

# School Trust Lands

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# 2011 Legislative Proposals

A decorative graphic consisting of several horizontal lines of varying lengths and colors (teal, light blue, white) extending across the width of the slide, positioned below the title.

# 2011 Legislative Proposals

- **H.F. 206/S.F. 455** - Legislature is considering a bill that will modify the membership of the Permanent School Fund Advisory Committee. Adds minority party members and an expert in education finance. Sets member terms. (House Status: Second reading on February 24th. Senate Status: Referred to Committee on Education on February 24th.)

# 2011 Legislative Proposals

- **H.F. 1353 (435)/S.F. 810** - Legislature is considering a bill that would create an independent agency to oversee management of school trust lands. This bill creates the Permanent School Trust Lands Administration and gives this new administration the responsibility of managing the school trust lands. (House Status : Referred to Committee on Environment, Energy and Natural Resources Policy and Finance on April 4th. Senate Status: Referred to Committee on Environment, Energy and Natural Resources Policy and Finance on March 14th.)

# 2011 Legislative Proposals

- **H.F. 785/S.F. 643(S.F. 1030)** – Clarifies permanent school fund interest payments. (House Status: Referred to Committee on Ways and Means on March 14th. Senate Status: Referred to Committee on Education on March 7th. Included in S.F. 1030 - Omnibus early childhood through grade 12 education policy provisions modifications and appropriations. )
- **H.F. 817/S.F. 399** – Modifies distributions from the minerals management account. Would require excess amounts in the minerals management account to be distributed to the counties. This bill will reduce the amount of funds distributed to the university and school funds. (House Status: Referred to Committee on Environment, Energy and Natural Resources Policy and Finance on March 3rd. Senate Status: Laid over for possible inclusion in the omnibus bill on March 15<sup>th</sup>.)

# 2011 Legislative Proposals

- **H.F. 934(H.F. 207)/S.F. 809** - Legislature is considering a bill that will require the mineral management costs for school trust lands to be paid out of the general fund instead of the school trust mineral revenues. (Status House: H.F. 207 has been included in H.F. 934 which is the Omnibus Education Finance Bill. Senate Status: Referred to Committee on Environment, Energy and Natural Resources Policy and Finance on March 14th.)

# 2011 Legislative Proposals

- **H.F. 992** – Would require all riparian school trust lands in St. Louis County to be sold, exchanged, or condemned no later than June 30, 2014. (Status: Referred to Committee on Education Finance on March 9<sup>th</sup>.)
- **H.F. 1010** – This bill did contain an amendment to M.S. 127A.31 which removed the requirement that the school trust lands be managed “with sound natural resource conservation and management principles, and with other specific policy provided in state law.” (Status: This amendment has been removed from the bill.)

# BWCAW Exchange/Sale



## 2010 Legislation - BWCAW

- 86,000 acres of school trust lands are in the BWCAW and unable to generate revenue.
- The 2010 Legislature passed a resolution memorializing Congress and the Secretary of Agriculture to appropriate money and negotiate with State on sale and exchange of school trust lands within BWCAW. Resolution supports a hybrid model of both sale and exchange.

# BWCAW Exchange Work Group

- The Sale & Exchange and BWCAW Subcommittee of the PSFAC recommended the formation of a work group of potential stakeholders to work on the selection of exchange parcels.
- The work group met to begin the discussion of the selection of exchange parcels.
- For the past few months the DNR and USFS have been working to achieve a list of lands acceptable as candidates for exchange.

