DEPARTMENT OF REVENUE

DOR Letters Update:

3/15/2024

Any correspondence posted within this file is deemed to be accurate and a true representation of the answer as of the date the original document was issued. The Department of Revenue will make every attempt to ensure letters that are no longer accurate due to law or policy changes are removed in a timely manner. If you find a document that you believe is no longer accurate due to a change in law or policy, please direct your concerns to us at proptax.questions@state.mn.us and we will attempt to resolve the situation.

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.

Updated March 2024

DEPARTMENT OF REVENUE

December 4, 2023

Faye,

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

Question: Two brothers own two residential homes jointly. Do they both qualify for full homesteads if they each occupy one of the homes?

Answer: Both properties would receive a 50% owner-occupied homestead and a 50% relative homestead. Each brother qualifies for 50% owner-occupied homestead for their ownership interest in the property, and 50% relative homestead for their brother's ownership interest in the property because they are a qualifying relative.

We highly recommend reviewing Module 4 of the Property Tax Administrator's Manual as a resource for questions regarding 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

DEPARTMENT OF REVENUE

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

DEPARTMENT OF REVENUE

January 4, 2024

Andrea,

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

Scenario:

- A property is owned by a trust and is occupied by the grantor.
- The property is currently classified as seasonal recreational.
- The property owner applied for homestead and included both the grantor and their spouse on the application.
- The spouse of the grantor does not live at the address and did not provide their driver's license.
- The grantor is working remotely and is self-employed, whereas the spouse of the grantor lives more than four cities or townships away due to work.

Question: What percentage homestead does the grantor qualify for?

Answer: The grantor would only receive a 50% owner-occupied homestead as they occupy the property but their spouse does not. It is unlikely that the property would qualify for the exception under Minnesota Statutes 273.124 subd. 1(e)(3) allowing a married couple to receive a full homestead if one spouse does not occupy the property due to work. The grantor is working remotely at a property classified as seasonal recreational, which suggests that the grantor is not occupying the property **due to** their work.

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

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

March 5, 2024

Debbie,

Thank you for contacting the Property Tax Division regarding homestead for active-duty military members. You provided us with the follow scenario and question.

Scenario:

- A servicemember in active duty owns and occupies a home in Florida.
- The veteran's spouse and children moved to Minnesota and applied for homestead.

Question: What percent of homestead is the couple eligible to receive?

Answer: Spouses are considered one legal entity for property tax purposes, which means that both spouses must meet the occupancy and residency requirements of homestead to get one full homestead. If the servicemember has not established Minnesota residency, then the property would only be eligible for a 50% owner occupied homestead.

If the active duty servicemember established Minnesota residency prior to the active-duty role, they may qualify for an exception for the occupancy requirement under Minnesota Statutes 273.124 subd. 12, which allows a full homestead *if* the property was homesteaded by the active service member *prior* to their absence. Upon the spouse's return from military service and re-establishing Minnesota residency, the assessor may provide an abatement of the difference between the non-homesteaded and homesteaded taxes for the current year up to a maximum of two preceding years in accordance with M.S. 273.124 sub 12 (b). To do this, the servicemember must notify the assessor of their absence due to military service, and when they return, notify the assessor for a potential abatement of taxes of the difference between the homesteaded and non-homesteaded taxes.

If the servicemember does not qualify under MN Statue 273.124 Subd. 12, there are "other personal circumstances" that may qualify the owner/occupant. If the following cause the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes, the applicant may qualify for homestead as outlined in MN Statute 273.124, subd. 1, paragraph (e), which allows for a spouse to qualify for a full homestead despite the other spouse not occupying the property *if:*

- Marriage dissolution proceedings
- Legal separation
- Employment or self-employment in another location
- Other personal circumstances causing the spouses to live separately (restraining order, etc..)

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead

under subdivision 1, paragraph (e) of M.S. 273.124. 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

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

DEPARTMENT OF REVENUE

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

January 17, 2024

Dear Brady,

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

Scenario:

- A mother has lived with her daughter and the daughter's husband in their house for the last few years.
- That daughter's house is classified as residential homestead.
- The mother owns her own house about three blocks away.
- The mother's house is getting residential homestead as well.
- She is not renting it out and no other person occupies this property.
- The mother keeps some belongings at her own house, parks her car there, goes there daily in the summertime to do some chores. But she does not stay overnight there.
- The mother's mail and bills are delivered to her own house (water, electricity, gas, etc.).
- The family uses the mother's kitchen to cook when they have large family gatherings.

