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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **2097**

02/25/2014 Authored by McNamara

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

1.1 A bill for an act
1.2 relating to natural resources; eliminating Executive Council control over certain
1.3 timber sales and minerals leases; amending Minnesota Statutes 2012, sections
1.4 93.17, subdivision 3; 93.1925, subdivision 1; 93.20, subdivisions 2, 30, 38;
1.5 93.25, subdivision 2; Minnesota Statutes 2013 Supplement, section 90.031,
1.6 subdivision 4.

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

1.8 Section 1. Minnesota Statutes 2013 Supplement, section 90.031, subdivision 4, is
1.9 amended to read:

1.10 Subd. 4. **Timber rules.** The Executive Council may formulate and establish, from
1.11 time to time, rules it deems advisable for the transaction of timber business of the state;
1.12 ~~including approval of the sale of timber on any tract in a lot exceeding 12,000 cords~~
1.13 ~~in volume when the sale is in the best interests of the state;~~ and may abrogate, modify,
1.14 or suspend rules at its pleasure.

1.15 Sec. 2. Minnesota Statutes 2012, section 93.17, subdivision 3, is amended to read:

1.16 Subd. 3. **Bid acceptance.** (a) At the time and place fixed for the sale, the
1.17 commissioner shall publicly announce the number of applications and bids received. The
1.18 commissioner shall then publicly open the bids and announce the amount of each bid
1.19 separately. Thereafter, the commissioner, ~~together with the Executive Council,~~ shall
1.20 award the leases to the highest bidders for the respective mining units, but no bids shall
1.21 be accepted that do not equal or exceed the minimum amounts provided for in section
1.22 93.20, nor shall any bid be accepted that does not comply with the law. The right is
1.23 reserved to the state to reject any and all bids.

(b) All applications for leases and bids not accepted at the sale shall become void at the close of the sale and the payment accompanying the applications and bids shall be returned to the applicants entitled to them.

(c) Upon the award of a lease, the payment submitted with the application as provided by subdivision 1 shall be deposited with the commissioner of management and budget as a fee for the lease.

Sec. 3. Minnesota Statutes 2012, section 93.1925, subdivision 1, is amended to read:

Subdivision 1. **Conditions required.** When the commissioner finds that the best interests of the state will be served and the circumstances in clause (1), (2), or (3) exist, the commissioner, ~~with the approval of the Executive Council,~~ may issue an iron ore or taconite iron ore mining lease through negotiations to an applicant. A lease may be issued through negotiations under any of the following circumstances:

(1) the state taconite iron ore is adjacent to taconite iron ore owned or leased for mining purposes by the applicant and the commissioner finds that it is impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore;

(2) the lands to be leased are primarily valuable for their natural iron ore content; or

(3) the state's mineral ownership interest in the lands to be leased is an undivided fractional interest and the applicant holds under control a majority of the remaining undivided fractional mineral interests in the lands to be leased.

Sec. 4. Minnesota Statutes 2012, section 93.20, subdivision 2, is amended to read:

Subd. 2. **Term; conditions.** The commissioner of natural resources, ~~with the approval of the Executive Council,~~ may, so far as the commissioner deems advisable in furtherance of the public interests, fix the term of any lease at any period not exceeding that hereinafter prescribed, or may include in a lease any other conditions not inconsistent herewith relating to performance by the lessee or other pertinent matters, provided, that in case of a lease made pursuant to a permit issued upon public sale, a statement of such conditions shall be included in the designation of the mining unit affected before publication of the notice of sale.

Sec. 5. Minnesota Statutes 2012, section 93.20, subdivision 30, is amended to read:

Subd. 30. **Supplemental agreement.** In case it shall become impossible or impracticable at any time during the term of this lease to comply with the provisions hereof relating to sampling, analysis, shipping, or weighing of ore, or in case methods for any of said operations shall be developed which appear to be superior to those herein

prescribed and which will not result in any loss or disadvantage to the state hereunder, the commissioner of natural resources, ~~with the approval of the Executive Council~~, may make a supplemental agreement with the part..... of the second part, modifying this lease so as to authorize the adoption of such other methods for any of said operations so far as deemed expedient.

Sec. 6. Minnesota Statutes 2012, section 93.20, subdivision 38, is amended to read:

Subd. 38. **Lease modification.** Any state iron ore mining lease heretofore or hereafter issued and in force may be modified by the commissioner of natural resources, ~~with the approval of the Executive Council~~, upon application of the holder of the lease, by written agreement with the holder, so as to conform with the provisions of the laws in force at the time of such application with respect to the methods of shipping, weighing, and analyzing ore and computing royalty thereon, the time of payment of rental and royalty, the beneficiation or treatment of iron ore and the disposal of concentrates and residues therefrom, the stockpiling, depositing, or disposal of iron ore or other material, and the making of statements and reports pertaining to said matters.

Sec. 7. Minnesota Statutes 2012, section 93.25, subdivision 2, is amended to read:

Subd. 2. **Lease requirements.** All leases for nonferrous metallic minerals or petroleum must be approved by the ~~Executive Council~~, and any other mineral lease issued ~~pursuant to this section that covers 160 or more acres must be approved by the Executive Council~~ commissioner. The rents, royalties, terms, conditions, and covenants of all such leases shall be fixed by the commissioner according to rules adopted by the commissioner, but no lease shall be for a longer term than 50 years, and all rents, royalties, terms, conditions, and covenants shall be fully set forth in each lease issued. The rents and royalties shall be credited to the funds as provided in section 93.22.