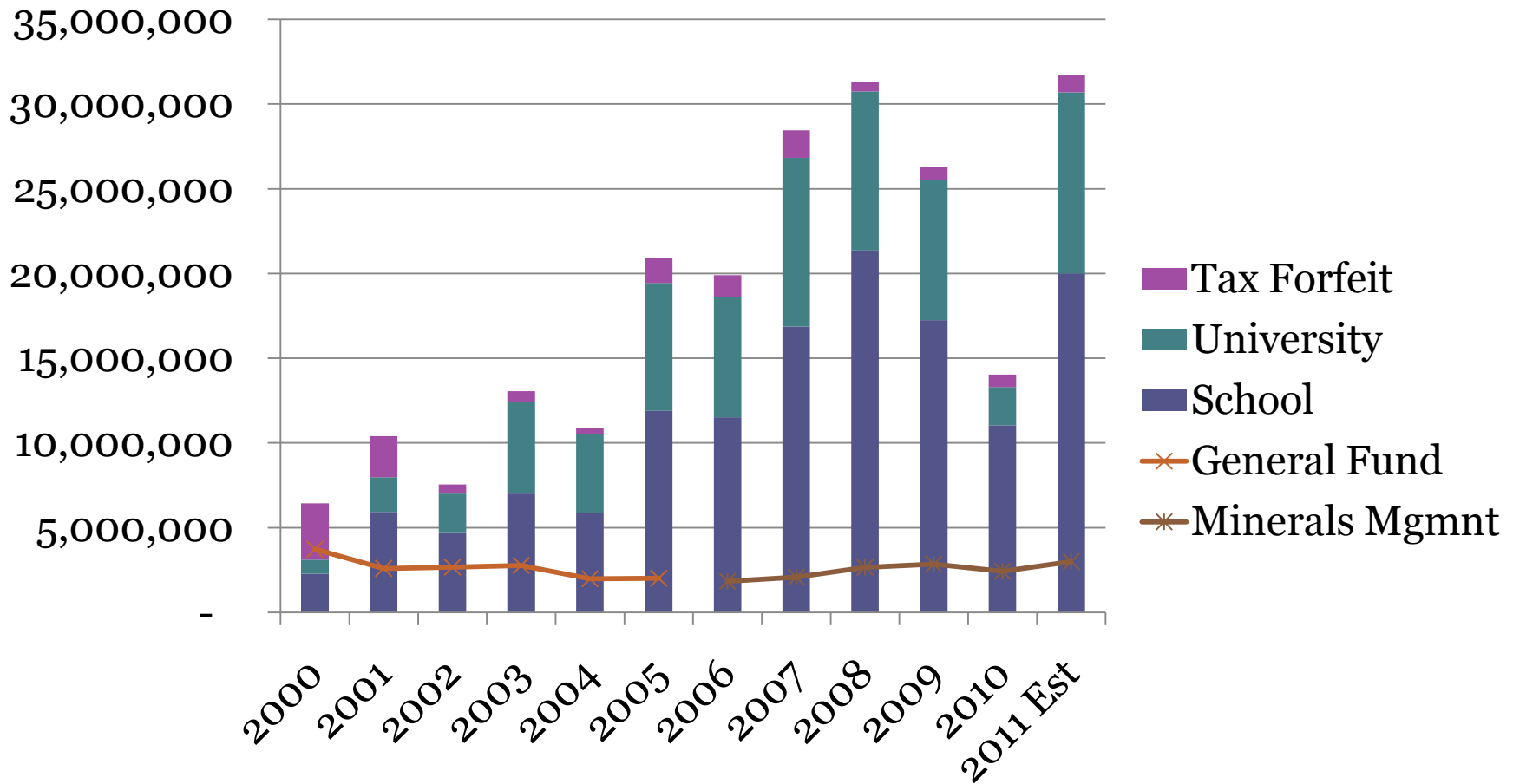
# BWCAW Exchange Work Group

- DNR staff in Forestry and Lands and Minerals divisions have continued to work in collaboration to review in excess of 100,000 acres of USFS lands.
- The DNR and USFS have agreed on over 41,000 acres as candidates for exchange.
- The work group is scheduled to meet on May 11<sup>th</sup> to discuss the selected parcels and to discuss next steps.
- The selection of over 41,000 acres is a big step in the right direction, but a lot of work is still needed to complete the exchange and sale.

