

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 790

(SENATE AUTHORS: LOUREY and Ruud)

DATE	D-PG	OFFICIAL STATUS
02/09/2017	553	Introduction and first reading
		Referred to Environment and Natural Resources Policy and Legacy Finance
02/22/2017	744a	Comm report: To pass as amended and re-refer to Environment and Natural Resources Finance
		See SF723, Art. 2
		See SF844, Art. 2, Sec. 143-144

1.1 A bill for an act

1.2 relating to state lands; exempting certain tax-forfeited lands from the prohibition

1.3 on their sale; modifying timber sale provisions for tax-forfeited lands; amending

1.4 Minnesota Statutes 2016, sections 282.018, subdivision 1; 282.04, subdivision 1.

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

1.6 Section 1. Minnesota Statutes 2016, section 282.018, subdivision 1, is amended to read:

1.7 Subdivision 1. **Land on or adjacent to public waters.** (a) All land which is the property

1.8 of the state as a result of forfeiture to the state for nonpayment of taxes, regardless of whether

1.9 the land is held in trust for taxing districts, and which borders on or is adjacent to meandered

1.10 lakes and other public waters and watercourses, and the live timber growing or being thereon,

1.11 is hereby withdrawn from sale except as hereinafter provided. The authority having

1.12 jurisdiction over the timber on any ~~such~~ of these lands may sell the timber as otherwise

1.13 provided by law for cutting and removal under ~~such~~ the conditions as the authority may

1.14 prescribe in accordance with approved, sustained yield forestry practices. The authority

1.15 having jurisdiction over the timber shall reserve ~~such~~ the timber and impose ~~such~~ the

1.16 conditions as the authority deems necessary for the protection of watersheds, wildlife habitat,

1.17 shorelines, and scenic features. Within the area in Cook, Lake, and St. Louis counties

1.18 described in the Act of Congress approved July 10, 1930 (46 Stat. 1020), the timber on

1.19 tax-forfeited lands shall be subject to like restrictions as are now imposed by that act on

1.20 federal lands.

1.21 (b) Of all tax-forfeited land bordering on or adjacent to meandered lakes and other public

1.22 waters and watercourses and so withdrawn from sale, a strip two rods in width, the ordinary

1.23 high-water mark being the waterside boundary thereof, and the land side boundary thereof

1.24 being a line drawn parallel to the ordinary high-water mark and two rods distant landward

2.1 therefrom, hereby is reserved for public travel thereon, and whatever the conformation of
2.2 the shore line or conditions require, the authority having jurisdiction over ~~such~~ these lands
2.3 shall reserve a wider strip for ~~such~~ these purposes.

2.4 (c) Any tract or parcel of land which has 150 feet or less of waterfront may be sold by
2.5 the authority having jurisdiction over the land, in the manner otherwise provided by law
2.6 for the sale of ~~such~~ the lands, if the authority determines that it is in the public interest to
2.7 do so. Any tract or parcel of land within a plat of record bordering on or adjacent to
2.8 meandered lakes and other public waters and watercourses may be sold by the authority
2.9 having jurisdiction over the land, in the manner otherwise provided by law for the sale of
2.10 the lands, if the authority determines that it is in the public interest to do so. If the authority
2.11 having jurisdiction over the land is not the commissioner of natural resources, the land may
2.12 not be offered for sale without the prior approval of the commissioner of natural resources.

2.13 (d) Where the authority having jurisdiction over lands withdrawn from sale under this
2.14 section is not the commissioner of natural resources, the authority may submit proposals
2.15 for disposition of the lands to the commissioner. The commissioner of natural resources
2.16 shall evaluate the lands and their public benefits and make recommendations on the proposed
2.17 dispositions to the committees of the legislature with jurisdiction over natural resources.
2.18 The commissioner shall include any recommendations of the commissioner for disposition
2.19 of lands withdrawn from sale under this section over which the commissioner has jurisdiction.
2.20 The commissioner's recommendations may include a public sale, sale to a private party,
2.21 acquisition by the Department of Natural Resources for public purposes, or a cooperative
2.22 management agreement with, or transfer to, another unit of government.

2.23 Sec. 2. Minnesota Statutes 2016, section 282.04, subdivision 1, is amended to read:

2.24 Subdivision 1. **Timber sales; land leases and uses.** (a) The county auditor, with terms
2.25 and conditions set by the county board, may sell timber upon any tract that may be approved
2.26 by the natural resources commissioner. The sale of timber shall be made for cash at not less
2.27 than the appraised value determined by the county board to the highest bidder after not less
2.28 than one week's published notice in an official paper within the county. Any timber offered
2.29 at the public sale and not sold may thereafter be sold at private sale by the county auditor
2.30 at not less than the appraised value thereof, until the time as the county board may withdraw
2.31 the timber from sale. The appraised value of the timber and the forestry practices to be
2.32 followed in the cutting of said timber shall be approved by the commissioner of natural
2.33 resources.

