

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 3594

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DATE	D-PG	OFFICIAL STATUS
02/17/2026	6316	Introduction and first reading Referred to Education Policy
02/23/2026	6379	Author added Farnsworth
02/26/2026	6380	Author added Hauschild
02/26/2026	6388	Comm report: To pass and re-referred to Environment, Climate, and Legacy
03/25/2026	6969a	Comm report: To pass as amended and re-refer to Education Policy

1.1 A bill for an act

1.2 relating to education; modifying the duties of the school trust lands director;

1.3 modifying required reports to the Legislative Permanent School Fund Commission;

1.4 requiring a report; amending Minnesota Statutes 2024, sections 84.027, subdivision

1.5 18; 127A.353, subdivision 4, by adding a subdivision.

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

1.7 Section 1. Minnesota Statutes 2024, section 84.027, subdivision 18, is amended to read:

1.8 Subd. 18. ~~Permanent school fund authority; reporting.~~ (a) The commissioner of

1.9 natural resources has the authority and responsibility to administer school trust lands under

1.10 sections 92.122 and 127A.31. ~~The commissioner shall biennially report to the Legislative~~

1.11 ~~Permanent School Fund Commission and the legislature on the management of the school~~

1.12 ~~trust lands that shows how the commissioner has and will continue to achieve the following~~

1.13 ~~goals:~~

1.14 ~~(1) manage the school trust lands efficiently and in a manner that reflects the undivided~~

1.15 ~~loyalty to the beneficiaries consistent with the commissioner's fiduciary duties;~~

1.16 ~~(2) reduce the management expenditures of school trust lands and maximize the revenues~~

1.17 ~~deposited in the permanent school trust fund;~~

1.18 ~~(3) manage the sale, exchange, and commercial leasing of school trust lands, requiring~~

1.19 ~~returns of not less than fair market value, to maximize the revenues deposited in the~~

1.20 ~~permanent school trust fund and retain the value from the long-term appreciation of the~~

1.21 ~~school trust lands;~~

2.1 ~~(4) manage the school trust lands to maximize the long-term economic return for the~~
 2.2 ~~permanent school trust fund while maintaining sound natural resource conservation and~~
 2.3 ~~management principles;~~

2.4 ~~(5) optimize school trust land revenues and maximize the value of the trust consistent~~
 2.5 ~~with balancing short-term and long-term interests, so that long-term benefits are not lost in~~
 2.6 ~~an effort to maximize short-term gains; and~~

2.7 ~~(6) maintain the integrity of the trust and prevent the misapplication of its lands and its~~
 2.8 ~~revenues.~~

2.9 (b) When the commissioner finds an irresolvable conflict between maximizing the
 2.10 long-term economic return and protecting natural resources and recreational values on
 2.11 school trust lands, the commissioner shall give precedence to the long-term economic return
 2.12 in managing school trust lands. By July 1, 2018, the permanent school fund must be
 2.13 compensated for all school trust lands included under a designation or policy provision that
 2.14 prohibits long-term economic return. The commissioner shall submit recommendations to
 2.15 the appropriate legislative committees and divisions on methods of funding for the
 2.16 compensation required under this paragraph, including recommendations for appropriations
 2.17 from the general fund, nongeneral funds, and the state bond fund. Any uncompensated
 2.18 designation or policy provision restrictions on the long-term economic return on school
 2.19 trust lands remaining after July 1, 2018, must be compiled and submitted to the Legislative
 2.20 Permanent School Fund Commission for review.

2.21 (c) By December 31, 2013, the report required under paragraph (a) must provide an
 2.22 inventory and identification of all school trust lands that are included under a designation
 2.23 or policy provision that prohibits long-term economic return. The report must include a plan
 2.24 to compensate the permanent school fund through the purchase or exchange of the lands or
 2.25 a plan to manage the school trust land to generate long-term economic return to the permanent
 2.26 school fund. Subsequent reports under paragraph (a) must include a status report of the
 2.27 commissioner's progress in maximizing the long-term economic return on lands identified
 2.28 in the 2013 report.

2.29 (d) When management practices, policies, or designations by the commissioner diminish
 2.30 or prohibit the long-term economic return on school trust land, the conflict must be resolved
 2.31 as provided in section 92.122.

