

1.1 **Senator Marty from the Committee on Finance, to which was re-referred**

1.2 **S.F. No. 4985:** A bill for an act relating to taxation; property; modifying distribution of
1.3 excess proceeds from sales of tax-forfeited property; appropriating money; amending
1.4 Minnesota Statutes 2022, sections 281.23, subdivision 2; 282.08; 282.241, subdivision 1;
1.5 proposing coding for new law in Minnesota Statutes, chapter 282.

1.6 Reports the same back with the recommendation that the bill be amended as follows:

1.7 Delete everything after the enacting clause and insert:

1.8 "Section 1. Minnesota Statutes 2022, section 281.23, subdivision 2, is amended to read:

1.9 Subd. 2. **Form.** The notice of expiration of redemption must contain the tax parcel
1.10 identification numbers and legal descriptions of parcels subject to notice of expiration of
1.11 redemption provisions prescribed under subdivision 1. The notice must also indicate the
1.12 names of taxpayers and fee owners of record in the office of the county auditor at the time
1.13 the notice is prepared and names of those parties who have filed their addresses according
1.14 to section 276.041 and the amount of payment necessary to redeem as of the date of the
1.15 notice. At the option of the county auditor, the current filed addresses of affected persons
1.16 may be included on the notice. The notice is sufficient if substantially in the following form:

1.17 "NOTICE OF EXPIRATION OF REDEMPTION

1.18 Office of the County Auditor

1.19 County of, State of Minnesota.

1.20 To all persons having an interest in lands described in this notice:

1.21 You are notified that the parcels of land described in this notice and located in the county
1.22 of, state of Minnesota, are subject to forfeiture to the state of Minnesota
1.23 because of nonpayment of delinquent property taxes, special assessments, penalties, interest,
1.24 and costs levied on those parcels. The time for redemption from forfeiture expires if a
1.25 redemption is not made by the later of (1) 60 days after service of this notice on all persons
1.26 having an interest in the lands of record at the office of the county recorder or registrar of
1.27 titles, or (2) by the second Monday in May. The redemption must be made in my office.

1.28 IMPORTANT: If the parcels forfeit, they will be sold. If the proceeds from the sale
1.29 exceed the total amount of the delinquent taxes, special assessments, penalties, interest, and
1.30 costs levied on those parcels, you may be entitled to the excess proceeds from the sale. If
1.31 there are excess proceeds, you will be notified and must submit the claim form included
1.32 with the notification in order to receive the proceeds.

2.1	Names (and Current Filed Addresses) for the Taxpayers and Fee Owners and Those Parties Who Have Filed Their Addresses Pursuant to section 276.041	Legal Description	Tax Parcel Number	Amount Necessary to Redeem as of Date of Notice
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FAILURE TO REDEEM THE LANDS PRIOR TO THE EXPIRATION
OF REDEMPTION WILL RESULT IN THE LOSS OF THE LAND AND
FORFEITURE TO THE STATE OF MINNESOTA.

Inquiries as to these proceedings can be made to the County Auditor for County,
whose address is set forth below.

Witness my hand and official seal this day of,

.....

County Auditor

(OFFICIAL SEAL)

.....

(Address)

.....

(Telephone)."

The notice must be posted by the auditor in the auditor's office, subject to public
inspection, and must remain so posted until at least one week after the date of the last
publication of notice, as provided in this section. Proof of posting must be made by the
certificate of the auditor, filed in the auditor's office.

Sec. 2. **[282.005] TAX-FORFEITED LAND; INITIAL SALE.**

Subdivision 1. **Public auction required.** Prior to managing tax-forfeited lands as
otherwise provided in this chapter, a county must first offer tax-forfeited parcels for sale
pursuant to this section, except that any interests in iron-bearing stockpiles, minerals, or
mineral interests are reserved for the state as provided under subdivision 8, and any parcel
withdrawn from sale by the commissioner of natural resources under section 282.007 must
be managed as provided in section 282.007. If a property cannot be sold under this section
for more than the minimum bid, the state is deemed to have purchased the property through
a credit bid and the parcels may be disposed of as otherwise provided in this chapter.