3.1 (b) Payment of the full sale price of all timber sold on tax-forfeited lands shall be made
3.2 in cash at the time of the timber sale, except in the case of oral or sealed bid auction sales,
3.3 the down payment shall be no less than 15 percent of the appraised value, and the balance
3.4 shall be paid prior to entry. In the case of auction sales that are partitioned and sold as a
3.5 single sale with predetermined cutting blocks, the down payment shall be no less than 15
3.6 percent of the appraised price of the entire timber sale which may be held until the satisfactory
3.7 completion of the sale or applied in whole or in part to the final cutting block. The value of
3.8 each separate block must be paid in full before any cutting may begin in that block. With
3.9 the permission of the county contract administrator the purchaser may enter unpaid blocks
3.10 and cut necessary timber incidental to developing logging roads as may be needed to log
3.11 other blocks provided that no timber may be removed from an unpaid block until separately
3.12 scaled and paid for. If payment is provided as specified in this paragraph as security under
3.13 paragraph (a) and no cutting has taken place on the contract, the county auditor may credit
3.14 the security provided, less any down payment required for an auction sale under this
3.15 paragraph, to any other contract issued to the contract holder by the county under this chapter
3.16 to which the contract holder requests in writing that it be credited, provided the request and
3.17 transfer is made within the same calendar year as the security was received.

3.18 (c) The county board may sell any timber, including biomass, as appraised or scaled.
3.19 Any parcels of land from which timber is to be sold by scale of cut products shall be so
3.20 designated in the published notice of sale under paragraph (a), in which case the notice shall
3.21 contain a description of the parcels, a statement of the estimated quantity of each species
3.22 of timber, and the appraised price of each species of timber for 1,000 feet, per cord or per
3.23 piece, as the case may be. In those cases any bids offered over and above the appraised
3.24 prices shall be by percentage, the percent bid to be added to the appraised price of each of
3.25 the different species of timber advertised on the land. The purchaser of timber from the
3.26 parcels shall pay in cash at the time of sale at the rate bid for all of the timber shown in the
3.27 notice of sale as estimated to be standing on the land, and in addition shall pay at the same
3.28 rate for any additional amounts which the final scale shows to have been cut or was available
3.29 for cutting on the land at the time of sale under the terms of the sale. Where the final scale
3.30 of cut products shows that less timber was cut or was available for cutting under terms of
3.31 the sale than was originally paid for, the excess payment shall be refunded from the forfeited
3.32 tax sale fund upon the claim of the purchaser, to be audited and allowed by the county board
3.33 as in case of other claims against the county. No timber, except hardwood pulpwood, may
3.34 be removed from the parcels of land or other designated landings until scaled by a person
3.35 or persons designated by the county board and approved by the commissioner of natural
3.36 resources. Landings other than the parcel of land from which timber is cut may be designated

4.1 for scaling by the county board by written agreement with the purchaser of the timber. The
4.2 county board may, by written agreement with the purchaser and with a consumer designated
4.3 by the purchaser when the timber is sold by the county auditor, and with the approval of
4.4 the commissioner of natural resources, accept the consumer's scale of cut products delivered
4.5 at the consumer's landing. No timber shall be removed until fully paid for in cash. Small
4.6 amounts of timber not exceeding ~~\$3,000~~ 500 cords in appraised ~~valuation~~ volume may be
4.7 sold for not less than the full appraised value at private sale to individual persons without
4.8 first publishing notice of sale or calling for bids, provided that in case of a sale involving a
4.9 total appraised value of more than \$200 the sale shall be made subject to final settlement
4.10 on the basis of a scale of cut products in the manner above provided and not more than two
4.11 of the sales, directly or indirectly to any individual shall be in effect at one time.

4.12 (d) As directed by the county board, the county auditor may lease tax-forfeited land to
4.13 individuals, corporations or organized subdivisions of the state at public or private sale, and
4.14 at the prices and under the terms as the county board may prescribe, for use as cottage and
4.15 camp sites and for agricultural purposes and for the purpose of taking and removing of hay,
4.16 stumpage, sand, gravel, clay, rock, marl, and black dirt from the land, and for garden sites
4.17 and other temporary uses provided that no leases shall be for a period to exceed ten years;
4.18 provided, further that any leases involving a consideration of more than \$12,000 per year,
4.19 except to an organized subdivision of the state shall first be offered at public sale in the
4.20 manner provided herein for sale of timber. Upon the sale of any leased land, it shall remain
4.21 subject to the lease for not to exceed one year from the beginning of the term of the lease.
4.22 Any rent paid by the lessee for the portion of the term cut off by the cancellation shall be
4.23 refunded from the forfeited tax sale fund upon the claim of the lessee, to be audited and
4.24 allowed by the county board as in case of other claims against the county.

