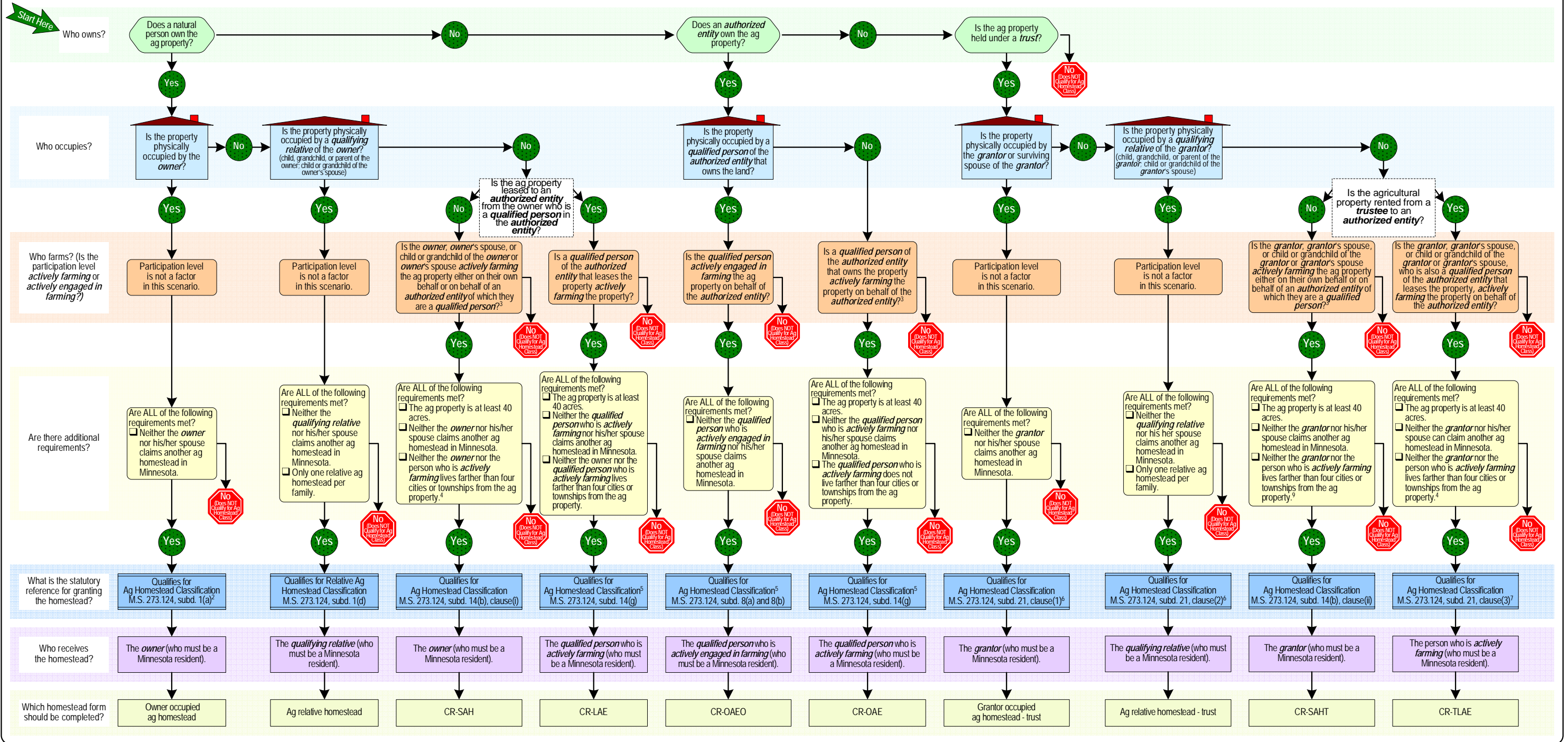


# Determining if agricultural property<sup>1</sup> qualifies for the agricultural homestead classification

Note: Terms in **bold**, *italic font* are defined in the glossary.



## Footnotes

Note: Terms in **bold**, *italic font* are defined in the glossary.

- Assume it was previously determined that the property is appropriately classified as agricultural.
- If the entire property including the HGA is leased, the property must meet the requirements of M.S. 273.124, subd. 8(c).
- In some cases, the Farm Service Agency number may be in an authorized entity's name when the person actively farming is doing so on behalf of the authorized entity.
- If the owner or the owner's spouse (or grantor or grantor's spouse) is required by their employer to live in employer-provided housing, the owner or owner's spouse, whomever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property.
- This is limited to authorized entities with 12 or fewer members, shareholders or partners.
- If the entire property including the HGA is leased, the property must qualify under M.S. 273.124, subd. 21, clause (3).

## Glossary

Note: Terms used in the flow chart are defined below. See the full glossary in the agricultural bulletin for definitions of **bold**, *italic* words listed below.

- actively engaged in farming** - participation on the farm on a regular and substantial basis. The person who is actively engaged in farming must be a Minnesota resident.
- actively farming** - participation in the day-to-day decision making, labor, administration and management of the farm as well as assuming all or a portion of the financial risks and sharing in any profits or losses. The person who is actively farming must be a Minnesota resident.
- authorized entity** - can be a *family farm corporation*, *joint family farm venture*, *limited liability company*, or *partnership* operating a *family farm* (M.S. 273.124, subdivision 8(a)). This is limited to authorized entities with 12 or fewer members, shareholders or partners. The following entities would be eligible for homestead treatment: *authorized farm limited liability company (operating a family farm)*; *authorized farm partnership (operating a family farm)*; *family farm; family farm corporation; family farm limited liability company (operating a family farm)*; *family farm partnership; general partnership (operating a family farm)*.
- grantor** - is defined as the person creating or establishing a testamentary, *inter vivos*, *revocable* or *irrevocable trust* by written instrument or through the exercise of a power of appointment (M.S. 273.124, subdivision 21). For property that is held under a trust to receive an agricultural homestead, the grantor must be a Minnesota resident, and neither the grantor nor the spouse of the grantor can claim another agricultural homestead.
- owner** - is defined as an individual person or multiple people who own the property (i.e. not owned by a business or entity). To receive an agricultural homestead, the owner must be a Minnesota resident, and neither the owner nor the spouse of the owner can claim another agricultural homestead.
- qualified person** - must be a Minnesota resident and can be a member in an authorized entity; a shareholder in an authorized entity; or a partner in an authorized entity.
- qualifying relative or surviving relative** - must be a Minnesota resident. The definition depends on the type of property:
  - Residential property: a qualified relative of the owner or grantor can be a parent, stepparent, child, stepchild, grandparent, grandchild, sibling, aunt/uncle, or niece/nephew (M.S. 273.124, subdivision 1(c)).
  - Agricultural property: a qualified relative can be a child, grandchild or parent of the owner or grantor of the agricultural property or a child or grandchild of the spouse of the owner or grantor of the agricultural property (M.S. 273.124, subdivision 1(d)).
- trust** - a fiduciary relationship under which one party holds property for the benefit of another party.
- trustee** - means the party that holds property rights for the benefit of another party through a trust.