

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 3119

DATE: March 29, 2004

Version: As introduced

Authors: Wilkin and Wardlow

Subject: Caponi art park property; modifying certain provisions

Analyst: Karen Baker, 651-296-8959

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Overview

This bill makes changes to the property tax and special assessment provisions granted to the Caponi Art Park located in the city of Eagan (Dakota County).

Effective the day following final enactment.

Section

1 **Special assessments.** Provides that if ownership of the property is transferred, any special assessments that have been deferred by the city on the Caponi art park property must be paid in full or a payment agreement may be approved by the city. Requires that a payment for any special assessments or a payment agreement must be made within 60 days of the transfer of ownership.

Effective the day following final enactment.

2 **Recapture.** Allows the property to be transferred to one or more nonprofit foundations or corporations and one or more local governments without paying any of the deferred/additional taxes.

Further provides that if the portion of the property transferred to the nonprofit foundation or corporation is not used as an art park providing the required services for the full 10 years (as required by the legislation granting them the benefits of the "green acres" tax deferral), the county board, with the approval of the city council, shall determine the amount of additional taxes due on that portion of the property no longer utilized as an art park. No interest and

Section

penalties may be imposed on these additional taxes provided that they are paid within 30 days of the county's notice.

Effective the day following final enactment.

Background History

In 1998, the legislature enacted special legislation for the 60-acre art park to be valued as if it were agricultural property (using language similar to the "agricultural green acres" law), to allow the Caponi family time to raise funds to permanently use the property as an art park with open space and community programs for future public use. (Without this legislation, the assessor is required to value the land at its highest and best use, which in this case, would have been for development due to its location) This legislation also provided for deferment of any special assessments. The law required a nonprofit foundation or corporation to be created to own and operate the property as an art park and it specified various specific services that needed to be provided for at least 10 years (i.e., youth art camp; seminars for aspiring and professional artists; amphitheater for live performances; internal roads and paths for pedestrian use, a sculpture garden open to public either free or at nominal admission fee, etc.). This transfer of ownership had to occur by July 1, 2002, to prevent any additional taxes from being imposed.

In 2002 additional legislation was passed which modified the language so that a nonprofit would not have to be "created to own and operate," but rather an existing nonprofit could operate the property as an art park. In addition, a five-year extension (until July 1, 2007) on the transfer of ownership was enacted.

H.F. 3119 modifies the 2002 law by allowing more than one (501(c)(3)) nonprofit foundations or corporations and also allowing local governments to purchase and own some of this 60 acre art park property without any additional taxes being imposed. The agreements that are currently being negotiated are multiple ownerships/partners in this property:

- (1) Dakota County is using some of its funds from the county farmland and natural area program to purchase 20 acres (the city will hold title and the county may require some easements);
- (2) the city of Eagan is negotiating to purchase 10 acres;
- (3) the owner is donating (through a life estate) 10 acres to Macalester College (including the owner's residence), and
- (4) 20 acres will be transferred through a sale to the Art Park Board.

H.F. 3119 specifically addresses the deferred special assessments by the city of Eagan, by providing that they must be paid in full or a payment agreement must be made within 60 days of the transfer of ownership.