3.1 Subd. 2. **Definitions.** For the purposes of this section, the following terms have the
3.2 meanings given:

3.3 (1) "interested party" means any party with an interest in the real estate including but
3.4 not limited to an owner of the property, a lienholder, or any other party who has filed their
3.5 name according to section 276.041;

3.6 (2) "mineral interest" means an interest in any minerals, including but not limited to
3.7 iron, gas, coal, oil, copper, gold, or other valuable minerals; and

3.8 (3) "minimum bid" means the sum of delinquent taxes, special assessments, penalties,
3.9 interests, and costs assigned to the parcel.

3.10 Subd. 3. **Repurchase.** Prior to the public sale required under this section, an interested
3.11 party may repurchase the property by payment of the sum of all delinquent taxes and
3.12 assessments computed under section 282.251, together with penalties, interest, and costs,
3.13 that accrued or would have accrued if the parcel of land had not forfeited. A property
3.14 repurchased under this subdivision is no longer subject to the requirements of this section.
3.15 All rights and interests of all interested parties remain unaffected if a property is repurchased
3.16 under this subdivision.

3.17 Subd. 4. **Public auction.** (a) The county auditor must sell the property at a public auction
3.18 to the highest bidder in a manner reasonably calculated to facilitate public participation,
3.19 including by online auction. The sale must occur within six months of either the filing of
3.20 the certificate of the expiration of redemption pursuant to section 281.23, subdivision 9, or
3.21 the date the property is vacated by the occupant, whichever is later. Notice of the sale must
3.22 be provided by website publication at least 30 days before the commencement of the sale.

3.23 (b) At auction, the county auditor must calculate the minimum bid and make the figure
3.24 available to those participating in the auction. If no buyer is willing to pay the minimum
3.25 bid, the state is deemed to have purchased the property through a credit bid and the parcels
3.26 may be disposed of as otherwise provided in this chapter.

3.27 Subd. 5. **Sale proceeds.** The auction proceeds must be collected by the county auditor.
3.28 The amount of the minimum bid shall be deposited into a county's forfeited tax sale fund.
3.29 The proceeds in excess of the minimum bid shall be available for distribution pursuant to
3.30 subdivision 6.

3.31 Subd. 6. **Claims for surplus proceeds.** (a) If a sale under this section results in a surplus,
3.32 within 60 days of the sale, the county auditor must notify interested parties, in a manner
3.33 described in subdivision 7, of the surplus by sending notice of the surplus and a claim form

to the interested parties. The commissioner of revenue must prescribe the form and manner of the claim form. The notice must indicate that the sale of the property resulted in a surplus, the amount of the surplus, that parties with an interest in the property are entitled to the surplus amount, and that interested parties have an obligation to submit a claim for the surplus. Interested parties are entitled to make a claim for surplus proceeds under this subdivision if they file a claim within six months from the date the notice is first mailed to the interested parties.

(b) Unless disputed by the county auditor, if a single claim is filed, the county auditor must pay the surplus to the interested party filing the claim. A county must not pay any claimant until after the period of time in which to file a claim has expired.

(c) If there are multiple claims for a given property, the county must divide payments under this subdivision among the claimants according to each claimant's interest in proportion to the interest of all claimants. If the county auditor disputes a claim, or if there is a dispute as to how to divide the surplus among multiple claimants, the county auditor may deposit the surplus funds in district court and file a petition pursuant to Rule 67 of the Minnesota Rules of Civil Procedure, asking the court to determine claimants' rights to the funds deposited. The county auditor is entitled to recover the costs it reasonably incurs in commencing and maintaining this action from the amount of funds submitted to the court in the action. If the court determines that no claimant is entitled to the surplus, the surplus must be returned to the county and deposited into the county's forfeited tax sale fund.

(d) The county and the county auditor are entitled to absolute immunity related to any claim predicated on distribution of surplus if the county auditor distributed proceeds consistent with this subdivision.

Subd. 7. **Manner of service.** (a) A notice provided under subdivision 6 or 8 must be served as follows:

(1) by certified mail to all interested parties of record within 60 days of the sale;

(2) if an interested party of record has not filed a claim, a second notice must be sent by first class mail to all interested parties between 90 and 120 days after the sale;

(3) unless the property is vacant land, within 60 days of the sale, by first class mail to the property addressed to the attention of the occupants of the property; and

(4) within 60 days of the sale, by publishing a list of property sales with surplus with unexpired claims periods to the county's website.

