

Special Agricultural Homestead Property Held Under a Trust

4C

Property Tax Fact Sheet 4C

Fact Sheet

What is a Special Agricultural Homestead?

The Special Agricultural Homestead provision extends homestead status to property that is owned under a trust and farmed by the grantor, the spouse of the grantor, or a child, sibling, grandchild, or parent of the grantor or the grantor's spouse who do not live on the farm. Homestead status may result in less property taxes than property that is not homesteaded.

Definitions

What is a **trust**?

A trust is a legal term to describe an ownership arrangement of a piece of property or assets.

Who is the **grantor**?

The grantor is the person(s) who created or established the trust.

Who is the **trustee**?

The trustee is the person or entity who has the custodial duties. This person or entity oversees the trust. Often a trustee is a disinterested third party like a bank or a law firm, but a trustee can be anyone.

Who is the **beneficiary**?

Anyone who receives any kind of benefit from a trust is a beneficiary. For example, if you had the right to live on property held under a trust, you would be a beneficiary.

What property qualifies?

In order to qualify for the special agricultural homestead classification for property held under a trust, the agricultural property must be at least 40 acres.

The grantor of the trust must:

- be a Minnesota resident;
- not claim another agricultural homestead in Minnesota (and neither can the spouse); and
- live within four townships or cities of the property held under trust.

The person who is actively farming the land must:

- be a Minnesota resident;
- live within four townships or cities of the property; and
- be the grantor of the trust, the spouse of the grantor, or be either the child, sibling, grandchild, or parent of the grantor or of the grantor's spouse.

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. They also must 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:

- allowing someone other than the owner, the spouse, or the child, sibling, grandchild, or parent of the grantor or of the grantor's spouse 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 an equivalent 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.
- A copy of the Articles of Incorporation that identifies the grantor of the trust.

Other important information

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

The application must be filed in each county in which homestead is requested. If your 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.