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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 1547

02/22/2017 Authored by Layman, Ecklund, Lueck and Davids

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

03/06/2017 Adoption of Report: Re-referred to the Committee on Taxes

- 1.1 A bill for an act
- 1.2 relating to taxation; Sustainable Forest Incentive Act; modifying definitions,
- 1.3 eligibility requirements, and applications; providing for monitoring by the
- 1.4 Department of Natural Resources; modifying length of required covenant,
- 1.5 calculation of payment, and withdrawal procedures; providing for transfer of
- 1.6 ownership; modifying penalties for removal from program; appropriating money;
- amending Minnesota Statutes 2016, sections 290C.01; 290C.02, subdivisions 1,
- 3, 6; 290C.03; 290C.04; 290C.05; 290C.055; 290C.07; 290C.08, subdivision 1;
- 290C.10; 290C.11; 290C.13, subdivision 6; Laws 2016, chapter 187, section 5;
- proposing coding for new law in Minnesota Statutes, chapter 290C; repealing
- Minnesota Statutes 2016, section 290C.02, subdivisions 5, 9.
- 1.12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.13 Section 1. Minnesota Statutes 2016, section 290C.01, is amended to read:
- 1.14 **290C.01 PURPOSE.**
- 1.15 It is the policy of this state to promote sustainable forest resource management on the
- 1.16 state's public and private lands. ~~Recognizing that~~ The state's private forests comprise
- 1.17 approximately one-half of the state forest land resources, that healthy and robust forest land
- 1.18 provides significant benefits to the state of Minnesota, and that ad. These forests play a
- 1.19 critical role in protecting water quality and soil resources, and provide extensive wildlife
- 1.20 habitat, diverse recreational experiences, and significant forest products that support the
- 1.21 state's economy. Ad valorem property taxes represent a significant annual cost that can
- 1.22 discourage long-term forest management investments. In order to foster silviculture
- 1.23 investments and retain these forests for their economic and ecological benefits, this chapter,
- 1.24 hereafter referred to as the "Sustainable Forest Incentive Act," is enacted to encourage the
- 1.25 state's private forest landowners to make a long-term commitment to sustainable forest
- 1.26 management.

2.1 Sec. 2. Minnesota Statutes 2016, section 290C.02, subdivision 1, is amended to read:

2.2 Subdivision 1. **Application.** When used in sections 290C.01 to ~~290C.11~~ 290C.13, the
2.3 terms in this section have the meanings given them.

2.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.5 Sec. 3. Minnesota Statutes 2016, section 290C.02, subdivision 3, is amended to read:

2.6 Subd. 3. **Claimant.** (a) "Claimant" means:

2.7 (1) a person, as that term is defined in section 290.01, subdivision 2, who owns forest
2.8 land in Minnesota and files an application authorized by the Sustainable Forest Incentive
2.9 Act;

2.10 (2) a purchaser or grantee if property enrolled in the program was sold or transferred
2.11 after the original application was filed and prior to the annual incentive payment being
2.12 made; or

2.13 (3) an owner of land previously covered by an auxiliary forest contract that automatically
2.14 qualifies for inclusion in the Sustainable Forest Incentive Act program pursuant to section
2.15 88.49, subdivision 9a, or 88.491, subdivision 2.

2.16 ~~The purchaser or grantee must notify the commissioner in writing of the sale or transfer~~
2.17 ~~of the property.~~ (b) Owners of land that qualifies for inclusion pursuant to section 88.49,
2.18 subdivision 9a, or 88.491, subdivision 2, must notify the commissioner in writing of the
2.19 expiration of the auxiliary forest contract or land trade with a governmental unit and submit
2.20 an application to the commissioner by ~~August 15~~ July 1 in order to be eligible to receive a
2.21 payment by October 1 of that same year. For purposes of section 290C.11, claimant also
2.22 includes any person bound by the covenant required in section 290C.04.

