

HF4822 - 1E - Env. Remediation; Tax-Forfeited Properties

Chief Author: **Sandra Feist**  
 Committee: **Judiciary Finance And Civil Law**  
 Date Completed: **4/1/2024 10:19:07 AM**  
 Lead Agency: **Pollution Control Agency**  
 Other Agencies:  
     Attorney General                      Natural Resources Dept  
     Revenue Dept                            Supreme Court

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue	X	
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Attorney General</b>	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
<b>Natural Resources Dept</b>						
General Fund	-	-	1,537	1,537	1,537	
<b>Revenue Dept</b>						
General Fund	-	-	46	8	-	-
<b>State Total</b>						
General Fund	-	-	1,583	1,545	1,537	
<b>Total</b>	-	-	<b>1,583</b>	<b>1,545</b>	<b>1,537</b>	
<b>Biennial Total</b>			<b>1,583</b>		<b>3,082</b>	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Attorney General</b>	-	-	-	-	-
General Fund	-	-	-	-	-
<b>Natural Resources Dept</b>					
General Fund	-	-	7.5	7.5	7.5
<b>Revenue Dept</b>					
General Fund	-	-	.23	.04	-
<b>Total</b>	-	-	<b>7.73</b>	<b>7.54</b>	<b>7.5</b>

**Lead LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Jim Carlson      **Date:** 4/1/2024 10:19:07 AM  
**Phone:** 651-284-6540      **Email:** jim.carlson@lbo.mn.gov



**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Attorney General	-	-	-	-	-
General Fund	-	-	-	-	-
Natural Resources Dept					
General Fund	-	-	1,537	1,537	1,537
Revenue Dept					
General Fund	-	-	46	8	-
<b>Total</b>	-	-	<b>1,583</b>	<b>1,545</b>	<b>1,537</b>
<b>Biennial Total</b>			<b>1,583</b>		<b>3,082</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
Attorney General	-	-	-	-	-
General Fund	-	-	532	532	532
Natural Resources Dept					
General Fund	-	-	1,537	1,537	1,537
Revenue Dept					
General Fund	-	-	46	8	-
<b>Total</b>	-	-	<b>2,115</b>	<b>2,077</b>	<b>2,069</b>
<b>Biennial Total</b>			<b>2,115</b>		<b>4,146</b>
<b>2 - Revenues, Transfers In*</b>					
Attorney General	-	-	-	-	-
General Fund	-	-	532	532	532
Natural Resources Dept					
General Fund	-	-	-	-	-
Revenue Dept					
General Fund	-	-	-	-	-
<b>Total</b>	-	-	<b>532</b>	<b>532</b>	<b>532</b>
<b>Biennial Total</b>			<b>532</b>		<b>1,064</b>

HF4822 - 1E - Env. Remediation; Tax-Forfeited Properties

Chief Author: **Sandra Feist**  
 Committee: **Judiciary Finance And Civil Law**  
 Date Completed: **4/1/2024 10:19:07 AM**  
 Agency: **Pollution Control Agency**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Jim Carlson      **Date:** 3/28/2024 2:58:30 PM  
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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-

**Bill Description**

First engrossment removes Section 1. This is the only section that pertains to the MPCA. There is no MPCA action remaining in the bill language.

**Assumptions**

Assume the agency has no obligations or directions in this bill with section 1 removed.

**Expenditure and/or Revenue Formula**

N/A

**Long-Term Fiscal Considerations**

N/A

**Local Fiscal Impact**

N/A

**References/Sources**

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** John Allen

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HF4822 - 1E - Env. Remediation; Tax-Forfeited Properties

Chief Author: **Sandra Feist**  
 Committee: **Judiciary Finance And Civil Law**  
 Date Completed: **4/1/2024 10:19:07 AM**  
 Agency: **Attorney General**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Susan Nelson    **Date:** 3/25/2024 11:18:07 AM  
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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
General Fund	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	532	532	532	
<b>Total</b>	-	-	<b>532</b>	<b>532</b>	<b>532</b>	
<b>Biennial Total</b>			<b>532</b>			<b>1,064</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	532	532	532	
<b>Total</b>	-	-	<b>532</b>	<b>532</b>	<b>532</b>	
<b>Biennial Total</b>			<b>532</b>			<b>1,064</b>

**Bill Description**

This bill is a proposal in response to the U.S. Supreme Court’s decision in *Tyler v. Hennepin County*, 598 U.S. 631 (2023), which ruled the State of Minnesota’s tax forfeiture procedure was unconstitutional on the grounds that it is a government taking of property since the process provided no means for a taxpayer to recover lost equity in a property when the property’s value exceeded the tax liability.

