

AGRICULTURAL TERMINOLOGY

<i>active farmer</i>	<u>MS 273.124 subd. 14 (b) (i)</u>	A natural person who regularly participates in physical labor or operations management in the person's farming operation to produce agricultural products; livestock or livestock products; milk or milk products; or fruit or other horticultural products. The person participates in the day-to-day labor, decision making, and management of the farm; assumes part of the financial risks of the farming operation, is listed as the farm operator by the Farm Service Agency; and files a "Schedule F" as part of the person's annual Form 1040 filing with the United States Internal Revenue Service.
<i>actively engaged in farming</i>	<u>MS 273.124 subd. 8 (a)</u>	Residing on the land owned by or leased to a <i>family farm corporation</i> , a <i>partnership operating a family farm</i> , a <i>family farm limited liability company</i> , or a <i>joint farm venture</i> by a shareholder, partner, or member of said <i>family farm corporation</i> , a <i>partnership operating a family farm</i> , a <i>family farm limited liability company</i> , or a <i>joint farm venture</i> .
<i>actively farming</i>	<u>MS 273.124 subd. 14 (b) (i)</u>	The production of agricultural products; livestock or livestock products; milk or milk products; or fruit or other horticultural products by a natural person who participates in the day-to-day labor, decision making, and management of the farm; assumes part of the financial risks of the farming operation, is listed as the farm operator by the Farm Service Agency; and files a "Schedule F" as part of the person's annual Form 1040 filing with the United States Internal Revenue Service.
<i>agricultural land</i>	<u>MS 273.13 subd. 23 (c)</u>	Contiguous acreage of ten acres or more used during the preceding year for <i>agricultural purposes</i> . Contiguous acreage on the same parcel, or contiguous acreage on an immediately adjacent parcel under the same ownership, may also qualify as agricultural land, but only if it is pasture, timber, waste, unusable wild land, or land included in state or federal farm programs. Real estate, excluding the house, garage, and immediately surrounding one acre of land, of less than ten acres that is exclusively and intensively used for raising or cultivating <i>agricultural products</i> , shall be considered as agricultural land.
<i>agricultural products</i>	<u>MS 273.13 subd. 23 (e)</u>	Production for sale of: (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61 , fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner; (2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use; (3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1); (4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing; (5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115 ; (6) insects primarily bred to be used as food for animals; (7) trees, grown for sale as a crop, and not sold for timber, lumber, wood, or wood products; and (8) maple syrup taken from trees grown by a person licensed by the Minnesota department of agriculture under chapter 28A as a food processor.
<i>agricultural purposes</i>	<u>MS 273.13 subd. 23 (c)</u>	The raising or cultivation of agricultural products or enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law Number 99-198.
<i>authorized farm corporation</i>	<u>MS 500.24 subd. 2 (e)</u>	A corporation meeting the following standards: (1) it has no more than five shareholders (12 under MS 273.124 subd. 8 (b)), provided that for the purposes of this section, a husband and wife are considered one shareholder; (2) all its shareholders, other than any estate, are natural persons; (3) it does not have more than one class of shares; (4) its revenue from rent, royalties, dividends, interest, and annuities does not exceed 20 percent of its gross receipts; (5) shareholders holding 51 percent or more of the interest in the corporation reside on the farm or are <i>actively engaging</i> in farming; (6) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and (7) none of its shareholders are shareholders in other <i>authorized farm corporations</i> that