2.23 ~~(b)~~ (c) No more than one claimant is entitled to a payment under this chapter with respect
2.24 to any tract, parcel, or piece of land enrolled under this chapter that has been assigned the
2.25 same parcel identification number. When enrolled forest land is owned by two or more
2.26 persons, the owners must determine between them which person is eligible to claim the
2.27 payments provided under sections 290C.01 to ~~290C.11~~ 209C.13. In the case of property
2.28 sold or transferred, the former owner and the purchaser or grantee must determine between
2.29 them which person is eligible to claim the payments provided under sections 290C.01 to
2.30 ~~290C.11~~ 209C.13. The owners, transferees, or grantees must notify the commissioner in
2.31 writing which person is eligible to claim the payments.

EFFECTIVE DATE. This section is effective for certifications and applications due in 2018 and thereafter.

Sec. 4. Minnesota Statutes 2016, section 290C.02, subdivision 6, is amended to read:

Subd. 6. **Forest land.** "Forest land" means land containing a minimum of 20 contiguous acres for which the owner has implemented a forest management plan that was prepared or updated within the past ten years by an approved plan writer. For purposes of this subdivision, acres are considered to be contiguous even if they are separated by a road, waterway, railroad track, or other similar intervening property. At least 50 percent of the contiguous acreage must meet the definition of forest land in section 88.01, subdivision 7. For the purposes of sections 290C.01 to ~~290C.11~~ 209C.13, forest land does not include (i) land used for residential or agricultural purposes, (ii) land enrolled in the reinvest in Minnesota program, a state or federal conservation reserve or easement reserve program under sections 103F.501 to 103F.531, the Minnesota agricultural property tax law under section 273.111, or land subject to agricultural land preservation controls or restrictions as defined in section 40A.02 or under the Metropolitan Agricultural Preserves Act under chapter 473H, (iii) ~~land exceeding 60,000 acres that is subject to a single conservation easement funded under section 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit entity; (iv) any land that becomes subject to a conservation easement funded under section 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit entity after May 30, 2013; or (v) (iv) land improved with a structure; pavement, other than a paved trail under easement, lease, or terminable license to the state of Minnesota or a political subdivision; sewer; campsite; or any road, other than a township road, used for purposes not prescribed in the forest management plan.~~

EFFECTIVE DATE. This section is effective for applications made in 2018 and thereafter.

Sec. 5. Minnesota Statutes 2016, section 290C.03, is amended to read:

290C.03 ELIGIBILITY REQUIREMENTS.

(a) Land may be enrolled in the sustainable forest incentive program under this chapter if all of the following conditions are met:

(1) the land consists of at least 20 contiguous acres and at least 50 percent of the land must meet the definition of forest land in section 88.01, subdivision 7, during the enrollment;

(2) a forest management plan for the land must be prepared by an approved plan writer and implemented during the period in which the land is enrolled;

(3) timber harvesting and forest management guidelines must be used in conjunction with any timber harvesting or forest management activities conducted on the land during the period in which the land is enrolled;

(4) the land must be enrolled for a minimum of eight years;

(5) there are no delinquent property taxes on the land; ~~and~~

(6) claimants enrolling more than 1,920 acres or enrolling any land that is subject to a conservation easement funded under section 97A.056, or a comparable permanent easement conveyed to a governmental or nonprofit entity in the sustainable forest incentive program must allow year-round, nonmotorized access to fish and wildlife resources and motorized access on established and maintained roads and trails, unless the road or trail is temporarily closed for safety, natural resource, or road damage reasons on enrolled land except within one-fourth mile of a permanent dwelling or during periods of high fire hazard as determined by the commissioner of natural resources;

(7) the claimant has registered the forest management plan under clause (2) with the commissioner of natural resources, who has determined that the land meets qualifications for enrollment; and

(8) no portion of the parcel containing the enrolled land is classified as class 2c managed forest land.

(b) Claimants required to allow access under paragraph (a), clause (6), do not by that action:

(1) extend any assurance that the land is safe for any purpose;

(2) confer upon the person the legal status of an invitee or licensee to whom a duty of care is owed; or

(3) assume responsibility for or incur liability for any injury to the person or property caused by an act or omission of the person.

(c) The commissioner of natural resources shall annually provide county assessors verification information regarding plan registration under paragraph (a), clause (7), on a timely basis.

(d) A minimum of three acres must be excluded from enrolled land when the land is improved with a structure that is not a minor, ancillary, and nonresidential structure.

