

# Application For Property Tax Exemption of a Farm Residence

This application must be filed every year on or before February 1 of the year for which the exemption is being requested. Return the completed application to:

**Property Number:**  
**Property Owner:**  
**Property Address:**

Legal Description

The property owner(s) apply for real property tax exemption for the year \_\_\_\_\_ on the property described above and, certify the following:

### SELECT ONLY ONE CATEGORY THAT APPLIES

#### *Active Farmer Category*

	Yes	No
1. Is the residence located on a tract or contiguous tracts of agricultural land containing 10 or more acres farmed by the occupant? .....	___	___
2. Is the major portion of the occupant's time devoted to farming activities? .....	___	___
3. Does the annual net income from farming constitute 50% or more of the total income, including the income of a spouse if married, during any one of the three preceding calendar years? .....	___	___
"Net income from farming" means taxable income from farming as computed for state income tax purposes adjusted as follows:		
a. Add back the difference between gross sales price less expenses of sale and the amount reported for sales of agricultural products for which the farmer reported a capital gain.		
b. Add back interest expense from farming which has been deducted in computing taxable income.		
c. Add back depreciation expense from farming activities which has been deducted in computing taxable income.		
4. Did the occupant engaged in farming have nonfarm income, including that of a spouse, if married, of more than \$40,000 during each of the three preceding calendar years? .....	___	___

#### *Vacant Residence Category*

1. Is the residence intended for use as a farm residence? .....	___	___
2. Was the residence last used as a farm residence or as part of a farm plant? .....	___	___

#### *Farm Laborer Residence Category*

1. Is the residence being used as part of a farm plant to provide housing for that farmer's workers? .....	___	___
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#### *Retired Farmer Category*

1. Is the residence occupied by an individual who retired from farming because of illness or age and who at the time of retirement owned and occupied as a farmer the residence in which the applicant lives and for which the exemption is claimed? .....	___	___
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#### *Beginning Farmer Category*

1. Is the residence occupied by an individual who began occupancy and operation of a farm within the three preceding calendar years? .....	___	___
2. Is the major portion of the individual's time normally devoted to farming activities? .....	___	___
3. Was there at least one of the prior three years in which the farmer had no farm income or loss? .....	___	___

#### *Surviving Spouse Category*

1. Is the residence occupied by the surviving spouse of the farmer who occupied the residence? .....	___	___
2. Was the farmer an active farmer at the time of death? .....	___	___
3. Was the farmer a retired farmer at the time of death? .....	___	___
4. Date of the farmer's death _____?		

**I am willing to furnish proof of income if requested to do so by someone authorized to administer this exemption and I understand that making false statement in a governmental matter is punishable as a Class A misdemeanor provided in N.D.C.C. § 12.1-11-02.**

Signature of applicant \_\_\_\_\_

Date \_\_\_\_\_

Assessor or Director of Tax Equalization \_\_\_\_\_

Date \_\_\_\_\_

# Provisions for Administering the Farm Residence Exemption Pursuant to N.D.C.C. § 57-02-08(15)

## Definitions

1. The term “farmer” means an individual who normally devotes the major portion of the individual’s time to the activities of producing unmanufactured products of the soil, poultry, livestock or dairy products. The farmer and spouse, if married, must have received more than fifty percent of their combined annual net income from farming activities in any one of the three preceding calendar years, whether one or both are farmers. The term “farmer” includes a retired farmer, a beginning farmer or a surviving spouse of a farmer.
2. A “retired farmer” is an individual who quit farming because of illness or age. It does not include an individual who quit farming to change occupations.
3. “Net income from farming activities” includes income from producing products of the soil or raising farm animals. It is the taxable farm income for income tax purposes (including CRP payments), minus income from custom work, plus taxable capital gains from the sale of agricultural products, plus the basis deducted in calculating capital gains, plus depreciation expense from farming activities, plus interest expense incurred in the farming operation. Interest expense includes such items as mortgages on the farm land, buildings, equipment, etc.

**Note:** “Net income from farming activities” does **not** include income from cash rent; mineral leases or royalties; wages or salaries; interest income from a contract for deed payment from sale of farm land; interest, the principal of which may have been derived from farm income; or any other income not specifically defined as farm income for income tax purposes.

## General Provisions

4. A residence located on a tract of agricultural land containing 10 acres or more, occupied by a farmer who also farms other noncontiguous land, qualifies for the exemption even though the particular tract of land upon which the residence is located does not produce 50 percent or more of the farmer’s net income.
5. A residence located on a tract or contiguous tracts of agricultural land, whether owned or rented, containing less than 10 acres is not exempt.
6. A residence located on agricultural land in unplatted areas within the boundaries of an incorporated city may be exempt provided the building is used as a farm residence or is part of a farm plant.
7. A residence located on platted land within the boundaries of an incorporated city or upon railroad operating property is not exempt.
8. A vacant farm residence or building located on agricultural land is exempt provided it was exempt as part of a farm plant or as a farm residence when it was last used. A vacant farm residence which was taxable because of a non-qualifying use is taxable until its active use is changed.
9. A residence located on agricultural land used by a farmer to provide housing for that farmer’s workers is exempt provided it is used as part of a farm plant.
10. A residence situated on a farm and occupied by a farmer is not exempt if the farmer and spouse had non-farm income exceeding \$40,000 each year for the three preceding calendar years. This provision does not apply to a retired farmer, beginning farmer, or surviving spouse of a farmer.
11. A residence is exempt if it is situated on a farm and remains occupied by the retired farmer who **owned and occupied** it as a farmer at the time of retirement.
12. A residence occupied by the surviving spouse of a farmer who owned and occupied the residence as an active farmer at the time of death is exempt through the end of the fifth taxable year after the year of the farmer’s death.  

A residence occupied by the surviving spouse of a farmer who owned and occupied the residence as a retired farmer at the time of death remains exempt for as long as the residence is continuously occupied by the farmer’s surviving spouse.
13. If the agricultural land acreage owned by the retired farmer diminishes to less than 10 acres after retirement, the residence may continue to be exempt provided that the residence qualified for the exemption at the time the farmer retired.
14. A residence in which a farmer resides and operates a bed and breakfast facility is exempt provided the farmer and the residence meet the other qualifications for the exemption.