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Subject: Agricultural homestead classification for business entities

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Overview

HF 3526 amends current agricultural homestead law to explicitly allow agricultural homestead treatment when the business entity that owns the agricultural land is different than the business entity that operates the farm. Certain conditions that require common ownership of both entities and a degree of familial relationships between members of both entities would apply.

Agricultural homestead treatment would be available to business entities under this bill for property that qualifies for either agricultural homestead or special agricultural homestead, the latter of which does not require a residence to be used as a homestead to qualify under current law.

Section

- 1 Homestead owned by or leased to a family farm corporation, joint farm venture, limited liability company, or partnership.** States that agricultural homestead status applies when the business entity that owns the agricultural real property is different than the business entity that is operating the farm. The following conditions must be met to receive homestead treatment under this proposed provision:
- The individual using the residence as a homestead and actively engaged in farming the land must be an owner of both the entity that owns the land and that operates the farm;
 - Each owner of the entity that operates the farm must also be an owner of the entity that owns the land; and

Section

- A majority of the owners of each entity must be related to each other within the third degree of kindred.

Effective date: assessments beginning in 2018.

- 2** **Agricultural homesteads; special provisions.** States that special agricultural homestead treatment (which does not require the use of a residence as a homestead) applies under the same operating/ownership scenario described in section 1 and is subject to the same conditions, except that the first condition applies to the individual actively farming the land, instead of the individual using the residence as a homestead and actively engaged in farming the land.

Effective date: assessments beginning in 2018.