(e) If land does not meet the definition of forest land in section 290C.02, subdivision 6, because the land is:

(1) enrolled in a state or federal conservation reserve or easement program under sections 103F.501 to 103F.531;

(2) subject to the Minnesota agricultural property tax under section 273.111; or

(3) subject to agricultural land preservation controls or restrictions as defined in section 40A.02, or the Metropolitan Agricultural Preserves Act under chapter 473H, the entire tax parcel that contains the land is not eligible to be enrolled in the program.

EFFECTIVE DATE. This section is effective for certifications and applications due in 2018 and thereafter.

Sec. 6. Minnesota Statutes 2016, section 290C.04, is amended to read:

290C.04 APPLICATIONS.

(a) A landowner may apply to enroll forest land for the sustainable forest incentive program under this chapter. The claimant must complete, sign, and submit an application to the commissioner by ~~September 30~~ October 31 in order for the land to become eligible beginning in the next year. The application shall be on a form prescribed by the ~~commissioner~~ commissioners of revenue and natural resources and must include the information the ~~commissioner deems~~ commissioners deem necessary. At a minimum, the application must show the following information for the land and the claimant: (i) the claimant's Social Security number or state or federal business tax registration number and date of birth, (ii) the claimant's address, (iii) the claimant's signature, (iv) the county's parcel identification numbers for the tax parcels that completely contain the claimant's forest land that is sought to be enrolled, (v) the number of acres eligible for enrollment in the program, (vi) the approved plan writer's signature and identification number, ~~and~~ (vii) proof, in a form specified by the commissioner, that the claimant has executed and acknowledged in the manner required by law for a deed, and recorded, a covenant that the land is not and shall not be developed in a manner inconsistent with the requirements and conditions of this chapter, and (viii) a registration number for the forest management plan, issued by the commissioner of natural resources. The covenant shall state in writing that the covenant is binding on the claimant and the claimant's successor or assignee, and that it runs with the land for a period of not less than eight years unless the claimant requests termination of the covenant after a reduction in payments due to changes in the payment formula under section 290C.07 or as a result of executive action, the amount of payment a claimant is eligible to receive under

section 290C.07 is reduced or limited. The commissioner shall specify the form of the covenant and provide copies upon request. The covenant must include a legal description that encompasses all the forest land that the claimant wishes to enroll under this section or the certificate of title number for that land if it is registered land. The commissioner of natural resources shall record the area eligible for enrollment into the Sustainable Forest Incentive Act as electronic geospatial data, as defined in section 16E.30, subdivision 10.

(b) The commissioner shall provide by electronic means data sufficient for the commissioner of natural resources to determine whether the applicant qualifies for enrollment. The commissioner must make the data available within 30 days of receipt of the application filed by the claimant or by October 1, whichever is sooner. The commissioner of natural resources must notify the commissioner whether the applicant qualifies for enrollment within 30 days of the data being available, and if the applicant qualifies for enrollment, the commissioner of natural resources shall specify the number of qualifying acres per tax parcel.

~~(b) In all cases;~~ (c) The commissioner shall notify the claimant within 90 days after receipt of a completed application that either the land has or has not been approved for enrollment. A claimant whose application is denied may appeal the denial as provided in section 290C.13.

~~(c)~~ (d) Within 90 days after the denial of an application, or within 90 days after the final resolution of any appeal related to the denial, the commissioner shall execute and acknowledge a document releasing the land from the covenant required under this chapter. The document must be mailed to the claimant and is entitled to be recorded.

~~(d)~~ (e) The Social Security numbers collected from individuals under this section are private data as provided in section 13.355. The federal business tax registration number and date of birth data collected under this section are also private data on individuals or nonpublic data, as defined in section 13.02, subdivisions 9 and 12, but may be shared with county assessors for purposes of tax administration and with county treasurers for purposes of the revenue recapture under chapter 270A.

EFFECTIVE DATE. This section is effective for certifications and applications due in 2018 and thereafter.

Sec. 7. Minnesota Statutes 2016, section 290C.05, is amended to read:

290C.05 ANNUAL CERTIFICATION AND MONITORING.

