

2011 Legislative Proposals

- HF 206/SF 455: Would modify the membership of the Permanent School Fund Advisory Committee, adding minority party members and an expert in education finance. Sets member terms.
- HF 1353/SF 810: 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.
- HF 785/SF 643(SF 1030): Clarifies permanent school fund interest payments.
- HF 817/SF 399: Would modify distributions from the minerals management account, requiring excess amounts in the minerals management account to be distributed to the counties. This bill would reduce the amount of funds distributed to the university and school funds.
- HF 934(HF 207)/SF 809: Would require the mineral management costs for school trust lands to be paid out of the general fund instead of the school trust mineral revenues.
- HF 992: Would require all riparian school trust lands in St. Louis County to be sold, exchanged, or condemned no later than June 30, 2014.
- HF 1010: Would amend 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."
- HF 207: Would require mineral management costs for school trust lands to come from the general fund.

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HOUSE RESEARCH

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1.1 A bill for an act
 1.2 relating to education finance; returning a proportional share of funds from the
 1.3 mineral management account for distribution to among the taxing jurisdictions;
 1.4 amending Minnesota Statutes 2010, section 93.2236.

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

1.6 Section 1. Minnesota Statutes 2010, section 93.2236, is amended to read:

1.7 **93.2236 MINERALS MANAGEMENT ACCOUNT.**

1.8 (a) The minerals management account is created as an account in the natural
 1.9 resources fund. Interest earned on money in the account accrues to the account. Money in
 1.10 the account may be spent or distributed only as provided in paragraphs (b) and (c).

1.11 (b) If the balance in the minerals management account exceeds \$3,000,000 on June
 1.12 30, the amount exceeding \$3,000,000 must be distributed to the permanent school fund
 1.13 ~~and~~ the permanent university fund, and for payments under section 93.22. The amount
 1.14 distributed to each fund must be in the same proportion as the total mineral lease revenue
 1.15 received in the previous biennium from school trust lands ~~and~~ university lands, and
 1.16 tax forfeit properties under section 93.22.

1.17 (c) Subject to appropriation by the legislature, money in the minerals management
 1.18 account may be spent by the commissioner of natural resources for mineral resource
 1.19 management and projects to enhance future mineral income and promote new mineral
 1.20 resource opportunities.

1.21 **EFFECTIVE DATE.** This section is effective for distributions of fund balances on
 1.22 June 30, 2013, and each year thereafter.

November 15, 2011

Dear Permanent School Fund Advisory Committee Members:

As a few of the landowners who testified at the Executive Council meeting on Oct. 5—and petitioned for the delay of mineral leases—we wanted to write you to explain our support of the council's actions.

We are private property owners—homes, cabins, and small businesses—who were notified this past spring that mineral leases beneath our lands were being auctioned off to mining companies. While we were aware of the severed mineral rights on our lands, we did not know the terms of these leases to mining companies—and that they ceded the governmental power of eminent domain to the holder of the mineral leases, such that the mining company can institute condemnation of our land if we don't accept their offer for financial compensation for exploratory drilling and mining.

This is simply a travesty of the concept of private property rights. Why have we been paying local property taxes on these lands, taxes that go to fund the local school district, when we don't really own our land—when mining companies have the option of seizure?

We are supportive of the School Trust Fund and funding for the education of Minnesota's school children. Many of us have children in public schools. We want your committee to know that our petition for the six-month delay of these mineral leases (which are 50-year leases to our land) was simply a matter of us standing up for our property rights. It is important to note that the DNR was not able to confirm for us whether or not the mineral leases under our particular lands would have benefited the School Trust Fund. It is likely that the mineral rights under our lands have nothing to do with school trust lands. And so it is unfortunate that the entire package of leases, on both public and private lands, was delayed. That was not our doing, but an unfortunate circumstance of an outdated and muddled system of mineral rights leasing in Minnesota.

In any case, we believe that many, if not all, of your committee members would support our stance for private property rights for North Woods home, cabin, and small business owners—even if it means a six-month delay of this mineral leases package. It would not be right to yield education funding from a skewed mineral rights leasing process that tramples private property rights.

We appreciate your patience as we take our case to the Legislature, and we hope for your support as we aim to achieve equal rights for private property owners and mineral rights owners.

Respectfully submitted,

Gus and Amy Axelson, Steve and Ron Brodigan, Dan Humay, Todd Ronning