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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3502

03/23/2016 Authored by McNamara

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

1.1 A bill for an act
1.2 relating to natural resources; allowing expedited sales of school trust lands and
1.3 university lands; appropriating money; amending Minnesota Statutes 2014,
1.4 section 94.3495, subdivisions 2, 3, 7.

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

1.6 Section 1. Minnesota Statutes 2014, section 94.3495, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

1.21 Subd. 3. **Valuation of land.** (a) In an exchange of Class 1 land for Class 2 or 3 land,
1.22 the value of all the land shall be determined by the commissioner of natural resources,
1.23 but the county board must approve the value determined for the Class 2 land and the

governmental subdivision of the state must approve the value determined for the Class 3 land. In an exchange of Class 2 land for Class 3 land, the value of all the land shall be determined by the county board of the county in which the land lies, but the governmental subdivision of the state must approve the value determined for the Class 3 land.

(b) To determine the value of the land, the parties to the exchange may either:

(1) cause the land to be appraised, utilize the valuation process provided under section 84.0272, subdivision 3, or obtain a market analysis from a qualified real estate broker; or

(2) determine the value for each 40-acre tract or lot, or a portion thereof, using the most current township or county assessment schedules for similar land types from the county assessor of the county in which the lands are located.

Merchantable timber value ~~must~~ should be determined and considered in finalizing valuation of the lands.

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

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

Sec. 3. Minnesota Statutes 2014, section 94.3495, subdivision 7, is amended to read:

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

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

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

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

3.1 Sec. 4. **APPROPRIATION.**

3.2 \$500,000 in fiscal year 2017 is appropriated from the general fund to the school trust
3.3 lands director to initiate the private sale of surplus school trust lands identified according
3.4 to Minnesota Statutes, section 92.82, paragraph (d), including but not limited to valuation
3.5 expenses, legal fees, and transactional staff costs. This appropriation shall not be used
3.6 to extinguish school trust interests in school trust lands.