5.1 (b) In addition, solely at the discretion of the county, the summons may be published in
5.2 the county's designated newspaper for publication of required public notices.

5.3 Subd. 8. **Claims for mineral interests; payments; appropriation.** (a) Upon forfeiture,
5.4 any iron-bearing stockpiles, minerals, and mineral interests shall be sold to the state for \$50.
5.5 The county auditor must notify interested parties within 60 days of the sale by sending
5.6 notice and a claim form. The commissioner of revenue must prescribe the form and manner
5.7 of the claim form. Notice must be provided in a manner described in subdivision 7. An
5.8 interested party may submit a claim alleging that the value of the iron-bearing stockpiles,
5.9 minerals, or mineral interests in the property exceeds the minimum bid. Claims must be
5.10 submitted within six months from the date the notice under this subdivision is first mailed
5.11 to the interested parties.

5.12 (b) If a claim is filed under this subdivision, the commissioner of natural resources must
5.13 determine the value of the forfeited iron-bearing stockpiles, minerals, and mineral interests.
5.14 If the value of the iron-bearing stockpiles, minerals, and mineral interests does not exceed
5.15 the minimum bid, the claimant is not entitled to any payment under this subdivision. If the
5.16 value of the iron-bearing stockpiles, minerals, and mineral interests exceeds the minimum
5.17 bid, the claimant is entitled to a payment from the commissioner of natural resources equal
5.18 to this excess amount.

5.19 (c) If there are multiple claims, the county must divide payments under this subdivision
5.20 among the claimants according to each claimant's ownership interest in proportion to the
5.21 ownership interest of all claimants. If the county auditor disputes a claim, or if there is a
5.22 dispute as to how to divide the surplus among multiple claimants, the commissioner of
5.23 natural resources must transfer the amount due to the claimants under this subdivision to
5.24 the county auditor. The county auditor must then deposit the transferred amount in district
5.25 court and file a petition pursuant to Rule 67 of the Minnesota Rules of Civil Procedure,
5.26 asking the court to determine claimants' rights to the funds deposited. The county auditor
5.27 is entitled to recover the costs it reasonably incurs in commencing and maintaining this
5.28 action from the amount of funds submitted to the court in the action. If the court determines
5.29 that no party that filed a claim is entitled to the surplus, the payment must be returned to
5.30 the commissioner of natural resources and is canceled to the general fund.

5.31 (d) An amount necessary to make payments under this subdivision is annually
5.32 appropriated from the general fund to the commissioner of natural resources.

5.33 Subd. 9. **Expiration of surplus.** If a sale under this section results in a surplus and either
5.34 (1) no interested party makes a claim for the proceeds within the time allowed under

subdivision 6, or (2) it is determined that no claimant was entitled to the surplus proceeds, then interested parties are no longer eligible to receive payment of any surplus. Once interested parties are no longer eligible to receive payment of any surplus, the proceeds must be returned to the county's forfeited tax sale fund.

Subd. 10. **Rights affected by forfeiture.** The forfeiture of the property extinguishes all liens, claims, and encumbrances other than:

(1) the rights of interested parties to surplus proceeds under this section;

(2) rights of redemption provided under federal law;

(3) easements and rights-of-way holders who are not interested parties; and

(4) benefits or burdens of any real covenants filed of record as of the date of forfeiture.

Subd. 11. **Property bought by the state.** Property deemed to be purchased by the state pursuant to this section shall be held in trust for the benefit of the taxing districts. All land becoming property of the state pursuant to this chapter shall be managed in accordance with chapters 93 and 282 and other applicable law.

Sec. 3. **[282.007] LAND WITHDRAWN FROM INITIAL SALE.**

Subdivision 1. **Property withdrawn from sale.** The commissioner of natural resources may withhold or withdraw from the sale required under section 282.005 any property allowed to be withheld or withdrawn from sale in section 85.012, 85.013, 282.01, subdivision 8, or 282.018. The commissioner of natural resources must condemn parcels withheld or withdrawn from sale under this section according to procedures set forth in chapter 117. Notwithstanding section 282.005, subdivision 1, any interests in iron-bearing stockpiles, minerals, or mineral interests in property withheld or withdrawn from sale under this section are not severed from the property and are not subject to section 282.005, subdivision 8.

