

SF3907 - 0 - State Land Sales and Conveyances

Chief Author: **Grant Hauschild**
 Committee: **Legacy and Natural Resources**
 Date Completed: **2/21/2024 2:34:28 PM**
 Agency: **Natural Resources Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Land Acquisition		-	-	(312)	(45)	(22)
Total		-	-	(312)	(45)	(22)
Biennial Total				(312)		(67)

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2023	FY2024	FY2025	FY2026	FY2027
Land Acquisition		-	-	-	-	-
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 2/21/2024 2:34:28 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026
					FY2027
Land Acquisition	-	-	(312)	(45)	(22)
Total	-	-	(312)	(45)	(22)
Biennial Total			(312)		(67)
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Land Acquisition	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Land Acquisition	-	-	312	45	22
Total	-	-	312	45	22
Biennial Total			312		67

Bill Description

Sec. 1. Amends Minn. Stat. 85.015, Subd. 1b, which requires a landowner with a preexisting right of access of a trail right-of-way to pay an application fee when requesting an easement from DNR. The bill amends Minn. Stat. 85.015, Subd. 1 to allow the DNR to assume the \$2,000 application fee where the DNR's land management interests benefit from issuance of the easement.

Sec. 2. Amends Minn. Stat. 94.343, Subd. 8a, which applies to exchanges of Class A land, to authorize DNR to charge additional types of fees. Currently, Minn. Stat. 94.343, Subd. 8a grants the authority to charge fees of not less than one-half of the costs for determining valuation and survey. This proposal would allow the commissioner to charge additional costs of one-half the amount of the costs for legal and professional fees, costs of title work, advertising, and public hearings, transactional staff costs, and closing costs.

Sec. 3. Amends Minn. Stat. 94.3495, which governs expedited exchanges, by adding a subdivision that would grant the commissioner authority to require the governmental unit to pay fees of not less than one-half of the costs incurred by the commissioner for costs of valuation, survey, legal and professional fees, costs of title work, advertising, and public hearings, transactional staff costs, and closing costs.

Sec. 4, subd. 1. Adds approximately 40 acres to Banning State Park, Pine County.

Sec. 4, subd. 2. Adds approximately 120 acres to Father Hennepin State Park, Mille Lacs County.

Sec. 4, subd. 3. Adds approximately 20 acres to Lake Louise State Park, Mower County.

Sec. 5. Abolishes the Upper Sioux Agency State Park and the Hill Annex Mine State Park.

Sec. 6. Authorizes the public sale of approximately 12 acres of surplus riparian state land in Chisago County, with appurtenant channel construction/maintenance easement and an ingress/egress road easement.

Sec. 7. Authorizes the conveyance of approximately 2.52 acres of surplus riparian state land in Hubbard County to a local unit of government for no consideration.

Sec. 8. Authorizes the private sale of approximately .3 acres of surplus riparian state land in Hubbard County.

Sec. 9. Authorizes the conveyance of approximately 20.02 acres in Redwood County to a federally recognized Indian tribe for no consideration.

Sec. 10. Authorizes the private sale of approximately 15.1 acres of surplus state land in Roseau County to a watershed district.

Sec. 11. Repeals Upper Sioux Agency State Park and Hill-Annex Mine State Park from the statutory list of parks in Minn. Stat. Minnesota Statutes 2022, section 85.012, subdivisions 27b and 58.

Assumptions

Easements application for existing trail rights-of-way under Minn. Stat. 85.015, Subd. 1b, happen infrequently, so DNR anticipates that DNR would pay for the application fee no more than once or twice a year, which would result in an immaterial revenue loss and immaterial cost to DNR.

As to Minn. Stat. 94.343, Subd. 8a, which applies to exchanges of Class A land, the precise fiscal impacts of this change are unknown at this time. However, the DNR completes one or two land exchanges under Minn. Stat. 94.343 per year. One-half of those additional costs are estimated to be \$6,000 for an average transaction under Minn. Stat. 94.343. Therefore, because DNR completes one or two of exchanges under Minn. Stat. 94.343 per year, the DNR anticipates that this could increase revenue in FY25 by \$6,000, FY26 by \$12,000, and FY27 by \$6,000.