(a) On or before ~~July 1~~ May 15 of each year, beginning with the year after the original claimant has received an approved application, the commissioner shall send each claimant enrolled under the sustainable forest incentive program a certification form. For purposes of this section, the ~~original claimant is the person that filed the first application under section 290C.04 to enroll the land in the program~~ current property owner on record, or the person designated by the owners in the case of multiple ownership. The claimant must sign and return the certification, attesting to the commissioner by July 1 of that same year, and (1) attest that the requirements and conditions for continued enrollment in the program are currently being met, and must return the signed certification form to the commissioner by August 15 of that same year (2) provide a report in the form and manner determined by the commissioner of natural resources describing the management practices that have been carried out on the enrolled property during the prior year. If the claimant does not return an annual certification form by the due date, the provisions in section 290C.11 apply. The commissioner of natural resources must verify that the claimant meets program requirements.

(b) The commissioner must provide the certification form and annual report described in paragraph (a), clause (2), to the commissioner of natural resources by August 1.

(c) The commissioner of natural resources must conduct annual monitoring of a subset of claimants, excluding land also enrolled in a conservation easement program. Claimants will be selected for monitoring based on reported violations, annual certification, and random selections. Monitoring will be conducted on ten percent of claimants as of July 1 of each year. Monitoring may include, but is not limited to, a site visit by a Department of Natural Resources or contracted forester. The commissioner of natural resources must develop a monitoring form to record the monitoring data.

EFFECTIVE DATE. Paragraphs (a) and (b) are effective for certifications and applications due in 2018 and thereafter. Paragraph (c) is effective July 1, 2019.

Sec. 8. Minnesota Statutes 2016, section 290C.055, is amended to read:

290C.055 LENGTH OF COVENANT.

(a) ~~The covenant remains in effect for a minimum of eight years.~~ Claimants enrolling any land that is subject to a conservation easement funded under section 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit entity must enroll their land under a covenant with a minimum duration of eight years. All other claimants may choose to enroll their land under a covenant with a minimum duration of eight, 20, or 50 years. If land is removed the claimant requests removal of land from the program before it has been enrolled for four years one-half the number of years of the covenant's duration,

8.1 the covenant remains in effect for ~~eight years~~ the entire duration of the covenant from the
8.2 date recorded.

8.3 (b) If land that has been enrolled for ~~four years~~ one-half the number of years of the
8.4 covenant's minimum duration or more is removed from the program for any reason, there
8.5 is a waiting period before the covenant terminates. The covenant terminates on January 1
8.6 of the fifth, 11th, or 26th calendar year for the eight-, 20-, or 50-year minimum covenant,
8.7 respectively, that begins after the date that:

8.8 (1) the commissioner receives notification from the claimant that the claimant wishes
8.9 to remove the land from the program under section 290C.10; or

8.10 (2) the date that the land is removed from the program under section 290C.11.

8.11 (c) Notwithstanding the other provisions of this section, the covenant is terminated:

8.12 (1) at the same time that the land is removed from the program due to acquisition of title
8.13 or possession for a public purpose under section 290C.10; or

8.14 (2) at the request of the claimant ~~after~~ (i) if there is a reduction in payments due to
8.15 changes in the payment formula under section 290C.07; or (ii) if, as a result of executive
8.16 action, the amount of payment a claimant is eligible to receive under section 290C.07 is
8.17 reduced or limited.

8.18 **EFFECTIVE DATE.** This section is effective for certifications and applications in
8.19 2018 and thereafter.

