

New Special Agricultural Homestead Application Instructions

The Applications

The applications are a product of a collaborative working group made up of assessing staff from county & city assessor offices and the Department of Revenue. Initial meetings determined the scope of the project, which began with deciding to reduce the number of applications. The working group decided that the applications should be focused on the owner rather than on the active farmer. Therefore, the initial agricultural homestead applications have now been reduced from six to three applications:

1. Agricultural property owned by individuals
2. Agricultural property owned by entities
3. Agricultural property owned by trusts

Again, the new layout focuses on the **owner** of the property rather than the **farmer**, and mirrors the “Establishing Agricultural Homestead Flowchart”. The working group reviewed the current applications and identified areas that were confusing for property owners and caused administration questions. The group additionally proposed several changes to ease the process of verifying homestead at the county level. Using this feedback, applications were created, reviewed by the working group, and have been issued.

The applications were designed to assist counties to collect information from the property owner and/or farmer that is needed during the homestead verification process. The required information, from the applications, **in addition to other verification requirements**, such as reviewing additional documentation to verify the operator, or verifying the location of the residence to be sure it meets the 4 cities/townships rule etc...will ensure the applicant meets the requirements for homestead.

On the following pages there is a step-by-step guide for each of the applications. Counties are expected to use these applications for the current 2019 assessment year, meaning **all special agricultural homestead property should complete a new 2019 initial application** and return them to the assessor by the deadline. While the County Assessor may request additional materials to verify that a property qualifies for homestead, the application must be used without any alteration.

Finally, the applications include 2019 law changes that applied to special agricultural homestead.

If you have questions regarding the applications, you can contact us at proptax.questions@state.mn.us

Individually Owned Application

Owner Section

The owner should write their name and social security number, and answer “yes” or “no” if they are a Minnesota resident. If they are married, they must put the name of their spouse, their spouse’s social security number, and indicate whether or not they are a Minnesota resident. The spouse’s information is required, even if the spouse does not occupy the property.

The owner should then provide their **home address**, including the county and city/township of residence. This should be a physical address, not a PO box. This will assist counties when identifying whether or not a property owner lives within four cities or townships of the agricultural land. The applicant should then list their phone number and email address for contact purposes.

The owner should check “yes” or “no” to whether or not they and/or their spouse claim another agricultural homestead in Minnesota. The property owner should indicate whether or not the owner’s spouse, if applicable, also occupies the property. If the spouse does not occupy the property, the county will need to do further exploration regarding spousal homesteads.

Lastly, the applicant must state how many owners the property has, this information should assist the county when verifying ownership. Note: the county is **required to verify** ownership by reviewing the deed.

Farmer Section

The applicant must indicate if the agricultural property is operated by an authorized farming entity.

- If no, the next two questions can be left blank.
- If yes, they must print the name of the operating entity, and answer if the owner is a qualified person of the operating entity. If the owner is **not** a qualified person of the operating entity, homestead should be denied.

The farmer should then fill out the farmer information section. Note: if the owner is **also the farmer**, they do not need to enter their information again.

If the owner and farmer are different, the applicant should fill out the information of the farmer, including their name and social security number, and answer “yes” or “no” if they are a Minnesota resident. If the farmer is married, they must put the name of their spouse, their spouse’s social security number, and indicate whether or not they are a Minnesota resident.

The farmer must also fill out their home address (again, not their PO box but physical address), including the county and city/township of residence. This again can help counties identify if the farmer lives within four cities or townships of the agricultural property. If the farmer is married, they must also indicate whether or not their spouse occupies their home.

Additional Information Section

The applicant must first indicate the relationship between the farmer and the owner. The applicant should only choose one of the three options. If the applicant chooses the third box, the county will need to verify that the farmer is indeed a member of the operating entity. Requiring entity documentation is recommended.

The applicant should then go through the following questions, and check each box if the statement applies to the farmer.

1. The farmer must affirm that they meet the definition of actively farming the agricultural property. The definition of “actively farming” is located in the instructions at the end of the application; if the farmer does not meet the definitions of “actively farming” then they cannot qualify the property for homestead.
2. If the property is operated by an authorized entity and the farmer is claiming another agricultural homestead, then the application should be denied. If the property is not operated by an authorized entity, then the response to the question is irrelevant as long as the **owner** is not receiving another agricultural homestead.
3. The information provided by the FSA about the operator (farmer) must match up with the information listed on the application.
4. The farmer must affirm that they filed a schedule F or equivalent income tax form with their federal income tax return for the most recent year. This is mandated by statute, and if the applicant did not, homestead should be denied.