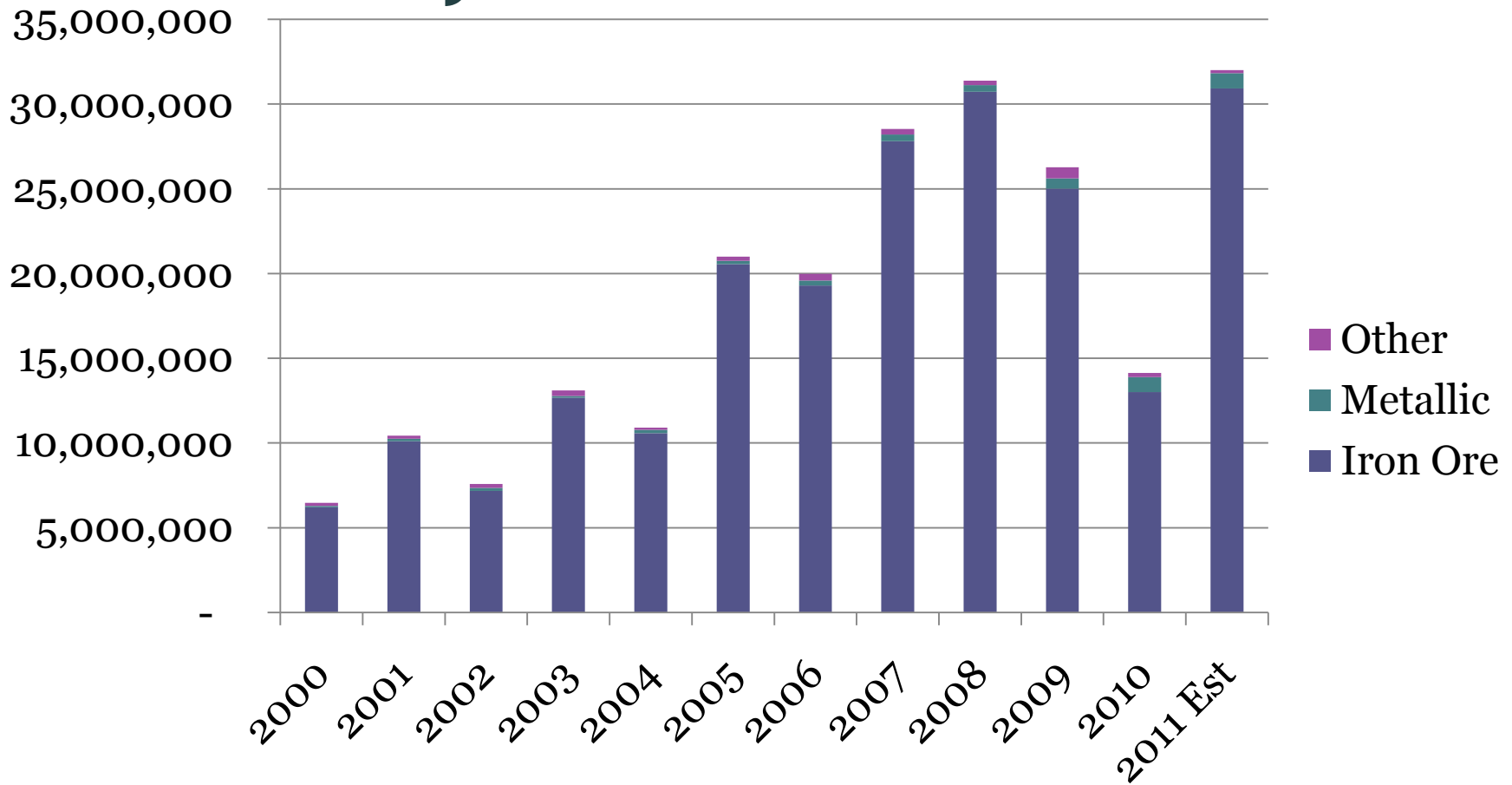
# Minerals Management



# State Mineral Receipts by Fund



# State Mineral Receipts by Commodity



# Metallic Minerals

- ❑ DNR has continued to lease school trust lands for Metallic Minerals (eg. Copper, Nickel, Gold, Silver)
- ❑ Approximately 46,000 acres of school trust lands are currently under a metallic mineral lease (approx. 31% of state acres leased)
- ❑ Metallic mineral mining on school trust land is believed to be the best opportunity for greatly increased revenues to the school trust. It is estimated that \$1.4 billion could be generated from certain deposits on school trust lands over the 20 to 25 year operation of a mine.

# Minerals Management Account

- 20% of income generated from mining is directed to the DNR Minerals Management Account; the remainder is distributed as directed by law. For school lands, 80% of the mineral lease revenue goes straight to the corpus of the PSF.
- The Legislature appropriates money from the Minerals Management Account to the DNR for minerals management activities.

# Minerals Management Account

- The Minerals Management Account was created to have a \$3 million principal, to be drawn down in the event that future income generation drops. This contingency amount was achieved in FY07.

- At the end of each fiscal year, the amount in the Minerals Management Account that exceeds \$3 million is distributed to the school and university trust funds in the same proportion as total mineral lease revenue received in the previous biennium from school and university lands.

# Minerals Management Account

- At the end of FY07, the PSF received \$1.729 million as its distribution from the Minerals Management Account. FY08 distribution is \$2.385 million. FY09 distribution is \$1.36 million. FY10 distribution is \$20,000.

- Result is that mineral management costs for school lands were:
  - 20% for FY06
  - 9.3% for FY07
  - 8.4% for FY08
  - 11.3% for FY09
  - 19.6% for FY10

# St. Mary's Lake Parcel



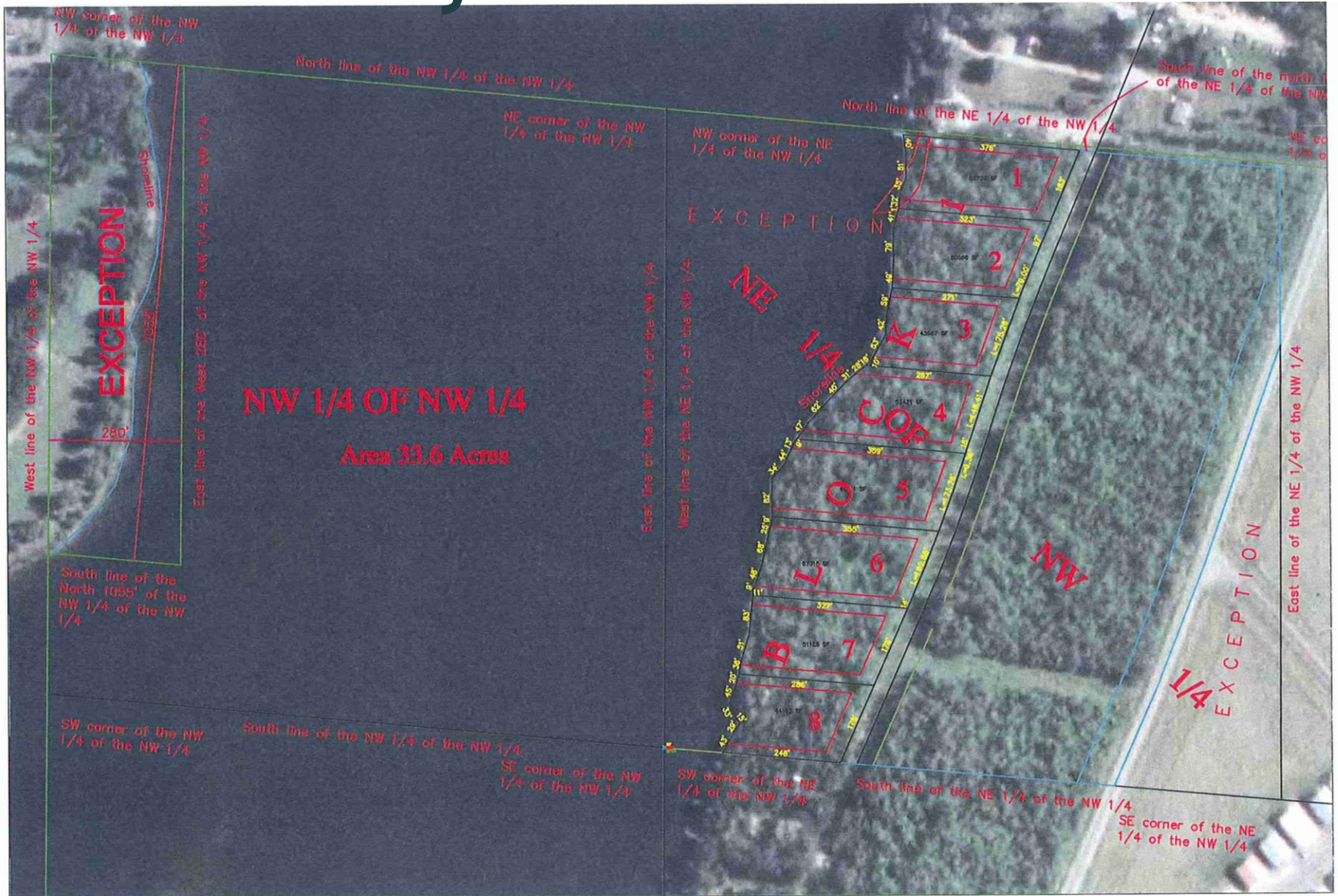
# St. Mary's Lake Parcel

- ❑ The DNR is evaluating potential development and then selling a 26.5 acre parcel on St. Mary's Lake
- ❑ The parcel is south of Eveleth just west of the Eveleth-Virginia Municipal Airport
- ❑ The DNR is in the process of deciding on the development design and would like the input of the PSFAC
- ❑ The DNR is considering alternative ways to develop the property that are different from standard lakeshore development
- ❑ To assist in making this decision the DNR had a market analysis completed

# St. Mary's Lake Parcel



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# St. Mary's Lake Parcel

## Estimated Revenues by Development Scenario

Development Scenario	Gross Revenues	Estimated Development Costs	Net Revenues
S1	575,000.00	-----	575,000.00
S2	1,240,000.00	294,220.00	945,780.00
S3	1,359,600.00	359,777.00	999,823.00
S4a	799,200.00	275,005.00	524,195.00
S4b	1,040,000.00	275,005.00	764,996.00

# Thank you..

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[Daniel.Roark@state.mn.us](mailto:Daniel.Roark@state.mn.us)

## Lands Granted for Schools

“That sections numbered sixteen and thirty-six in every township of public land in said State ... shall be granted to said State for the use of schools.”

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# Indemnity School Lands



... and where either of said sections, or any part thereof, has been sold or otherwise been disposed of, other lands, equivalent thereto and as contiguous as may be, ...

School and Indemnity  
Original Acres: 2.9 million  
Remaining Acres: 0.957 million

# Internal Improvement Lands

For Internal Improvements (Roads,  
Bridges, Transportation, etc.)

Original Acres: 500,000

Remaining Acres: 6,508

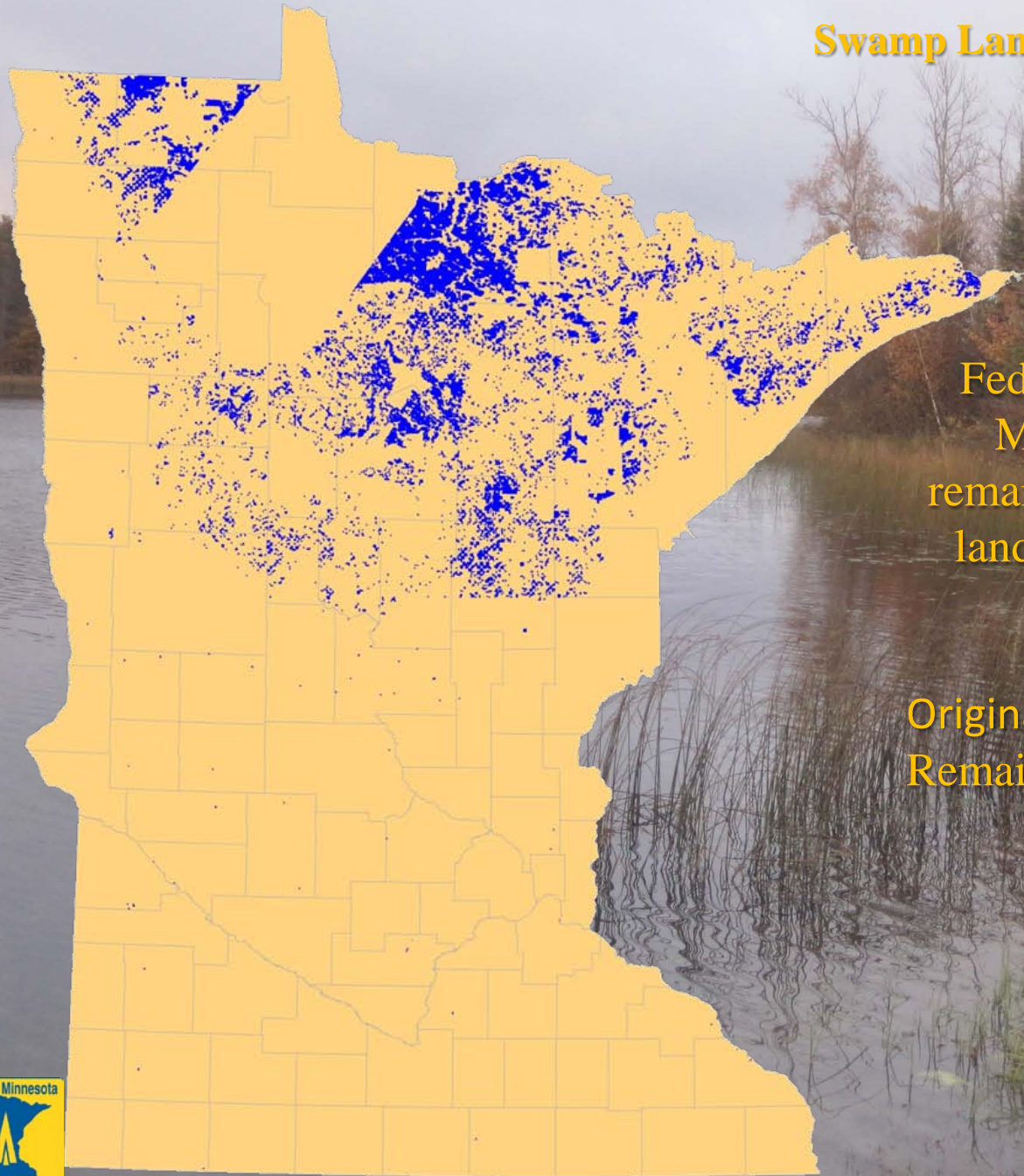
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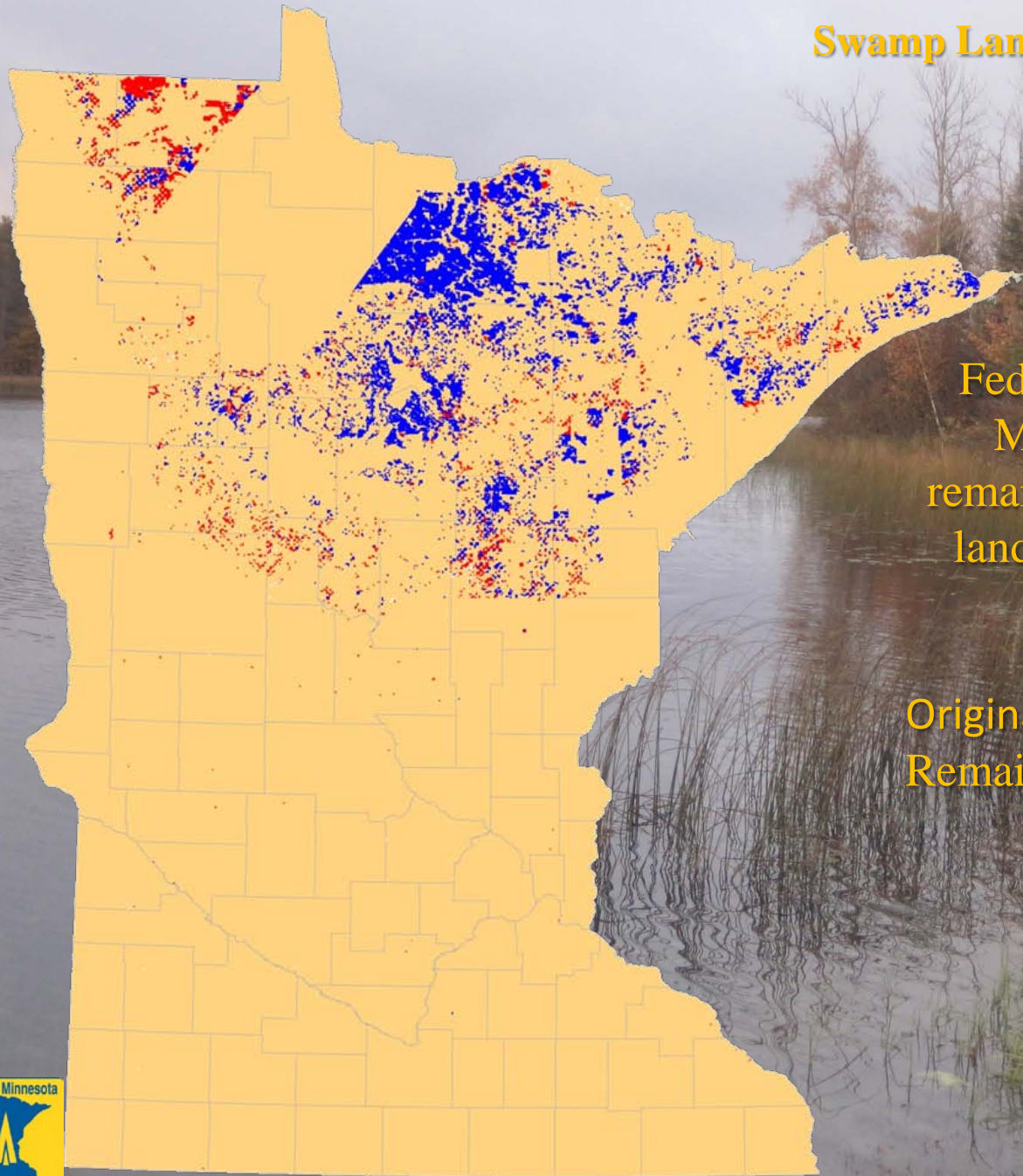
## Swamp Lands Transferred to School



Federal 1860 Grant of Lands to Minnesota consisting of all remaining swamp and over-flowed lands not previously reserved or conveyed.

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# Trust Lands Today

## Trust Lands

Remaining Surface: 2.5 million acres

Remaining Mineral: 3.5 million acres

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