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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-FIFTH  
SESSION

**HOUSE FILE No. 1356**

February 26, 2007

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The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; increasing the amount of payments in lieu of taxation to land  
1.3 utilization project land; amending Minnesota Statutes 2006, sections 477A.12,  
1.4 subdivisions 1, 2; 477A.14, subdivision 1.

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

1.6 Section 1. Minnesota Statutes 2006, section 477A.12, subdivision 1, is amended to  
1.7 read:

1.8 Subdivision 1. **Types of land; payments.** (a) As an offset for expenses incurred  
1.9 by counties and towns in support of natural resources lands, the following amounts are  
1.10 annually appropriated to the commissioner of natural resources from the general fund for  
1.11 transfer to the commissioner of revenue. The commissioner of revenue shall pay the  
1.12 transferred funds to counties as required by sections 477A.11 to 477A.145. The amounts  
1.13 are:

1.14 (1) for acquired natural resources land, \$3, as adjusted for inflation under section  
1.15 477A.145, multiplied by the total number of acres of acquired natural resources land or,  
1.16 at the county's option three-fourths of one percent of the appraised value of all acquired  
1.17 natural resources land in the county, whichever is greater;

1.18 (2) 75 cents, as adjusted for inflation under section 477A.145, multiplied by the  
1.19 number of acres of county-administered other natural resources land;

1.20 (3) ~~75 cents~~ \$3, as adjusted for inflation under section 477A.145, multiplied by the  
1.21 total number of acres of land utilization project land, plus one-half of the annual net  
1.22 proceeds received by the commissioner from timber sales on land utilization project  
1.23 land located in the county; and

2.1 (4) 37.5 cents, as adjusted for inflation under section 477A.145, multiplied by the  
 2.2 number of acres of commissioner-administered other natural resources land located in  
 2.3 each county as of July 1 of each year prior to the payment year.

2.4 (b) The amount determined under paragraph (a), clause (1), is payable for land  
 2.5 that is acquired from a private owner and owned by the Department of Transportation  
 2.6 for the purpose of replacing wetland losses caused by transportation projects, but only  
 2.7 if the county contains more than 500 acres of such land at the time the certification is  
 2.8 made under subdivision 2.

2.9 **EFFECTIVE DATE.** This section is effective for payments in 2007 and thereafter.

2.10 Sec. 2. Minnesota Statutes 2006, section 477A.12, subdivision 2, is amended to read:

2.11 Subd. 2. **Procedure.** Lands for which payments in lieu are made pursuant to  
 2.12 section 97A.061, subdivision 3, and Laws 1973, chapter 567, shall not be eligible for  
 2.13 payments under this section. Each county auditor shall certify to the Department of  
 2.14 Natural Resources during July of each year prior to the payment year the number of acres  
 2.15 of county-administered other natural resources land within the county. The Department of  
 2.16 Natural resources may, in addition to the certification of acreage, require descriptive lists  
 2.17 of land so certified. The commissioner of natural resources shall determine and certify to  
 2.18 the commissioner of revenue by March 1 of the payment year:

2.19 (1) the number of acres and most recent appraised value of acquired natural  
 2.20 resources land within each county;

2.21 (2) the number of acres of commissioner-administered natural resources land within  
 2.22 each county;

2.23 (3) the number of acres of county-administered other natural resources land within  
 2.24 each county, based on the reports filed by each county auditor with the commissioner  
 2.25 of natural resources; and

2.26 (4) the number of acres of land utilization project land within each county and the  
 2.27 net proceeds from timber sales on land utilization project lands in each county, for which  
 2.28 payment has been received during the 12-month period from July 1 to June 30 of the  
 2.29 year prior to the payment year.

2.30 The commissioner of transportation shall determine and certify to the commissioner  
 2.31 of revenue by March 1 of the payment year the number of acres of land and the appraised  
 2.32 value of the land described in subdivision 1, paragraph (b), but only if it exceeds 500 acres.

2.33 The commissioner of revenue shall determine the distributions provided for in  
 2.34 this section using the number of acres and appraised values, and timber net proceeds

3.1 certified by the commissioner of natural resources and the commissioner of transportation  
3.2 by March 1 of the payment year.

3.3 **EFFECTIVE DATE.** This section is effective for payments in 2007 and thereafter.

3.4 Sec. 3. Minnesota Statutes 2006, section 477A.14, subdivision 1, is amended to read:

3.5 Subdivision 1. **General distribution.** Except as provided in subdivision 2 or in  
3.6 section 97A.061, subdivision 5, 40 percent of the total payment to the county shall be  
3.7 deposited in the county general revenue fund to be used to provide property tax levy  
3.8 reduction. The remainder shall be distributed by the county in the following priority:

3.9 (a) 37.5 cents, as adjusted for inflation under section 477A.145, for each acre  
3.10 of county-administered other natural resources land shall be deposited in a resource  
3.11 development fund to be created within the county treasury for use in resource  
3.12 development, forest management, game and fish habitat improvement, and recreational  
3.13 development and maintenance of county-administered other natural resources land. Any  
3.14 county receiving less than \$5,000 annually for the resource development fund may elect to  
3.15 deposit that amount in the county general revenue fund;

3.16 (b) From the funds remaining, within 30 days of receipt of the payment to the county,  
3.17 the county treasurer shall pay each organized township 30 cents, as adjusted for inflation  
3.18 under section 477A.145, for each acre of acquired natural resources land, each acre of land  
3.19 utilization project land, and each acre of land described in section 477A.12, subdivision  
3.20 1, paragraph (b), and 7.5 cents, as adjusted for inflation under section 477A.145, for  
3.21 each acre of other natural resources land ~~and each acre of land utilization project land~~  
3.22 located within its boundaries. Payments for natural resources lands not located in an  
3.23 organized township shall be deposited in the county general revenue fund. Payments to  
3.24 counties and townships pursuant to this paragraph shall be used to provide property tax  
3.25 levy reduction, except that of the payments for natural resources lands not located in an  
3.26 organized township, the county may allocate the amount determined to be necessary for  
3.27 maintenance of roads in unorganized townships. Provided that, if the total payment to  
3.28 the county pursuant to section 477A.12 is not sufficient to fully fund the distribution  
3.29 provided for in this clause, the amount available shall be distributed to each township and  
3.30 the county general revenue fund on a pro rata basis; and

3.31 (c) Any remaining funds shall be deposited in the county general revenue fund.  
3.32 Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the  
3.33 excess shall be used to provide property tax levy reduction.

3.34 **EFFECTIVE DATE.** This section is effective for payments in 2007 and thereafter.