



When changing residency, states consider a number of different factors to establish whether or not a taxpayer has taken sufficient steps to break residency with their state and sufficiently establish residency in a new state. The following document is provided as a tool to monitor progress and highlight considerations used by states in residency disputes.

### **Minnesota Residency Factors:**

The following factors are used by MN in determining your domicile for MN residency purposes:

1. Location of domicile for prior years;
2. Voting registration and history;
3. Status as a student;
4. Location of employment;
5. Classification of employment as temporary or permanent;
6. Location of newly acquired living quarters whether owned or rented;
7. Status of former living quarters and whether it was sold, offered for sale, rented or available for rent;
8. Whether homestead status has been claimed for property tax purposes;
9. Ownership and location of other real and personal property;
10. Jurisdiction in which driver's license was issued;
11. Jurisdiction from which professional licenses were issued;
12. Location of the taxpayer's union membership;
13. Jurisdiction from which any motor vehicle license was issued and physical location of the vehicles;
14. Whether resident or nonresident hunting/fishing licenses were purchased;
15. Whether an income tax return has been filed as a resident or nonresident;
16. Whether the person has fulfilled the tax obligations required as a resident;
17. Location of any bank accounts, especially the location of the most active checking account;
18. Location of other transactions with financial institutions;
19. Location of the place of worship at which the taxpayers is a member;
20. Location of business relationships and place where business is transacted;
21. Location of taxpayer's social, fraternal, or athletic organizations or clubs or in a lodge or country club membership;
22. Address where mail is received and listed on important documents;
23. Percentage of time (not counting hours of employment) that the person is physically present in MN and the percentage of time (not counting hours of employment) that the taxpayer is physically present in each jurisdiction other than MN;
24. Jurisdiction from which unemployment compensation benefits are received;
25. Location of schools where you or your family members attend and whether resident or nonresident tuition was charged;
26. Statements made to an insurance company, concerning a taxpayer's residence, and on which the insurance is based;

## **MN 183-Day Rule**

In addition to the residency factors above, it is important to note that MN has a 183-Day Rule that deems you a MN resident for tax purposes if you meet both of the following conditions:

1. You spend at least 183 days in MN during the year (any part of a day counts as a full day)
2. You or your spouse rent, own, maintain, or occupy a residence in MN suitable for year-round use and equipped with its own cooking and bathing facilities

With regards to the 26 MN residency factors referred to above, you can utilize the following questions as a resource when planning for a change in state residency. This document is intended to highlight the more common considerations used by states when examining a change of residency position by a taxpayer.

### **Travel/Physical Location Considerations:**

1. Do you plan to spend more than half the year (183 Days) in your new state of residence?
2. If you will spend less than 183 days within your new state of residence, will you spend more days each year in your new state of residence than all other states/jurisdictions?  
(You should make every effort to do so.)
3. Have you factored travel/vacation days into your responses above?  
(Travel/vacations should generally originate from your new state of residence.)
4. Have you factored medical related travel into your responses above?  
(Some states, such as MN, do not have an exemption for medical days spent within their state.)
5. Will your immediate family be relocating as well?  
(Family ties in both the old location and new location will be considered.)

### **Real Estate Considerations:**

1. Will you maintain a residence or other real property within the state you are exiting?  
(This can make breaking residency a bit more difficult.)
2. If so, have you revoked your homestead status on your former residence?
3. Have you acquired living quarters (owned or rented) within the state to which you are relocating?  
(This will be required to break residency with your prior state.)
4. Have you applied and claimed homestead status on your personal residence in your new state?

### **Other personal residence considerations used by states if prior home is retained:**

1. What is the value of your new home compared to your prior home?
2. What is the square footage of your new home compared to your MN home?
3. Have you moved your personal furnishings and belongings to your new personal residence?  
(Location of essential day-to-day items is a good indicator of primary residence.)
4. Have you changed your primary mailing residence to your new home?

### **Employment/Professional Considerations:**

1. Will you continue to have employment in your prior state of residence?
2. If so, is this employment ongoing or is it just temporary?
3. If ongoing employment is expected in your prior state of residence, do you have a plan on how best to track days in each state during the year?
4. Do you have a key card for your place of employment that can be used to verify location throughout the year?
5. Will you have other sources of income that are generated from your prior state of residence?
6. Will you seek employment in your new state of residence?
7. If you maintain professional licenses, have you registered or transferred them to your new state of residence?
8. If you are a member of a union, have you registered or transferred membership to the union in your new state of residence?