8.20 Sec. 9. Minnesota Statutes 2016, section 290C.07, is amended to read:

8.21 **290C.07 CALCULATION OF INCENTIVE PAYMENT.**

8.22 (a) An approved claimant under the sustainable forest incentive program is eligible to
8.23 receive an annual payment for each acre of enrolled land, excluding any acre improved with
8.24 a paved trail under easement, lease, or terminable license to the state of Minnesota or a
8.25 political subdivision. The payment shall equal ~~\$7 per acre for each acre enrolled in the~~
8.26 ~~sustainable forest incentive program.~~ a percentage of the property tax that would be paid
8.27 on the land determined by using the previous year's statewide average total tax rate for all
8.28 taxes levied within townships and unorganized territories, the estimated market value per
8.29 acre as calculated in section 290C.06, and a class rate of one percent as follows: (1) for
8.30 claimants enrolling land that is subject to a conservation easement funded under section
8.31 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit
8.32 entity before May 31, 2013, 25 percent; (2) for claimants enrolling land that is not subject

to a conservation easement under an eight-year covenant, 65 percent; (3) for claimants enrolling land that is not subject to a conservation easement under a 20-year covenant, 90 percent; and (4) for claimants enrolling land that is not subject to a conservation easement under a 50-year covenant, 115 percent.

(b) The calculated payment shall not be less than the payment received in 2017 and shall not increase or decrease by more than ten percent relative to the payment received for the previous year.

(c) In addition to the payments provided under this section, a claimant enrolling more than 1,920 acres shall be allowed an additional payment per acre equal to the amount prescribed in paragraph (a), clause (1), for all acres of enrolled land on which public access is allowed, as required under section 290C.03, paragraph (a), clause (6), excluding any land subject to a conservation easement funded under section 97A.056, or a permanent easement conveyed to a governmental or nonprofit entity that is required to allow for public access under section 290C.03, paragraph (a), clause (6).

EFFECTIVE DATE. This section is effective for calculations made in 2018 and thereafter.

Sec. 10. Minnesota Statutes 2016, section 290C.08, subdivision 1, is amended to read:

Subdivision 1. **Annual payment.** An incentive payment for each acre of enrolled land will be made annually to each claimant in the amount determined under section 290C.07. By September 15 of each year, the commissioner of natural resources will certify to the commissioner the eligibility of each claimant to receive a payment. The incentive payment shall be paid by the commissioner on or before October 1 each year based on the certifications due ~~August 15~~ July 1 of that year. Interest at the annual rate determined under section 270C.40 shall be included with any incentive payment not paid by the later of October 1 of the year the certification was due, or 45 days after the completed certification was returned or filed if the commissioner accepts a certification filed after ~~August 15~~ July 1 of the taxes payable year as the resolution of an appeal.

EFFECTIVE DATE. This section is effective for certifications and applications due in 2018 and thereafter.

Sec. 11. Minnesota Statutes 2016, section 290C.10, is amended to read:

290C.10 WITHDRAWAL PROCEDURES.

~~An approved claimant~~ (a) The current owner of land enrolled under the sustainable forest incentive program for a minimum of ~~four years~~ one-half the number of years of the covenant's minimum duration may notify the commissioner of the intent to terminate enrollment. Within 90 days of receipt of notice to terminate enrollment, the commissioner shall inform the claimant in writing, acknowledging receipt of this notice and indicating the effective date of termination from the sustainable forest incentive program. Termination of enrollment in the sustainable forest incentive program occurs on January 1 of the fifth, 11th, or 26th calendar year for the eight-, 20-, or 50-year respective minimum covenant that begins after receipt by the commissioner of the termination notice. After the commissioner issues an effective date of termination, a claimant wishing to continue the land's enrollment in the sustainable forest incentive program beyond the termination date must apply for enrollment as prescribed in section 290C.04. A claimant who withdraws a parcel of land from this program may not reenroll the parcel for a period of three years. Within 90 days after the termination date, the commissioner shall execute and acknowledge a document releasing the land from the covenant required under this chapter. The document must be mailed to the claimant and is entitled to be recorded.

(b) Notwithstanding paragraph (a), on request of the claimant, the commissioner may allow early withdrawal from the Sustainable Forest Incentive Act without penalty when the state of Minnesota, any local government unit, or any other entity which has the power of eminent domain acquires title or possession to the land for a public purpose ~~notwithstanding the provisions of this section~~. In the case of such an eligible acquisition under this paragraph, the commissioner shall execute and acknowledge a document releasing the land acquired by the state, local government unit, or other entity from the covenant.