4.25 (e) As directed by the county board, the county auditor may lease tax-forfeited land to
4.26 individuals, corporations, or organized subdivisions of the state at public or private sale, at
4.27 the prices and under the terms as the county board may prescribe, for the purpose of taking
4.28 and removing for use for road construction and other purposes tax-forfeited stockpiled
4.29 iron-bearing material. The county auditor must determine that the material is needed and
4.30 suitable for use in the construction or maintenance of a road, tailings basin, settling basin,
4.31 dike, dam, bank fill, or other works on public or private property, and that the use would
4.32 be in the best interests of the public. No lease shall exceed ten years. The use of a stockpile
4.33 for these purposes must first be approved by the commissioner of natural resources. The
4.34 request shall be deemed approved unless the requesting county is notified to the contrary
4.35 by the commissioner of natural resources within six months after receipt of a request for

5.1 approval for use of a stockpile. Once use of a stockpile has been approved, the county may
5.2 continue to lease it for these purposes until approval is withdrawn by the commissioner of
5.3 natural resources.

5.4 (f) The county auditor, with the approval of the county board is authorized to grant
5.5 permits, licenses, and leases to tax-forfeited lands for the depositing of stripping, lean ores,
5.6 tailings, or waste products from mines or ore milling plants, or to use for facilities needed
5.7 to recover iron-bearing oxides from tailings basins or stockpiles, or for a buffer area needed
5.8 for a mining operation, upon the conditions and for the consideration and for the period of
5.9 time, not exceeding 25 years, as the county board may determine. The permits, licenses, or
5.10 leases are subject to approval by the commissioner of natural resources.

5.11 (g) Any person who removes any timber from tax-forfeited land before said timber has
5.12 been scaled and fully paid for as provided in this subdivision is guilty of a misdemeanor.

5.13 (h) The county auditor may, with the approval of the county board, and without first
5.14 offering at public sale, grant leases, for a term not exceeding 25 years, for the removal of
5.15 peat and for the production or removal of farm-grown closed-loop biomass as defined in
5.16 section 216B.2424, subdivision 1, or short-rotation woody crops from tax-forfeited lands
5.17 upon the terms and conditions as the county board may prescribe. Any lease for the removal
5.18 of peat, farm-grown closed-loop biomass, or short-rotation woody crops from tax-forfeited
5.19 lands must first be reviewed and approved by the commissioner of natural resources if the
5.20 lease covers 320 or more acres. No lease for the removal of peat, farm-grown closed-loop
5.21 biomass, or short-rotation woody crops shall be made by the county auditor pursuant to this
5.22 section without first holding a public hearing on the auditor's intention to lease. One printed
5.23 notice in a legal newspaper in the county at least ten days before the hearing, and posted
5.24 notice in the courthouse at least 20 days before the hearing shall be given of the hearing.

5.25 (i) Notwithstanding any provision of paragraph (c) to the contrary, the St. Louis County
5.26 auditor may, at the discretion of the county board, sell timber to the party who bids the
5.27 highest price for all the several kinds of timber, as provided for sales by the commissioner
5.28 of natural resources under section 90.14. Bids offered over and above the appraised price
5.29 need not be applied proportionately to the appraised price of each of the different species
5.30 of timber.

5.31 (j) In lieu of any payment or deposit required in paragraph (b), as directed by the county
5.32 board and under terms set by the county board, the county auditor may accept an irrevocable
5.33 bank letter of credit in the amount equal to the amount otherwise determined in paragraph
5.34 (b). If an irrevocable bank letter of credit is provided under this paragraph, at the written

6.1 request of the purchaser, the county may periodically allow the bank letter of credit to be
6.2 reduced by an amount proportionate to the value of timber that has been harvested and for
6.3 which the county has received payment. The remaining amount of the bank letter of credit
6.4 after a reduction under this paragraph must not be less than 20 percent of the value of the
6.5 timber purchased. If an irrevocable bank letter of credit or cash deposit is provided for the
6.6 down payment required in paragraph (b), and no cutting of timber has taken place on the
6.7 contract for which a letter of credit has been provided, the county may allow the transfer
6.8 of the letter of credit to any other contract issued to the contract holder by the county under
6.9 this chapter to which the contract holder requests in writing that it be credited.