



April 3, 2024

RE: SF4936/HF5246 Handouts for Committee Members and Hearing Record

Attached is Resolution 2023-4 "Retain County Managed Forest Land in Minnesota" adopted by the Minnesota Forest Resources Council on July 18, 2023. Please share this as a handout for Committee members and include in the official April 4, 2024 Committee hearing record.

Respectfully submitted,

A handwritten signature in dark ink that reads "Eric Schenck".

Eric Schenck
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Cc: Pete Aube, Chair
Rick Horton, Policy Committee
Koy Cease, Site Level Committee



Minnesota Forest Resources Council Resolution 2023-4

Resolution to adopt **Retain County Managed Forestland in Minnesota** as a policy recommendation of the Minnesota Forest Resources Council.

RETAIN COUNTY MANAGED FORESTLAND IN MINNESOTA

Background

Widespread tax delinquency of abandoned cut-over forestland in northern Minnesota began more than a century ago and peaked at about 8 million acres during the Great Depression. During this period tax forfeiture laws were established in an attempt to return these lands to private ownership. These laws provided for tax delinquent lands to forfeit into a state held trust and for the sale and management of these lands by the counties. Tax delinquency and forfeiture remained high into the 1960s and continues to a much lesser degree still today. Minnesota counties currently manage 2.8 million acres of tax-forfeited trust forestland across 16 northern counties.

These tax-forfeited forestlands are now sustainably managed by Minnesota counties to provide income to the local taxing districts, as well as to fund continued forestland improvements that enhance ecological, social, and recreational values that benefit citizens of the state. Stewardship of these lands is substantially governed by third-party certification by the Forest Stewardship Council (1,127,250 acres) and/or the Sustainable Forestry Initiative (1,502,100 acres), further ensuring that they are managed in a socially, economically, and ecologically responsible manner. Professional county forest management programs follow the Minnesota Forest Resources Council Voluntary Site Level Guidelines and timber harvesting is conducted by Minnesota Logger Education Program-trained loggers. Harvested forests are quickly reforested by the counties, planting 2.3 million tree seedlings and direct seeding over 4,300 acres each year.

County-managed forests provide contiguous areas of natural habitat across the landscape to the benefit of both game and non-game wildlife; critical and sensitive habitats for rare, threatened and endangered flora and fauna; mitigation of the effects of wildfires, insects and disease outbreaks; watersheds that sustain clean air and clean water in wetlands, lakes and rivers; access and resources essential for tribal communities to exercise their retained treaty rights; climate change mitigation benefits through forest soil and peatland conservation, wetland retention, carbon storage and sequestration; and public use and recreation for social, cultural, and spiritual benefits. These forestlands are essential for 9,186 miles of locally sponsored grant-in-aid recreational trail systems across these counties.

Timber sale programs in these counties generate an average of 690,000 cords of timber annually, which accounts for 24% of the annual stumpage in the state. Forestry-derived employment in these counties provides 17,504 direct jobs totaling \$1.13 billion in labor income, supporting Minnesota's 5th largest manufacturing industry. These county-managed lands generate an average of over \$28 million per year. After expenses and investments in beneficial land improvements, all remaining funds are apportioned to taxing districts in accordance with Minnesota Statute Chapter 282. Funding goes to the school district, county, township, or municipality where the timber was harvested, and provides annual funding for teachers in rural schools, for local road improvements, for volunteer emergency and fire protection, and for community parks and trails.

In addition to forestland management, counties also manage tax-forfeited rural, residential, and commercial properties, typically remediating them before returning them to the tax rolls. Remediation of these properties can include demolition of neglected buildings, blight clean-up, well capping, removing leaking tanks, and other actions. Many of these remediation and cleanup costs are funded from the proceeds of county timber sale programs before apportionment.

On May 25, 2023, the U.S. Supreme Court ruled on *Tyler v. Hennepin County*, opining that Minnesota's tax forfeiture laws unconstitutionally retain the excess value of real property above the tax debt in violation of the Takings Clause of the Fifth Amendment.

Before the court decision, five bills¹ were introduced in the 2023 Minnesota state legislature, prematurely attempting to address this issue by proposing changes to Minnesota's tax-forfeiture laws. If enacted, the consequences of these bills would significantly impact the ability of counties to retain and sustainably manage the 2.8 million acres of tax-forfeited forestlands in Minnesota. These consequences highlight the importance of future potential legislative changes to Minnesota tax forfeiture laws to recognize and acknowledge the unique circumstances of northern counties sustainably managing these tax-forfeited forestlands compared to counties in the rest of the state, which primarily manage recent forfeitures.

Resolution

1. **WHEREAS**, Minnesota counties sustainably manage tax-forfeited trust forestlands on behalf of the State of Minnesota in accordance with Minnesota Statute Chapter 282; and
2. **WHEREAS**, the Supreme Court of the United States opinion on *Tyler v. Hennepin County* has challenged certain elements of Minnesota Statute Chapters 279-282 and has created claims for past and future equity compensation; and
3. **WHEREAS**, legislation has been introduced in the Minnesota legislature that would jeopardize the ability to retain and make long-term sustainability investments in forest lands managed by Minnesota counties; and

4. **WHEREAS**, disposal of these undeveloped rural forestlands, which are highly intermingled with other ownerships, would greatly diminish the public forest benefits while dramatically increasing the county burden to provide public services; and
5. **WHEREAS** the local taxing districts would likely request state General Fund money to replace the lost revenue from the county timber sale programs:

BE IT THEREFORE RESOLVED:

Under the direction of Minnesota Statute 89A Subdivision 2, the Minnesota Forest Resources Council advises the Minnesota Legislature and Governor to ensure that any modifications to Minnesota Statute Chapters 279-282 recognize and protect the unique significance of the 2.8 million acres of tax-forfeited lands managed by Minnesota counties. Furthermore, the Council strongly advises that the Minnesota Legislature and Governor ensure any future legislative actions, including modifications to these tax-forfeiture laws, fully support the retention and sustainable management of these public forests by the counties and do not impact the full range of benefits (e.g., timber, outdoor recreation, wildlife habitat, clean water, etc.) these forests provide to the public.

AYES (15) Pete Aube - Chair, Keith Karnes, Kory Cease, James Manolis, Janet Erdman, Kathleen Preece, Deb Theisen, Bob Owens, Kim Berns-Melhus, Mike Kilgore, Rick Horton, Tim Wegner, Michael Stansberry, Scott Johnson, Dale Erickson

NAYS (0)

ABSENT (2) Patty Thielen, Dale Gentry

Attested to by:  _____ 07/18/2023
Pete Aube, Chair, Minnesota Forest Resources Council Date

¹ Proposed Minnesota Legislation pertaining to tax forfeiture introduced in 2023:

[House File 1929](#)

[House File 2812](#)

[Senate File 1109](#)

[Senate File 3283](#)

[Senate File 3315](#)