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		directly or indirectly in combination with the corporation own more than 1,500 acres of agricultural land.
<i>authorized farm limited liability company</i>	<u>MS 500.24 subd. 2 (m)</u>	A limited liability company meeting the following standards: (1) it has no more than five members; (2) all its members, other than any estate, are natural persons; (3) it does not have more than one class of membership interests; (4) its revenue from rent, royalties, dividends, interest, and annuities does not exceed 20 percent of its gross receipts; (5) members holding 51 percent or more of both the governance rights and financial rights in the limited liability company reside on the farm or are actively engaged in farming; (6) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and (7) none of its members are members in other authorized farm limited liability companies that directly or indirectly in combination with the authorized farm limited liability company own more than 1,500 acres of agricultural land. Except for a state or federally chartered financial institution acquiring an encumbrance for the purpose of security or an interest under paragraph (x), a member of an authorized farm limited liability company may not transfer a membership interest, including a financial interest, to a person who is not otherwise eligible to be a member under this paragraph.
<i>authorized farm partnership</i>	<u>MS 500.24 subd. 2 (k)</u>	A limited partnership meeting the following standards: (1) it has been issued a certificate from the secretary of state or is registered with the county recorder and farming and ownership of agricultural land is stated as a purpose or character of the business; (2) it has no more than five partners (12 under <u>MS 273.124 subd. 8 (b)</u>); (3) all its partners, other than any estate, are natural persons; (4) its revenue from rent, royalties, dividends, interest, and annuities does not exceed 20 percent of its gross receipts; (5) its general partners hold at least 51 percent of the interest in the land assets of the partnership and reside on the farm or are actively engaging in farming not more than 1,500 acres as a general partner in an authorized limited partnership; (6) its limited partners do not participate in the business of the limited partnership including operating, managing, or directing management of farming operations; (7) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and (8) none of its limited partners are limited partners in other authorized farm partnerships that directly or indirectly in combination with the partnership own more than 1,500 acres of agricultural land.
<i>authorized livestock farm corporation</i>	<u>MS 500.24 subd. 2 (f)</u>	A corporation formed for the production of livestock and meeting the following standards: (1) it is engaged in the production of livestock other than dairy cattle; (2) all its shareholders, other than any estate, are natural persons or family farm corporations; (3) it does not have more than one class of shares; (4) its revenue from rent, royalties, dividends, interest, and annuities does not exceed 20 percent of its gross receipts; (5) shareholders holding 75 percent or more of the control, financial, and capital investment in the corporation are farmers residing in Minnesota and at least 51 percent of the required percentage of farmers are actively engaged in livestock production; (6) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and (7) none of its shareholders are shareholders in other authorized farm corporations that directly or indirectly in combination with the corporation own more than 1,500 acres of agricultural land.
<i>class 1a property (residential homestead)</i>	<u>MS 273.13 subd. 22 (a)</u>	Real estate that is residential and used for homestead purposes, except class 2b and 2c property. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

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<p><i>class 1c property</i> <i>(homesteaded seasonal rec commercial residential)</i></p>	<p><u>MS 273.13 subd. 22 (c)</u></p>	<p>Commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. It includes a portion used as a homestead by the owner, which may be a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort or a partner in a partnership that owns the resort, even if the title to the homestead is held by the corporation or partnership. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy.</p>
<p><i>class 1d property</i> <i>(migrant housing)</i></p>	<p><u>MS 273.13 subd. 22 (d)</u></p>	<p>Structures that: (1) are located on class 1a property; (2) are occupied exclusively by seasonal farm workers during the time when they work on that farm and where the occupants are not charged rent for the privilege of occupying the property; (3) meet all applicable health and safety requirements for the appropriate season; and (4) are not salable as residential property because they do not comply with local ordinances relating to location of streets or roads. The market value of class 1d property has the same class rates as class 1a property under paragraph (a).</p>

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<p><i>class 2a property</i> <i>(homesteaded agricultural land and improvements - actively farming)</i></p>	<p><u>MS 273.124 subd. 14 (b)</u></p>	<p>Agricultural homestead property consisting of at least 40 acres in which all of the following criteria are met: (1) the owner, the owner's spouse, or the son or daughter of the owner or owner's spouse, is <i>actively farming</i> the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member; (2) both the owner of the agricultural property and the person who is <i>actively farming</i> the agricultural property under clause (1) are Minnesota residents; (3) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and (4) neither the owner nor the person <i>actively farming</i> the property lives farther than four townships or cities from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is <i>actively farming</i> the agricultural property, may live more than four townships or cities from the agricultural property. The relationship under this paragraph may be either by blood or marriage.</p>
<p><i>class 2a property</i> <i>(homesteaded agricultural land and improvements - non-contiguous land)</i></p>	<p><u>MS 273.124 subd. 14 (c)</u></p>	<p>Noncontiguous land shall be included as part of a homestead under MS 273.13, subd. 23 (a) only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.</p>
<p><i>class 2a property</i> <i>(homesteaded agricultural land and improvements - vested remainder interest)</i></p>	<p><u>MS 273.124 subd. 14 (d)</u></p>	<p>Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are <i>actively engaged</i> in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.</p>
<p><i>class 2a property</i> <i>(homesteaded agricultural land and improvements - actively farming qualifying entity)</i></p>	<p><u>MS 273.124 subd. 14 (g)</u></p>	<p>Agricultural property consisting of at least 40 acres of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under MS 273.124 subd. 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met: (1) a shareholder, member, or partner of that entity is <i>actively farming</i> the agricultural property; (2) that shareholder, member, or partner who is <i>actively farming</i> the agricultural property is a Minnesota resident; (3) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and (4) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property. Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity.</p>