Question: Is the mother's home considered occupied and qualify for homestead?

Answer: There are several factors outlined in the Property Tax Administrators Manual that can be used to assist with making homestead determinations. The following may be used to assist with determining both residency and occupancy:

- Where is the taxpayer's mail delivered?
- Where is the taxpayer registered to vote?
- Does the taxpayer have another residence in Minnesota for which they can or do claim homestead?
- What is the taxpayer's address on the taxpayer's motor vehicle registration?
- What is the taxpayer's address on their driver's license? (Per Minnesota Statutes, section 171.11, all licensed drivers must change their driver's license within 30 days of an address or name change.)

In the situation you have outlined, it would be up to the assessor to determine if the mother has permanently moved into the daughter's residence and no longer occupies her property, or if this is- or could be- a temporary situation. If you determine her permanent occupancy is no longer at the home she owns, despite those factors above that she currently meets, the homestead should be removed.

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

February 1, 2024

Dear Nancy,

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

Scenario:

- A property owner has homestead on a property in your county.
- The property owner is away for the winter months, November through March.
- The property owner is thinking about renting their home while they are away.

Question: Is the property owner able to maintain their homestead if they rent their property while they are away?

Answer: Based on the information provided, it is unlikely that this property could be rented for any significant length of time, such as a number of months, and still retain the homestead status. Minnesota Statutes, section 273.124, subd. 1, paragraph (a), states: *"Residential real estate that is occupied and used for the purposes of homestead by its owner, who must be a Minnesota resident, is a residential homestead."* Taxpayers are allowed to be away from their property for a reasonable length of time without losing their homestead, but the property must still be available to them upon their return at any time. The occasional rental or use of the home by others would not jeopardize the homestead classification as it would likely be determined to be an incidental use of 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: 651-556-6922

December 6, 2023

Dear Stacy,

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

Scenario:

- Two contiguous 20-acre parcels are held under common ownership.
- One of the parcels contains the homestead with part being a vineyard and orchard. It also has a fenced area used by the owner's four horses.
- The second parcel has additional vineyards, a meadow used for hay, and pine trees that are sold.
- The second parcel contains a building used for wine tasting and retail that is split classified commercial.
- The orchards, vineyards, and area used for the vineyard total 8 acres.
- The owners do not have an FSA number, file a schedule F, nor have proof of profit or loss from farming.
- The owners have stated they filed a 4835 Farm Rental Income and Expense form, which has not yet been provided.

Question: At what point do the areas used for the trees and meadows for hay become eligible acres for the agricultural classification?

Answer: For this property to qualify for the agricultural classification it must have 10 contiguous acres used for qualifying agricultural purposes. When defining agricultural products that would meet this requirement, statute states they must be produced for sale. While land used for the purposes of **commercially** boarding horses may qualify as agricultural use, the fenced areas, acres used to provide pasture, and any buildings used for the owner's horses would not qualify. If the hay is cut and sold, and the owner can provide documentation that the use of that meadow is to produce a product for sale, it may qualify.

Minnesota Statutes 273.13, subdivision 23 (i)(7) allows "trees, grown for sale as a crop, including short rotation woody crops, and not sold for timber, lumber, wood, or wood products" to be agricultural products as long as they are cultivated for sale. We have in the past offered guidance on determining if trees planted for later sale would meet this requirement. That guidance is below although each situation should be looked at individually:

- Trees are planted in an orderly fashion in a way that would facilitate being harvested with a tree spade;
- Surrounding vegetation is necessarily controlled to allow easy access for removal;
- Trees are not logged and sold for timber, lumber, wood, or wood products;
- Property owner is properly licensed with the Minnesota Department of Agriculture (MDA) if required. MDA website contains information on the limited exceptions for individuals.

The Property Tax Administrator's Manual offers guidance on the issue of the production for sale requirement:

The agricultural product being produced on the land must be produced for the purpose of sale. Although income should not be the sole determining factor, the assessor may want to consider the following factors:

- *Income (Schedule F) from sale of agricultural products (crops, livestock, etc.)*
- *How the agricultural products were sold (wildlife food plots do not qualify)*
- *Income earned in the past year from the sale of animals*
- *The income from the productive acres divided by the number of total acres*
- *Rental income from an agricultural lease*

Although you have stated that the property owner filed a 4835 Farm Rental Income and Expense form it is not clear if it relates to any of the areas being used for hay or tree production or is related to some other part of the property. That information could make a material difference in the ultimate classification determination.