Subd. 2. **Notice.** The county auditor must provide notice to the commissioner of natural resources of the forfeiture of any lands eligible to be withheld or withdrawn from sale under this section. Notice must be provided within 30 days of either the filing of the certificate of the expiration of redemption pursuant to section 281.23, subdivision 9, or the date the property is vacated by the occupant, whichever is later. Within 30 days of this notice, the commissioner of natural resources must notify the county auditor of a decision to withhold or withdraw a property from the sale under section 282.005. If no such notice is given, the county auditor must sell the property pursuant to section 282.005.

7.1 Subd. 3. **Repurchase.** Prior to the initiation of the condemnation proceedings of a
7.2 property withheld or withdrawn from sale under this section, an interested party may
7.3 repurchase the property by payment of the sum of all delinquent taxes and assessments
7.4 computed under section 282.251, together with penalties, interest, and costs that accrued
7.5 or would have accrued if the parcel of land had not forfeited. The county auditor must notify
7.6 the commissioner of natural resources if a property is repurchased under this subdivision.
7.7 A property repurchased under this subdivision is no longer subject to the requirements of
7.8 this section or section 282.005. All rights and interests of all interested parties remain
7.9 unaffected if a property is repurchased under this subdivision. For the purposes of this
7.10 section, "interested party" has the meaning given in section 282.005, subdivision 2.

7.11 Subd. 4. **Proceeds.** Notwithstanding any law to the contrary in chapter 117, all proceeds
7.12 from the condemnation proceedings of a property withheld or withdrawn from sale under
7.13 this section must be transferred from the commissioner of natural resources to the county
7.14 auditor. Any proceeds up to the value of the minimum bid are transferred to the county's
7.15 forfeited tax sale fund. Any proceeds in excess of the minimum bid must be made available
7.16 for claims pursuant to section 282.005, subdivision 6. For the purposes of this section,
7.17 "minimum bid" has the meaning given in section 282.005, subdivision 2.

7.18 Sec. 4. Minnesota Statutes 2022, section 282.01, subdivision 6, is amended to read:

7.19 Subd. 6. **Duties of commissioner after sale.** (a) When any sale has been made by the
7.20 county auditor under sections ~~282.01~~ 282.005 to 282.13, the auditor shall immediately
7.21 certify to the commissioner of revenue such information relating to such sale, on such forms
7.22 as the commissioner of revenue may prescribe as will enable the commissioner of revenue
7.23 to prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale
7.24 is on terms; and not later than October 31 of each year the county auditor shall submit to
7.25 the commissioner of revenue a statement of all instances wherein any payment of principal,
7.26 interest, or current taxes on lands held under certificate, due or to be paid during the preceding
7.27 calendar years, are still outstanding at the time such certificate is made. When such statement
7.28 shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue
7.29 may instruct the county board of the county in which the land is located to cancel said
7.30 certificate of sale in the manner provided by subdivision 5, provided that upon
7.31 recommendation of the county board, and where the circumstances are such that the
7.32 commissioner of revenue after investigation is satisfied that the purchaser has made every
7.33 effort reasonable to make payment of both the annual installment and said taxes, and that
7.34 there has been no willful neglect on the part of the purchaser in meeting these obligations,
7.35 then the commissioner of revenue may extend the time for the payment for such period as

the commissioner may deem warranted, not to exceed one year. On payment in full of the purchase price, appropriate conveyance in fee, in such form as may be prescribed by the attorney general, shall be issued by the commissioner of revenue, which conveyance must be recorded by the county and shall have the force and effect of a patent from the state subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension.

