



October 4, 2021

Senator Carrie Ruud, Chair

Senate Environment and Natural Resources Policy and Legacy Finance Committee

Senator Julie Rosen, Chair

Senate Finance Committee

Senator Bill Ingebrigtsen, Chair

Senate Environment and Natural Resources Finance Committee

Representative Rick Hansen, Chair

House Environment and Natural Resources Finance and Policy Committee

Representative Rena Moran, Chair

House Ways and Means Committee

RE: Report on the Land Acquisition Account – FY 2021

Dear Committee Chairs:

As required by Minn. Stat. §94.165, enclosed please find the annual report of DNR's use of funds from the Land Acquisition Account (the Account) for the fiscal year ending June 30, 2021 (FY2021). The Account provides a source of funding for land acquisitions for the Outdoor Recreation System. The account also pays expenses incurred by DNR when acquiring land or offering property for sale or exchange.

The report summarizes the revenue received to the Account and expenditures made during FY2021. It also provides examples of acquisition, sale and exchange work made possible with funds from the Account.

If you need additional information about the information in this report, please contact Joe Henderson, Director of the Division of Lands and Minerals, at (651) 259-5428.

Sincerely,

A handwritten signature in blue ink that reads 'Sarah Strommen'.

Sarah Strommen
Commissioner

Cc: Legislative Reference Library
Committee Administrators



Land Acquisition Account Annual Report

Fiscal Year 2021

10/4/2021

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As requested by Minnesota Statute 3.197: This report cost approximately \$1000 to prepare, including staff time, printing, and mailing expenses.

Upon request, this material will be made available in an alternative format such as large print, Braille, or audio recording. Printed on recycled paper.

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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, water accesses and other land types. 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, and interests in land, within the Outdoor Recreation System established in Minnesota Statutes, Chapter 86A.

Sources and Uses of Funds in the Account

Receipts from the sale of acquired state natural resource land administered by the DNR are credited to the Land Acquisition Account (the “Account”). This revenue is a source of funding for acquiring additional land for the Outdoor Recreation System. This revenue is also used to cover costs incurred by the State when selling surplus state land or exchanging state-owned property for lands that better serve the State’s land management objectives. The Account helps the DNR reach the following goals:

- Consolidating state forest land into large contiguous blocks, which streamlines forest management and provides better protection of critical forest habitats;
- Acquiring privately-owned “in-holdings” within state parks;
- Acquiring lands to create new recreation accesses or improve access in popular locations; and
- Acquiring lands that advance the State’s natural resource management and conservation goals.

Financial Review

FY2021 Beginning account balance	\$3,277,400
Prior year adjustment	\$6,920
Revenues	
Sale of land	\$470,222
Easements on DNR lands	\$3,846
Land sale costs	\$47,223
Damage costs (sale of standing timber)	\$32,380
Professional services – real estate management	<u>\$242,100¹</u>
Total revenues	\$795,771
Expenditures	
Parks and Trails Management	\$7,870
Forest Management	\$219,099
Fish and Wildlife Management	\$57,829
Lands and Minerals Management	\$0
Ecological and Water Resources Management	<u>\$0</u>
Total expenditures	\$284,798
FY2021 Ending account balance	<u>\$3,795,293</u>
Net change for FY2021	+ \$517,893

¹ This line item reflects a sum received from the Office of School Trust Lands (OSTL) to be used to cover expenses for land exchange projects affecting school trust lands located in the Boundary Waters Canoe Area Wilderness (BWCAW).

FY2021 Accomplishments

Receipts to the Account

Receipts to the Account come from the sale of parcels no longer needed for conservation purposes. They include:

For the Division of Forestry:

- 4.9 acres of surplus land, previously part of Snake River State Forest (SFT) in Kanabec County, sold at public auction to a private party.
- A 2.12-acre parcel, previously part of General C.C. Andrews SFT in Pine County, sold to resolve a trespass.
- A landlocked 40-acre parcel in Pine County not suitable for timber production, sold at sealed-bid auction to a private party.
- Two 40-acre parcels in Wadena County, previously parts of Lyon SFT, sold at sealed-bid auction to private parties.

For the Division of Parks and Trails:

- 6.4 acres on Big Sand Lake in Hubbard County, sold at public auction to a private party.
- A ½ acre parcel on Big Pine Lake in Otter Tail County, sold at public auction to a private party.
- A 1.04-acre unused spur of the Root River State Trail in Fillmore County, sold to the City of Lanesboro through a direct sale.

For the Division of Fish and Wildlife:

- 66 acres of surplus land, previously part of Blanche Lake Wildlife Management Area (WMA) in Otter Tail County, sold to the Otter Tail Water Management District for public purposes.

The “Land Sale Costs” in the table above reflects money paid by buyers, at the time of their purchase, to reimburse DNR for closing costs, appraisal costs and other costs incurred by DNR to prepare the lands for sale.

Expenditures from the Account

In addition to using funds in the Account to purchase land, DNR’s land managing divisions are also authorized to use the 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). Examples of projects that used the Account during FY21 include, but are not limited to:

By the Division of Forestry:

- Expenses related to securing a gift of land in Aitkin County for addition to the Savanna State Forest. Acquiring the tract consolidated state ownership, reduced boundaries and improved access to the forest. The tract is also adjacent to the Remote Lake Solitude Area, which offers excellent hiking and cross-country skiing opportunities.

- Expenses related to an addition to Paul Bunyan State Forest that reduced boundaries with state and federal lands. The parcel offers excellent recreational and harvest potential.
- Expenses related to securing a gift of land added to the Chengwatana State Forest. This large tract lies adjacent to the St. Croix Wild and Scenic River.
- Expenses related to acquiring an easement to improve access in the Richard J. Dorer Memorial Hardwood State Forest.
- Expenses related to a land exchange with The Conservation Fund/Coe College in St. Louis County.

By the Division of Parks and Trails:

- Lands acquired in Kandiyohi and Stearns Counties for the Glacial Lakes State Trail, to replace lands taken by MnDOT for road improvements.
- Land acquired for Lake Vermilion/Soudan Underground Mine State Park, used to consolidate ownership, and create a clear boundary along McKinley Road for better overall park management.

By the Division of Fish and Wildlife:

- An easement acquired for the Bentsen Lake Aquatic Management Area (AMA) in Big Stone County that will allow for replacement and maintenance of a water control structure.
- Land acquired in Wabasha County for Miller Creek AMA that will be used to expand existing prairie restoration areas and establish additional floodplain forest areas.

Financial Summary FY2014 to FY2024

Revenue to the Account was unusually high in FY2020, due to a one-time payment made to the DNR by Allete, Inc., as mitigation for construction of the Great Northern Transmission Line on DNR-managed lands in Roseau, Lake of the Woods, Koochiching, and Itasca counties.² Revenue to the Account in FY2021 was still on the high end of other recent years, nearly reaching the previous record set in FY2019. Expenses from the account held at steady levels, resulting in gains to the Account.

² The money received from Allete, Inc. will be used to pay for the condemnation of certain school trust lands that will be used for deer management.

Land Acquisition Account
Actual FY2014-2021, Projected FY2022-2024

