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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

**EIGHTY-FIFTH  
SESSION**

**HOUSE FILE No. 631**

February 5, 2007

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

March 14, 2007

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Finance

1.1 A bill for an act  
1.2 relating to natural resources; modifying sales authority; creating an account;  
1.3 removing expiration of sustainable forest resources provisions; providing for  
1.4 change of security for timber sales; providing for timber sales on tax-forfeited  
1.5 land; appropriating money; amending Minnesota Statutes 2006, sections 84.025,  
1.6 subdivision 9; 84.026, subdivision 1; 84.0855, subdivisions 1, 2; 90.161, by  
1.7 adding a subdivision; 282.04, subdivision 1; proposing coding for new law in  
1.8 Minnesota Statutes, chapter 89; repealing Minnesota Statutes 2006, section  
1.9 89A.11.

1.10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.11 Section 1. Minnesota Statutes 2006, section 84.025, subdivision 9, is amended to read:

1.12 Subd. 9. **Professional services support account.** The commissioner of natural  
1.13 resources may bill the various programs carried out by the commissioner for the costs of  
1.14 providing them with professional support services. Except as provided under section  
1.15 89.421, receipts must be credited to a special account in the state treasury and are  
1.16 appropriated to the commissioner to pay the costs for which the billings were made.

1.17 The commissioner of natural resources shall submit to the commissioner of finance  
1.18 before the start of each fiscal year a work plan showing the estimated work to be done  
1.19 during the coming year, the estimated cost of doing the work, and the positions and fees  
1.20 that will be necessary. This account is exempted from statewide and agency indirect  
1.21 cost payments.

1.22 Sec. 2. Minnesota Statutes 2006, section 84.026, subdivision 1, is amended to read:

1.23 Subdivision 1. **Contracts.** The commissioner of natural resources is authorized  
1.24 to enter into contractual agreements with any public or private entity for the provision  
1.25 of statutorily prescribed natural resources services by the department. The contracts

2.1 shall specify the services to be provided. Except as provided under section 89.421, funds  
2.2 generated in a contractual agreement made pursuant to this section shall be deposited in  
2.3 the special revenue fund and are appropriated to the department for purposes of providing  
2.4 the services specified in the contracts. The commissioner shall report revenues collected  
2.5 and expenditures made under this subdivision to the chairs of the Committees on Ways and  
2.6 Means in the house and Finance in the senate by January 1 of each odd-numbered year.

2.7 Sec. 3. Minnesota Statutes 2006, section 84.0855, subdivision 1, is amended to read:

2.8 Subdivision 1. **Sales authorized; gift certificates.** The commissioner may  
2.9 sell natural resources-related publications and maps; forest resource assessment  
2.10 products; federal migratory waterfowl, junior duck, and other federal stamps; and other  
2.11 nature-related merchandise, and may rent or sell items for the convenience of persons using  
2.12 Department of Natural Resources facilities or services. The commissioner may sell gift  
2.13 certificates for any items rented or sold. Notwithstanding section 16A.1285, a fee charged  
2.14 by the commissioner under this section may include a reasonable amount in excess of the  
2.15 actual cost to support Department of Natural Resources programs. The commissioner may  
2.16 advertise the availability of a program or item offered under this section.

2.17 Sec. 4. Minnesota Statutes 2006, section 84.0855, subdivision 2, is amended to read:

2.18 Subd. 2. **Receipts; appropriation.** Except as provided under section 89.421,  
2.19 money received by the commissioner under this section or to buy supplies for the use of  
2.20 volunteers, may be credited to one or more special accounts in the state treasury and is  
2.21 appropriated to the commissioner for the purposes for which the money was received.  
2.22 Money received from sales at the state fair shall be available for state fair related costs.  
2.23 Money received from sales of intellectual property and software products or services shall  
2.24 be available for development, maintenance, and support of software products and systems.

