

State of Minnesota

H. F. No. **4320**

The bill was read for the first time and referred to the Committee on Taxes

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

2.2 Sec. 3. Minnesota Statutes 2020, section 282.01, subdivision 1a, is amended to read:

2.3 Subd. 1a. **Conveyance to public entities.** (a) Upon written request from a state agency  
2.4 or a governmental subdivision of the state, a parcel of unsold tax-forfeited land must be  
2.5 withheld from sale or lease to others for a maximum of six months. The request must be  
2.6 submitted to the county auditor. Upon receipt, the county auditor must withhold the parcel  
2.7 from sale or lease to any other party for six months, and must confirm the starting date of  
2.8 the six-month withholding period to the requesting agency or subdivision. If the request is  
2.9 from a governmental subdivision of the state, the governmental subdivision must pay the  
2.10 maintenance costs incurred by the county during the period the parcel is withheld. The  
2.11 county board may approve a sale or conveyance to the requesting party during the  
2.12 withholding period. A conveyance of the property to the requesting party terminates the  
2.13 withholding period.

2.14 A governmental subdivision of the state must not make, and a county auditor must not  
2.15 act upon, a second request to withhold a parcel from sale or lease within 18 months of a  
2.16 previous request for that parcel. A county may reject a request made under this paragraph  
2.17 if the request is made more than 30 days after the county has given notice to the requesting  
2.18 state agency or governmental subdivision of the state that the county intends to sell or  
2.19 otherwise dispose of the property.

2.20 (b) Nonconservation tax-forfeited lands may be sold by the county board, for their market  
2.21 value as determined by the county board, to an organized or incorporated governmental  
2.22 subdivision of the state for any public purpose for which the subdivision is authorized to  
2.23 acquire property. When the term "market value" is used in this section, it means an estimate  
2.24 of the full and actual market value of the parcel as determined by the county board, but in  
2.25 making this determination, the board and the persons employed by or under contract with  
2.26 the board in order to perform, conduct, or assist in the determination, are exempt from the  
2.27 licensure requirements of chapter 82B.

2.28 (c) Nonconservation tax-forfeited lands may be sold by the county board, for their market  
2.29 value as determined by the county board, to a state agency for any public purpose for which  
2.30 the agency is authorized to acquire property.

2.31 (d) Nonconservation tax-forfeited lands may not be sold by the county board to an  
2.32 organized or incorporated governmental subdivision of the state or state agency for less  
2.33 than their market value ~~if~~.

~~(1) the county board determines that a sale at a reduced price is in the public interest because a reduced price is necessary to provide an incentive to correct the blighted conditions that make the lands undesirable in the open market, or the reduced price will lead to the development of affordable housing; and~~

~~(2) the governmental subdivision or state agency has documented its specific plans for correcting the blighted conditions or developing affordable housing, and the specific law or laws that empower it to acquire real property in furtherance of the plans.~~

~~If the sale under this paragraph is to a governmental subdivision of the state, the commissioner of revenue must convey the property on behalf of the state by quitclaim deed. If the sale under this paragraph is to a state agency, the property is released from the trust in favor of the taxing districts and the commissioner of revenue must convey the property on behalf of the state by quitclaim deed to the agency.~~

(e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts may be conveyed by the commissioner of revenue in the name of the state to a governmental subdivision for an authorized public use, if an application is submitted to the commissioner which includes a statement of facts as to the use to be made of the tract and the favorable recommendation of the county board. For the purposes of this paragraph, "authorized public use" means a use that allows an indefinite segment of the public to physically use and enjoy the property in numbers appropriate to its size and use, or is for a public service facility. Authorized public uses as defined in this paragraph are limited to:

(1) a road, or right-of-way for a road;

(2) a park that is both available to, and accessible by, the public that contains improvements such as campgrounds, playgrounds, athletic fields, trails, or shelters;

(3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along with a reasonable amount of surrounding land maintained in its natural state;

(4) transit facilities for buses, light rail transit, commuter rail or passenger rail, including transit ways, park-and-ride lots, transit stations, maintenance and garage facilities, and other facilities related to a public transit system;

(5) public beaches or boat launches;

(6) public parking;

(7) civic recreation or conference facilities; and

4.1 (8) public service facilities such as fire halls, police stations, lift stations, water towers,  
4.2 sanitation facilities, water treatment facilities, and administrative offices.

4.3 No monetary compensation or consideration is required for the conveyance, except as  
4.4 provided in subdivision 1g, but the conveyance is subject to the conditions provided in law,  
4.5 including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

4.6 (f) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited  
4.7 land to a local governmental subdivision of the state by quitclaim deed on behalf of the state  
4.8 upon the favorable recommendation of the county board if the governmental subdivision  
4.9 has certified to the board that prior to forfeiture the subdivision was entitled to the parcel  
4.10 under a written development agreement or instrument, but the conveyance failed to occur  
4.11 prior to forfeiture. No compensation or consideration is required for, and no conditions  
4.12 attach to, the conveyance.

4.13 (g) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited  
4.14 land to the association of a common interest community by quitclaim deed upon the favorable  
4.15 recommendation of the county board if the association certifies to the board that prior to  
4.16 forfeiture the association was entitled to the parcel under a written agreement, but the  
4.17 conveyance failed to occur prior to forfeiture. No compensation or consideration is required  
4.18 for, and no conditions attach to, the conveyance.