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<p>class 2a property (homesteaded agricultural land and improvements - actively engaged)</p>	<p><u>MS 273.124 subd. 8 (a) and (c)</u></p>	<p>(1) Homesteaded agricultural land, including any improvements, that is owned by a family farm corporation, joint family farm venture, limited liability company, or partnership operating a family farm and occupied by a shareholder, member, or partner thereof who is residing on the land, and actively engaged in farming of the land. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under MS 273.13 subd. 22 (a).</p> <p>(2) Homesteaded agricultural land that is owned by a member, partner, or shareholder of a family farm corporation, joint family farm venture, limited liability company, or partnership operating a family farm and leased to that qualifying entity is eligible for classification as class 2a under section <u>273.13</u>, if the owner is actually residing on the property, and is actively engaged in farming the land on behalf of that corporation, joint farm venture, limited liability company, or partnership.</p>
<p>class 2a property (homesteaded agricultural land and improvements - regular)</p>	<p><u>MS 273.13 subd. 23 (a)</u></p>	<p>Agricultural land, including any improvements, that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22.</p>
<p>class 2b property (non-homestead agricultural land, timberland, airport landing area)</p>	<p><u>MS 273.13 subd. 23 (b)</u></p>	<p>Real estate that: (1) is rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; (2) is not improved with a structure and is used exclusively for growing trees for timber, lumber, and wood and wood products, if the owner has participated or is participating in a cost-sharing program for afforestation, reforestation, or timber stand improvement on that particular property, administered or coordinated by the commissioner of natural resources; (3) is non-homestead agricultural land; or (4) is a landing area or public access area of a privately owned public use airport.</p>
<p>family farm</p>	<p><u>MS 500.24 subd. 2 (b)</u></p>	<p>An unincorporated farming unit owned by one or more persons residing on the farm or actively engaging in farming.</p>
<p>family farm corporation</p>	<p><u>MS 500.24 subd. 2 (c)</u></p>	<p>A corporation founded for the purpose of farming and the ownership of agricultural land in which the majority of the stock is held by and the majority of the stockholders are persons, the spouses of persons, or current beneficiaries of one or more family farm trusts in which the trustee holds stock in a family farm corporation, related to each other within the third degree of kindred according to the rules of the civil law, and at least one of the related persons is residing on or actively operating the farm, and none of whose stockholders are corporations.</p>
<p>family farm limited liability company</p>	<p><u>MS 500.24 subd. 2 (l)</u></p>	<p>A limited liability company founded for the purpose of farming and the ownership of agricultural land in which the majority of the membership interests are held by and the majority of the members are persons or the spouses of persons, or current beneficiaries of one or more family farm trusts in which the trustee holds stock in a family farm limited liability company related to each other within the third degree of kindred according to the rules of the civil law, at least one of the related persons is actively operating the farm, and none of the members are corporations or limited liability companies.</p>
<p>family farm partnership</p>	<p><u>MS 500.24 subd. 2 (j)</u></p>	<p>A limited partnership formed for the purpose of farming and the ownership of agricultural land in which the majority of the interests in the partnership is held by and the majority of the partners are persons, the spouses of persons, or current beneficiaries of one or more family farm trusts in which the trustee holds an interest in a family farm partnership related to each other within the third degree of kindred according to the rules of the civil law, at least one of the related persons is residing on the farm, actively operating the farm, or the agricultural land was owned by one or more of the related persons for a period of five years before its transfer to the limited partnership, and none of the partners are corporations.</p>