2.25 Sec. 5. **[89.421] FOREST RESOURCE ASSESSMENT PRODUCTS AND**  
2.26 **SERVICES ACCOUNT.**

2.27 Subdivision 1. **Creation.** The forest resource assessment products and services  
2.28 account is created in the state treasury in the natural resources fund.

2.29 Subd. 2. **Receipts.** Money received from forest resource assessment product sales  
2.30 and services provided by the commissioner under sections 84.025, subdivision 9; 84.026;  
2.31 and 84.0855 shall be credited to the forest resource assessment products and services  
2.32 account. Forest resource assessment products and services include the sale of aerial  
2.33 photography, remote sensing, and satellite imagery products and services.

3.1           Subd. 3. Use of money in account. Money credited to the forest resource  
3.2 assessment products and services account under subdivision 2 is annually appropriated to  
3.3 the commissioner and shall be used to maintain the staff and facilities producing the aerial  
3.4 photography, remote sensing, and satellite imagery products and services.

3.5           Sec. 6. Minnesota Statutes 2006, section 90.161, is amended by adding a subdivision  
3.6 to read:

3.7           Subd. 4. Change of security. Prior to any harvest activity, or activities incidental  
3.8 to the preparation for harvest, a purchaser having posted a bond for 100 percent of the  
3.9 purchase price of a sale may request the release of the bond and the commissioner  
3.10 shall grant such release upon cash payment to the commissioner of the down payment  
3.11 requirement of the sale, plus interest.

3.12           Sec. 7. Minnesota Statutes 2006, section 282.04, subdivision 1, is amended to read:

3.13           Subdivision 1. **Timber sales; land leases and uses.** (a) The county auditor may  
3.14 sell timber upon any tract that may be approved by the natural resources commissioner.  
3.15 The sale of timber shall be made for cash at not less than the appraised value determined  
3.16 by the county board to the highest bidder after not less than one week's published notice  
3.17 in an official paper within the county. Any timber offered at the public sale and not sold  
3.18 may thereafter be sold at private sale by the county auditor at not less than the appraised  
3.19 value thereof, until the time as the county board may withdraw the timber from sale. The  
3.20 appraised value of the timber and the forestry practices to be followed in the cutting of  
3.21 said timber shall be approved by the commissioner of natural resources.

3.22           (b) Payment of the full sale price of all timber sold on tax-forfeited lands shall be  
3.23 made in cash at the time of the timber sale, except in the case of oral or sealed bid auction  
3.24 sales, the down payment shall be no less than 15 percent of the appraised value, and the  
3.25 balance shall be paid prior to entry. In the case of auction sales that are partitioned and  
3.26 sold as a single sale with predetermined cutting blocks, the down payment shall be no less  
3.27 than 15 percent of the appraised price of the entire timber sale which may be held until the  
3.28 satisfactory completion of the sale or applied in whole or in part to the final cutting block.  
3.29 The value of each separate block must be paid in full before any cutting may begin in that  
3.30 block. With the permission of the county contract administrator the purchaser may enter  
3.31 unpaid blocks and cut necessary timber incidental to developing logging roads as may  
3.32 be needed to log other blocks provided that no timber may be removed from an unpaid  
3.33 block until separately scaled and paid for. If payment is provided as specified in this  
3.34 paragraph as security under paragraph (a) and no cutting has taken place on the contract,

4.1 the county auditor may credit the security provided, less any down payment required for  
4.2 an auction sale under this paragraph, to any other contract issued to the contract holder  
4.3 by the county under this chapter to which the contract holder requests in writing that it  
4.4 be credited, provided the request and transfer is made within the same calendar year as  
4.5 the security was received.