(c) Notwithstanding paragraph (a), upon request of the claimant, the commissioner shall allow early withdrawal from the Sustainable Forest Incentive Act without penalty when a government or nonprofit entity acquires a permanent conservation easement on the enrolled property and the conservation easement is at least as restrictive as the covenant required under section 290C.04. The commissioner of natural resources must notify the commissioner of lands acquired under this paragraph that are eligible for withdrawal. In the case of an eligible easement acquisition under this paragraph, the commissioner shall execute and acknowledge a document releasing the land subject to the easement from the covenant.

(d) Notwithstanding paragraph (a), upon request of the claimant, the commissioner shall allow early withdrawal from the Sustainable Forest Incentive Act without penalty for land that is subject to fee or easement acquisition or lease to the state of Minnesota or a political subdivision of the state for the public purpose of a paved trail. The commissioner of natural

11.1 resources must notify the commissioner of lands acquired under this paragraph that are
11.2 eligible for withdrawal. In the case of an eligible fee or easement acquisition or lease under
11.3 this paragraph, the commissioner shall execute and acknowledge a document releasing the
11.4 land subject to fee or easement acquisition or lease by the state or political subdivision of
11.5 the state.

11.6 (e) All other enrolled land must remain in the program.

11.7 **EFFECTIVE DATE.** The amendments to paragraphs (c) and (d) are effective the day
11.8 following final enactment. The amendments to paragraphs (a), (b), and (e) are effective for
11.9 notifications made in 2018 and thereafter.

11.10 Sec. 12. **[290C.101] TRANSFER OF OWNERSHIP.**

11.11 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
11.12 the meanings given.

11.13 (b) "New owner" means a prospective purchaser or grantee.

11.14 (c) "Owner" means a grantor or seller.

11.15 Subd. 2. **Notification to commissioner.** (a) An owner must notify the commissioner if
11.16 the owner transfers any or all of the owner's land enrolled in the sustainable forest incentive
11.17 program to one or more new owners within 60 days of the transfer of title to the property.
11.18 The notification must include the legal descriptions of the transferred property, the tax parcel
11.19 numbers, and the name and address of the new owner. If transfer of ownership is a result
11.20 of the death of the claimant, the provisions of section 290C.12 shall apply.

11.21 (b) Upon notification, the commissioner shall inform the new owner of the restrictions
11.22 of the covenant required by section 290C.04 and the withdrawal procedures under section
11.23 290C.10. In order for the new owner to receive payments pursuant to this chapter, the new
11.24 owner must file an application and register a new forest management plan with the
11.25 commissioner of natural resources within two years from the date the title of the property
11.26 was transferred to remain eligible.

11.27 Subd. 3. **Termination of enrollment.** The commissioner will terminate enrollment
11.28 according to the procedure in section 290C.10 for failure of the new owner to register a
11.29 forest management plan within the time period in subdivision 2, paragraph (b).

11.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

12.1 Sec. 13. Minnesota Statutes 2016, section 290C.11, is amended to read:

12.2 **290C.11 PENALTIES FOR REMOVAL.**

12.3 (a) If the commissioner determines that land enrolled in the sustainable forest incentive
12.4 program is in violation of the conditions for enrollment as specified in section 290C.03, or
12.5 upon notification by the commissioner of natural resources that land enrolled is in violation
12.6 of the conditions for enrollment, the commissioner shall notify the ~~claimant~~ current owner
12.7 of the land of the intent to remove ~~all~~ the tax parcel of the enrolled land where the violation
12.8 has occurred from the sustainable forest incentive program. The penalties described under
12.9 paragraph (c) apply. The ~~claimant~~ current owner has 60 days to appeal this determination
12.10 under the provisions of section 290C.13.

12.11 (b) If the commissioner determines the land is to be removed from the sustainable forest
12.12 incentive program due to the construction or addition of an improvement to the property,
12.13 the ~~claimant~~ owner of the tax parcel that is in violation is liable for payment to the
12.14 commissioner in the amount equal to: (1) the payments ~~received~~ issued related to the enrolled
12.15 tax parcel under this chapter for the ~~previous four-year period~~ number of years the land has
12.16 been bound by covenant, or half the covenant length, whichever is less, plus interest; and
12.17 (2) 25 percent of the estimated market value of the property as reclassified under section
12.18 273.13 due to the structure being on the tax parcel, as determined by the assessor.