2.32 Sec. 2. Minnesota Statutes 2024, section 127A.353, subdivision 4, is amended to read:

2.33 Subd. 4. **Duties; powers.** (a) The school trust lands director shall:

- 3.1 (1) act in a fiduciary capacity for trust beneficiaries in accordance with the principles
3.2 under section 127A.351;
- 3.3 (2) evaluate the school trust land asset position;
- 3.4 (3) determine the estimated current and potential market value of school trust lands;
- 3.5 (4) advise and provide recommendations to the governor on school trust land management
3.6 policies and other policies that may affect the goal of the permanent school fund under
3.7 section 127A.31;
- 3.8 (5) advise and provide recommendations to the Executive Council and Land Exchange
3.9 Board on all matters regarding school trust lands presented to either body;
- 3.10 (6) advise and provide recommendations to the commissioner of natural resources on
3.11 managing school trust lands, including but not limited to advice and recommendations on:
- 3.12 (i) Department of Natural Resources school trust land management plans;
- 3.13 (ii) leases of school trust lands;
- 3.14 (iii) royalty agreements on school trust lands;
- 3.15 (iv) land sales and exchanges;
- 3.16 (v) cost certification; and
- 3.17 (vi) ~~revenue-generating~~ revenue-generating options;
- 3.18 (7) serve as temporary trustee of school trust lands for school trust lands subject to
3.19 proposed or active eminent domain proceedings;
- 3.20 (8) serve as temporary trustee of school trust lands pursuant to section 94.342, subdivision
3.21 5;
- 3.22 ~~(9) submit to the Legislative Permanent School Fund Commission for review an annual
3.23 budget and management plan for the director that includes proposed legislative changes
3.24 that will improve the asset allocation of the school trust lands;~~
- 3.25 ~~(10)~~ (9) develop and implement a ten-year strategic plan and a 25-year framework for
3.26 management of school trust lands, in conjunction with the commissioner of natural resources,
3.27 that is updated every five years, with goals to:
- 3.28 (i) retain core real estate assets;
- 3.29 (ii) increase the value of the real estate assets and the cash flow from those assets;

4.1 (iii) rebalance the portfolio in assets with high performance potential and the strategic
4.2 disposal of selected assets;

4.3 (iv) establish priorities for management actions;

4.4 (v) balance revenue enhancement and resource stewardship; and

4.5 (vi) advance strategies on school trust lands to capitalize on ecosystem services markets;
4.6 and

4.7 ~~(11) keep the beneficiaries, governor, legislature, and the public informed about the~~
4.8 ~~work of the director by reporting~~ (10) report to the Legislative Permanent School Fund
4.9 Commission ~~in a public meeting at least once during each calendar quarter~~ as required under
4.10 subdivision 5.

4.11 (b) In carrying out the duties under paragraph (a), the school trust lands director may:

4.12 (1) direct and control money appropriated to the director;

4.13 (2) establish job descriptions and employ staff within the limitations of money
4.14 appropriated to the director;

4.15 (3) enter into interdepartmental agreements with any other state agency;

4.16 (4) enter into joint powers agreements under chapter 471;

4.17 (5) evaluate and initiate real estate development projects on school trust lands in
4.18 conjunction with the commissioner of natural resources and with the advice of the Legislative
4.19 Permanent School Fund Commission to generate long-term economic return to the permanent
4.20 school fund; and

4.21 (6) submit recommendations on strategies for school trust land leases, sales, or exchanges
4.22 to the commissioner of natural resources and the Legislative Permanent School Fund
4.23 Commission.

4.24 **EFFECTIVE DATE.** This section is effective July 1, 2026.

4.25 Sec. 3. Minnesota Statutes 2024, section 127A.353, is amended by adding a subdivision
4.26 to read:

4.27 Subd. 5. **Report.** (a) By January 15 each year, the school trust lands director must submit
4.28 a written report to the Legislative Permanent School Fund Commission. The report must
4.29 inform trust beneficiaries, the governor, the legislature, and the public about school trust
4.30 land management activities, and must include information on:

5.1 (1) the director's efforts to develop and advocate for sustainable asset management
5.2 strategies that reflect undivided loyalty to the trust beneficiaries;

5.3 (2) school trust land management policies and activities, including new or emerging
5.4 revenue-generating opportunities;

5.5 (3) the financial position of school trust land assets, including management costs for the
5.6 preceding fiscal year and the revenues deposited in the permanent school fund;

5.7 (4) recommended statutory changes that would improve asset allocation, enhance financial
5.8 outcomes, or otherwise strengthen the long-term performance of school trust lands; and

5.9 (5) amounts distributed from the permanent school fund to Minnesota's public school
5.10 districts and charter schools in the preceding fiscal year.

5.11 (b) The commissioner of natural resources and the commissioner of education must
5.12 provide the director with the data necessary to complete the report.

5.13 (c) The report must be submitted in accordance with section 3.195.

5.14 **EFFECTIVE DATE.** This section is effective July 1, 2026.