



October 1, 2019

Senator Carrie Ruud
Chair, Senate Environment and Natural
Resources Policy and Legacy Finance
Committee
3233 Minnesota Senate Building
Saint Paul, MN 55155

Representative John Persell
Chair, House Environment and Natural
Resources Policy and Finance Committee
437 Rev. Dr. Martin Luther King Jr. Blvd.
St Paul, MN 55155

Senator Bill Ingebritsen
Chair, Senate Environment and Natural
Resources Finance Committee
3207 Minnesota Senate Building
Saint Paul, MN 55155

Representative Lyndon Carlson, Sr.
Chair, House Ways and Means Committee
479 Rev. Dr. Martin Luther King Jr. Blvd.
St Paul, MN 55155

RE: Report on the Land Acquisition Account – FY 2019

Dear Committee Chairs:

As required by Minn.Stat. §94.165, please find enclosed the annual report of the Department of Natural Resources use of funds from the Land Acquisition Account (the Account) for the fiscal year ending June 30, 2019 (FY19). The Account provides a source of funding for land acquisitions for the Outdoor Recreation System. The Account also pays expenses incurred by DNR when acquiring land, or offering property for sale or exchange.

The report summarizes the revenue received to the Account and expenditures made during FY19. It also provides examples of acquisition, sale and exchange work made possible with funds from the Account.

If you need additional information about the information in this report, please contact Joe Henderson, Director of the Division of Lands and Minerals, at (651) 259-5428.

Sincerely,

A handwritten signature in blue ink that reads 'Sarah Strommen'.

Sarah Strommen
Commissioner

Cc: Legislative Reference Library
Committee Administrators



Land Acquisition Account Annual Report

Fiscal Year 2019

10/1/2019

Contacts

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Division of Lands and Minerals

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As requested by Minnesota Statute 3.197: This report cost approximately \$1000 to prepare, including staff time, printing and mailing expenses.

Upon request, this material will be made available in an alternative format such as large print, Braille or audio recording. Printed on recycled paper.

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Creation and Purpose of the Account

The Department of Natural Resources (DNR) administers 5.6 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 or the exchange of state-owned property administered by the Commissioner of Natural Resources. The Account helps the DNR reach the following goals:

- Consolidating state forest land into large contiguous blocks to increase forest management efficiencies and protect critical forest habitat;
- Acquiring privately-owned “in-holdings” within state parks;
- Acquiring recreation access; and
- Acquiring lands with significant natural resource characteristics.

Financial Review

FY2019 Beginning fund balance	\$987,350
Prior year adjustment	\$20,000
Revenues	
Sale of land	\$670,910
Land sale costs	\$77,482
Damage costs (sale of standing timber)	\$132,812
Other receipts ¹	<u>\$85</u>
Total revenues	\$881,289
Expenditures	
Parks and Trails Management	\$40,317
Forest Management	\$115,179
Fish and Wildlife	\$78,445
Ecological and Water Resources Management	<u>\$0</u>
Total expenditures	<u>\$233,941</u>
FY2019 Ending fund balance	<u>\$1,654,698</u>
Net change for FY2019	+ \$667,348

FY2019 Accomplishments

Receipts to the Account

Receipts to the Land Acquisition Account during FY19 included revenue from the sale of 14 parcels at public auction and 2 parcels that were purchased prior to public auction by local units of government. The parcels sold at auction were determined to be no longer needed for conservation purposes. They include:

- Four surplus parcels found in Lyons State Forest in Wadena County, sold to private parties at public auction
- Surplus land found in Huntersville State Forest in Wadena County, sold to a private party at public auction

¹ Loan interest and sale of land per laws

- Surplus land found in the Split Rock River Aquatic Management Area in Lake County, sold by public auction to a private party
- Surplus land found in the Lake Blanche WMA, sold to the Otter Tail County Water Management District
- Surplus land found in General C.C. Andrews SFT, sold to Pine County
- Surplus land found in Collner Creek WMA in Benton County, sold at public auction to a private party
- Two parcels of surplus land found in the Richard J. Dorer Memorial Hardwood SFT, one located in Houston County and one in Fillmore County, both sold at public auction to private parties
- Surplus land found in Gravel Pit #3084 WMA, located in Kanabec County, sold at public auction to a private party
- Surplus land found in Rum River SFT, located in Mille Lacs County, sold at public auction to a private party
- Surplus land found in Schendel WMA in Hennepin County, sold at public auction to a private party
- Surplus land found in Big Stone Lake AMA in Big Stone County, sold at public auction to a private party

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 for land sales.

Expenditures from the Account

While the Land Acquisition Account funds can be used as consideration for the purchase of land, DNR's land managing divisions more commonly use the Land Acquisition Account to pay expenses related to land acquisitions, sales and exchanges of state owned lands (e.g., appraisals, recording fees, legal notifications, and professional/technical services), including work done with tax-forfeited parcels. Examples of projects that used the Land Acquisition Account during FY19 include, but are not limited to:

By the Division of Forestry:

- Acquisition of new land for Badoura SFT in Hubbard County, Savanna SFT in Aitkin County, and Smoky Hills SFT in Becker County
- Land exchange projects for the following areas:
 - With Beltrami County, to benefit the Blackduck transfer station
 - With St. Louis County, to benefit the Ash River Sanitary System
 - With Coe College, to resolve a boundary line issue with state-owned land in St. Louis County

By the Division of Parks and Trails:

- Acquisition of new land and sale of surplus land for the Sakatah Singing Hills TRA in Blue Earth County and Lake Vermilion-Soudan Underground Mine SPK in St. Louis County
- Land acquisitions for Tettegouche SPK in Lake County, Lake Bemidji SPK in Beltrami County, and McCarthy Beach SPK in St. Louis County

By the Division of Fish and Wildlife:

Ongoing work performed on land exchange projects for the following areas:

- Jenkins Fish Hatchery in Crow Wing County
- Sucker River AMA in St. Louis County
- Split Rock River AMA in Lake County
- Gores WMA in Goodhue and Dakota counties
- Halma Swamp WMA in Kittson County
- Mulligan Slough WMA in Brown and Watonwan counties

Financial Summary FY2014 to FY2023

Deeper analysis of the lands sold during FY19 suggests that the Account’s future growth will be more moderate than FY19 results. Of the 16 parcels sold in FY19, 5 contained stands of timber that drove up the land’s market value. In the previous five fiscal years, the value of standing timber on lands sold was, on average, 5% of the value of the lands sold. In FY19, though, it reached nearly 20%. If those five parcels with standing timber were removed from FY19 totals, the statistics for FY19 look far less unusual. Expenditures from the Account remained relatively steady from FY18, and are forecast to remain steady in the years to come.