12.19 (c) If the commissioner of natural resources determines that the land is used for purposes
12.20 other than forestry purposes, the commissioner of natural resources shall notify the
12.21 commissioner of revenue, who shall notify the current owner of the tax parcel that is in
12.22 violation that the current owner is liable to the commissioner in an amount equal to: (1) the
12.23 payments issued related to the enrolled tax parcel under this chapter for the number of years
12.24 the land has been bound by covenant, or half the covenant length, whichever is less, plus
12.25 interest; and (2) 30 percent of the estimated market value as property reclassified under
12.26 section 273.13, due to the change in use, as determined by the assessor.

12.27 (d) The claimant has 90 days to satisfy the payment for removal of land from the
12.28 sustainable forest incentive program under this section. If the penalty is not paid within the
12.29 90-day period under this paragraph, the commissioner shall certify the amount to the county
12.30 auditor for collection as a part of the general ad valorem real property taxes on the land in
12.31 the following taxes payable year.

12.32 **EFFECTIVE DATE.** This section is effective for certifications and applications due
12.33 in 2018 and thereafter.

13.1 Sec. 14. Minnesota Statutes 2016, section 290C.13, subdivision 6, is amended to read:

13.2 Subd. 6. **Determination of appeal.** On the basis of applicable law and available
13.3 information, the commissioner shall determine the validity, if any, in whole or in part, of
13.4 the appeal and notify the claimant of the decision. This notice must be in writing and contain
13.5 the basis for the determination. The commissioner shall consult with the commissioner of
13.6 natural resources when an appeal relates to the use of the property for forestry or nonforestry
13.7 purposes and for appeals related to forest management plans.

13.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

13.9 Sec. 15. Laws 2016, chapter 187, section 5, the effective date, is amended to read:

13.10 **EFFECTIVE DATE.** This section is effective for orders and notices dated after
13.11 September 30, 2015 December 31, 2017.

13.12 **EFFECTIVE DATE.** This section is effective retroactively from September 30, 2015.

13.13 Sec. 16. **SUSTAINABLE FOREST INCENTIVE ACT; TRANSITION PROVISION.**

13.14 (a) For lands enrolled in the Sustainable Forest Incentive Act on December 31, 2017,
13.15 the owner of enrolled lands may elect through May 15, 2019, and without penalty, to change
13.16 the length of a covenant, if eligible, under Minnesota Statutes, section 290C.055. The owner
13.17 of enrolled land must provide notice to the Department of Revenue of its intent to change
13.18 the length of its covenant.

13.19 (b) For lands enrolled in the Sustainable Forest Incentive Act on May 15, 2016, the
13.20 owner of enrolled land must comply with the changes made in the act by certifications due
13.21 in 2018, as required under Minnesota Statutes, section 290C.05.

13.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

13.23 Sec. 17. **ADMINISTRATIVE APPROPRIATION.**

13.24 \$600,000 in fiscal year 2018 and \$600,000 in fiscal year 2019 are appropriated from the
13.25 general fund to the commissioner of natural resources for administering Minnesota Statutes,
13.26 chapter 290C, and section 477A.19.

13.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

13.28 Sec. 18. **REPEALER.**

13.29 Minnesota Statutes 2016, section 290C.02, subdivisions 5 and 9, are repealed.

14.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

APPENDIX
Repealed Minnesota Statutes: 17-2210

290C.02 DEFINITIONS.

Subd. 5. **Current use value.** "Current use value" means the statewide average annual income per acre, multiplied by 90 percent and divided by the capitalization rate determined under subdivision 9. The statewide net annual income shall be a weighted average based on the most recent data as of July 1 of the computation year on stumpage prices and annual tree growth rates and acreage by cover type provided by the Department of Natural Resources and the United States Department of Agriculture Forest Service North Central Research Station.

Subd. 9. **Capitalization rate.** By July 1 of each year, the commissioner shall determine a statewide capitalization rate for use under this chapter. The rate shall be the average annual effective interest rate for St. Paul on new loans under the Farm Credit Bank system calculated under section 2032A(e)(7)(A) of the Internal Revenue Code.