(b) The commissioner of revenue shall issue an appropriate conveyance in fee when approval from the county auditor is given based upon written confirmation from a licensed closing agent, title insurer, or title insurance agent as specified in section 82.641. For purposes of this paragraph, "written confirmation" means a written commitment or approval that the funding for the conveyance is held in an escrow account available for disbursement upon delivery of a conveyance. The county recorder or registrar of titles must not record or file a conveyance issued under this paragraph unless the conveyance contains a certification signed by the county auditor where the land is located stating that the recorder or registrar of titles can accept the conveyance for recording or filing. The conveyance issued by the commissioner of revenue shall not be effective as a conveyance until it is recorded. The conveyance shall be issued to the county auditor where the land is located. Upon receipt of the conveyance, the county auditor shall hold the conveyance until the conveyance is requested from a licensed closing agent, title insurer, or title insurance agent to settle and close on the conveyance. If a request for the conveyance is not made within 30 days of the date the conveyance is issued by the commissioner of revenue, the county auditor shall return the conveyance to the commissioner. If the conveyance is delivered to the licensed closing agent, title insurer, or title insurance agent and the closing does not occur within ten days of the request, the licensed closing agent, title insurer, or title insurance agent shall immediately return the conveyance to the county auditor and, upon receipt, the county auditor shall return the conveyance to the commissioner of revenue. The commissioner of revenue shall cancel and destroy all conveyances returned by the county auditor pursuant to this subdivision. The licensed closing agent, title insurer, or title insurance agent must promptly record the conveyance after the closing and must deliver an attested or certified copy to the county auditor and to the grantee or grantees named on the conveyance.

Sec. 5. Minnesota Statutes 2022, section 282.241, subdivision 1, is amended to read:

Subdivision 1. **Repurchase requirements.** The owner at the time of forfeiture, or the owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes

was given by statute, mortgage, or other agreement, may repurchase any parcel of land claimed by the state to be forfeited to the state for taxes unless before the time repurchase is made the parcel is sold under installment payments, or otherwise, by the state as provided by law, or is under mineral prospecting permit or lease, or proceedings have been commenced by the state or any of its political subdivisions or by the United States to condemn the parcel of land. The parcel of land may be repurchased for the sum of all delinquent taxes and assessments computed under section 282.251, together with penalties, interest, and costs, that accrued or would have accrued if the parcel of land had not forfeited to the state. Except for property which was homesteaded on the date of forfeiture, repurchase is permitted during six months only from the date of forfeiture, and in any case only after the adoption of a resolution by the board of county commissioners determining that by repurchase undue hardship or injustice resulting from the forfeiture will be corrected, or that permitting the repurchase will promote the use of the lands that will best serve the public interest. If the county board has good cause to believe that a repurchase installment payment plan for a particular parcel is unnecessary and not in the public interest, the county board may require as a condition of repurchase that the entire repurchase price be paid at the time of repurchase. A repurchase is subject to any easement, lease, or other encumbrance granted by the state before the repurchase, and if the land is located within a restricted area established by any county under Laws 1939, chapter 340, the repurchase must not be permitted unless the resolution approving the repurchase is adopted by the unanimous vote of the board of county commissioners. Notwithstanding the foregoing, any application to repurchase a property that is made available for sale pursuant to section 282.005 must be made before the date of that sale.

The person seeking to repurchase under this section shall pay all maintenance costs incurred by the county auditor during the time the property was tax-forfeited.

Sec. 6. Minnesota Statutes 2022, section 282.301, is amended to read:

282.301 RECEIPTS FOR PAYMENTS; CERTIFICATION BY COUNTY AUDITOR.

When any sale has been made under sections 282.005, 282.012, and 282.241 to 282.324, the purchaser shall receive from the county auditor at the time of repurchase a receipt, in such form as may be prescribed by the attorney general. When the purchase price of a parcel of land shall be paid in full, the following facts shall be certified by the county auditor to the commissioner of revenue of the state of Minnesota: the description of land and the date when the final installment of the purchase price was paid.

10.1

Sec. 7. **DEPARTMENT OF NATURAL RESOURCES; APPROPRIATION.**

10.2

\$1,537,000 in fiscal year 2025 is appropriated from the general fund to the commissioner

10.3

of natural resources to perform the duties required under Minnesota Statutes, section 282.005.

10.4

The base for this appropriation is \$1,537,000 in fiscal year 2026 and each fiscal year

10.5

thereafter.

10.6

Sec. 8. **EFFECTIVE DATE.**

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Section 1 is effective for notices provided after the day following final enactment.

10.8

Sections 2 to 6 are effective for forfeitures occurring after December 31, 2023."

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Amend the title numbers accordingly

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And when so amended the bill do pass. Amendments adopted. Report adopted.

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(Committee Chair)

10.13

May 8, 2024.....

10.14

(Date of Committee recommendation)