This bill proposes new law in Chapter 116 (Pollution Control Agency) to mandate the commissioner of the Pollution Control Agency (PCA) establish a program to award grants to counties to address blight and remediate environmental contamination on properties in county ownership or held by the state in trust for the taxing districts. An appropriation ( as yet an undetermined amount) is provided annually starting in fiscal year 2025 from the general fund to the PCA for awarding the grants.

This bill proposes to leave the current tax forfeiture procedure (Chapter 282), but amends the forfeiture statutes to include a mandatory public auction of forfeited land when requested by an interested party. The bill creates a procedure for interested parties to claim any surplus proceeds and a separate procedure for claims regarding mineral interests.

The county must consult with the Department of Natural Resources (DNR) to determine if the value of a claimant’s iron-bearing stockpiles, minerals or mineral interests exceed the tax obligation and costs. The DNR is charged with determining the value of claimant’s mineral rights. If the value of a claimant’s iron-bearing stockpiles, minerals or mineral interests exceeds the tax obligation and costs, the claimant is entitled to payment from the DNR equal to the excess amount. The county may deny a claim for the excess proceeds regarding the value of minerals if the county believes the claim was made in error. The claimant may bring a civil action in district court to challenge the county’s denial.

An annual appropriation (no amount given in the bill) from the general fund to the commissioner of natural resources will be made in an amount necessary to make the payments to claimants regarding iron-bearing stockpiles, minerals and mineral interests.

**Assumptions**

Sale procedure and claims proceedings for mineral value are handled through the county auditor's office, except in the case of the county filing an interpleader action disputing a claimant's claim (most likely a county district court action).

Every tax parcel identification number would be a separate claim proceeding regarding mineral value.

The proposed legislation does not provide any guidance as to the form of the claim or what information the claim must contain.

There is no upfront fee/cost to the taxpayer/owner for filing a claim for the mineral value.

There is no burden of proof to the taxpayer/owner making a claim to state what they believe is the value of their mineral interest.

Civil actions in district court brought by a claimant to challenge a county's denial of a claim will not affect the DNR, since the county's denial is based on what the county believes to be a claim made in error.

The Attorney General's Office estimates that it will expend 2,000 hours of attorney time and 2,000 hours of legal assistant (investigator/other staff) time per fiscal year.

**Expenditure and/or Revenue Formula**

Expenditures:

	Hourly Billing Rate	Hours	Total Cost to AGO [hours x billing rate]
Attorney, [list attorney division]	\$163	2000	\$326,000
Legal assistant, [Investigator/other non-attorney staff]	\$103		\$206,000
<i>Other</i>			
<b>Total</b>			\$532,000

Costs billed to partner agency:

	Hourly Billing Rate	Hours	Total Amount [hours x billing rate]	Partner Agency
Attorney, ENR	\$163	2000	326,000	DNR
Legal assistant, [Investigator/other non-attorney staff]	\$103	2000	206,000	DNR
<i>Other</i>				
<b>Total</b>			<b>\$532,000</b>	

**Long-Term Fiscal Considerations**

n/a

**Local Fiscal Impact**

n/a

**References/Sources**

n/a

**Agency Contact:** Laura Sayles

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HF4822 - 1E - Env. Remediation; Tax-Forfeited Properties

Chief Author: **Sandra Feist**  
 Committee: **Judiciary Finance And Civil Law**  
 Date Completed: **4/1/2024 10:19:07 AM**  
 Agency: **Natural Resources Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue	X	
Information Technology		X
<b>Local Fiscal Impact</b>		
	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	1,537	1,537	1,537	1,537
<b>Total</b>	-	-	<b>1,537</b>	<b>1,537</b>	<b>1,537</b>	<b>1,537</b>
<b>Biennial Total</b>			<b>1,537</b>			<b>3,074</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	7.5	7.5	7.5
<b>Total</b>	-	-	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Jim Carlson      **Date:** 3/28/2024 2:54:59 PM  
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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
General Fund	-	-	1,537	1,537	1,537	
<b>Total</b>	-	-	<b>1,537</b>	<b>1,537</b>	<b>1,537</b>	
<b>Biennial Total</b>			<b>1,537</b>			<b>3,074</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	1,537	1,537	1,537	
<b>Total</b>	-	-	<b>1,537</b>	<b>1,537</b>	<b>1,537</b>	
<b>Biennial Total</b>			<b>1,537</b>			<b>3,074</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	
<b>Total</b>	-	-	-	-	-	
<b>Biennial Total</b>			-			-

