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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. **2064**

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The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

A bill for an act

relating to state government; modifying the process for disposition of surplus real property; amending Minnesota Statutes 2006, sections 16B.281, subdivisions 1, 3; 16B.282; 16B.283; 16B.284; 16B.287, subdivision 2; repealing Minnesota Statutes 2006, sections 16B.281, subdivisions 2, 4, 5; 16B.285.

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

Section 1. Minnesota Statutes 2006, section 16B.281, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** All tracts or lots of real property belonging to the state or that may hereafter accrue to the state, including tracts or lots that have escheated to the state, may be disposed of according to sections 16B.281 to ~~16B.287~~ 16B.286. Sections 16B.281 to ~~16B.287~~ 16B.286 do not apply to school or other trust fund lands belonging to the state, or that may hereafter accrue to the state, under and by virtue of any act of Congress or to any other state-owned lands the sale or disposition of which is provided for under sections 94.09 to 94.16 or other law.

Sec. 2. Minnesota Statutes 2006, section 16B.281, subdivision 3, is amended to read:

Subd. 3. **Notice to agencies; determination of surplus.** ~~On or before October 1 of each year, the commissioner shall review the certifications of heads of each department or agency provided for in this section.~~ The commissioner of administration shall send written notice to all state departments, agencies, and the University of Minnesota describing any lands or tracts that may be declared surplus. If a department or agency or the University of Minnesota desires custody of the lands or tracts, it shall submit a written request to the commissioner, no later than four calendar weeks after mailing of the notice, setting forth in detail its reasons for desiring to acquire and its intended use of the land or tract. The commissioner shall then determine whether any of the lands described ~~in the certifications~~

2.1 ~~of the heads of the departments or agencies~~ should be declared surplus and offered for  
 2.2 sale or otherwise disposed of by transferring custodial control to other requesting state  
 2.3 departments or agencies or to the Board of Regents of the University of Minnesota for  
 2.4 educational purposes, provided however that transfer to the Board of Regents shall not be  
 2.5 determinative of tax exemption or immunity. If the commissioner determines that any of  
 2.6 the lands are no longer needed for state purposes, the commissioner shall make findings of  
 2.7 fact, describe the lands, declare the lands to be surplus state land, and state the reasons for  
 2.8 the sale or disposition of the lands, ~~and notify the Executive Council of the determination.~~

2.9 Sec. 3. Minnesota Statutes 2006, section 16B.282, is amended to read:

2.10 **16B.282 SURVEYS, APPRAISALS, AND SALE.**

2.11 Subdivision 1. **Appraisal; notice and offer to public bodies.** (a) Before offering  
 2.12 any surplus state-owned lands for sale, the commissioner of administration may survey the  
 2.13 lands and, if the value of the lands is estimated to be ~~\$40,000~~ \$50,000 or less, may have  
 2.14 the lands appraised. The commissioner shall have the lands appraised if the estimated  
 2.15 value is in excess of ~~\$40,000~~ \$50,000.

2.16 (b) ~~The appraiser shall, before entering upon the duties of the office, take and~~  
 2.17 ~~subscribe an oath that the appraiser will faithfully and impartially discharge the duties~~  
 2.18 ~~of appraiser according to the best of the appraiser's ability and that the appraiser is not~~  
 2.19 ~~interested, directly or indirectly, in any of the lands to be appraised or the timber or~~  
 2.20 ~~improvements on the lands or in the purchase of the lands, timber, or improvements~~  
 2.21 ~~and has entered into no agreement or combination to purchase any of the lands, timber,~~  
 2.22 ~~or improvements. The oath shall be attached to the appraisal report. Appraisals must~~  
 2.23 be made by an appraiser that holds a state appraiser license issued by the Department  
 2.24 of Commerce. The appraisal must be in conformity with the Uniform Standards of  
 2.25 Professional Appraisal Practice of the Appraisal Foundation.

2.26 (c) Before offering surplus state-owned lands for public sale, the lands shall first be  
 2.27 offered to the city, county, town, school district, or other public body corporate or politic  
 2.28 in which the lands are situated for public purposes and the lands may be sold for public  
 2.29 purposes for not less than the appraised value of the lands. To determine whether a public  
 2.30 body desires to purchase the surplus land, the commissioner shall give a written notice to  
 2.31 the governing body of each political subdivision whose jurisdictional boundaries include  
 2.32 or are adjacent to the surplus land. If a public body desires to purchase the surplus land,  
 2.33 it shall submit a written offer to the commissioner no later than two weeks after receipt  
 2.34 of notice setting forth in detail its reasons for desiring to acquire and its intended use of  
 2.35 the land. In the event that more than one public body tenders an offer, the commissioner

3.1 shall determine which party shall receive the property and shall submit written findings  
 3.2 regarding the decision. If lands are offered for sale for public purposes and if a public  
 3.3 body notifies the commissioner of its desire to acquire the lands, the public body may have  
 3.4 up to two years from the date of the accepted offer to commence payment for the lands  
 3.5 in the manner provided by law.