As to Minn. Stat. 94.3495, which governs expedited exchanges, the precise fiscal impacts of this change are unknown at this time. However, the DNR completes one or two expedited exchanges under Minn. Stat. 94.3495 per year. One-half of the recoverable costs under the proposal is estimated to be approximately \$16,000. Therefore, the DNR anticipates that this could increase revenue in FY25 by \$16,300, FY26 by \$32,700, and FY27 by \$16,300. The cost recoupment from the changes to Minn. Stat. 94.343 and 94.3495 would typically be deposited in the Land Acquisition Account in the Natural Resources Fund.

For Section 5 and 11 as to the abolishment of Upper Sioux Agency State Park, DNR assumes that there are no fiscal impacts from HF3508, because the fiscal impact was tracked and accounted for last session. This bill closes the park to achieve technical consistency with the 2023 land transfer legislation.

For Section 5 and 11 as to the abolishment of Hill-Annex Mine State Park, DNR assumes that there are immaterial fiscal impacts from HF3508. This is a day-use only park with seasonal operations and minimal staff. Because this park operates very lean and brings in minimal revenue its closing will have an immaterial fiscal effect. Any cost savings from closing the park would be used for operations at other state parks.

Fiscal impacts are expected from Sections 6, 8 and 10, which authorize private and public sales of land administered by the DNR. The revenues from all sales will be deposited in the Land Acquisition Account in the Natural Resources Fund.

*The estimated value of the Chisago County parcel, in Section 6, is based on current county assessed value. The Hubbard County parcels to be sold in Sections 7 and 8 currently consist of one tax parcel; based on the current county assessed value and additional information from consulting with the assessor's office, the portion of the tax value that may be allocated to the parcels that are to be sold by private sale in Section 8 may be an estimated \$28,000. The DNR expects to conduct appraisals of these parcels before offering them for sale, which may result in substantial changes to the values. The estimated value of the Roseau County parcel in Section 10 is \$10,600.

Additionally, DNR applies the following assumptions. The DNR will offer the surplus state land in Chisago County by public sale in FY25, but it is unknown whether the parcel will sell. The DNR expects the private sales in Hubbard County to be completed in FY25, but it is unknown if these parcels will sell.

No other fiscal impacts are anticipated for the remaining DNR-proposed sections of the Lands Bill.

Expenditure and/or Revenue Formula

Estimated Proceeds from Land Sales

Sec. 6. Chisago County Public Land Sale	\$251,000*
Sec. 7. Hubbard County Conveyance to Local Government Unit.	\$0

Sec. 8. Hubbard County Private Land Sale	\$28,000*
Sec. 9. Redwood County Conveyance to Federally Recognized Indian Tribe	\$0
Sec. 10. Roseau County Private Sale to Watershed District	\$10,600
Total Estimate:	\$289,600

Total Estimated Revenue Changes (rounded)

Type	FY24	FY25	FY26	FY27
Class A Land Exchanges (MS 94.343 subd 8a)	-	\$6,000	\$12,000	\$6,000
Expedited Changes (MS 94.3495)	-	\$16,000	\$33,000	\$16,000
Land Sales (listed above)	-	\$290,000	-	-
Total	-	\$312,000	\$45,000	\$22,000

Long-Term Fiscal Considerations

There will likely be minimal fiscal impacts from the amendments to Minnesota Statutes, section Minn. Stat. 85.015, Subd. 1b.

There will likely be long-term fiscal impacts to fee revenue from the amendments to Minn. Stat. 94.343, Subd. 8a and Minn. Stat. 94.3495.

Local Fiscal Impact

The closing of the Hill-Annex Mine State Park may result in the loss of some state and local tax revenue. However, DNR anticipates that state and local tax revenues would increase when the park land is returned to active mining.

References/Sources

none

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