In both cases, it appears your office does not have the necessary information to classify either of these areas as agricultural. Classification of property is not based on future use or intentional future use. The property is classified according to its use on January 2 of every year and must have been used during the preceding year for agricultural purposes.

If documentation is provided and shows that the additional acres meet the statutory requirements, and those additional acres would result in 10 or more contiguous acres used for an agricultural purpose then the property may qualify at that time. Until that time, it appears this property does not meet the requirements to 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: 651-556-6922

January 4, 2024

Dear Macy,

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

Scenario:

- A 7.82-acre parcel is improved with a residential structure.
- The parcel contains a 3,200 square foot building used to store farm equipment.
- The parcel contains two greenhouses, one 1,000 square feet and one 95 square feet used in the market farming operation, as well as a room in the residential structure.
- The owner rents and farms 380 additional acres.
- The owner also does market farming on this and another parcel. Products are sold to two local grocery stores, one restaurant, and a local farmer's market.
- The owner's cottage food producer license was provided.
- The owner files and has provided to your office a Schedule F for both operations and a 156EA showing the owner as the operator for the acres farmed.

Question: Does this parcel qualify for the agricultural classification based on an intensive use?

Answer: From the information provided it appears the property may meet the intensive use qualifications to be considered agricultural as a parcel of less than 11 acres and improved with a residential structure. The ultimate decision would be made by the assessor using their professional expertise and judgment to determine if the property is being used intensively for agricultural purposes rather than just a token or nominal use based on the specifics of the parcel. Statute does not provide any minimal income or acreage requirements for use in making this determination.

If a property is less than 11 acres in size and has a residential structure, two of the possibilities for "intensive" agricultural use are intensive market farming of products for sale "to local markets" by the farmer, and intensive machinery or equipment storage activities "used to support agricultural activities on other parcels of property operated by the same farming entity," or a combination of the two. In this case, the parcel appears to contain both uses which may qualify the entire property as 2a.

Because the law does not provide any guidelines for determining whether agricultural production is intensive on any given property, the Department of Revenue has previously advised that a review of the income generated by agricultural production on a property, and the amount of labor required for production would be tools to help make that determination as it relates to intensive market farming. The assessor may request the property owner to provide income information, farmers' market applications or permits, and any other information deemed necessary to help the assessor make this determination. Similarly, a review of the overall agricultural operation, and the machinery or equipment stored as it relates to that operation, should be used to determine qualification as it relates to intensive storage.

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 1, 2024

Heather,

Thank you for contacting the Property Tax Division regarding 1C homestead resort classification. You provided us with the follow scenario and question.

Scenario:

- A resort is made up of parcels owned by two separate LLC's.
- The LLCs each have the same ownership.
- LLC A abuts public water and meets the qualifications of 1C -Homestead Resort.
- LLC B is comprised of a common interest and separate individual units/parcels but does not abut public water.

Question: Should LLC B be treated the same or separate as it does not appear to qualify independently under the 1C homestead resort classification?

Answer: Based on the information provided, LLC B would not qualify for 1c – Homestead resort. Although in some situation's parcels owned by different LLCs with the same ownership may qualify, each parcel must meet the qualifications for the 1c classification. From the information provided, LLC B does not appear to meet the basic requirements of 1C homestead resort classification.

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 13, 2024

Dear Bryan,

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

Scenario:

- A homestead qualifying as a Community Land Trust property is owned by a married couple.
- Only one of the spouses occupies the property.
- The property otherwise qualifies for 4d(2) Homestead Community Land Trust unit.
- The property is receiving a 50% homestead due to the spouses living apart.

Question: What is the appropriate classification for the non-homestead portion of the unit?

Answer: Given the 4d(2) classification requires the property to be homesteaded, it would be appropriate to review the classification in the same manner as would have been done when the unit was 1a Residential homestead. Given the information provided, it would appear that the property should be split classified as 4d(2) and 4bb(1) Residential Non-Homestead Single Unit for the non-homestead portion of 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: 651-556-6922

DEPARTMENT OF REVENUE

January 26, 2024

Dear Dave,

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

Scenario:

- A veteran has been receiving the $150,000 exclusion for several years.
- On July 1, the veteran was certified by the county veteran service officer (CVSO) with a 90% disability rating.
- In November, the veteran contacted the county stating that they had been upgraded to a 100% total and permanent disability and wished to apply.

