

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE **S.F. No. 1889**

(SENATE AUTHORS: KRUSE, Bakk, Bonoff, Olson and Ingebrigtsen)

DATE	D-PG	OFFICIAL STATUS
02/15/2012	3823	Introduction and first reading Referred to Education
03/13/2012	4348a	Comm report: To pass as amended and re-refer to Environment and Natural Resources
03/19/2012		Comm report: To pass as amended and re-refer to State Government Innovation and Veterans

A bill for an act

1.1 relating to the permanent school fund; changing the Permanent School Fund
1.2 Advisory Committee into a legislative commission; providing for a director
1.3 to oversee, manage, and administer school trust lands; amending Minnesota
1.4 Statutes 2010, sections 15A.0815, subdivision 3; 16A.06, subdivision 11;
1.5 16A.125, subdivision 5; 84.027, subdivision 18; 84.085, subdivision 1; 92.12,
1.6 subdivision 1; 92.121; 92.13; 93.2236; 94.342, subdivision 5; 127A.30;
1.7 477A.11, subdivisions 3, 4, by adding a subdivision; 477A.12, subdivisions 2, 3;
1.8 Minnesota Statutes 2011 Supplement, section 477A.12, subdivision 1; proposing
1.9 coding for new law in Minnesota Statutes, chapter 127A.
1.10

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

1.12 Section 1. Minnesota Statutes 2010, section 15A.0815, subdivision 3, is amended to
1.13 read:

1.14 Subd. 3. **Group II salary limits.** The salaries for positions in this subdivision may
1.15 not exceed 85 percent of the salary of the governor:

1.16 Executive director of Gambling Control Board;
1.17 Commissioner, Iron Range Resources and Rehabilitation Board;
1.18 Commissioner, Bureau of Mediation Services;
1.19 Ombudsman for Mental Health and Developmental Disabilities;
1.20 Chair, Metropolitan Council;
1.21 Director of trust lands and mineral assets;
1.22 Executive director of pari-mutuel racing; and
1.23 Commissioner, Public Utilities Commission.

1.24 Sec. 2. Minnesota Statutes 2010, section 16A.06, subdivision 11, is amended to read:

1.25 Subd. 11. **Permanent school fund reporting.** The commissioner shall annually
1.26 report to the Legislative-Citizen Permanent School Fund ~~Advisory Committee~~

2.1 Commission, and the legislature the amount of the permanent school fund transfer and
2.2 information about the investment of the permanent school fund provided by the State
2.3 Board of Investment. The State Board of Investment shall provide information about how
2.4 they maximized the long-term economic return of the permanent school fund.

2.5 **EFFECTIVE DATE.** This section is effective July 1, 2014.

2.6 Sec. 3. Minnesota Statutes 2010, section 16A.125, subdivision 5, is amended to read:

2.7 Subd. 5. **Forest trust lands.** (a) The term "state forest trust fund lands" as used
2.8 in this subdivision, means public land in trust under the Constitution set apart as "forest
2.9 lands under the authority of the commissioner" of natural resources as defined by section
2.10 89.001, subdivision 13, but excludes school trust lands as defined in section 92.025.

2.11 (b) The commissioner of management and budget shall credit the revenue from the
2.12 forest trust fund lands, excluding school trust lands defined under section 92.025, to the
2.13 forest suspense account. The account must specify the trust funds interested in the lands
2.14 and the respective receipts of the lands.

2.15 (c) After a fiscal year, the commissioner of management and budget shall certify the
2.16 total costs incurred for forestry during that year under appropriations for the protection,
2.17 improvement, administration, and management of state forest trust fund lands and
2.18 construction and improvement of forest roads to enhance the forest value of the lands.
2.19 The certificate must specify the trust funds interested in the lands. The commissioner of
2.20 natural resources shall supply the commissioner of management and budget with the
2.21 information needed for the certificate.

2.22 (d) After a fiscal year, the commissioner shall distribute the receipts credited to the
2.23 suspense account during that fiscal year as follows:

2.24 (1) the amount of the certified costs incurred by the ~~state~~ Department of Natural
2.25 Resources for forest management, forest improvement, and road improvement during the
2.26 fiscal year shall be transferred to the forest management investment account established
2.27 under section 89.039;

2.28 (2) the balance of the certified costs incurred by the ~~state~~ Department of Natural
2.29 Resources during the fiscal year shall be transferred to the general fund; and

2.30 (3) the balance of the receipts shall then be returned prorated to the trust funds in
2.31 proportion to their respective interests in the lands which produced the receipts.

2.32 **EFFECTIVE DATE.** This section is effective July 1, 2014.