Property Section

The applicant should record the Property Identification Numbers, acreage, the county that each parcel is located in, and the status in any conservation program for **each** parcel that is being applied for homestead. The farmer **and** the owner must live within four cities or townships from any agricultural property listed. If this is not the case, then homestead treatment should be denied for the parcels that are outside of the 4 cities/townships. Note that the assessor is still expected to verify this information, and should not simply take the applicant’s word.

Signature Section

The owner and active farmer must sign and date the application. If either/both are married, their respective spouses must also sign and date the application to affirm that the information on the application is correct. If the owner and farmer are the same person, then they only have to sign as the owner.

If any of the required signatures are not provided, the homestead application would need to be denied.

Trust Owned Application

The grantor of the trust should fill out this application using their own information. However, if the grantor is deceased, the applicant applying for homestead should use the applicant's information when filling out the application.

Grantor Section

The grantor must include the name of the trust and how many grantors are a part of the trust.

If the grantor is **alive**, the grantor should enter their name and social security number, and answer "yes" or "no" if they are a Minnesota resident.

If the grantor is **deceased**, the applicant should write "yes" in the appropriate box, and the applicant should use their own name, social security number, and indicate if they are a Minnesota resident.

The grantor (or if deceased, the applicant) must then fill out the fields relating to their spouse, if applicable. The spouse information is required.

The grantor (or if deceased, the applicant) should provide their **home address**, including the county and city/township of residence. This should be a physical address, not a PO box. This can help counties identify whether or not the applicant lives within four cities or townships of the agricultural land, or has property in another county that may need to be considered when processing the application. The applicant should also list their phone number and email address for contact purposes.

If the grantor is deceased, the applicant should provide the trust's EIN, which is used to pay federal taxes.

The grantor/applicant should attach a copy of a document showing the members of the trust. The county will need this information to verify who the grantor is.

The grantor should check "yes" or "no" to indicate whether or not they and/or their spouse claim another agricultural homestead in Minnesota.

The applicant should indicate whether or not their spouse, if applicable, also occupies the property. If the spouse does not occupy the property, the county will need to do further exploration regarding spousal homesteads.

Farmer Section

The applicant must indicate if the agricultural property is operated by an authorized farming entity.

- If no, the next two questions can be left blank.
- If yes, they must print the name of the operating entity, and answer if the grantor/grantor's spouse is a qualified person of the operating entity. If this requirement is not met, the homestead should be denied.

The farmer should then fill out the farmer information section. Note: if the grantor/applicant is **also the farmer**, they do not need to enter their information again.

If the grantor/applicant is not the farmer, the farmer should fill out their information in this section.

Additional Information

The applicant must first indicate the relationship between the farmer and the owner. The applicant should only choose one of the three options. If the applicant chooses the third box, the county will need to verify that the farmer is indeed a member of the operating entity. Requiring entity documentation is recommended.

The applicant should then go through the following questions, and check each box if the statement applies to the farmer.

1. The farmer must affirm that they meet the definition of actively farming the agricultural property. The definition of “actively farming” is located in the instructions at the end of the application; if the farmer does not meet the definitions of “actively farming” then they cannot qualify the property for homestead.
2. If the property is operated by an authorized entity and the farmer is claiming another agricultural homestead, then the application should be denied. If the property is not operated by an authorized entity, then the response to the question is irrelevant as long as the **grantor** is not receiving another agricultural homestead.
3. The information provided by the FSA about the operator (farmer) must match up with the information listed on the application.
4. The farmer must affirm that they filed a schedule F or equivalent income tax form with their federal income tax return for the most recent year. This is mandated by statute, and if the applicant did not, homestead should be denied.

Property Section

The applicant should record the Property Identification Numbers, acreage, the county that each parcel is located in, and the status in any conservation program for **each** parcel that is being applied for homestead. The farmer **and** the grantor must live within four cities or townships from any agricultural property listed. If this is not the case, then homestead treatment should be denied. Note that the assessor is still expected to verify this information, and should not simply take the applicant’s word.

Signature Section

The grantor and active farmer must sign and date the application. If either/both are married, their respective spouses must also sign and date the application to affirm that the information on the application is correct. If the grantor and farmer are the same person, then they only have to sign as the grantor.

If any of the required signatures are not provided, the homestead application would need to be denied.

Entity Owned Application

If the entity-owned agricultural property is **occupied**, the **occupant** should complete the application.

If it is **unoccupied** and actively farmed by a qualifying member, then the **active farmer** should complete the application.

