

# Special Agricultural Homestead Property Owned or Leased by a Qualified Entity

4B

## Property Tax Fact Sheet 4B

Fact Sheet

### What is a Special Agricultural Homestead?

The Special Agricultural Homestead provision extends homestead status to farms owned or leased by a qualified entity and farmed by a member of the entity who does not live on the farm. Homestead status may result in lower property taxes than property that is not homesteaded.

### What is a “qualified entity”?

A qualified entity is a family farm corporation, joint family farm venture, family farm limited liability company, or a partnership operating a family farm.

### What property qualifies?

Farm property may be classified as an agricultural homestead if certain criteria are met. The agricultural property in question must be at least 40 acres.

The person who is actively farming the land must:

- be a Minnesota resident;
- live within four townships or cities of the property;
- not claim another agricultural homestead in Minnesota (and neither can a spouse); and
- be a shareholder, member, or partner of the entity that owns the property.

If the property is owned by a person and leased to a qualified entity, then the person who owns the land must be a member of the qualified entity that is leasing the farm.

If the property is owned by an authorized entity and occupied by a qualified person (member, shareholder, or partner) and that individual is actively engaged in farming the property and does not claim another agricultural homestead, the occupied property may qualify for homestead treatment as well.

### What does “actively farming” mean?

A person actively farming must participate in the day-to-day labor, decision making, and management of the claimed homestead. The individual must also assume all or part of the financial risks of the farm. The person does not have to live on the farm.

Actively farming does **NOT** include:

- renting out the farm to a nonqualified entity or person;
- allowing someone other than a shareholder, member, or partner of a qualified entity to farm the land;
- just driving a truck to pick up supplies; or
- just “doing the books.”

### What do I need to apply?

- An application form, which is available from your county assessor’s office.
- The Farm Service Agency (FSA) number of the person actively farming.
- Form 156 EZ from the FSA for the person actively farming.
- The Schedule F form or equivalent corporate/partnership form that was filed with the federal income tax return of the person actively farming. An affidavit from your tax preparer or attorney verifying that you have filed the form can be substituted instead of the form.

### Other important information

You must file the Special Agricultural Homestead application every year by December 15. It is recommended that you file the application near the end of the crop year.

The application must be filed in each county in which homestead is requested. If the property crosses a county line, then make sure to apply in each county. The assessor’s office will accept copies of the application so you don’t have to fill out the form twice.

If you have further questions, please contact your county assessor’s office.