3.6 Subd. 2. **Public sale requirements.** (a) ~~Lands certified as surplus by the head of~~  
 3.7 ~~a department or agency under section 16B.281 shall be offered for public sale by the~~  
 3.8 ~~commissioner as provided in this subdivision.~~ After complying with subdivision 1 and  
 3.9 before any public sale of surplus state-owned land is made and at least 30 days before the  
 3.10 sale, the commissioner of administration shall publish a notice of the sale at least once each  
 3.11 week for four successive weeks in a legal newspaper and also in a newspaper of general  
 3.12 distribution in the city or county in which the real property to be sold is situated. The notice  
 3.13 shall specify the time and place at which the sale will commence, a general description of  
 3.14 the lots or tracts to be offered, and a general statement of the terms of sale. Each tract or  
 3.15 lot shall be sold separately and shall be sold for no less than its appraised value.

3.16 (b) Surplus state-owned land shall be sold for no less than the estimated or appraised  
 3.17 value. The minimum bid may include expenses incurred by the commissioner in rendering  
 3.18 the property saleable, including survey, appraisal, legal, advertising, and other expenses.

3.19 ~~(b)~~ (c) Parcels remaining unsold after the offering may be sold to anyone agreeing  
 3.20 to pay the appraised value. The sale shall continue until all parcels are sold or until the  
 3.21 commissioner orders a reappraisal or withdraws the remaining parcels from sale.

3.22 ~~(c) Except as provided in section 16B.283, the cost of any survey or appraisal as~~  
 3.23 ~~provided in subdivision 1 shall be added to and made a part of the appraised value of the~~  
 3.24 ~~lands to be sold, whether to any political subdivision of the state or to a private purchaser~~  
 3.25 ~~as provided in this subdivision.~~

3.26 Sec. 4. Minnesota Statutes 2006, section 16B.283, is amended to read:

3.27 **16B.283 TERMS OF PAYMENT.**

3.28 ~~No less than ten percent of the purchase price shall be paid at the time of sale with~~  
 3.29 ~~the balance payable according to this section. If the purchase price of any lot or parcel is~~  
 3.30 ~~\$5,000 or less, the balance shall be paid within 90 days of the date of sale. If the purchase~~  
 3.31 ~~price of any lot or parcel is in excess of \$5,000, the balance shall be paid in equal annual~~  
 3.32 ~~installments for no more than five years, at the option of the purchaser, with principal~~  
 3.33 ~~and interest payable annually in advance at a rate equal to the rate in effect at the time~~  
 3.34 ~~under section 549.09 on the unpaid balance, payable to the state treasury on or before~~  
 3.35 ~~June 1 each year. Any installment of principal or interest may be prepaid. The purchaser~~

4.1 must pay at the time of sale ten percent of the total amount bid and the remainder of the  
 4.2 payment is due within 90 days of the sale date. A person who fails to make final payment  
 4.3 within 90 days of the sale date is in default. On default, all right, title, and interest of  
 4.4 the purchaser or heirs, representatives, or assigns of the purchaser in the premises shall  
 4.5 terminate without the state doing any act or thing. A record of the default must be made in  
 4.6 the state land records of the commissioner.

4.7 Sec. 5. Minnesota Statutes 2006, section 16B.284, is amended to read:

4.8 **16B.284 ~~CONTRACT FOR DEED AND QUITCLAIM DEED.~~**

4.9 ~~In the event a purchaser elects to purchase surplus real property on an installment~~  
 4.10 ~~basis, the commissioner shall enter into a contract for deed with the purchaser, in which~~  
 4.11 ~~shall be set forth the description of the real property sold and the price of the property,~~  
 4.12 ~~the consideration paid and to be paid for the property, the rate of interest, and time and~~  
 4.13 ~~terms of payment. The contract for deed shall be made assignable and shall further set~~  
 4.14 ~~forth that in case of the nonpayment of the annual principal or interest payment due by the~~  
 4.15 ~~purchaser, or any person claiming under the purchaser, then the contract for deed, from the~~  
 4.16 ~~time of the failure, is entirely void and of no effect and the state may be repossessed of the~~  
 4.17 ~~lot or tract and may resell the lot or tract as provided in sections 16B.281 to 16B.287. In~~  
 4.18 ~~the event the terms and conditions of a contract for deed are completely fulfilled or if a~~  
 4.19 ~~purchaser makes a lump-sum payment for the subject property in lieu of entering into a~~  
 4.20 ~~contract for deed, The commissioner of administration shall sign and cause to be issued a~~  
 4.21 ~~quitclaim deed on behalf of the state. The quitclaim deed shall be in a form prescribed by~~  
 4.22 ~~the attorney general and shall vest in the purchaser all of the state's interest in the subject~~  
 4.23 ~~property except as provided in section ~~16B.286~~ 16B.285.~~

4.24 Sec. 6. Minnesota Statutes 2006, section 16B.287, subdivision 2, is amended to read:

4.25 Subd. 2. **Payment of expenses.** A portion of the proceeds from the sale equal in  
 4.26 amount to the survey, appraisal, legal, advertising, and other expenses incurred by the  
 4.27 commissioner of administration or other state official in rendering the property salable shall  
 4.28 be remitted to the account from which the expenses were paid and are appropriated and  
 4.29 immediately available for expenditure in the same manner as other money in the account.

4.30 Sec. 7. **REPEALER.**

4.31 Minnesota Statutes 2006, sections 16B.281, subdivisions 2, 4, and 5; and 16B.285,  
 4.32 are repealed.