

Homestead Classification for Property Held Under a Trust and Rented to a Family Farm Corporation, Joint Farm Venture, Limited Liability Company, or Partnership

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Property Tax Fact Sheet 7

Fact Sheet

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. Also referred to as the trustor.

Who is the **trustee**?

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

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.

How can I apply?

In order to qualify for the homestead classification for property held under a trust that is rented to an authorized entity, all five of the following criteria must be met:

1. You must occupy the property that is held under the trust on or before December 1.
2. You must be a shareholder, member or partner of the family farm corporation, joint farm venture, limited liability company, or partnership that operates a family farm and rents the property from the trust.
3. The grantor of the trust is also a shareholder, member or partner of the entity that is renting the land from the trust.
4. You must actively farm the rented land on behalf of the family farm corporation, joint farm venture, limited liability company, or partnership.
5. You must be a Minnesota resident.

To apply for the homestead classification for your residence, you must complete the Homestead Application for Property Held Under a Trust and the Actively Farming Attachment and turn it in to your county assessor's office by December 15.

What do I need to apply?

You will need to know your Social Security number, as well as your spouse's. Even if your spouse does not live with you, you must also supply his/her social security number on the application, as this information is needed to verify homestead eligibility.

You must provide a copy of the Articles of Incorporation that identifies you and the grantor of the trust as shareholders, members or partners of the family farm corporation, joint farm venture, limited liability company, or partnership that rents the property from the trust. You will also be asked for a copy of the rental agreement between the trust and the family farm corporation, joint farm venture, limited liability company, or partnership.

An appropriate federal tax form showing non-passive farm income must also be supplied.

Where can I get more information?

The Department of Revenue provides further details about tax laws and programs on its website www.taxes.state.mn.us. The citation for the law is Minnesota Statutes, section 273.124, subdivision 21. Or you can contact your county assessor's office for more information.