2.33 Sec. 4. Minnesota Statutes 2010, section 84.027, subdivision 18, is amended to read:

3.1 Subd. 18. **Permanent school fund authority; reporting.** The ~~commissioner~~
3.2 ~~of natural resources~~ director of trust lands and mineral assets has the authority and
3.3 responsibility for the administration of school trust lands under sections 92.121 and
3.4 127A.31. The ~~commissioner~~ director shall biannually report to the Legislative-Citizen
3.5 Permanent School Fund Advisory Committee Commission and the legislature on the
3.6 management of the school trust lands that shows how the ~~commissioner~~ director has and
3.7 will continue to achieve the following goals:

3.8 (1) manage the school trust lands efficiently;

3.9 (2) reduce the management expenditures of school trust lands and maximize the
3.10 revenues deposited in the permanent school trust fund;

3.11 (3) manage the sale, exchange, and commercial leasing of school trust lands to
3.12 maximize the revenues deposited in the permanent school trust fund and retain the value
3.13 from the long-term appreciation of the school trust lands; and

3.14 (4) manage the school trust lands to maximize the long-term economic return for the
3.15 permanent school trust fund while maintaining sound natural resource conservation and
3.16 management principles.

3.17 **EFFECTIVE DATE.** This section is effective July 1, 2014.

3.18 Sec. 5. Minnesota Statutes 2010, section 84.085, subdivision 1, is amended to read:

3.19 Subdivision 1. **Authority.** (a) The commissioner of natural resources may accept for
3.20 and on behalf of the state any gift, bequest, devise, or grants of lands or interest in lands or
3.21 personal property of any kind or of money tendered to the state for any purpose pertaining
3.22 to the activities of the department or any of its divisions. Any money so received is hereby
3.23 appropriated and dedicated for the purpose for which it is granted. Lands and interests in
3.24 lands so received may be sold or exchanged as provided in chapter 94.

3.25 (b) When the commissioner of natural resources accepts lands or interests in land,
3.26 the commissioner may reimburse the donor for costs incurred to obtain an appraisal needed
3.27 for tax reporting purposes. If the state pays the donor for a portion of the value of the
3.28 lands or interests in lands that are donated, the reimbursement for appraisal costs shall not
3.29 exceed \$1,500. If the donor receives no payment from the state for the lands or interests in
3.30 lands that are donated, the reimbursement for appraisal costs shall not exceed \$5,000.

3.31 (c) The commissioner of natural resources, on behalf of the state, may accept and
3.32 use grants of money or property from the United States or other grantors for conservation
3.33 purposes not inconsistent with the laws of this state. Any money or property so received
3.34 is hereby appropriated and dedicated for the purposes for which it is granted, and shall
3.35 be expended or used solely for such purposes in accordance with the federal laws and

4.1 regulations pertaining thereto, subject to applicable state laws and rules as to manner
4.2 of expenditure or use providing that the commissioner may make subgrants of any
4.3 money received to other agencies, units of local government, private individuals, private
4.4 organizations, and private nonprofit corporations. Appropriate funds and accounts shall
4.5 be maintained by the commissioner of management and budget to secure compliance
4.6 with this section.

4.7 ~~(d) The commissioner may accept for and on behalf of the permanent school fund a~~
4.8 ~~donation of lands, interest in lands, or improvements on lands. A donation so received~~
4.9 ~~shall become state property, be classified as school trust land as defined in section 92.025,~~
4.10 ~~and be managed consistent with section 127A.31.~~

4.11 **EFFECTIVE DATE.** This section is effective July 1, 2014.

4.12 Sec. 6. Minnesota Statutes 2010, section 92.12, subdivision 1, is amended to read:

4.13 Subdivision 1. **Appraisers.** The director of trust lands and mineral assets may have
4.14 any school trust land appraised. The commissioner may have any ~~school trust or~~ other
4.15 state lands appraised. The appraisals must be made by regularly appointed and qualified
4.16 state appraisers. To be qualified, an appraiser must hold a state appraiser license issued
4.17 by the Department of Commerce. The appraisal must be in conformity with the Uniform
4.18 Standards of Professional Appraisal Practice of the Appraisal Foundation.

4.19 **EFFECTIVE DATE.** This section is effective July 1, 2014.

