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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **3503**

03/23/2016 Authored by O'Driscoll

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy and Finance

1.1 A bill for an act
1.2 relating to natural resources; making distributions quarterly from the minerals
1.3 management account; allowing expedited sales of school trust lands and
1.4 university lands; appropriating money; amending Minnesota Statutes 2014,
1.5 sections 93.2236; 94.3495, subdivisions 2, 3, 7.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2014, section 93.2236, is amended to read:

1.8 **93.2236 MINERALS MANAGEMENT ACCOUNT.**

1.9 (a) The minerals management account is created as an account in the natural
1.10 resources fund. Interest earned on money in the account accrues to the account. Money in
1.11 the account may be spent or distributed only as provided in paragraphs (b) and (c).

1.12 (b) If the balance in the minerals management account exceeds \$3,000,000 on March
1.13 31, June 30, September 30, or December 31, the amount exceeding \$3,000,000 must
1.14 be distributed to the permanent school fund, the permanent university fund, and taxing
1.15 districts as provided in section 93.22, subdivision 1, paragraph (c). The amount distributed
1.16 to each fund must be in the same proportion as the total mineral lease revenue received
1.17 in the previous biennium from school trust lands, university lands, and lands held by the
1.18 state in trust for taxing districts.

1.19 (c) Subject to appropriation by the legislature, money in the minerals management
1.20 account may be spent by the commissioner of natural resources for mineral resource
1.21 management and projects to enhance future mineral income and promote new mineral
1.22 resource opportunities.

1.23 Sec. 2. Minnesota Statutes 2014, section 94.3495, subdivision 2, is amended to read:

Subd. 2. **Classes of land; definitions.** (a) The classes of public land that may be involved in an expedited exchange under this section are:

(1) Class 1 land, which for the purpose of this section is Class A land as defined in section 94.342, subdivision 1, ~~except for:~~

~~(i) school trust land as defined in section 92.025; and~~

~~(ii) university land granted to the state by acts of Congress;~~

(2) Class 2 land, which for the purpose of this section is Class B land as defined in section 94.342, subdivision 2; and

(3) Class 3 land, which for the purpose of this section is all land owned in fee by a governmental subdivision of the state.

(b) "School trust land" has the meaning given in section 92.025.

(c) "University land" means land granted to the state by acts of Congress for university purposes.

Sec. 3. Minnesota Statutes 2014, section 94.3495, subdivision 3, is amended to read:

Subd. 3. **Valuation of land.** (a) In an exchange of Class 1 land for Class 2 or 3 land, the value of all the land shall be determined by the commissioner of natural resources, but the county board must approve the value determined for the Class 2 land, and the governmental subdivision of the state must approve the value determined for the Class 3 land. In an exchange of Class 2 land for Class 3 land, the value of all the land shall be determined by the county board of the county in which the land lies, but the governmental subdivision of the state must approve the value determined for the Class 3 land.

(b) To determine the value of the land, the parties to the exchange may either (1) cause the land to be appraised, utilize the valuation process provided under section 84.0272, subdivision 3, or obtain a market analysis from a qualified real estate broker or (2) determine the value for each 40-acre tract or lot, or a portion thereof, using the most current township or county assessment schedules for similar land types from the county assessor of the county in which the lands are located. Merchantable timber value must should be determined and considered in finalizing valuation of the lands.

~~(b) All~~ (c) Except for school trust lands and university lands, the lands exchanged under this section shall be exchanged only for lands of at least substantially equal value. For the purposes of this subdivision, "substantially equal value" has the meaning given under section 94.343, subdivision 3, paragraph (b). No payment is due either party if the lands, other than school trust lands or university lands, are of substantially equal value but are not of the same value.

3.1 (d) School trust lands and university lands exchanged under this section must be
3.2 exchanged only for lands of equal or greater value.

3.3 Sec. 4. Minnesota Statutes 2014, section 94.3495, subdivision 7, is amended to read:

3.4 Subd. 7. **Reversionary interest; Mineral and water power rights and other**
3.5 **reservations.** ~~(a) All deeds conveying land given in an expedited land exchange under~~
3.6 ~~this section shall include a reverter that provides that title to the land automatically reverts~~
3.7 ~~to the conveying governmental unit if:~~

3.8 ~~(1) the receiving governmental unit sells, exchanges, or otherwise transfers title of~~
3.9 ~~the land within 40 years of the date of the deed conveying ownership; and~~

3.10 ~~(2) there is no prior written approval for the transfer from the conveying~~
3.11 ~~governmental unit. The authority for granting approval is the commissioner of natural~~
3.12 ~~resources for former Class 1 land, the county board for former Class 2 land, and the~~
3.13 ~~governing body for former Class 3 land.~~

3.14 ~~(b)~~ Class 1 land given in exchange is subject to the reservation provisions of section
3.15 94.343, subdivision 4. Class 2 land given in exchange is subject to the reservation
3.16 provisions of section 94.344, subdivision 4. County fee land given in exchange is subject
3.17 to the reservation provisions of section 373.01, subdivision 1, paragraph (g).

3.18 Sec. 5. **APPROPRIATION.**

3.19 \$500,000 is appropriated in fiscal year 2017 from the general fund to the school trust
3.20 lands director to initiate the private sale of surplus school trust lands identified according
3.21 to Minnesota Statutes, section 92.82, paragraph (d), including, but not limited to, valuation
3.22 expenses, legal fees, and transactional staff costs. This appropriation must not be used
3.23 to extinguish school trust interests in school trust lands.