

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?

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

What is a qualified entity?

Qualified entities include:

- family farm corporations
- joint family farm ventures
- family farm limited liability companies
- partnerships operating a family farms

What property qualifies?

Farm property may be classified as an agricultural homestead if certain criteria are met. The property 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 their spouse
- 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 business, then the person who owns the land must be a member of the entity that is leasing the farm.

What does “actively farming” mean?

A person actively farming must participate in the day-to-day labor, decision making, and management of the 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:

- 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.
- 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.
- Your assessor may request:
 - Federal form 156 EZ from the FSA for the person actively farming.
 - Schedule F or equivalent corporate or partnership form that was filed with the federal income tax return of the person actively farming. You may substitute an affidavit from your tax preparer or attorney verifying that you have filed the form.

Application Requirements

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.