Owner Section

The applicant must be a qualified member of the authorized entity or entities. The applicant should enter their name, the name of the owning entity, and the name of the operating entity into the applicable fields. The assessor should verify that the operating entity as determined by the FSA matches what the applicant enters on the application; this is most commonly done by requesting the 156-EZ form.

The applicant should then indicate whether or not the entity is registered with the Minnesota Department of Agriculture. The entity must be registered to receive homestead.

If the operating entity is different than the owning entity, the operating entity must also indicate if they are registered with the Department of Agriculture. If the owning and operating entity are the same, then the second question is irrelevant.

Note: Sole proprietorships, general partnerships, limited liability partnerships (LLPs) and revocable trusts do **not** need to register with the Department of Agriculture.

The applicant then must list all shareholders, members, or partners of the entity, starting with the applicant's information in the first box. Each address entered should be their **physical** home addresses. If there is not enough room on the document to list the information of all shareholders, the applicant should attach a separate sheet of paper with the rest of the information.

The applicant then must indicate whether or not the agricultural property is occupied by a qualifying person of the owning entity. If yes, the applicant **should not** fill out the "unoccupied" section and should skip to the "occupied" section. If the applicant answers no, they should complete the "unoccupied" section and **should not** fill out the "occupied" section.

Unoccupied Section

The **active farmer** should complete this section. If there are multiple active farmers, each farmer will need to submit a separate application on behalf of the owning entity. The farmer should go through the following questions, and check each box if the statement applies:

1. The farmer must indicate that they are a member, shareholder, or partner of the owning entity. If they are not, homestead treatment should be denied.
2. The farmer should indicate if they are a member of the operating entity. If the owning and operating entity are the same, then this question is irrelevant. However, if the operating entity is different than the owning entity, then this box **must be checked** to receive homestead treatment.
3. The farmer must affirm that they are actively farming the agricultural property. The definition of "actively farming" is located in the instructions at the end of the application; if the farmer does not meet the definitions of "actively farming" then they cannot qualify as the farmer of the property.

4. The information provided by the FSA about the operator (farmer) must match up with the information listed on the application.
5. The farmer must affirm that they are a Minnesota resident. If they are not a Minnesota resident, then homestead treatment should be denied.
5. The farmer must affirm that neither they nor their spouse claim another agricultural homestead in Minnesota. If they **do** claim another agricultural homestead and therefore **do not** check the box, homestead treatment should be denied.
6. The farmer must affirm that they filed a schedule F or equivalent income tax form with their federal income tax return for the most recent year. This is mandated by statute, and if the farmer did not, homestead should be denied.

After completing the questions, the applicant should skip the “occupied” section and proceed to the “property” section.

Occupied Section

This section should only be filled out if the applicant stated that the property was occupied and did not fill out the unoccupied section. The occupant should go through the following questions, and check each box if the statement applies:

1. The **occupant** must indicate that they are a member, shareholder, or partner of the owning entity. If they are not, homestead treatment should be denied.
2. The **occupant** should indicate if they are a member of the operating entity. If the owning and operating entity are the same, then this question is irrelevant. However, if the operating entity is different than the owning entity, than this box **must be checked** to receive homestead treatment.
3. The **occupant** must affirm that they are actively engaged in farming the agricultural property. The definition of “actively engaged in farming” is located in the instructions at the end of the application; if the farmer does not meet the definitions of “actively engaged in farming” then they cannot qualify as the farmer of the property.
4. The **occupant** must affirm that neither they nor their spouse claim another agricultural homestead in Minnesota. If they **do** claim another agricultural homestead and therefore **do not** check the box, homestead treatment should be denied.
5. The occupant must affirm that they are a Minnesota resident. If they are not a Minnesota resident, then homestead treatment should be denied.
6. The occupant must affirm that they filed a schedule F or equivalent income tax form with their federal income tax return for the most recent year. This is mandated by statute, and if the occupant did not, homestead should be denied.

Property Section

The applicant should record the Property Identification Numbers, acreage, the county that each parcel is located in, and the status in any conservation program for **each** parcel that is being applied for homestead. For unoccupied property, the grantor and farmer must live within four cities or townships from any agricultural property listed. If they do not live within four cities or townships, then homestead should be denied. Note that the assessor is still expected to verify this information, and should not simply take the applicant's word.

Signature Section

If the property is occupied, the occupant and occupant's spouse (if applicable) must sign and date the application.

If the property is unoccupied, the farmer, farmer's spouse (if applicable), **and an authorized representative** of the owning entity must sign and date the application.