January 28th, 2020

Dear Property Owner,

Enclosed you will find the application for Farm Residence Exemption Form for 2020. You may have heard that the criteria that qualifies our Active Farmer Category has changed from last year. Here is what you need to know if you are applying as an active farmer.

Lawmakers during the 2019 Legislative Session made a major change to the farm residence exemption. Essentially, the changes broaden eligibility but require annual farm income verification to qualify. This change is effective taxable year 2020. [SB 2278](https://www.legis.nd.gov/assembly/66-2019/documents/19-0809-04000.pdf) & [SB 2360](https://www.legis.nd.gov/assembly/66-2019/documents/19-1117-03000.pdf) made the changes to [57-02-08 (15)](https://www.legis.nd.gov/cencode/t57c02.pdf#nameddest=57-02-08).

* Eligible if: 66% of gross income from farming (applicant & spouse) during any of the **two** preceding calendar years.
	+ Eligibility prior to 2019 change: 50% or more of farmer’s net income needed to come from farming activities.
* Removes the $40,000 limit for non-farm income (including spouse’s salary)
* Requires applicant to demonstrate eligibility
* Annual application process
* Income information confidential

What does this mean? We will need you to submit your initial application (enclosed) to our office by March 1st. Please include contact information with your application so we can contact you to set up appointments to do the income worksheet after you have prepared your taxes. We understand that many of you will not have your taxes prepared and ready by this deadline. The Tax Equalization office will work with you as you prepare your income taxes to do the verification. If you plan on using 2018 income to qualify for the 2020 exemption, then feel free to let us know to schedule anytime. We estimate that the appointments to verify the income percentage will take about 15 minutes. We won’t keep any of that paperwork, we will just mark off that you are approved after our appointment. We are willing to make special arrangements if travelling to the courthouse is a hardship. Those of you that use 2019 to qualify will only have to fill out an application next year, we will be able to use the 2019 qualified income for 2021, which means that we will only have to meet up to do the income every other year.

All other categories of the Farm Residence Exemption remained unchanged, so the income verification only has to happen if you are an **active farmer (***the first four questions on the application***)**. If you are applying as a Retired Farmer for the first time, in order to qualify you had to qualify as an Active Farmer the previous year.

Please contact our office if you have any additional questions. We are always happy to help you fill out your form over the phone. If you have more than one house on the parcel, please let us know so we can get you another form. We will need a separate form for each residence.

 Return Forms :

 McKenzie County Tax Equalization

 201 5th St NW Suite 797

 Watford City, ND 58854

 Email: taxdirector@co.mckenzie.nd.us (this arrives to all of us in the office)

 Fax: 701-444-3902

Also, the law change only applies to 2020, so we can’t go back and apply the new rules for previous years.

We hope this letter finds you well, and we look forward to working with all of you to gather the paperwork needed for this program.

Sincerely,

Katie Paulson, Tax Director

Keith Tschetter, Certified Tax Manager

Office Phone: 701-444-3616 x 4