4.20 Sec. 7. Minnesota Statutes 2010, section 92.121, is amended to read:

4.21 **92.121 PERMANENT SCHOOL FUND LANDS.**

4.22 The director of trust lands and mineral assets and the commissioner of natural
4.23 resources shall exchange permanent school fund land as defined in the Minnesota
4.24 Constitution, article XI, section 8, located in state parks, state recreation areas, wildlife
4.25 management areas, scientific and natural areas, or state waysides or on lands managed
4.26 by the commissioner as old growth stands, for other lands as allowed by the Minnesota
4.27 Constitution, article XI, section 10, and section 94.343, subdivision 1, that are compatible
4.28 with the goal of the permanent school fund lands in section 127A.31 when, as a result
4.29 of management practices applied to the permanent school fund lands and associated
4.30 resources, revenue generation has been diminished or is prohibited and no alternative has
4.31 been put into effect to compensate the permanent school fund for the income losses.

4.32 **EFFECTIVE DATE.** This section is effective July 1, 2014.

5.1 Sec. 8. Minnesota Statutes 2010, section 92.13, is amended to read:

5.2 **92.13 STATE LANDS, DATE OF SALE.**

5.3 The commissioner shall hold public sales of ~~school and other~~ state lands other than
5.4 school trust lands when it is advantageous to the state and to intending buyers and settlers.

5.5 **EFFECTIVE DATE.** This section is effective July 1, 2014.

5.6 Sec. 9. Minnesota Statutes 2010, section 93.2236, is amended to read:

5.7 **93.2236 MINERALS MANAGEMENT ACCOUNT.**

5.8 (a) The minerals management account is created as an account in the natural
5.9 resources fund. Interest earned on money in the account accrues to the account. Money in
5.10 the account may be spent or distributed only as provided in paragraphs (b) and (c).

5.11 (b) If the balance in the minerals management account exceeds \$3,000,000 on June
5.12 30, the amount exceeding \$3,000,000 must be distributed to ~~the permanent school fund~~
5.13 ~~and the permanent university fund. The amount distributed to each fund must be in the~~
5.14 ~~same proportion as the total mineral lease revenue received in the previous biennium~~
5.15 ~~from school trust lands and university lands.~~

5.16 (c) Subject to appropriation by the legislature, money in the minerals management
5.17 account may be spent by the commissioner of natural resources for mineral resource
5.18 management and projects to enhance future mineral income and promote new mineral
5.19 resource opportunities.

5.20 (d) Beginning July 1, 2014, no revenue from school trust lands, including revenue
5.21 from severed minerals interests, shall be deposited in the minerals management account.

5.22 **EFFECTIVE DATE.** This section is effective July 1, 2014.

5.23 Sec. 10. Minnesota Statutes 2010, section 94.342, subdivision 5, is amended to read:

5.24 Subd. 5. **Additional restrictions on school trust land.** School trust land may
5.25 be exchanged with other Class A land only if the ~~Permanent School Fund Advisory~~
5.26 ~~Committee is appointed as temporary~~ director of trust lands and mineral assets is serving
5.27 as trustee of the school trust land for purposes of the exchange. The ~~committee~~ director
5.28 shall provide independent legal counsel to review the exchanges.

5.29 **EFFECTIVE DATE.** This section is effective July 1, 2014.

6.1 Sec. 11. Minnesota Statutes 2010, section 127A.30, is amended to read:

6.2 **127A.30 LEGISLATIVE-CITIZEN PERMANENT SCHOOL FUND**
6.3 **ADVISORY COMMITTEE COMMISSION.**

6.4 Subdivision 1. **Commission established; membership.** ~~A state~~ (a) The
6.5 Legislative-Citizen Permanent School Fund Advisory Committee Commission of 16
6.6 members is established to advise the Department of Natural Resources on the management
6.7 of permanent school fund land, which is held in trust for the school districts of the state
6.8 in the legislative branch. The ~~advisory committee must consist~~ commission consists
6.9 of the following persons ~~or their designees:~~ ~~the chairs of the education committees of~~
6.10 ~~the legislature, the chairs of the legislative committees with jurisdiction over the K-12~~
6.11 ~~education budget, the chairs of the legislative committees with jurisdiction over the~~
6.12 ~~environment and natural resources policy and budget, the chair of the senate Committee~~
6.13 ~~on Finance and the chair of the house of representatives Committee on Ways and Means,~~
6.14 ~~the commissioner of education, one superintendent from a nonmetropolitan district, one~~
6.15 ~~superintendent from a metropolitan area district, one person with an expertise in forestry,~~
6.16 ~~one person with an expertise in minerals and mining, one person with an expertise in~~
6.17 ~~real estate development, one person with an expertise in renewable energy, one person~~
6.18 ~~with an expertise in finance and land management, and one person with an expertise in~~
6.19 ~~natural resource conservation. The school district superintendents shall be appointed~~
6.20 ~~by the commissioner of education. The committee members with areas of expertise in~~
6.21 ~~forestry, minerals and mining, real estate development, renewable energy, finance and land~~
6.22 ~~management, and natural resource conservation shall be appointed by the commissioner of~~
6.23 ~~natural resources. Members of the legislature shall be given the opportunity to recommend~~
6.24 ~~candidates for vacancies on the committee to the commissioners of education and natural~~
6.25 ~~resources. The advisory committee must also include a nonvoting member appointed~~
6.26 ~~by the commissioner of natural resources. The commissioner of natural resources shall~~
6.27 ~~provide administrative support to the committee. The members of the committee shall~~
6.28 ~~serve without compensation. The members of the Permanent School Fund Advisory~~
6.29 ~~Committee shall elect their chair and are bound by the provisions of sections 43A.38 and~~
6.30 ~~116P.09, subdivision 6.~~

