

Minnesota Department of Natural Resources

500 Lafayette Road · Saint Paul, Minnesota · 55155-4037

Office of the Commissioner

651-259-5555



January 13, 2015

Senator David Tomassoni, Chair, Senate Finance Committee,
Environment and Economic Development and Agriculture Division
Senator John Marty, Chair, Senate Environment and Energy Committee
Representative Chuck Knoblach, Chair, House Ways and Means Committee
Representative Denny McNamara, Chair, House Environment, Energy and Natural
Resources Policy Committee

RE: Report required under Minn. Stat., sec. 94.165

Dear Committee Chairs:

Minnesota Statutes, sec. 94.165, requires that the Commissioner of Natural Resources annually report to you the use of funds in the Land Acquisition Account for the purchase and sale of state land. This account is a source of funding for acquisition of lands within the outdoor recreation system, payment of expenses incurred by DNR in rendering property for sale, and payment of expenses incurred by the DNR in exchanging state-owned property administered by DNR (effective FY2014).

The attached report provides the revenue and expenditure information along with the sale and purchase data. If you need any further information concerning the receipts into or the expenditures from the Land Acquisition Account, please contact Jess Richards, Director of the Lands and Minerals Division, at 651-259-5379.

Sincerely,

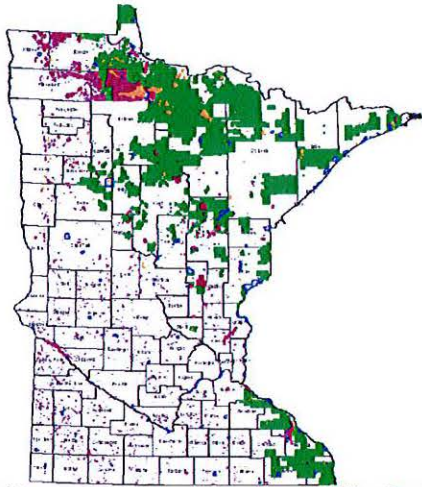
A handwritten signature in blue ink, appearing to read "Tom Landwehr".

Tom Landwehr
Commissioner

c: Legislative Reference Library (2)

LAND ACQUISITION ACCOUNT

Fiscal Year 2014 Annual Report



(Green = State Forest, Purple = WMA's, Orange = SNAs and Blue = State Parks)



Creation and Purpose of the Account

The Department of Natural Resources (DNR) administers 5.5 million acres of land within state forests, state parks, wildlife management areas, scientific and natural areas, aquatic management areas, and other recreation and access sites. The Minnesota Legislature established the Land Acquisition Account in 1984 under Minnesota Statutes 94.16 and 94.165 for the acquisition of natural resource lands or interests in land within the Outdoor Recreation System established in Minnesota Statutes, Chapter 86A.

Sources and Uses of the Funds

Receipts from the sale of acquired state natural resource land administered by the DNR are credited to the Land Acquisition Account (the "Account"). These credits provide funding to acquire additional state natural resource land in the Outdoor Recreation System and to cover the costs of sale of surplus state land. The proceeds in the Land Acquisition Account may also be used to pay for expenses incurred by the DNR for land exchanges and land sales. The Account helps the DNR reach the goals of: (1) consolidating state forest land into large contiguous blocks to increase forest management efficiencies and protect critical forest habitat; (2) acquiring privately owned "in-holdings" within state parks; (3) acquiring recreation access; and (4) acquiring lands with significant natural resource characteristics.

FY2014 Activities and Accomplishments

Receipts

The DNR transferred 2.14 acres to the Minnesota Department of Transportation for flood mitigation for Highway 101 in Shakopee, Scott County. The land payment was \$13,500.

The DNR also sold four acquired parcels totaling 4.31 acres. The land sales were:

- 0.43 acre in Beltrami County, a trespass resolution
- 1.20 acres in Crow Wing County, surplus trail property
- 1 acre in St. Louis County, surplus forestry parcel
- 1.68 acres in Winona County, a trespass resolution.

The land sale service charges credited to the Land Acquisition Account reflect the reimbursement of funds utilized from the Land Acquisition Account and other accounts to pay for appraisals and professional services.

Expenditures

Land Acquisition Account revenue was used to pay (in full or part) for the land in the purchase of five properties: a 1 acre road access to 215 acres of forestry land in the R.J. Dorer Memorial Hardwood Forest in Houston County, the Volney Lake aquatic management area in LeSueur County, a trout stream easement on the Devil Track River in Cook County, a trout stream easement on the West Indian Creek in Wabasha County, and the Ogema Springs wildlife management area in Becker County.

Forestry spent approximately 45 percent of the funds in FY 2014, Fish and Wildlife spent 35 percent, and Parks and Trails spent 19 percent. Divisions also utilize the Land Acquisition Account to pay for professional costs related to land acquisitions and the sale and exchange of state owned lands (e.g. appraisals, legal notifications, and professional / technical services).

Fund Balance

The fund balance decreased this year due to an increase in the use of the account to pay for expenditures for land acquisitions. There was a decrease in revenue due to a decrease in land sales, although there was an increase in land sale cost reimbursements from sales that occurred in the prior fiscal year.

Contacts

Division of Land and Minerals

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Receipts, Expenditures, and Fund Balances	
FY2014 Beginning fund balance	\$925,459
Prior year adjustment	\$21,000
Receipts	
Sale of land	\$24,824
Land sale costs	52,836
Sale of standing timber	
Other receipts ¹	<u>9,208</u>
Total receipts	\$86,868
Expenditures	
Parks and Trails	\$70,139
Forestry	165,548
Fish & Wildlife	128,981
Ecological & Water Resources	<u>2,805</u>
Total expenditures	\$367,473
FY2014 Ending fund balance	<u>\$665,854</u>
Net change for FY2014	(\$259,605)

Notes

¹ Other receipts: Leasing of DNR lands, other agency deposits, lease wild rice farming, late charges and loan interest.