

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 2836

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DATE	D-PG	OFFICIAL STATUS
03/17/2016	5102	Introduction and first reading Referred to Environment and Energy

A bill for an act

1.1
 1.2 relating to state lands; modifying provisions for sales and exchanges of state land;
 1.3 amending Minnesota Statutes 2014, sections 92.115, by adding a subdivision;
 1.4 94.3495, subdivisions 2, 3, 7; Minnesota Statutes 2015 Supplement, section
 1.5 94.10, subdivision 2.

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

1.7 Section 1. Minnesota Statutes 2014, section 92.115, is amended by adding a
 1.8 subdivision to read:

1.9 Subd. 3. **Closing costs.** The purchaser of state land must pay recording fees and
 1.10 the state deed tax.

1.11 Sec. 2. Minnesota Statutes 2015 Supplement, section 94.10, subdivision 2, is amended
 1.12 to read:

1.13 Subd. 2. **Public sale requirements.** (a) After complying with subdivision 1 and
 1.14 before any public sale of surplus state-owned land is made and at least 30 days before
 1.15 the sale, the commissioner of natural resources shall publish a notice of the sale in a
 1.16 newspaper of general distribution in the county in which the real property to be sold is
 1.17 situated. The notice shall specify the time and place at which the sale will commence, a
 1.18 general description of the lots or tracts to be offered, and a general statement of the terms
 1.19 of sale. The commissioner shall also provide electronic notice of sale.

1.20 (b) The minimum bid for a parcel of land must include the estimated value or
 1.21 appraised value of the land and any improvements and, if any of the land is valuable for
 1.22 merchantable timber, the value of the merchantable timber. The minimum bid may include
 1.23 expenses incurred by the commissioner in rendering the property salable, including
 1.24 survey, appraisal, legal, advertising, and other expenses.

2.1 (c) The purchaser of state land must pay recording fees and the state deed tax.

2.2 ~~(e)~~ (d) Except as provided under paragraph (d), parcels remaining unsold after
2.3 the offering may be sold to anyone agreeing to pay at least 75 percent of the appraised
2.4 value. The sale shall continue until all parcels are sold or until the commissioner orders a
2.5 reappraisal or withdraws the remaining parcels from sale.

2.6 ~~(d)~~ (e) The commissioner may retain the services of a licensed real estate broker
2.7 to find a buyer for parcels remaining unsold after the offering. The sale price may be
2.8 negotiated by the broker, but must not be less than 90 percent of the appraised value as
2.9 determined by the commissioner. The broker's fee must be established by prior agreement
2.10 between the commissioner and the broker and must not exceed ten percent of the sale
2.11 price for sales of \$10,000 or more. The broker's fee must be paid to the broker from
2.12 the proceeds of the sale.

2.13 Sec. 3. Minnesota Statutes 2014, section 94.3495, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

2.27 Sec. 4. Minnesota Statutes 2014, section 94.3495, subdivision 3, is amended to read:

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

3.1 **(b)** To determine the value of the land, the parties to the exchange may either (1)
 3.2 cause the land to be appraised, ~~utilize the valuation process provided under section~~
 3.3 ~~84.0272, subdivision 3, or obtain a market analysis from a qualified real estate broker or~~
 3.4 (2) determine the value for each forty or lot, or a portion thereof, using the most current
 3.5 township or county assessment schedules for similar land types from the county assessor
 3.6 of the county in which the lands are located. Merchantable timber value ~~must~~ should be
 3.7 ~~determined and~~ considered in finalizing valuation of the lands.

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

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

3.16 Sec. 5. Minnesota Statutes 2014, section 94.3495, subdivision 7, is amended to read:

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

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

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

3.27 **(b)** Class 1 land given in exchange is subject to the reservation provisions of section
 3.28 94.343, subdivision 4. Class 2 land given in exchange is subject to the reservation
 3.29 provisions of section 94.344, subdivision 4. County fee land given in exchange is subject
 3.30 to the reservation provisions of section 373.01, subdivision 1, paragraph (g).

3.31 Sec. 6. **EFFECTIVE DATE.**

3.32 Sections 1 to 5 are effective the day following final enactment.