6.31 (1) two public members appointed by the senate Subcommittee on Committees of
6.32 the Committee on Rules and Administration;

6.33 (2) two public members appointed by the speaker of the house;

6.34 (3) four public members appointed by the governor;

7.1 (4) four members of the senate, including two members from the minority party,
7.2 appointed by the senate Subcommittee on Committees of the Committee on Rules and
7.3 Administration; and

7.4 (5) four members of the house of representatives, including two members from the
7.5 minority party, appointed by the speaker of the house.

7.6 (b) Members appointed under paragraph (a) must not be registered lobbyists. The
7.7 governor's appointments to the commission are subject to the advice and consent of the
7.8 senate.

7.9 (c) Public members appointed under paragraph (a) shall have practical experience or
7.10 expertise or demonstrated knowledge in renewable or nonrenewable resource management
7.11 or development, real estate, business, finance, trust administration, asset management, or
7.12 the practice of law in the areas of natural resources or real estate.

7.13 (d) Public members serve four-year terms. Appointed legislative members serve
7.14 at the pleasure of the appointing authority. Public and legislative members continue to
7.15 serve until their successors are appointed. Public members shall be initially appointed
7.16 according to the following schedule of terms:

7.17 (1) two public members appointed by the governor for a term ending the first
7.18 Monday in January 2015;

7.19 (2) one public member appointed by the senate Subcommittee on Committees of the
7.20 Committee on Rules and Administration for a term ending the first Monday in January
7.21 2015;

7.22 (3) one public member appointed by the speaker of the house for a term ending
7.23 the first Monday in January 2015;

7.24 (4) two public members appointed by the governor for a term ending the first
7.25 Monday in January 2017;

7.26 (5) one public member appointed by the senate Subcommittee on Committees of the
7.27 Committee on Rules and Administration for a term ending the first Monday in January
7.28 2017; and

7.29 (6) one public member appointed by the speaker of the house for a term ending
7.30 the first Monday in January 2017.

7.31 (e) Terms, compensation, and removal of public members are as provided in section
7.32 15.0575. A vacancy on the commission may be filled by the appointing authority for the
7.33 remainder of the unexpired term.

7.34 (f) The first meeting of the commission shall be convened by the chair of the
7.35 Legislative Coordinating Commission no later than December 1, 2014. Members shall

8.1 elect a chair, vice-chair, secretary, and other officers as determined by the commission. The
8.2 chair may convene meetings as necessary to conduct the duties prescribed by this section.

8.3 (g) Upon coordination with the Legislative Coordinating Commission, the
8.4 commission may appoint nonpartisan staff and contract with consultants as necessary to
8.5 carry out the functions of the commission.

8.6 Subd. 2. **Duties.** ~~The advisory committee~~ commission shall review ~~the policies of~~
8.7 ~~the Department of Natural Resources and~~ current statutes on management of school trust
8.8 fund lands at least annually and shall recommend necessary changes in statutes, policy,
8.9 and implementation in order to ensure provident utilization of the permanent school fund
8.10 lands. By January 15 of each year, ~~the advisory committee~~ commission shall submit
8.11 a report to the legislature with recommendations for the management of school trust
8.12 lands to secure long-term economic return for the permanent school fund, consistent with
8.13 sections 92.121 and 127A.31. ~~The committee's~~ commission's annual report may include
8.14 recommendations to:

8.15 (1) manage the school trust lands efficiently;

8.16 (2) reduce the management expenditures of school trust lands and maximize the
8.17 revenues deposited in the permanent school trust fund;

8.18 (3) manage the sale, exchange, and commercial leasing of school trust lands to
8.19 maximize the revenues deposited in the permanent school trust fund and retain the value
8.20 from the long-term appreciation of the school trust lands; ~~and~~

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

8.24 (5) manage the asset allocation of the permanent school fund.

