

MINNESOTA • REVENUE

PROPERTY TAX Caponi Art Park Transfer

April 18, 2005

Department of Revenue
Analysis of S.F. 570 (McGinn) / H.F. 630 (Wilkin)

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

	Fund Impact			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective the day following final enactment.

EXPLANATION OF THE BILL

Current Law: In 1998, Caponi Art Park was granted a deferral of property taxes and special assessments as long as certain conditions were met. The Caponi Art Park in the City of Eagan has been preferentially classified and valued as class 2a, agricultural homestead since taxes payable year 1998. The Dakota County auditor is required to determine the tax that would have been paid without the preference, and to carry the deferred tax amount on assessment records. If the Park is conveyed to a nonprofit corporation or foundation created to own and operate the Park by July 1, 2002, the higher tax will never need to be paid. The Caponi Art Park and Learning Center is currently operated as a nonprofit organization under Internal Revenue Code, Section 501 (c)(3).

Proposed Law: The bill allows a portion of the Caponi property to be transferred for use as a public park. The bill requires deferred special assessments to be paid or arranged to be paid within 60 days of transfer of ownership. The county board, with the approval of the city council, must determine the amount of the additional taxes due on the portion of the property no longer used as an art park.

REVENUE ANALYSIS DETAIL

- The 60 acre Caponi Art Park is located in Eagan. According to the Dakota County auditor, the deferred tax due on the park was \$18,391 in 2002.
- Exemption of a portion of the property would remove taxable value from the tax roll, resulting in a small tax shift onto homesteads and a small increase in property tax refunds.

Number of Taxpayers: Taxpayers in the City of Eagan.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy