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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **1707**

03/10/2015 Authored by Drazkowski, Dill, McNamara, Metsa, Kahn and others

The bill was read for the first time and referred to the Committee on Taxes

03/11/2015 By motion, recalled and re-referred to the Committee on Environment and Natural Resources Policy and Finance

03/19/2015 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to natural resources; establishing trust fund accounts; providing
1.3 trust fund payments to counties; appropriating money; amending Minnesota
1.4 Statutes 2014, sections 97A.056, subdivision 1a, by adding a subdivision;
1.5 116P.02, subdivision 1, by adding a subdivision; 477A.10; 477A.11, by adding
1.6 subdivisions; proposing coding for new law in Minnesota Statutes, chapter 116P.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2014, section 97A.056, subdivision 1a, is amended to
1.9 read:

1.10 Subd. 1a. **Definitions.** ~~For the purpose of~~ (a) The definitions in this subdivision
1.11 apply to this section and appropriations from the outdoor heritage fund;

1.12 (b) "Land acquisition costs" means acquisition coordination costs, costs of
1.13 engineering services, appraisal fees, attorney fees, taxes, assessments required at the time
1.14 of purchase, onetime trust fund payments under subdivision 1b, and recording fees.

1.15 (c) "Recipient" means the entity responsible for deliverables financed by the outdoor
1.16 heritage fund.

1.17 Sec. 2. Minnesota Statutes 2014, section 97A.056, is amended by adding a subdivision
1.18 to read:

1.19 Subd. 1b. **Outdoor heritage trust fund account; trust fund payments.** (a)
1.20 An outdoor heritage trust fund account is created in the special revenue fund. The
1.21 State Board of Investment must ensure the account is invested under section 11A.24.
1.22 The commissioner of management and budget must credit to the account all money
1.23 appropriated to the account and all money earned by the account. The principal of the
1.24 account and any unexpended earnings must be invested and reinvested by the State Board

2.1 of Investment. Nothing in this section limits the source of contributions to the account.
2.2 Money in the account must be used only for the purposes of this subdivision.

2.3 (b) State land acquired in whole or in part with money appropriated from the
2.4 outdoor heritage fund is eligible for a onetime trust fund payment as provided under this
2.5 subdivision. For purposes of this subdivision, "acquired in part" means that at least 20
2.6 percent of the state payment for the parcel was from money from the outdoor heritage fund.
2.7 The trust payment is equal to 30 times the property taxes assessed in the year prior to the
2.8 year in which the land is acquired. If the land was acquired from a private party that was
2.9 exempt from paying property taxes, the payments must be based on 30 times the property
2.10 taxes assessed on comparable, privately owned, adjacent land in the year prior to the year
2.11 in which the land is acquired. The commissioner of revenue must make a trust payment to
2.12 each county on the same date as the first payment under section 273.1384, subdivision
2.13 4, each year for all land acquired in that county in the 12-month period ending on June
2.14 30 of that year. By September 1 of each year, the county in which the land is acquired
2.15 must provide the commissioner of revenue with information necessary to make this
2.16 determination for all lands acquired for the 12-month period ending on June 30 of that year.

2.17 (c) The amount necessary to make the payments required under this subdivision is
2.18 annually appropriated from the outdoor heritage trust fund account to the commissioner of
2.19 revenue.

2.20 (d) A county board must:

2.21 (1) deposit all or part of the trust fund payment received by the commissioner of
2.22 revenue under this subdivision into a trust fund as provided under chapter 118A; or

2.23 (2) enter into an agreement with the State Board of Investment to invest all or part
2.24 of the trust fund payment in investments under section 11A.24, subdivisions 1 to 5, on
2.25 behalf of the county.

2.26 (e) For the year in which a trust fund payment is made to a county for a parcel of
2.27 land, the county board, by November 15, must withdraw an amount equal to:

2.28 (1) the remaining taxes owed to the local governments for taxes spread that year
2.29 for a parcel acquired between January 1 and June 30; or

2.30 (2) the amount of taxes paid on the parcel in the previous year if the parcel was
2.31 acquired before January 1 of the current year. The county must distribute the amount by
2.32 December 15 to all local governments based on the location of the parcel and the local
2.33 governments' share of the total tax.

2.34 (f) By November 15 of each subsequent year, a county board must withdraw an
2.35 amount equal to the taxes that would be owed based on the appraised value of the land
2.36 in the county for which the county received a trust fund payment under this subdivision,

3.1 and the taxes assessed on comparable, privately owned adjacent land, not to exceed 5-1/2
3.2 percent of the market value of the trust fund accounts established under this subdivision
3.3 by the county or for the benefit of the county as of June 30 of the prior fiscal year. For
3.4 purposes of this subdivision, "appraised value" is determined in the manner described in
3.5 section 477A.12, subdivision 3. The county treasurer must allocate the withdrawn funds
3.6 among the county, the school district, the town or home rule charter or statutory city, and
3.7 special districts on the same basis as if the funds were taxes on the land received in that
3.8 year. The county treasurer must pay the allocation to all eligible local governments by
3.9 December 15 of the year in which the withdrawal is made. The county's share of the
3.10 payment must be deposited in the county general fund.

3.11 (g) Land receiving a trust fund payment under this subdivision is not eligible for
3.12 payments under sections 477A.11 to 477A.14.

3.13 **EFFECTIVE DATE.** This section is effective July 1, 2015, and applies to land
3.14 acquired with funds appropriated on or after that date.

3.15 Sec. 3. Minnesota Statutes 2014, section 116P.02, subdivision 1, is amended to read:

3.16 Subdivision 1. **Applicability.** The definitions in this section apply to this chapter,
3.17 except that the definition in subdivision 6 does not apply to section 116P.045.

3.18 Sec. 4. Minnesota Statutes 2014, section 116P.02, is amended by adding a subdivision
3.19 to read:

3.20 Subd. 4a. **Land acquisition costs.** "Land acquisition costs" means acquisition
3.21 coordination costs, costs of engineering services, appraisal fees, attorney fees, taxes,
3.22 assessments required at the time of purchase, payments under section 116P.045, and
3.23 recording fees.

3.24 Sec. 5. **[116P.045] ENVIRONMENT AND NATURAL RESOURCES TRUST**
3.25 **FUND PAYMENT ACCOUNT.**

3.26 Subdivision 1. **Account created.** An environment and natural resources trust fund
3.27 payment account is created in the special revenue fund. The State Board of Investment
3.28 must ensure the account is invested under section 11A.24. The commissioner of
3.29 management and budget must credit to the account all money appropriated to the account
3.30 and all money earned by the account. The principal of the account and any unexpended
3.31 earnings must be invested and reinvested by the State Board of Investment. Nothing in
3.32 this section limits the source of contributions to the account. Money in the account must
3.33 be used only for the purposes of this section.

4.1 Subd. 2. **Trust fund payment; appropriation.** (a) State land acquired in whole or
4.2 in part with money appropriated from the environment and natural resources trust fund is
4.3 eligible for a onetime trust fund payment as provided under this subdivision. For purposes
4.4 of this subdivision, "acquired in part" means that at least 20 percent of the state payment
4.5 for the parcel was from money from the environment and natural resources trust fund.
4.6 The trust payment is equal to 30 times the property taxes assessed in the year prior to the
4.7 year in which the land is acquired. If the land was acquired from a private party that was
4.8 exempt from paying property taxes, the payments must be based on 30 times the property
4.9 taxes assessed on comparable, privately owned, adjacent land in the year prior to the year
4.10 in which the land is acquired. The commissioner of revenue must make a trust payment to
4.11 each county on the same date as the first payment under section 273.1384, subdivision
4.12 4, each year for all land acquired in that county in the 12-month period ending on June
4.13 30 of that year. By September 1 of each year, the county in which the land is acquired
4.14 must provide the commissioner of revenue with information necessary to make this
4.15 determination for all lands acquired for the 12-month period ending on June 30 of that year.

4.16 (b) The amount necessary to make the payments required under this subdivision is
4.17 annually appropriated from the environment and natural resources trust fund payment
4.18 account to the commissioner of revenue.

4.19 Subd. 3. **County requirements.** (a) A county board must:

4.20 (1) deposit all or part of the trust fund payment received by the commissioner of
4.21 revenue under this section into a trust fund as provided under chapter 118A; or

4.22 (2) enter into an agreement with the State Board of Investment to invest all or part
4.23 of the trust fund payment in investments under section 11A.24, subdivisions 1 to 5, on
4.24 behalf of the county.

4.25 (b) For the year in which a trust fund payment is made to a county for a parcel of
4.26 land, the county board, by November 15, must withdraw an amount equal to:

4.27 (1) the remaining taxes owed to the local governments for taxes spread that year
4.28 for a parcel acquired between January 1 and June 30; or

4.29 (2) the amount of taxes paid on the parcel in the previous year if the parcel was
4.30 acquired before January 1 of the current year. The county must distribute the amount by
4.31 December 15 to all local governments based on the location of the parcel and the local
4.32 governments' share of the total tax.

4.33 (c) By November 15 of each subsequent year, a county board must withdraw an
4.34 amount equal to the taxes that would be owed based on the appraised value of the land
4.35 in the county for which the county received a trust fund payment under this section, and
4.36 the taxes assessed on comparable, privately owned adjacent land, not to exceed 5-1/2

5.1 percent of the market value of the trust fund accounts established under this section by the
5.2 county or for the benefit of the county as of June 30 of the prior fiscal year. For purposes
5.3 of this subdivision, "appraised value" is determined in the manner described in section
5.4 477A.12, subdivision 3. The county treasurer must allocate the withdrawn funds among
5.5 the county, the school district, the town or home rule charter or statutory city, and special
5.6 districts on the same basis as if the funds were taxes on the land received in that year. The
5.7 county treasurer must pay the allocation to all eligible local governments by December
5.8 15 of the year in which the withdrawal is made. The county's share of the payment must
5.9 be deposited in the county general fund.

5.10 Subd. 4. **Ineligible for other payments.** Land receiving a trust fund payment under
5.11 this section is not eligible for payments under sections 477A.11 to 477A.14.

5.12 **EFFECTIVE DATE.** This section is effective July 1, 2015, and applies to land
5.13 acquired with funds appropriated on or after that date.

5.14 Sec. 6. Minnesota Statutes 2014, section 477A.10, is amended to read:

5.15 **477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.**

5.16 The purposes of sections 477A.11 to 477A.14 are:

5.17 (1) to compensate local units of government for the loss of tax base from state
5.18 ownership of land, except land acquired in whole or in part with money appropriated on
5.19 or after July 1, 2015, from the outdoor heritage fund or the environment and natural
5.20 resources trust fund and the need to provide services for state land;

5.21 (2) to address the disproportionate impact of state land ownership on local units of
5.22 government with a large proportion of state land; and

5.23 (3) to address the need to manage state lands held in trust for the local taxing districts.

5.24 Sec. 7. Minnesota Statutes 2014, section 477A.11, is amended by adding a subdivision
5.25 to read:

5.26 Subd. 9. **Environment and natural resources trust fund lands.** Notwithstanding
5.27 any other provision of law to the contrary, natural resource land acquired in whole or in
5.28 part with money appropriated from the environment and natural resources trust fund after
5.29 July 1, 2015, is not included in the definitions of the lands described in subdivisions 3 to
5.30 7, and is excluded from payments under sections 477A.11 to 477A.14. For purposes of
5.31 this subdivision, "acquired in part" means that at least 20 percent of the state payment
5.32 for the acquisition of the parcel was from money from the environment and natural
5.33 resources trust fund.

6.1 Sec. 8. Minnesota Statutes 2014, section 477A.11, is amended by adding a subdivision
6.2 to read:

6.3 Subd. 10. **Outdoor heritage lands.** Notwithstanding any other provision of law to
6.4 the contrary, natural resource land acquired in whole or in part with money appropriated
6.5 from the outdoor heritage fund on or after July 1, 2015, is not included in the definitions of
6.6 the lands described in subdivisions 3 to 7 and is excluded from payments under sections
6.7 477A.11 to 477A.14. For purposes of this subdivision, "acquired in part" means that at
6.8 least 20 percent of the state payment for the acquisition of the parcel was from money
6.9 from the outdoor heritage fund.

6.10 Sec. 9. **APPROPRIATIONS.**

6.11 (a) \$..... in fiscal year 2016 is appropriated from the environment and natural
6.12 resources trust fund to the commissioner of management and budget for deposit into the
6.13 environment and natural resources trust fund payment account within the special revenue
6.14 fund for the purposes of Minnesota Statutes, section 116P.045.

6.15 (b) \$..... in fiscal year 2016 is appropriated from the outdoor heritage fund to the
6.16 commissioner of management and budget for deposit into the outdoor heritage trust fund
6.17 account within the special revenue fund for the purposes of Minnesota Statutes, section
6.18 97A.056, subdivision 1b.