8.25 ~~Subd. 3. **Duration.** Notwithstanding section 15.059, subdivision 5, the advisory~~
8.26 ~~committee is permanent and does not expire.~~

8.27 Subd. 4. **Conflict of interest.** (a) A commission member may not be an advocate
8.28 for or against a commission action or vote on any action that may be a conflict of interest.
8.29 A conflict of interest must be disclosed as soon as it is discovered. The commission shall
8.30 follow the policies and requirements related to conflicts of interest developed by the Office
8.31 of Grants Management under section 16B.98.

8.32 (b) For the purposes of this section, a "conflict of interest" exists when a person
8.33 has an organizational conflict of interest or direct financial interests and those interests
8.34 present the appearance that it will be difficult for the person to impartially fulfill the
8.35 person's duty. An "organizational conflict of interest" exists when a person has an
8.36 affiliation with an organization that is subject to commission activities, which presents

9.1 the appearance of a conflict between organizational interests and commission member
9.2 duties. An "organizational conflict of interest" does not exist if the person's only affiliation
9.3 with an organization is being a member of the organization.

9.4 Subd. 5. **Open meetings.** (a) Meetings of the commission and other groups the
9.5 commission may establish are subject to section 3.055. Except where prohibited by
9.6 law, the commission shall establish additional processes to broaden public involvement
9.7 in all aspects of its deliberations, including recording meetings, video conferencing,
9.8 and publishing minutes. For the purposes of this subdivision, a meeting occurs when a
9.9 quorum is present and the members take action on any matter relating to the duties of the
9.10 commission. The quorum requirement for the commission shall be seven members.

9.11 (b) For legislative members of the commission, enforcement of this subdivision is
9.12 governed by section 3.055, subdivision 2. For nonlegislative members of the commission,
9.13 enforcement of this subdivision is governed by section 13D.06, subdivisions 1 and 2.

9.14 Subd. 6. **Director nominations.** The commission shall nominate three to five
9.15 people to the governor to appoint as director of trust lands and mineral assets.

9.16 **EFFECTIVE DATE.** This section is effective July 1, 2014.

9.17 Sec. 12. **[127A.3011] POLICY AND PURPOSE.**

9.18 (a) The purpose of sections 127A.3011 to 127A.3019 is to establish a director to
9.19 oversee, manage, and administer Minnesota's school trust lands in accordance with the
9.20 provisions of the Minnesota Constitution, article XI, section 8.

9.21 (b) As trustee, the state must manage the lands and revenues generated from the
9.22 lands in the most prudent and profitable manner possible, and not for any purpose
9.23 inconsistent with the best interests of the trust beneficiaries as defined in the Minnesota
9.24 Constitution, article XI, section 8.

9.25 (c) The trustee must be concerned with both income for the current beneficiaries
9.26 and the preservation of trust assets for future beneficiaries, which requires a balancing of
9.27 short-term and long-term interests so that long-term benefits are not lost in an effort to
9.28 maximize short-term gains.

9.29 (d) Sections 127A.3011 to 127A.3019 shall be liberally construed to enable
9.30 the director and the commission to faithfully fulfill the state's obligations to the trust
9.31 beneficiaries.

9.32 **EFFECTIVE DATE.** This section is effective July 1, 2014.

9.33 Sec. 13. **[127A.3012] DEFINITIONS.**

10.1 Subdivision 1. **Scope.** For purposes of sections 127A.3011 to 127A.3019, the
10.2 definitions have the meanings given.

10.3 Subd. 2. **Commission.** "Commission" means the Legislative-Citizen Permanent
10.4 School Fund Commission.

10.5 Subd. 3. **Director.** "Director" means the director of trust lands and mineral assets.

10.6 Subd. 4. **School trust land.** "School trust land" means land or interests in land
10.7 granted by the United States for use of schools within each township, swampland granted
10.8 to the state, and internal improvement land that are reserved for permanent school fund
10.9 purposes under the Minnesota Constitution, article XI, section 8, and land exchanged,
10.10 purchased, or granted for the benefit of the permanent school fund.

10.11 **EFFECTIVE DATE.** This section is effective July 1, 2014.

10.12 Sec. 14. **[127A.3013] GOVERNANCE.**

10.13 Subdivision 1. **Management.** (a) The director shall manage all school trust lands
10.14 within the state. The Legislative-Citizen Permanent School Fund Commission shall
10.15 recommend policies for the director and legislature for the management of trust lands
10.16 and assets.

10.17 (b) The director may enter into an agreement with the commissioner of natural
10.18 resources for administration and management of trust lands. This agreement must specify
10.19 the services that the Department of Natural Resources will provide to the director and
10.20 the fees the department will charge for providing these services. If the director and the
10.21 commissioner of natural resources cannot reach an agreement satisfactory to both parties,
10.22 the director may contract with an outside entity for these services.

