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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **5246**

- 04/02/2024 Authored by Lislegard, Davids, Skraba, Gomez, Brand and others
The bill was read for the first time and referred to the Committee on Taxes
- 05/02/2024 Adoption of Report: Amended and re-referred to the Committee on Ways and Means
- 05/07/2024 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time
- 05/09/2024 Calendar for the Day, Amended
Read Third Time as Amended
- 05/17/2024 Passed by the House as Amended and transmitted to the Senate to include Floor Amendments
Passed by the Senate and returned to the House
- 05/18/2024 Presented to Governor
Governor Approval

1.1 A bill for an act

1.2 relating to state finance; establishing a tax-forfeited lands settlement account;

1.3 transferring money; requiring reports; appropriating money.

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

1.5 Section 1. **TAX-FORFEITED LANDS SETTLEMENT; APPROPRIATION.**

1.6 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have

1.7 the meanings given.

1.8 (b) "Applicable start date" means:

1.9 (1) for Hennepin County, August 16, 2012;

1.10 (2) for St. Louis County, June 2, 2016; and

1.11 (3) for all other counties, June 23, 2016.

1.12 (c) "Commissioner" means the commissioner of management and budget.

1.13 (d) "Participating county" means a county that meets the requirements of subdivision 2.

1.14 (e) "Settlement" means the agreement reached on February 28, 2024, settling litigation

1.15 related to the state's retention of tax-forfeited lands, surplus proceeds from the sale of

1.16 tax-forfeited lands, and mineral rights in those lands.

1.17 Subd. 2. Requirements of participating counties. If a county elects to participate in

1.18 the settlement, or is deemed to elect to participate in the settlement under subdivision 4, the

1.19 county must agree:

2.1 (1) to provide the claims administrator administering the settlement with all public
2.2 property tax records reasonably necessary to effectuate the settlement agreement by August
2.3 1, 2024;

2.4 (2) to make a good faith effort to sell all properties that forfeited between the applicable
2.5 start date and December 31, 2023, other than those that are classified as conservation lands,
2.6 those that are part of a rehabilitation program, and those in which title is no longer held in
2.7 trust by the state of Minnesota for taxing districts;

2.8 (3) that for any sale made under clause (2):

2.9 (i) the county will conduct an auction of the property, either in person or online; list the
2.10 property through a private broker; or, if the property meets the criteria in Minnesota Statutes,
2.11 section 282.01, subdivision 7a, sell the property pursuant to that subdivision;

2.12 (ii) the sale will be for no less than its appraised value;

2.13 (iii) the sale will be for cash only and not on terms; and

2.14 (iv) notwithstanding any provision of Minnesota Statutes, chapter 282, to the contrary,
2.15 for any property sold on or after the effective date of this section, 75 percent of the proceeds
2.16 of any sale on or before June 30, 2027, and 85 percent of the proceeds of any sale on or
2.17 after July 1, 2027, and on or before June 30, 2029, will be remitted to the commissioner for
2.18 deposit in the general fund and the remaining proceeds will be retained by the county to be
2.19 used for any permissible purpose; and

2.20 (4) that any properties subject to sale under clause (2) that remain unsold on June 30,
2.21 2029, must continue to be managed under the laws governing tax-forfeited lands until they
2.22 are disposed of under those laws.

2.23 Subd. 3. **Receipts.** The commissioner must deposit into the general fund any proceeds
2.24 remitted to the commissioner by participating counties under subdivision 2, clause (3), item
2.25 (iv), or any amounts returned by the claims administrator.

2.26 Subd. 4. **Deemed election to become participating county; nonparticipating**
2.27 **counties.** A county that does not affirmatively notify the claims administrator by August
2.28 1, 2024, in writing, that it is not a participating county, will be deemed to have elected to
2.29 become a participating county. A county that is not a participating county retains all risk of
2.30 liability for claims related to properties forfeited before January 1, 2024. The state of
2.31 Minnesota is not financially responsible for claims related to those properties and may seek
2.32 indemnification from counties that are not participating counties for any expenses or
2.33 judgments related to those properties.

3.1 Subd. 5. Appropriation. \$109,000,000 in fiscal year 2024 is appropriated from the
3.2 general fund to the commissioner of management and budget to make payments to the
3.3 claims administrator under the terms of the settlement. This is a onetime appropriation and
3.4 is available until June 30, 2026. The claims administrator must return any money that remains
3.5 unspent on June 30, 2026.

3.6 Subd. 6. Report. (a) By December 31, 2024, and each December 31 thereafter, each
3.7 participating county must report to the commissioner of management and budget the
3.8 following information pertaining to parcels that forfeited between the applicable start date
3.9 and December 31, 2023:

3.10 (1) the date on which each parcel forfeited;

3.11 (2) a brief description of the good faith efforts made to list and sell properties under this
3.12 section; and

3.13 (3) if a parcel was sold, the purchase price and the amount remitted to the commissioner
3.14 by each participating county under subdivision 2, clause (3), item (iv).

3.15 (b) By February 1, 2025, and each February 1 thereafter, the commissioner of
3.16 management and budget must compile the information reported under paragraph (a) and
3.17 issue a report listing the reported information by county to the legislative committees with
3.18 jurisdiction over finance, environment, and taxes.

3.19 (c) This subdivision expires February 2, 2030.

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