

## Department of Natural Resources

### FY18-19 Biennial Budget Change Item

#### Change Item Title: Land Sales and Easements

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
Natural Resources Fund				
Expenditures	0	0	0	0
Revenues	0	61	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	61	0	0
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Request:

The Governor recommends undertaking specific land sales that require legal authorization. Proceeds from the land sales will be deposited in the Natural Resources Fund—Land Acquisition Account to be reinvested in other lands that meet our natural resource management goals. The proposal also provides for the conveyance of road easements to two townships at no cost notwithstanding the fee and market value requirements of Minnesota Statutes, section 84.63. The estimated impact of the land sales is a gain of \$61,000.

The land sales and easement provisions will impact the Land Acquisition Account in the Natural Resources Fund, which is used by all of our divisions.

#### Rationale/Background:

When we decide to sell land it no longer needs for natural resource management purposes and the land is riparian or we wish to sell the land to a specific individual or entity, the proposal must first be reviewed and approved by the legislature. Specific sales authorized by this proposal are:

- Private sale to an adjacent landowner of a one-acre parcel of surplus state land outside of the Wild River State Park boundary in Chisago County. This small parcel of land was inadvertently acquired along with adjacent lands acquired for the park that are within the park boundary.
- Private sale to the White Earth Band of Ojibwe of a 40-acre parcel of surplus state land in Mahnommen County. The Band has asked us to sell the land for the Band's land consolidation purposes.
- Public sale of surplus state land bordering public water in Rice County. This 2.4 acre parcel of land on Cedar Lake was acquired along with an island that is now designated as the Whitney Island Scientific and Natural Area (SNA). The parcel is not part of the SNA or otherwise used for our land management purposes.
- Private sale at no cost to Breitung Township in St. Louis County of two small parcels consisting of 2.6 acres outside of the boundary of Lake Vermillion Soudan Underground Mine State Park. The proposal also provides for sale by Breitung Township to the state of a 1.1 acre parcel within the boundary Lake Vermillion Soudan Underground Mine State Park. The sale and acquisition will enable us to align state land ownership within the park boundary along McKinley Park Road.

Minnesota Statutes, section 84.63 authorizes the commissioner of natural resource to convey road easements to subdivisions of the State and requires an entity seeking an easement to pay a \$2,000 application fee to cover our costs for reviewing the application and preparing the easement. Section 84.63 further requires the applicant to pay the market value of the easement. This proposal authorizes us to convey easements over 6.8 acres of acquired land to Orrock Township, Sherburne County and 3.02 acres of acquired land to Pelican Township, Otter Tail County at no cost.

The proposal to convey the easement to Orrock Township at no cost is needed to clarify the intent of Laws 2017, chapter 93, article 2, section 155, subdivision 4, which required the commissioner to convey an easement across state-owned lands administered by the commissioner to the township under Minnesota Statutes, section 84.63, for the width of an existing road with Township 34N, Range 27W, Section 35, in Sherburne County, if the commissioner found that the land was not owned by the township. A review of title to the road by the commissioner in 2017 revealed that the township does not own the land.

The proposal to convey the easement to Pelican Township is needed because of our plan to construct a new water access site in the township. An existing township road intersects the location of the proposed water access site and must be vacated to accommodate the water access site. The easement will replace the portion of the existing township road that will be vacated. As the township road vacation and replacement of the road with the easement is being done at our request, the township should not have to bear the cost.

**Proposal:**

The land sale provisions in the proposal are part of our ongoing Sales and Reinvestment Initiative under the umbrella of Strategic Land Asset Management (SLAM), which seeks to improve our lands portfolio. Enactment of the proposal enables us to complete certain land sale transactions, for which it would otherwise lack authority.

The provisions authorizing the conveyance of road easements at no cost are changes to our ongoing land management work.

All land sales and conveyances of road easements authorized by this proposal are expected to occur in FY19.

Fiscal impacts from the proposal are as follows. Please note that there is no lost revenue relating to the waived application fees relative to the forecast. Because these easement conveyances would not occur under current law, the forecast assumes no revenues from these applications.

Fund		Amount <i>(in thousands)</i>	Explanation
2117	Land Mgmt Acct, NR Acct	n/a	No application fee collected, Orrock Twp easement
2117	Land Mgmt Acct, NR Acct	n/a	No application fee collected, Pelican Twp easement
2118	Land Acq Acct, NR Acct	n/a	No market value fee collected, Orrock Twp easement
2118	Land Acq Acct, NR Acct	n/a	No market value fee collected, Pelican Twp easement
2118	Land Acq Acct, NR Acct	\$3	Land sale, Chisago Co
2118	Land Acq Acct, NR Acct	\$46	Land sale, Mahnomen Co
2118	Land Acq Acct, NR Acct	\$12	Land sale, Rice Co
<b>TOTAL</b>		<b>\$61</b>	

**IT Related Proposals:**

N/A

**Results:**

N/A

**Statutory Change(s):**

N/A