Overview

Provides for homestead classification in the case of certain property owned by a trustee. Effective for the 2000 assessment and thereafter.

1  **Homestead; general rules.** Clarifies that property of a trust is eligible for homestead classification if the requirements under subdivision 20 (i.e., section 2 of the bill) are satisfied.

2  **Trust property; homestead.** Provides that real property held by a trustee under a trust may be classified as a homestead even though the occupant is not the technical legal owner of the property, if the requirements in this section are met. This section codifies, clarifies, and in some cases expands rules under court decisions and Department of Revenue interpretations on when trust property qualifies for homestead treatment. Trust property qualifies when one of the following rules is satisfied:
   
   (1) The grantor or surviving spouse of the grantor of the trust occupies and uses the property for purposes of a homestead.
   
   (2) A relative or surviving relative of the grantor who meets the relative requirements for the non-agricultural residential real estate, or the relative requirements for agricultural property, and occupies and uses the property for purposes of a homestead.
   
   (3) A family farm corporation or partnership operating a family farm, rents the real estate held by the trust, operates it as a family farm, occupies and uses the property for purposes of a homestead, and is actively engaged in farming on behalf of the corporation or partnership.
   
   (4) A person (i.e., an unrelated person) who has an unqualified legal right under the terms of the trust agreement to occupy the property as their homestead, occupies and uses the property for purposes of a homestead.

   Provides that the homestead classification is limited to the fractional undivided interest in the property held by the trust or trustee.

3  **Effective date.** Provides that sections 1 and 2 are effective for taxes payable in 2001 and
thereafter.