10.23 (c) If the director determines that receiving administrative and management services
10.24 from the commissioner of natural resources is not the best way to manage lands in the
10.25 most prudent and profitable manner, the director may move these services to another
10.26 agency or outside entity.

10.27 Subd. 2. **Joint ventures.** The director, upon approval of the governor, may enter
10.28 into joint ventures to develop trust lands and minerals.

10.29 **EFFECTIVE DATE.** This section is effective July 1, 2014.

10.30 Sec. 15. **[127A.3014] POLICIES.**

10.31 Subdivision 1. **Management.** The commission shall recommend policies for the
10.32 director of trust lands and mineral assets. The policies shall:

10.33 (1) be consistent with the Minnesota Constitution and state law;

- 11.1 (2) reflect undivided loyalty to the beneficiaries consistent with fiduciary duties;
11.2 (3) require the return of not less than fair market value for the use, sale, or exchange
11.3 of school trust assets;
11.4 (4) seek to optimize trust land revenues and increase the value of trust land holdings
11.5 consistent with the balancing of short-term and long-term interests, so that long-term
11.6 benefits are not lost in an effort to maximize short-term gains; and
11.7 (5) maintain the integrity of the trust and prevent the misapplication of its lands
11.8 and its revenues.

11.9 Subd. 2. **Duties.** The commission and the director shall recommend to the governor
11.10 and the legislature any necessary or desirable changes in statutes relating to the trust or
11.11 their trust responsibilities. The commission shall recommend policies for the long-term
11.12 benefit of the trust utilizing the broad discretion and power granted to it in sections
11.13 127A.3011 to 127A.3015.

11.14 Subd. 3. **Policies continued unless changed.** Policies adopted by the Department of
11.15 Natural Resources prior to the effective date of this act regarding school trust lands shall
11.16 remain in effect until amended or repealed by the director. The director shall be the named
11.17 party in substitution of the Department of Natural Resources or its predecessor agencies
11.18 with respect to all documents affecting trust lands from the effective date of this section.

11.19 Subd. 4. **Accept land and property.** The director may accept for and on behalf
11.20 of the permanent school fund a donation of lands, interest in lands, or improvements on
11.21 lands. A donation so received shall become state property, be classified as school trust
11.22 land as defined in section 92.025, and be managed consistent with section 127A.31.

11.23 **EFFECTIVE DATE.** This section is effective July 1, 2014.

11.24 Sec. 16. **[127A.3015] DIRECTOR.**

11.25 Subdivision 1. **Appointment.** The director shall be appointed by the governor from
11.26 the list of candidates submitted by the commission under section 127A.30, subdivision
11.27 6. The commissioner of administration shall provide office space for the director. The
11.28 commissioner of administration shall provide human resources, payroll, accounting,
11.29 procurement, and other similar administrative services to the director, except to the extent
11.30 the director decides to obtain these services from another public or private entity. The
11.31 director's appointment is subject to the advice and consent of the senate.

11.32 Subd. 2. **Term.** The governor shall select the director on the basis of outstanding
11.33 professional qualifications pertinent to the purposes and activities of the trust. The director
11.34 serves in the unclassified service for a term of four years or until a successor has been

12.1 appointed by the governor. The governor may remove the director for cause. The
12.2 commission may recommend the removal of the director for cause.

12.3 Subd. 3. **Compensation.** Compensation of the director shall be established under
12.4 chapter 15A.

12.5 Subd. 4. **Employees.** The director may employ unclassified staff in state service to
12.6 carry out the duties of the director.

12.7 **EFFECTIVE DATE.** This section is effective July 1, 2014.

12.8 Sec. 17. **[127A.3016] RESPONSIBILITIES OF DIRECTOR.**

12.9 (a) The director shall:

12.10 (1) take an oath of office before assuming any duties as the director;

12.11 (2) adopt procedures necessary for the proper administration of matters entrusted to
12.12 the director by state law;

12.13 (3) faithfully manage the administration under the policies established by the
12.14 director;

12.15 (4) submit to the commission and for public inspection an annual management
12.16 budget and financial plan for the administration of school trust lands, and submit the
12.17 budget to the governor;

12.18 (5) direct and control the budget expenditures as finally authorized and appropriated;

12.19 (6) establish job descriptions and employ, within the limitation of the budget, staff
12.20 necessary to accomplish the purposes of the director's office;

12.21 (7) maintain appropriate records of school trust land activities to enable the
12.22 legislative auditor to conduct periodic audits of school trust land activities;

12.23 (8) submit all leases, contracts, and agreements to legal counsel for review of
12.24 compliance with applicable law and fiduciary duties prior to execution and utilize the
12.25 services of the attorney general as provided in section 127A.3017;

12.26 (9) keep the commission, beneficiaries, governor, legislature, and the public
12.27 informed about the work of the director by reporting to the commission in a public
12.28 meeting at least once during each calendar quarter; and

12.29 (10) respond in writing within a reasonable time to a request by the commission for
12.30 responses to questions on policies and practices affecting the management of the trust.

