



ADMINISTRATIVE RULES OF MONTANA

42.20.682 FAMILY FARM REQUIREMENTS FOR AGRICULTURAL LAND CLASSIFICATION

- (1) Parcels of land between 20 acres and 160 acres that do not meet the agricultural land classification income requirements outlined in 15-7-202, MCA, and ARM 42.20.620 but are used for farming or ranching, or as a part of a family farm or ranch business as described in 15-7-202, MCA, may be valued as agricultural land if the following requirements are met:
 - (a) the property must be located within 15 air miles of the family-operated farm or ranch;
 - (b) the property owner must submit proof that 51 percent or more of the owner's Montana annual gross income is derived from agricultural production;
 - (c) the property taxes on the subject property are paid by the family-operated farm or ranch business, which may be a family corporation, family partnership, sole proprietorship, or a family trust; and
 - (d) the property owner of the property must submit documentation proving that at least 51 percent of the farm or ranch entity's Montana annual gross income is derived from agricultural production.
- (2) If the requirements of (1) are satisfied, the land is eligible for agricultural land classification.
- (3) The department will accept a copy of a cancelled check as documentation that property taxes were paid by the family-operated business entity. Other acceptable documentation will be considered on a case-by-case basis.
- (4) If the property owner is a shareholder, partner, owner, or member of the family-operated farming or ranching entity involved in Montana agricultural production, they may qualify the property as agricultural land if the following documentation submitted details the legal relationship between the owner and the family-operated farming or ranching business entity:
 - (a) documentation that establishes a legal relationship with the family-operated farming or ranching business entity, such as documents on file with the Montana Secretary of State; and
 - (b) documentation that indicates at least 51 percent of the property owner's or family-operated farming or ranching business entity's Montana annual gross income comes from agricultural production.
- (5) If the requirements of this rule are satisfied, the land is eligible for classification as agricultural land according to its use.
- (6) For all agricultural land classification applications received under this rule, acceptable income documentation will be the most recent year's Montana individual and/or corporate tax return,

whichever is appropriate. All state and federal income tax forms submitted must detail the amount of income received from agricultural production as well as the amount of Montana gross income.

- (7) If a property owner owns personal property related to the family farm or ranch business, and the market value of the personal property is above the threshold provided in 15-6-138, MCA, then the property owner must submit to the department each year a completed personal property reporting form in accordance with the requirements provided in 15-8-301, MCA, and ARM 42.21.158.

Authorizing statute(s): 15-1-201, MCA

Implementing statute(s): 15-7-201, 15-7-202, 15-7-203, 15-7-206, 15-7-207, 15-7-208, 15-7-209, 15-7-210, 15-7-212, MCA

History: NEW, 2014 MAR p. 2994, Eff. 12/12/14; AMD, 2020 MAR p. 1881, Eff. 10/24/20.