4.6 (c) The county board may ~~require final settlement on the basis of a scale of cut~~  
4.7 ~~products~~ sell any timber, including biomass, as appraised or scaled. Any parcels of land  
4.8 from which timber is to be sold by scale of cut products shall be so designated in the  
4.9 published notice of sale under paragraph (a), in which case the notice shall contain a  
4.10 description of the parcels, a statement of the estimated quantity of each species of timber,  
4.11 and the appraised price of each species of timber for 1,000 feet, per cord or per piece, as  
4.12 the case may be. In those cases any bids offered over and above the appraised prices shall  
4.13 be by percentage, the percent bid to be added to the appraised price of each of the different  
4.14 species of timber advertised on the land. The purchaser of timber from the parcels shall  
4.15 pay in cash at the time of sale at the rate bid for all of the timber shown in the notice of  
4.16 sale as estimated to be standing on the land, and in addition shall pay at the same rate for  
4.17 any additional amounts which the final scale shows to have been cut or was available for  
4.18 cutting on the land at the time of sale under the terms of the sale. Where the final scale  
4.19 of cut products shows that less timber was cut or was available for cutting under terms  
4.20 of the sale than was originally paid for, the excess payment shall be refunded from the  
4.21 forfeited tax sale fund upon the claim of the purchaser, to be audited and allowed by the  
4.22 county board as in case of other claims against the county. No timber, except hardwood  
4.23 pulpwood, may be removed from the parcels of land or other designated landings until  
4.24 scaled by a person or persons designated by the county board and approved by the  
4.25 commissioner of natural resources. Landings other than the parcel of land from which  
4.26 timber is cut may be designated for scaling by the county board by written agreement  
4.27 with the purchaser of the timber. The county board may, by written agreement with the  
4.28 purchaser and with a consumer designated by the purchaser when the timber is sold by the  
4.29 county auditor, and with the approval of the commissioner of natural resources, accept the  
4.30 consumer's scale of cut products delivered at the consumer's landing. No timber shall be  
4.31 removed until fully paid for in cash. Small amounts of timber not exceeding \$3,000 in  
4.32 appraised valuation may be sold for not less than the full appraised value at private sale  
4.33 to individual persons without first publishing notice of sale or calling for bids, provided  
4.34 that in case of a sale involving a total appraised value of more than \$200 the sale shall be  
4.35 made subject to final settlement on the basis of a scale of cut products in the manner above

5.1 provided and not more than two of the sales, directly or indirectly to any individual shall  
5.2 be in effect at one time.

5.3 (d) As directed by the county board, the county auditor may lease tax-forfeited land  
5.4 to individuals, corporations or organized subdivisions of the state at public or private sale,  
5.5 and at the prices and under the terms as the county board may prescribe, for use as cottage  
5.6 and camp sites and for agricultural purposes and for the purpose of taking and removing of  
5.7 hay, stumps, sand, gravel, clay, rock, marl, and black dirt from the land, and for garden  
5.8 sites and other temporary uses provided that no leases shall be for a period to exceed ten  
5.9 years; provided, further that any leases involving a consideration of more than \$12,000 per  
5.10 year, except to an organized subdivision of the state shall first be offered at public sale in  
5.11 the manner provided herein for sale of timber. Upon the sale of any leased land, it shall  
5.12 remain subject to the lease for not to exceed one year from the beginning of the term of the  
5.13 lease. Any rent paid by the lessee for the portion of the term cut off by the cancellation  
5.14 shall be refunded from the forfeited tax sale fund upon the claim of the lessee, to be  
5.15 audited and allowed by the county board as in case of other claims against the county.