12.31 (b) The director may contract with other public agencies or other public or private
12.32 entities for personnel management services.

12.33 **EFFECTIVE DATE.** This section is effective July 1, 2014.

13.1 Sec. 18. [127A.3017] ATTORNEY GENERAL.

13.2 The attorney general shall: represent the director in any legal action relating to trust
13.3 lands; review leases, contracts, and agreements submitted for review prior to execution;
13.4 and undertake suits for the collection of royalties, rental, and other damages in the name
13.5 of the state.

13.6 **EFFECTIVE DATE.** This section is effective July 1, 2014.

13.7 Sec. 19. [127A.3018] LAND EXCHANGE.

13.8 The director may enter into land exchange agreements with the commissioner of
13.9 natural resources according to the provisions of section 92.121.

13.10 **EFFECTIVE DATE.** This section is effective July 1, 2014.

13.11 Sec. 20. [127A.3019] FOREST AND MINERALS MANAGEMENT.

13.12 Subdivision 1. **Control.** All forest and minerals management on school trust lands is
13.13 vested with the director according to the provisions of sections 127A.3011 to 127A.3019.

13.14 Subd. 2. **May contract.** The director may contract with any public or private entity
13.15 to make improvements to or upon trust lands and to carry out any of the responsibilities of
13.16 the office, so long as the contract requires strict adherence to trust management principles
13.17 and applicable law.

13.18 Subd. 3. **School trust lands suspense account.** A school trust lands suspense
13.19 account is established in the state treasury. The director shall credit all revenue from
13.20 the school trust lands to the school trust lands suspense account. After a fiscal year,
13.21 the director shall certify that year's costs for oversight, protection, improvement,
13.22 administration, and management of school trust lands against the account and distribute
13.23 the balance of the revenue to the permanent school fund.

13.24 **EFFECTIVE DATE.** This section is effective July 1, 2014.

13.25 Sec. 21. Minnesota Statutes 2010, section 477A.11, is amended by adding a
13.26 subdivision to read:

13.27 Subd. 1a. **Director.** "Director" has the meaning given in section 127A.3012.

13.28 **EFFECTIVE DATE.** This section is effective July 1, 2014.

13.29 Sec. 22. Minnesota Statutes 2010, section 477A.11, subdivision 3, is amended to read:

14.1 Subd. 3. **Acquired natural resources land.** "Acquired natural resources land"
14.2 means:

14.3 (1) any land presently administered by the commissioner or the director in which the
14.4 state acquired by purchase, condemnation, or gift, a fee title interest in lands which were
14.5 previously privately owned; and

14.6 (2) lands acquired by the state under chapter 84A that are designated as state parks,
14.7 state recreation areas, scientific and natural areas, or wildlife management areas.

14.8 **EFFECTIVE DATE.** This section is effective July 1, 2014.

14.9 Sec. 23. Minnesota Statutes 2010, section 477A.11, subdivision 4, is amended to read:

14.10 Subd. 4. **Other natural resources land.** "Other natural resources land" means any
14.11 other land presently owned in fee title by the state and administered by the commissioner
14.12 or the director, or any tax-forfeited land, other than platted lots within a city or those lands
14.13 described under subdivision 3, clause (2), which is owned by the state and administered by
14.14 the commissioner or the director or by the county in which it is located.

14.15 **EFFECTIVE DATE.** This section is effective July 1, 2014.

14.16 Sec. 24. Minnesota Statutes 2011 Supplement, section 477A.12, subdivision 1, is
14.17 amended to read:

14.18 Subdivision 1. **Types of land; payments.** (a) As an offset for expenses incurred
14.19 by counties and towns in support of natural resources lands, the following amounts are
14.20 annually appropriated to the commissioner of natural resources from the general fund for
14.21 transfer to the commissioner of revenue. The commissioner of revenue shall pay the
14.22 transferred funds to counties as required by sections 477A.11 to 477A.14. The amounts
14.23 are:

14.24 (1) for acquired natural resources land, \$5.133 multiplied by the total number
14.25 of acres of acquired natural resources land or, at the county's option three-fourths of
14.26 one percent of the appraised value of all acquired natural resources land in the county,
14.27 whichever is greater;

14.28 (2) \$1.283 multiplied by the number of acres of county-administered other natural
14.29 resources land;

14.30 (3) \$1.283 multiplied by the total number of acres of land utilization project land; and

14.31 (4) 64.2 cents multiplied by the number of acres of commissioner-administered or
14.32 director-administered other natural resources land located in each county as of July 1 of
14.33 each year prior to the payment year.

