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HOUSE FILE No. 3280

SECOND COMMITTEE ENGROSSMENT

February 20, 2008

Authored by Dill

The bill was read for the first time and referred to the Committee on Environment and Natural Resources

March 13, 2008

Committee Recommendation and Adoption of Report:

To Pass and Read Second Time

March 25, 2008

By motion, re-referred to the Committee on Finance

Referred by Chair to Environment and Natural Resources Finance Division.

March 25, 2008

Returned to the Committee on Finance as Amended.

1.1 A bill for an act
1.2 relating to state lands; providing for expedited exchanges of public land;
1.3 proposing coding for new law in Minnesota Statutes, chapter 94.
1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **[94.3495] EXPEDITED EXCHANGES OF LAND INVOLVING THE**
1.6 **STATE AND GOVERNMENTAL SUBDIVISIONS OF THE STATE.**

1.7 **Subdivision 1. Purpose and scope.** (a) The purpose of this section is to expedite the
1.8 exchange of public land ownership. Consolidation of public land reduces management
1.9 costs and aids in the reduction of forest fragmentation.

1.10 (b) This section applies to exchanges of land between the state and a governmental
1.11 subdivision of the state. For land exchanges under this section, sections 94.342 to 94.347
1.12 apply only to the extent specified in this section.

1.13 **Subd. 2. Classes of land; definitions.** The classes of public land that may be
1.14 involved in an expedited exchange under this section are:

1.15 (1) Class 1 land, which for the purpose of this section is Class A land as defined in
1.16 section 94.342, subdivision 1, except for:

1.17 (i) school trust land as defined in section 92.025; and

1.18 (ii) university land granted to the state by acts of Congress;

1.19 (2) Class 2 land, which for the purpose of this section is Class B land as defined in
1.20 section 94.342, subdivision 2; and

1.21 (3) Class 3 land, which for the purpose of this section is all land owned in fee by
1.22 a governmental subdivision of the state.

1.23 **Subd. 3. Valuation of land.** (a) In an exchange of Class 1 land for Class 2 or 3 land,
1.24 the value of all the land shall be determined by the commissioner of natural resources. In

2.1 an exchange of Class 2 land for Class 3 land, the value of all the land shall be determined
2.2 by the county board of the county in which the land lies. To determine the value of the
2.3 land, the parties to the exchange may cause the land to be appraised, utilize the valuation
2.4 process provided under section 84.0272, subdivision 3, or obtain a market analysis from a
2.5 qualified real estate broker. Merchantable timber value must be determined and considered
2.6 in finalizing valuation of the lands.

2.7 (b) All lands exchanged under this section shall be exchanged only for lands of
2.8 at least substantially equal value. For the purposes of this subdivision, "substantially
2.9 equal value" has the meaning given under section 94.343, subdivision 3, paragraph (b).
2.10 No payment is due either party if the lands are of substantially equal value but are not
2.11 of the same value.

2.12 Subd. 4. **Title.** Title to the land must be examined to the extent necessary for the
2.13 parties to determine that the title is good, with any encumbrances identified. The parties to
2.14 the exchange may utilize title insurance to aid in the determination.

2.15 Subd. 5. **Approval by Land Exchange Board.** All expedited land exchanges
2.16 under this section, and the terms and conditions of the exchanges, require the unanimous
2.17 approval of the Land Exchange Board.

2.18 Subd. 6. **Conveyance.** (a) Conveyance of Class 1 land given in exchange shall be
2.19 made by deed executed by the commissioner of natural resources in the name of the
2.20 state. Conveyance of Class 2 land given in exchange shall be by a deed executed by the
2.21 commissioner of revenue in the name of the state. Conveyance of Class 3 land shall be by
2.22 a deed executed by the governing body in the name of the governing authority.

2.23 (b) If Class 1 land is given in exchange for Class 2 or 3 land, the deed to the Class
2.24 2 or 3 land shall first be delivered to the commissioner of natural resources. Following
2.25 the recording of the deed, the commissioner of natural resources shall deliver the deed
2.26 conveying the Class 1 land.

2.27 (c) If Class 2 land is given in exchange for Class 3 land, the deed to the Class 3 land
2.28 shall first be delivered to the county auditor. Following the recording of the deed, the
2.29 commissioner of revenue shall deliver the deed conveying the Class 2 land.

2.30 (d) All deeds shall be recorded or registered in the county in which the lands lie.

2.31 Subd. 7. **Reversionary interest; mineral and water power rights and other**
2.32 **reservations.** (a) All deeds conveying land given in an expedited land exchange under
2.33 this section shall include a reverter that provides that title to the land automatically reverts
2.34 to the conveying governmental unit if:

2.35 (1) the receiving governmental unit sells, exchanges, or otherwise transfers title of
2.36 the land within 40 years of the date of the deed conveying ownership; and

3.1 (2) there is no prior written approval for such transfer from the conveying
3.2 governmental unit. The authority for granting approval is the commissioner of natural
3.3 resources for former Class 1 land, the county board for former Class 2 land, and the
3.4 governing body for former Class 3 land.

3.5 (b) Class 1 land given in exchange is subject to the reservation provisions of section
3.6 94.343, subdivision 4. Class 2 land given in exchange is subject to the reservation
3.7 provisions of section 94.344, subdivision 4. County fee land given in exchange is subject
3.8 to the reservation provisions of section 373.01, subdivision 1, paragraph (g).

3.9 Subd. 8. **Land status.** Land received in exchange for Class 1 land is subject to the
3.10 same trust, if any, and otherwise has the same status as the land given in exchange. Land
3.11 received in exchange for Class 2 land is subject to a trust in favor of the governmental
3.12 subdivision wherein it lies and all laws relating to tax-forfeited land. Land received in
3.13 exchange for Class 3 land has the same status as the land given in exchange.