4.19 (h) Conservation tax-forfeited land may be sold to a governmental subdivision of the  
4.20 state for less than its market value for either: (1) creation or preservation of wetlands; (2)  
4.21 drainage or storage of storm water under a storm water management plan; or (3) preservation,  
4.22 or restoration and preservation, of the land in its natural state. The deed must contain a  
4.23 restrictive covenant limiting the use of the land to one of these purposes for 30 years or  
4.24 until the property is reconveyed back to the state in trust. At any time, the governmental  
4.25 subdivision may reconvey the property to the state in trust for the taxing districts. The deed  
4.26 of reconveyance is subject to approval by the commissioner of revenue. No part of a purchase  
4.27 price determined under this paragraph shall be refunded upon a reconveyance, but the  
4.28 amount paid for a conveyance under this paragraph may be taken into account by the county  
4.29 board when setting the terms of a future sale of the same property to the same governmental  
4.30 subdivision under paragraph (b) or (d). If the lands are unplatted and located outside of an  
4.31 incorporated municipality and the commissioner of natural resources determines there is a  
4.32 mineral use potential, the sale is subject to the approval of the commissioner of natural  
4.33 resources.

(i) A park and recreation board in a city of the first class is a governmental subdivision for the purposes of this section.

(j) Tax-forfeited land held in trust in favor of the taxing districts may be conveyed by the commissioner of revenue in the name of the state to a governmental subdivision for a school forest under section 89.41. An application that includes a statement of facts as to the use to be made of the tract and the favorable recommendation of the county board and the commissioner of natural resources must be submitted to the commissioner of revenue. No monetary compensation or consideration is required for the conveyance, but the conveyance is subject to the conditional use and reversion provisions of subdivisions 1c and 1d, paragraph (e). At any time, the governmental subdivision may reconvey the property back to the state in trust for the taxing districts. The deed of reconveyance is subject to approval by the commissioner of revenue.

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

Sec. 4. Minnesota Statutes 2020, section 282.01, subdivision 7a, is amended to read:

Subd. 7a. **City sales; alternate procedures.** Land located in a home rule charter or statutory city, or in a town which cannot be improved because of noncompliance with local ordinances regarding minimum area, shape, frontage or access may be sold by the county auditor pursuant to this subdivision if the auditor determines that a nonpublic sale will encourage the approval of sale of the land by the city or town and promote its return to the tax rolls. If the physical characteristics of the land indicate that its highest and best use will be achieved by combining it with an adjoining parcel and the city or town has not adopted a local ordinance governing minimum area, shape, frontage, or access, the land may also be sold pursuant to this subdivision. If the property consists of an undivided interest in land or land and improvements, the property may also be sold to the other owners under this subdivision. The sale of land pursuant to this subdivision shall be subject to any conditions imposed by the county board pursuant to section 282.03. The governing body of the city or town may recommend to the county board conditions to be imposed on the sale. The county auditor may restrict the sale to owners of lands adjoining the land to be sold. The county auditor shall conduct the sale by sealed bid or may select another means of sale. The land shall be sold to the highest bidder and may be sold for less than its appraised value, but the purchase price must be more than the sum of all taxes, assessments, penalties, interest, and costs due at the time of forfeiture computed under section 282.251, and any special assessments for improvements certified as of the date of sale. All owners of land adjoining the land to be sold shall be given a written notice at least 30 days prior to the sale.

This subdivision shall be liberally construed to encourage the sale and utilization of tax-forfeited land, to eliminate nuisances and dangerous conditions and to increase compliance with land use ordinances.

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

Sec. 5. Minnesota Statutes 2020, section 282.05, is amended to read:

**282.05 PROCEEDS APPORTIONED.**

The net proceeds received from the sale or rental of forfeited lands shall be apportioned to the general funds of the state or municipal subdivision thereof, and to the former owner of the property at the time the property forfeited to the state, in the manner provided in section 282.08.

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

Sec. 6. Minnesota Statutes 2020, section 282.08, is amended to read:

**282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.**

The net proceeds from the sale or rental of any parcel of forfeited land, or from the sale of products from the forfeited land, must be apportioned by the county auditor to the taxing districts interested in the land and to the former owner of the property at the time the property forfeited to the state, as follows:

(1) the portion required to pay any amounts included in the appraised value under section 282.01, subdivision 3, as representing increased value due to any public improvement made after forfeiture of the parcel to the state, but not exceeding the amount certified by the appropriate governmental authority must be apportioned to the governmental subdivision entitled to it;

(2) the portion required to pay any amount included in the appraised value under section 282.019, subdivision 5, representing increased value due to response actions taken after forfeiture of the parcel to the state, but not exceeding the amount of expenses certified by the Pollution Control Agency or the commissioner of agriculture, must be apportioned to the agency or the commissioner of agriculture and deposited in the fund from which the expenses were paid;

(3) the portion of the remainder required to discharge any special assessment chargeable against the parcel for drainage or other purpose whether due or deferred at the time of forfeiture, must be apportioned to the governmental subdivision entitled to it; and

(4) any balance the county, town or city, and school district must be paid the amount of taxes that were canceled at the forfeiture of the property. The county must be reimbursed for actual costs. Penalties and interest owed at the time of forfeiture must be apportioned as follows:

~~(i) The county board may annually by resolution set aside no more than 30 percent of the receipts remaining to be used for forest development on tax forfeited land and dedicated memorial forests, to be expended under the supervision of the county board. It must be expended only on projects improving the health and management of the forest resource.~~

~~(ii) The county board may annually by resolution set aside no more than 20 percent of the receipts remaining to be used for the acquisition and maintenance of county parks or recreational areas as defined in sections 398.31 to 398.36, to be expended under the supervision of the county board.~~

~~(iii) Any balance remaining must be apportioned as follows: county, 40 percent; town or city, 20 percent; and school district, 40 percent, provided, however, that in unorganized territory that portion which would have accrued to the township must be administered by the county board of commissioners; and~~

(5) any balance must be returned to the former owner. If anyone other than the titleholder, including lienholders, submits a claim to a share of the proceeds, the county may deposit the funds with a court and let the court determine who is entitled to the funds.

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