

**PROPERTY TAX
Exemption of Parking Facilities**

March 30, 2001

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of H.F. 1316 (Dawkins) / S.F. 1692 (Pappas) *Revised for new information*

	Revenue Gain or (Loss)			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>FY2005</u>
	(000's)			
General Fund		(Negligible)	(Negligible)	(Negligible)

Effective the day after final enactment.

EXPLANATION OF THE BILL

Current Law: Parking lots, ramps, structures, garages, and other facilities for vehicle parking are exempt from property tax if they are owned by the public and used exclusively for public purposes. **Current law has modified this requirement to allow exemption if the municipal facilities are "owned, leased, maintained, or operated for essential public and governmental purposes."**

Proposed Law: Parking lots, ramps, structures, garages, and other facilities owned by a municipality or other municipal authority for vehicle parking are exempt even though the facilities, in whole or in part, are operated by, used by, leased, or subleased to an individual or nonprofit or for-profit entity.

REVENUE ANALYSIS DETAIL

- Information from the City of St. Paul indicates that a parking facility at the Farmer's Market has been classified as personal property because of an agreement with a private facility operator. The City's view is that the facility is owned by the city and is being used for a public purpose and should be considered exempt.
- **Based on information from Ramsey County, the total personal property market value subject to tax at the Farmer's Market location is \$548,200, with a current tax of \$23,915. Exemption of the property would cause a small tax shift, but any increased costs in homeowner property tax refunds would be negligible.**
- **Based on a survey of local officials, other municipal parking facilities will not be affected by the proposal.**

Number of Taxpayers Affected: Taxpayers in the City of St. Paul will be slightly affected by the proposal.

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ADMINISTRATIVE/OPERATIONAL IMPACT

There will be no significant administrative or operational costs or savings to DOR in administration of this bill.

Source: Minnesota Department of Revenue

Tax Research Division

<http://www.taxes.state.mn.us/polic.html#analyses>

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