
General Homestead Rules

Residential real estate that is occupied and used for the purposes of a homestead by its owner is a **residential** homestead. **The owner must be a Minnesota resident.**

Agricultural land that is occupied and used as a homestead by its owner is an **agricultural** homestead. **The owner must be a Minnesota resident.**

Residential real estate that is occupied and used for the purposes of a homestead by a **qualifying relative** of the owner (parents, stepparents, children, stepchildren, grandparents, grandchildren, brothers, sisters, uncles, aunts, nephews or nieces - by blood or by marriage) may be given a residential relative homestead. In the case of a residence located on agricultural land, only the house, garage, and first acre of land shall be classified as a residential relative homestead unless all the requirements for an agricultural relative homestead are met. **The owner of the property does not have to be a Minnesota resident. However, the occupying relative must be a Minnesota resident.**

Agricultural property that is occupied and used for the purposes of a homestead by a **qualifying relative** of the owner (children, grandchildren, parents or siblings of the owner, or children, grandchildren or siblings of the spouse of the owner) may be given an agricultural relative homestead on the house, garage, other farm buildings and structures, and agricultural land. If all the requirements for an agricultural relative homestead are not met, the house, garage and first acre of a residence located on agricultural land may be eligible for a residential relative homestead if those requirements are met. **Both the owner and the qualifying relative must be Minnesota residents.** In addition, the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota, and the owner of the agricultural property is limited to only one agricultural homestead per family.

Property that has been classified as seasonal residential recreational at any time during which the current owner or the spouse of the current owner has owned it cannot be reclassified as a relative homestead. Neither the related occupant nor the owner of the property may claim a property tax refund for a homestead occupied by a relative unless the property is owned jointly and one of the joint owners occupies the property as his/her permanent primary residence. The department strongly recommends requiring annual applications for relative homesteads due to the fact that these types of homesteads have a tendency to change more often over time.

To qualify for the homestead classification, property must be owned and occupied by its owner (or occupied by a qualifying relative) on the assessment date – January 2. Property that is owned and occupied by its owner (or occupied by a qualifying relative) on or before December 1 of the assessment year also qualifies for homestead if application is made by December 15. While these are sometimes referred to as mid-year homesteads, these homesteads established after the assessment date result in the same benefits as property qualifying for homestead on the assessment date. The assessor shall require proof of ownership and occupancy in order to grant a property the homestead classification. An annual application is not required, but the assessor may require a homestead application be filed at any time to verify that a property continues to qualify for homestead status.

Prior to December 1 of each year, the county assessor must publish a notice informing taxpayers of the December 1 and December 15 deadlines in a newspaper of general circulation within the county.

In the case of manufactured homes assessed as personal property, the homestead must be established and application must be made by May 29 of the assessment year.

A person may claim only one homestead.

When there is a name change or transfer of a homestead property, the assessor should reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for the homestead classification.

Homestead property includes property that is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway or other similar intervening property. The term "used for purposes of the homestead" shall include, but not be limited to, uses for gardens, garages or other outbuildings commonly associated with a homestead, but shall not include vacant land that is held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner must use the property for the purposes of the homestead on December 1 and must apply to the assessor by December 15. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

If a single-family home, duplex, or triplex classified as either residential homestead or agricultural homestead is also used to provide licensed child care, the portion of the property used for licensed child care must be classified as a part of the homestead property.

At the request of an assessor, the Department of Revenue may verify that an individual who is requesting or receiving a homestead has or has not filed a Minnesota income tax return as a Minnesota resident for the most recent taxable year for which the information is available.

The interest of a purchaser under a contract for deed is sufficient to meet the ownership requirement. Written instruments bearing the title "Earnest Money Contract" or "Purchase Agreement" do not ordinarily constitute purchase or establish ownership. However, situations may arise when such instruments constitute more of an interest in the property than the title indicates. In these cases, the assessor should solicit the advice of the county attorney as to the legal implications of the instrument.

Instruments for the purchase of property **need not** be recorded to entitle the property to the homestead classification. However, the assessor should ask to examine the instrument so it can be determined whether or not there was a bona fide purchase and keep a copy attached to the application for homestead. In all cases, a Certificate of Real Estate Value **must** be filed to receive the homestead classification if the consideration is greater than \$1,000.

The property becomes the homestead of the owner as soon as he/she takes possession with the intention of making it his/her home. However, the use for homestead purposes must be actual and substantial. A token occupancy and use, merely to obtain a tax advantage, falls short of statutory requirements. An owner may be away from home for a reasonable length of time without depriving the property of its homestead classification provided it is maintained as a home awaiting the owner's return. In most cases, an owner cannot maintain the property as a homestead if it is rented to another person.

The homestead classification is initially based upon timely use of the property. The assessor has the right to require from the person claiming homestead proof, by affidavit or otherwise, of the facts that support the person's claim for homestead status. In questionable situations, the property should be classified as non-homestead, and the taxpayer should be allowed to pursue the various avenues of appeal. In attempting to determine whether the property is the owner's principal place of residence, the assessor may consider the following factors:

- Whether the person files Minnesota income tax (assuming they have a taxable income) as a resident or non-resident.
- Where the owner is registered to vote.
- Where the owner's mail is delivered.
- The address on the owner's drivers license (must be changed within 30 days of moving).
- Whether the owner has lived on the property continuously.
- Where the owner works.
- Whether the owner continuously maintains the premises.
- Whether the owner has any other residence in Minnesota for which they can or do claim homestead status.
- Whether the taxpayer has sought to apply for or received any rent credits that are available to renters in Minnesota.
- The location of the owner's bank accounts, especially the most active checking account.
- The location of motor vehicle registration (must be registered in Minnesota within 30 days of moving).
- The address on the owner's fishing or hunting licenses, and whether they purchased the license as a resident or non-resident.
- Where the owner's children attend school (keeping in mind open enrollment provisions).
- Whether or not they or their children pay in-state college tuition.
- The address on utility, cable, or phone bills.