

DNR Land Exchange Informational Brochure

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What is the land exchange program?

The Department of Natural Resources (DNR) has a program to exchange state-owned land for privately-owned land. The state may also exchange state-owned land for other publicly-owned land.

Generally, the goal of a land exchange is to allow more efficient and productive management of lands. Quite often an exchange consolidates or fills in the state's land holdings within existing management units, such as state forests or wildlife management areas. Any exchange should result in improvement in the protection, use, or management of the natural resources and increase public benefits for present and future generations.

What is the Land Exchange Board?

The Land Exchange Board consists of the Governor, State Auditor, and Attorney General. Any exchange of public lands of the state for any publicly or privately-held lands must be approved by all three members of the board. A majority of the members of the board must also approve the acquisition by the U.S. Department of Interior of any lands involved in the Waterfowl Production Areas program. Meetings of the Land Exchange Board are held quarterly. The DNR is responsible for preparing and distributing the agenda for the meetings.

What are the conditions for an exchange?

State land classification

State-owned land is classified into two categories for exchanges:

Class A lands are lands controlled or administered by the DNR, and include: school, swamp, internal improvement, and other land granted by acts of Congress; state forest land; tax forfeited lands held free from the trust in favor of taxing districts; and other acquired land.

Class B lands are lands acquired by the state through tax forfeiture and held in trust in favor of taxing districts and under the control of county authorities.

Class A land exchanges are under the administration of the DNR. Class B land exchanges are under the administration of the applicable county.

Value of land

If the land to be exchanged for Class A or Class B land has a greater value than the state land, then the other party must waive any payment for the difference in value. There are exceptions to this provision: (1) for Class A land, if there is an appropriation available to pay for the acquisition of the land and the state agrees to pay; and, (2) for Class B land, the exchange is for non-school trust Class A land or U.S. owned land and the county agrees to pay the difference in value.

If the land to be exchanged for Class A or Class B land has a lesser value than the state land, the lands must be “substantially equal in value” and the other party must pay to the state the difference in value. “Substantially equal in value” means their values do not differ by more than 20 percent; unless both lands are over 100 acres, in which case their values do not differ by more than 10 percent. School trust lands cannot be exchanged for lands of lesser value.

Riparian land

Riparian land may not be exchanged unless expressly authorized by law or unless in the same exchange the state acquires land on the same or other public waters in the same general vicinity affording at least equal opportunity for access to the waters and other riparian use by the public.

Mineral reservations

The state reserves all minerals and water power rights in the lands transferred by the state. The state will generally accept lands where the mineral rights have been reserved, provided that the mineral reservation does not include a right to repurchase the surface.

What are the applicant’s expenses?

For an exchange of lands administered by the DNR, the applicant will be charged a fee of up to 100 percent and not less than one half of the cost of the appraisal and survey (if a survey is needed.) This fee is due before the real estate appraisal is made, but it will be refunded if the money is not spent. The applicant will also be responsible for providing an up-to-date abstract of title to the state and, if

necessary, clearing title. The cost of preparing the deeds is paid for by the state. The applicant will also be responsible for some recording fees and deed tax.

How long does it take to complete an exchange?

For Class A lands, once the decision is made that the DNR is interested in proceeding, an exchange might be completed in as short a time as six to eight months. However, many land exchanges take longer because adjustments are needed in acreage to arrive at similarity of values, or it is determined that a survey is needed.

For Class B lands, once the county board decides to proceed and all appraisal, value, and title issues have been addressed, the land exchange proposal is submitted to the DNR for review. Unless there are appraisal or title problems, the DNR review is usually completed within four weeks. The DNR then places the land exchange proposal on the agenda for the next Land Exchange Board meeting.

What are the procedures for an exchange involving land administered by the DNR?

1. A land exchange proposal form is obtained from staff with the Lands and Minerals Division at the St. Paul, Bemidji, Grand Rapids, or New Ulm offices.
2. The application is sent out for review with each division of the department for comments and interest in the proposal.
3. If the department approves proceeding with the exchange, the applicant is billed for their portion of the appraisal and survey fee. The applicant is also required to submit an updated abstract of title.
4. The abstract of title is submitted to the Attorney General's office for review and determination of whether the title is marketable or the steps that must be taken by the applicant to make the title marketable.
5. The lands are examined and appraised by a licensed appraiser, usually a private party under contract with the DNR for performing appraisal work. All appraisals are based on the fair market value of comparable lands which have been conveyed in recent transactions in the local area of the properties.

to be exchanged. For minimal valued parcels (less than \$5,000) an abbreviated determination of value process is available.

6. If the lands are found to be of substantially equal value and agreement is reached on addressing required waivers or differences in value, and if the title is marketable, then a public hearing is scheduled on the proposed exchange.
7. A record of the comments received at the public hearing is prepared. If the record indicates that the land exchange would not be detrimental to the interests of the state, the commissioner of natural resources recommends to the Land Exchange Board that approval be granted to complete the exchange.
8. If the Land Exchange Board approves the land exchange, the Attorney General's office prepares the deeds, and the deeds are executed and recorded.