### **Financial Considerations:**

1. Do your income tax return filings properly reflect your change in residency?
2. Will you continue to file an income tax return in your former state of residence?
3. Have you established a primary bank account in your new state of residency?  
(This isn't required in all states, but if you are not using a national bank you should consider a new account.)

4. If not, do your bank transactions support your change of residency?  
(States will look at banking activity by location as a way to verify residency claims.)
5. Do your credit card transactions and other financial activity support your residency position?  
(Credit card activity is an easy way to identify where most transactions are occurring.)

**Social Considerations:**

1. Will you maintain any social, fraternal, or club memberships in your prior state of residence?
2. If so, have you established similar memberships in your new state of residence?  
(Although it is acceptable to maintain existing memberships, one would expect primary memberships to exist in your new state of residence.)
3. Is your primary place of worship located within your new state of residence?  
(Not always a consideration, but a good fact for supporting residency.)
4. Does your cell phone activity support your residency position?  
(This is an easy way for states to verify your location throughout the year.)

**Registration & License Considerations:**

1. Have you obtained a driver's license from your new state of residence?
2. Have you registered to vote in the state of your new state of residence?  
(Be aware of the registration deadlines in your new location if you vote in the year of your move.)
3. Have you relocated and registered your vehicles and other personal property in your new state of residence?
4. Do your hunting & fishing licenses support your claim as a resident or non-resident in both your current and prior state of residence?
5. If you have a student attending a college or university does their state of residency with the school support your residency position?

## Miscellaneous Considerations:

1. Do your actions support your change of residency position?  
(Your actions must be consistent with your claim of a change in residency.)
2. Is it your intent to remain in your new state of residency permanently or temporarily?  
(States may review temporary relocations with greater scrutiny. Being able to support original intent is key.)
3. Have you attempted to establish a strong social connection within your new state of residency?  
(States will consider strength of social ties when splitting time between two states.)
4. Are you documenting actions taken as they occur to support a change of residency claim?  
(Upon a state challenge, re-creating a log may prove more difficult.)

## Change of Residency Checklists

### New State

- Update Primary Mailing address; also change address for income tax purposes (see details below)
- Register to vote
- Apply for Homestead status
- File tax returns as a resident
- Consider a new place of worship
- Confirm insurance supports residency position
- Start a log to track days spent in each state
- Acquire Driver's License/Update Passport
- Register motor vehicles and personal property
- Apply for/Transfer Professional Licenses
- Acquire resident hunting/fishing licenses
- Make sure to establish new social connections
- Update legal/estate documents accordingly
- Consider opening a new bank account

### Old State

- Remove home as primary mailing address
- Limit number of registered motor vehicles and personal property
- Report change of residency on state tax returns
- Change club memberships to non-resident status
- Revoke Homestead status on existing residence
- Update Professional Licenses & Associations
- Acquire Non-resident hunting/fishing licenses
- Confirm insurance supports residency position

## Change of Address Tax Forms

In an effort to support your change of residency, you should consider filing the following:

### **IRS Form 8822 – Federal Change of Address**

#### **Common State change of address procedures:**

##### **Arizona – Arizona Form 822**

**Florida** – Florida statutes permit a person to file a sworn Declaration of Domicile with their County of residence. Forms are generally available on County websites or at county offices.

**Minnesota** – MN doesn't have a separate form so this is achieved as follows:

1. Call 651-296-3781 or 1-800-652-9094 (toll-free)
2. Email MN Revenue at [individual.incometax@state.mn.us](mailto:individual.incometax@state.mn.us)

We believe the preferred method is via email as you will have a documentation supporting the change of address communication. When sending the change of address email to MN Revenue, they ask that you include the following information in the email:

- The last four digits of your Social Security number
- Your full name
- Your date of birth
- Your previous mailing address
- Your current mailing address
- Your 10-digit phone number

**Texas** – To be eligible for a Texas driver license you must complete **Form DL-5, Texas Residency Affidavit**

Disclaimer:

SilverOak has prepared this white paper for informational and educational purposes only. It is not intended to provide, and should not be relied on, for tax, legal, accounting or investment advice. You should consult your own tax, legal or accounting advisors before engaging in any transaction.

The information provided is believed to be accurate as of the date it is written. The content is based on the best information available, but official guidance, rules, laws and/or updates may change and become out of date.

Any content in this white paper is not intended to provide specific advice or recommendations. Any tax, investment or planning decisions should be made based on an investor's specific circumstances taking into account items such as risk tolerance, time horizon, and goals and objectives. All investments have some level of risk associated with them and past performance is no guarantee of future success.

© 2020 SilverOak Wealth Management LLC