Question: How should the county process this application?

Answer: The veteran must submit a new application in situations where their disability rating has changed to reflect a 100% total and permanent disability rating; a new application is required due to the property owner qualifying for a new level of the exclusion. The role of the CVSO is to certify that the veteran continues to meet the eligibility requirements of the exclusion the veteran is currently receiving. This is in place of the reapplication that was previously required before the law change in 2017.

The property veteran has until December 31 of the assessment year to apply for the new exclusion level. This ensures that the county has a current initial application on file to reflect the exclusion level being applied. Additionally, this provides equitable treatment between veterans who are first-time applicants, those that may move to a new homestead, and those who were receiving the lower exclusion.

Moving forward, we recommend that the county reach out to other veterans receiving the $300,000 exclusion who do not have an application on file that shows that they are 100% totally and permanently disabled, similar to if the county has processes in place for collecting missing homestead applications.

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 1, 2024

Dear Jodi,

Thank you for submitting your question to the Property Tax Division regarding the market value exclusion for veterans with a disability. You have provided the following scenario and question:

Scenario:

- A veteran in your county qualifies for the market value exclusion for veterans with a disability.
- The qualifying veteran and their spouse moved into their parent's home to care for them.
- The parents have conveyed a small percent of interest in their home to the veteran.

Question: How would the exclusion be calculated on a small percent of interest in the property?

Answer: Homestead requires both ownership and occupancy, for this answer we will assume the veteran is making this his primary homestead. For residential property owned by multiple owners, homestead is fractionalized according to the number of owners and not by individual ownership interest. For property tax purposes, a married couple is considered one entity when determining the number of owners. This means that two married couples occupying a homestead where both couples have an ownership interest would be treated as if it had two owners.

In this scenario, the veteran and his spouse would receive 50% owner-occupied homestead and the veteran's parents would also receive 50% owner-occupied homestead. The exclusion amount would then also be fractionalized by 50%, as the veteran is receiving 50% homestead. Only in situations with agricultural properties would the actual ownership interest potentially impact any fractional homestead calculations.

Please note that if the property receives the veterans exclusion, the property is statutorily ineligible for the homestead market value exclusion. An example of calculating a fractional veteran exclusion is found on page 138 in in the Property Tax Administrator's Manual, Module 2- Valuation.

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 1, 2024

Julie,

Thank you for contacting the Property Tax Division regarding exemption as an institution of purely public charity (IPPC). You provided us with the follow scenario and question.

Scenario:

- A non-profit residential property applied for exemption as an IPPC in June 2023.
- Property provides low-cost rental housing for qualifying Mayo patients.
- Organization received IRS 501(c)(3) designation October 2021.
- Financial statements were provided from December 2021 – present.
- Organization did not meet donation threshold to file a 990 in 2021.
- Applicant claims $105,000 in donations and gifts is stated on the application.
- To qualify for services, patients must fulfill several requirements:
    - Be a caregiver or in active cancer treatment and
    - Permanently reside outside the city of Rochester Minnesota

Question: Does the organization qualify for exemption as an institution of purely public charity?

Answer: As with virtually any type of exempt property, the organization must prove that it is being used for a charitable purpose, be owned by a non-profit organization, and demonstrate the necessity of ownership to be considered for exemption. In addition to this three-prong test, to qualify for exemption as an IPPC an organization must also have 501(c)(3) designation and meet the six statutory requirements outlined in Minnesota Statute 272.02 subd. 7.

Based on the information provided, it is not clear if the organization meets requirement number 2,

> *"the institution must be supported by material donations, gifts, or government grants for services to the public in whole or in part."*

While the application lists donations and gifts of $105,000, the documentation provided did not clearly depict that information. If the organization can provide documentation that it meets this requirement, or a reasonable justification for failing to meet the factor is provided to the assessor, then it may qualify. However, based on the documentation provided it does not appear that the applicant qualifies for exemption at this time.

This opinion is based on the information provided and may change if any of the facts were updated and or if additional information is provided. The onus is on the organization seeking exemption.

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