5.16 (e) As directed by the county board, the county auditor may lease tax-forfeited land  
5.17 to individuals, corporations, or organized subdivisions of the state at public or private sale,  
5.18 at the prices and under the terms as the county board may prescribe, for the purpose  
5.19 of taking and removing for use for road construction and other purposes tax-forfeited  
5.20 stockpiled iron-bearing material. The county auditor must determine that the material is  
5.21 needed and suitable for use in the construction or maintenance of a road, tailings basin,  
5.22 settling basin, dike, dam, bank fill, or other works on public or private property, and  
5.23 that the use would be in the best interests of the public. No lease shall exceed ten years.  
5.24 The use of a stockpile for these purposes must first be approved by the commissioner of  
5.25 natural resources. The request shall be deemed approved unless the requesting county  
5.26 is notified to the contrary by the commissioner of natural resources within six months  
5.27 after receipt of a request for approval for use of a stockpile. Once use of a stockpile has  
5.28 been approved, the county may continue to lease it for these purposes until approval is  
5.29 withdrawn by the commissioner of natural resources.

5.30 (f) The county auditor, with the approval of the county board is authorized to grant  
5.31 permits, licenses, and leases to tax-forfeited lands for the depositing of stripping, lean  
5.32 ores, tailings, or waste products from mines or ore milling plants, upon the conditions and  
5.33 for the consideration and for the period of time, not exceeding 15 years, as the county  
5.34 board may determine. The permits, licenses, or leases are subject to approval by the  
5.35 commissioner of natural resources.

6.1 (g) Any person who removes any timber from tax-forfeited land before said  
6.2 timber has been scaled and fully paid for as provided in this subdivision is guilty of a  
6.3 misdemeanor.

6.4 (h) The county auditor may, with the approval of the county board, and without first  
6.5 offering at public sale, grant leases, for a term not exceeding 25 years, for the removal  
6.6 of peat and for the production or removal of farm-grown closed-loop biomass as defined  
6.7 in section 216B.2424, subdivision 1, or short-rotation woody crops from tax-forfeited  
6.8 lands upon the terms and conditions as the county board may prescribe. Any lease for  
6.9 the removal of peat, farm-grown closed-loop biomass, or short-rotation woody crops  
6.10 from tax-forfeited lands must first be reviewed and approved by the commissioner of  
6.11 natural resources if the lease covers 320 or more acres. No lease for the removal of  
6.12 peat, farm-grown closed-loop biomass, or short-rotation woody crops shall be made by  
6.13 the county auditor pursuant to this section without first holding a public hearing on the  
6.14 auditor's intention to lease. One printed notice in a legal newspaper in the county at least  
6.15 ten days before the hearing, and posted notice in the courthouse at least 20 days before  
6.16 the hearing shall be given of the hearing.

6.17 (i) Notwithstanding any provision of paragraph (c) to the contrary, the St. Louis  
6.18 County auditor may, at the discretion of the county board, sell timber to the party who  
6.19 bids the highest price for all the several kinds of timber, as provided for sales by the  
6.20 commissioner of natural resources under section 90.14. Bids offered over and above the  
6.21 appraised price need not be applied proportionately to the appraised price of each of  
6.22 the different species of timber.

6.23 (j) In lieu of any payment or deposit required in paragraph (b), as directed by the  
6.24 county board and under terms set by the county board, the county auditor may accept an  
6.25 irrevocable bank letter of credit in the amount equal to the amount otherwise determined  
6.26 in paragraph (b). If an irrevocable bank letter of credit is provided under this paragraph,  
6.27 at the written request of the purchaser, the county may periodically allow the bank letter  
6.28 of credit to be reduced by an amount proportionate to the value of timber that has been  
6.29 harvested and for which the county has received payment. The remaining amount of  
6.30 the bank letter of credit after a reduction under this paragraph must not be less than 20  
6.31 percent of the value of the timber purchased. If an irrevocable bank letter of credit or  
6.32 cash deposit is provided for the down payment required in paragraph (b), and no cutting  
6.33 of timber has taken place on the contract for which a letter of credit has been provided,  
6.34 the county may allow the transfer of the letter of credit to any other contract issued to the  
6.35 contract holder by the county under this chapter to which the contract holder requests in  
6.36 writing that it be credited.

7.1 Sec. 8. **REPEALER.**

7.2 Minnesota Statutes 2006, section 89A.11, is repealed.