

Special Agricultural Homestead Owned 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 by a qualified business and farmed by a member of the entity. 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.

For **occupied** entity owned agricultural property the occupant must:

- be a member of the owning entity
- be actively engaged in farming
- not claim another agricultural homestead in Minnesota and neither can their spouse

Note: if the property is operated by a different entity, the **occupant** must a member of **both** the owning and operating entities.

For **unoccupied** entity owned agricultural property, the agricultural property must be at least 40 acres and the active farmer must be:

- a Minnesota resident
- a member of the owning and operating entity
- live within four townships or cities of the property
- not claim another agricultural homestead in Minnesota and neither can their 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.

What does “actively engaged in farming” mean?

A person who is actively engaged in farming must participate on the farm on a regular and substantial basis but it is not as much direct involvement and participation as actively farming. This is only for entity owned agricultural properties that are occupied.

What do I need to apply?

- An application form, which is available from your county assessor’s office.
- Your assessor may request:
 - Federal form 156 EZ from the Farm Service Agency
 - 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.
- Contact your county assessor’s office to see if you need to attach additional documentation.

Application Requirements

You must file the initial special agricultural homestead application **by December 15**. It is recommended that you file near the end of the crop year. If you have agricultural property in more than one county, make sure to apply in **each** county.

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