child lives in Minnesota and the other resides in North Dakota.

Question: How should homestead be applied in this scenario?

Answer: Based on the information provided, the property would qualify for a 50% relative agricultural homestead. A requirement to receive relative agricultural homestead when property is owned by a trust is that the grantor must be a Minnesota resident, and only one of the two grantors is currently a MN resident. The house, garage, and first acre of residence could receive a 50% residential relative homestead in addition to the 50% relative agricultural homestead, since relative residential homestead only requires the qualifying relative to be a MN resident, the owner does not need to be a Minnesota resident.

If all linking requirements are met, the other four parcels could potentially receive the 50% agricultural homestead, based on the child residing within MN.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922