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<i>family farm trust</i>	<u>MS 500.24 subd. 2 (d)</u>	<p>(1) a trust in which (i) a majority of the current beneficiaries are persons or spouses of persons who are related to each other within the third degree of kindred according to the rules of civil law; (ii) all of the current beneficiaries are natural persons or nonprofit corporations or trusts described in the Internal Revenue Code, section 170(c), as amended, and the regulations under that section; and (iii) one of the family member current beneficiaries is residing on or actively operating the farm; or</p> <p>(2) a charitable remainder trust as defined in the Internal Revenue Code, section 664, as amended, and the regulations under that section, and a charitable lead trust as set forth in the Internal Revenue Code, section 170(f), and the regulations under that section, if the lead period does not exceed ten years and the majority of remainder beneficiaries are related to the grantor within the third degree of kindred according to the rules of civil law.</p>
<i>farmer</i>	<u>MS 500.24 subd. 2 (n)</u>	A natural person who regularly participates in physical labor or operations management in the person's farming operation and files "Schedule F" as part of the person's annual Form 1040 filing with the United States Internal Revenue Service.
<i>farming</i>	<u>MS 500.24 subd. 2 (a)</u>	The production of (1) agricultural products; (2) livestock or livestock products; (3) milk or milk products; or (4) fruit or other horticultural products. It does not include the processing, refining, or packaging of said products, nor the provision of spraying or harvesting services by a processor or distributor of farm products. It does not include the production of timber or forest products, the production of poultry or poultry products, or the feeding and caring for livestock that are delivered to a corporation for slaughter or processing for up to 20 days before slaughter or processing.
<i>joint family farm venture</i>	<u>MS 273.124 subd. 8 (b)</u>	A cooperative agreement among two or more farm enterprises authorized to operate a family farm under MS Section 500.24.
<i>qualifying entity</i>	<u>MS 273.124 subd. 8 (b)</u>	A family farm corporation or partnership operating a family farm as defined under MS 500.24 subd. 2 (c) (e) (j) (k), except that the number of allowable shareholders, members, or partners under this subdivision shall not exceed 12, rather than 5; a limited liability company as defined under MS 322B.03 subd. 28 (any other than a foreign limited liability company and MS 500.24 subd. 2 (l) and (m)); or a joint family farm venture that is organized in a cooperative agreement among two or more farm enterprises authorized to operate a family farm as defined under MS 500.24 subd. 2 (b).
<i>relative (for agricultural homestead)</i>	<u>MS 273.124 subd. 1 (d)</u>	A son, daughter, grandson, granddaughter, father, or mother of the owner of the agricultural property or a son, daughter, grandson, or granddaughter of the spouse of the owner of the agricultural property. If agricultural real estate is occupied and used for purposes of a homestead by a child of a deceased owner and the property is subject to jurisdiction of probate court, the child shall receive relative homestead classification under this paragraph to the same extent they would be entitled to it if the owner was still living, until the probate is completed. For purposes of this paragraph, "child" includes a relationship by blood or by marriage.
<i>relative (for residential homestead)</i>	<u>MS 273.124 subd. 1 (c)</u>	A parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood or marriage. If residential real estate is occupied and used for purposes of a homestead by a child of a deceased owner and the property is subject to jurisdiction of probate court, the child shall receive relative homestead classification under this paragraph to the same extent they would be entitled to it if the owner was still living, until the probate is completed.
<i>relative (for special agricultural homestead)</i>	<u>MS 273.124 subd. 14 (b) (i)</u>	The son or daughter of the owner or owner's spouse by either blood or marriage. For an owner to receive a special agricultural homestead , the aforementioned relative must be a Minnesota resident and actively farm the parent's property. As proof, he/she must be listed as the farm operator by the Farm Service Agency; file a Schedule F with his/her federal income tax return; participate in the day-to-day labor, decision making, and

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		management of the farm; and assume part of the financial risks of the farming operation. <u>The son or daughter may claim another Minnesota agricultural homestead.</u> The relationship may not be reversed and still qualify for a <i>special agricultural homestead</i> .
<i>relative agricultural homestead</i>	<u>MS 273.124 subd. 1 (d)</u>	An agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met: (1) the relative who is occupying the agricultural property is a son, daughter, grandson, granddaughter, father, or mother of the owner of the agricultural property or a son, daughter, grandson, or granddaughter of the spouse of the owner of the agricultural property; (2) the owner of the agricultural property must be a Minnesota resident; (3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota; and (4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.
<i>special agricultural homestead (a.k.a. active farmer homestead)</i>	<u>MS 273.124 subd. 14 (b) (i)</u>	Agricultural property consisting of at least 40 acres in which all of the following criteria are met: (1) the owner, the owner's spouse, or the son or daughter of the owner or owner's spouse, is <i>actively farming</i> the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member; (2) both the owner of the agricultural property and the person who is <i>actively farming</i> the agricultural property under clause (1) are Minnesota residents; (3) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and (4) neither the owner nor the person <i>actively farming</i> the property lives farther than four townships or from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is <i>actively farming</i> the agricultural property, may live more than four townships or cities from the agricultural property. The relationship under this paragraph may be either by blood or marriage.