S.F. No. 1889, 1st Engrossment - 87th Legislative Session (2011-2012) [S1889-1]

15.1 (b) The amount determined under paragraph (a), clause (1), is payable for land
15.2 that is acquired from a private owner and owned by the Department of Transportation
15.3 for the purpose of replacing wetland losses caused by transportation projects, but only
15.4 if the county contains more than 500 acres of such land at the time the certification is
15.5 made under subdivision 2.

15.6 **EFFECTIVE DATE.** This section is effective July 1, 2014.

15.7 Sec. 25. Minnesota Statutes 2010, section 477A.12, subdivision 2, is amended to read:

15.8 Subd. 2. **Procedure.** Lands for which payments in lieu are made pursuant to
15.9 section 97A.061, subdivision 3, and Laws 1973, chapter 567, shall not be eligible for
15.10 payments under this section. Each county auditor shall certify to the Department of
15.11 Natural Resources during July of each year prior to the payment year the number of acres
15.12 of county-administered other natural resources land within the county. The Department of
15.13 Natural resources may, in addition to the certification of acreage, require descriptive lists
15.14 of land so certified. The commissioner of natural resources shall determine and certify to
15.15 the commissioner of revenue by March 1 of the payment year:

15.16 (1) the number of acres and most recent appraised value of acquired natural
15.17 resources land, excluding the acres administered by the director within each county;

15.18 (2) the number of acres of commissioner-administered natural resources land within
15.19 each county;

15.20 (3) the number of acres of county-administered other natural resources land within
15.21 each county, based on the reports filed by each county auditor with the commissioner
15.22 of natural resources; and

15.23 (4) the number of acres of land utilization project land within each county.

15.24 The director shall determine and certify to the commissioner of revenue by March 1
15.25 of the payment year the number of acres of land and the appraised value of acquired land
15.26 administered by the director subject to payments under this section.

15.27 The commissioner of transportation shall determine and certify to the commissioner
15.28 of revenue by March 1 of the payment year the number of acres of land and the appraised
15.29 value of the land described in subdivision 1, paragraph (b), but only if it exceeds 500 acres.

15.30 The commissioner of revenue shall determine the distributions provided for in this
15.31 section using the number of acres and appraised values certified by the commissioner of
15.32 natural resources and the commissioner of transportation by March 1 of the payment year.

15.33 **EFFECTIVE DATE.** This section is effective July 1, 2014.

16.1 Sec. 26. Minnesota Statutes 2010, section 477A.12, subdivision 3, is amended to read:

16.2 Subd. 3. **Determination of appraised value.** For the purposes of this section,
16.3 the appraised value of acquired natural resources land is the purchase price for the first
16.4 five years after acquisition. The appraised value of acquired natural resources land
16.5 received as a donation is the value determined for the commissioner of natural resources
16.6 or the director by a licensed appraiser, or the county assessor's estimated market value
16.7 if no appraisal is done. The appraised value must be determined by the county assessor
16.8 every five years after the land is acquired.

16.9 **EFFECTIVE DATE.** This section is effective July 1, 2014.

16.10 Sec. 27. **TRANSFER OF RESPONSIBILITY.**

16.11 Unless otherwise provided by statute, the responsibilities of the Department of
16.12 Natural Resources and any other state agency with respect to the permanent school fund
16.13 lands are transferred to the director of trust lands and mineral assets effective upon
16.14 establishment of the director under Minnesota Statutes, section 127A.3015.

16.15 **EFFECTIVE DATE.** This section is effective July 1, 2014.

16.16 Sec. 28. **REVISOR'S INSTRUCTION.**

16.17 (a) The revisor of statutes shall recode Minnesota Statutes, section 84.027,
16.18 subdivision 18, as section 127A.3019, subdivision 4.

16.19 (b) By January 15, 2013, the revisor of statutes shall submit a bill draft to the senate
16.20 and house of representatives to make changes in statutes, laws, and rules to transfer all
16.21 authority for school trust lands to the director of trust lands and mineral assets. The
16.22 revisor of statutes shall consult with senate and house of representatives staff in preparing
16.23 the bill draft.