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. 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.
FY2017 Accomplishments
Receipts to the Land Acquisition Account during FY17 included revenue from the sale of:

- A 3.98-acre remnant tract of land adjacent to the Paul Bunyan Trail, sold directly to the City of Bemidji pursuant to Minn. Stat. § 85.015 1(b)
- A 40-acre parcel in Cass County sold at public auction
- Four remnant parcels totaling 3.74 acres, sold to resolve private party trespasses on State property
- A 1.12-acre parcel in Clearwater County, part of the former Pine Lake Water Access Site, sold at auction pursuant to Laws of 2016, Chapter 154, Section 26
- A .02-acre parcel located on Allen's Bay of Leech Lake in Cass County, sold pursuant to Laws of 2015, Chapter 25, Section 6
- 24.56 acres from the Paul Bunyan Trail, transferred to the Minnesota Department of Transportation as part of MnDOT's reconstruction of Highway 371. MnDOT will rebuild the section of the Paul Bunyan Trail after the rebuild is complete, and will transfer land back to DNR at that time.

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.
In addition to using Land Acquisition Account funds to purchase land, DNR uses 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). The Land Acquisition Account benefitted a wide variety of land transactions during FY17, including the following:

**Forestry:**
The fund supported the sale and survey costs associated with land sale in Welsh Lake State Forest in Cass County.

**Parks and Trails:**
Funds from the Land Acquisition Account were used to support the following transactions:
- Land acquisitions for Sibley State Park, Lake Bronson State Park, Lake Bemidji State Park, and Bear Head Lake State Park
- Acquisitions of tax-forfeited lands for Paul Bunyan Trail
- Acquisition of land via transfer of custodial control for Glacial Lakes Trail
- Sales of adjacent trail remnants from the Casey Jones Trail, the Goodhue Pioneer Trail, and the Paul Bunyan Trail
- Sales to resolve trespasses on the Heartland Trail and the Sakatah Singing Hills Trail
- Costs associated with the legislative sale of property from the Pine Lake Water Access site in Clearwater County
- Costs associated with the transfer of custodial control of lands from the Paul Bunyan TRA to MnDOT for repairs being made to Highway 371
- Costs associated with preparations for sales in Cass, Mille Lacs and St. Louis counties

**Fish and Wildlife:**
Expenditures from the Land Acquisition Account in FY17 were largely dedicated to transaction costs for sales and exchanges. Acquisitions supported with this account included tax forfeit parcels. The largest expenditure was relocation costs related to a previous acquisition.

**Financial Summary FY2012 to FY2021**
Robust land sales and an opportunity to split sales costs across several transactions helped the Fund's balance spike at the close of FY16. Revenues to the Fund in FY17 are more aligned with the Fund’s results prior to FY16, but there does appear to be a closure of the gap between revenues and expenses. This may be attributable to the improving real estate market: as sale prices in the overall real estate market continue to rise, the State receives higher prices for properties. As shown in the chart below, expenses for land sales have remained relatively stable, which closes the gap between expenditures from the Fund and revenues to the Fund.
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