**Bill Description**

This bill is a proposal in response to the U.S. Supreme Court’s decision in *Tyler v. Hennepin County*, 598 U.S. 631 (2023), which ruled the State of Minnesota’s tax forfeiture procedure was unconstitutional on the grounds that it is a government taking of property since the process provided no means for a taxpayer to recover lost equity in a property when the property’s value exceeded the tax liability.

This bill proposes new law in Chapter 116 (Pollution Control Agency) to mandate the commissioner of the Pollution Control Agency (PCA) establish a program to award grants to counties to address blight and remediate environmental contamination on properties in county ownership or held by the state in trust for the taxing districts. An appropriation (as yet an undetermined amount) is provided annually starting in fiscal year 2025 from the general fund to the PCA for awarding the grants.

This bill proposes to leave the current tax forfeiture procedure (Chapter 282), but amends the forfeiture statutes to include a mandatory public auction of forfeited land (except iron-bearing stockpiles, minerals and mineral interests which are transferred to the State) when a claim for surplus is filed, taxpayer/owner added to the list of how sale proceeds are distributed after sale (taxpayer/owner to receive excess proceeds after tax obligation and costs associated with the forfeiture have been satisfied) and a separate proceeding for claims regarding mineral interests.

The county must consult with the Department of Natural Resources (DNR) to determine if value of a claimant’s iron-bearing stockpiles, minerals or mineral interests exceed the tax obligation and costs. The DNR is charged with determining the value of claimant’s mineral rights. If the value of a claimant’s iron-bearing stockpiles, minerals or mineral interests exceeds the tax obligation and costs, the claimant is entitled to payment from the DNR equal to the excess amount. The county may deny a claim for the excess proceeds regarding the value of minerals if the county believes the claim was made in error. The claimant may bring a civil action in district court to challenge the county’s denial.

An annual appropriation (no amount given in the bill) from the general fund to the commissioner of natural resources will be made in an amount necessary to make the payments to claimants regarding iron-bearing stockpiles, minerals and mineral interests.

This bill contains no repealers of current statutes.

**Assumptions**

1. Sale procedure and claims proceedings for mineral value are handled through the county auditor’s office, except in

the case of the county filing an interpleader action disputing a claimant's claim (most likely a county district court action).

2. Every tax parcel identification number would be a separate claim proceeding regarding mineral value.
3. The proposed legislation does not provide any guidance as to the form of the claim or what information the claim must contain.
4. There is no upfront fee/cost to the taxpayer/owner for filing a claim for the mineral value. There is no burden of proof to the taxpayer/owner making a claim to state what they believe is the value of their mineral interest; therefore, all claims regarding mineral value would need to be acted upon.
5. Civil actions in district court brought by a claimant to challenge a county's denial of a claim will not affect the DNR, since the county's denial is based on what the county believes to be a claim made in error.
6. If a claim is made and substantiated, this bill states that general funds would be appropriated to the DNR for this purpose. We assume that this will be a direct or open appropriation.

**Expenditure and/or Revenue Formula**

The DNR has no basis in fact or previous experience upon which to base our assumption regarding the number of claims that may be made regarding mineral value. The bill proposes a new method for taxpayers/owners to claim excess proceeds, which is untested, and the number of claims for both excess land and mineral values is completely unknown.

For the purposes of this fiscal note, we estimate expenditures based on 50% of all forfeitures (surface with minerals reserved due to the forfeiture AND severed mineral interest only parcels) in six northeastern counties that are more likely to have mineralization and possibly result in claims filed regarding minerals. The six counties are: Aitkin, Carlton, Crow Wing, Itasca, Lake, and St. Louis counties. There is also the potential for every county in the state (87 counties) to have claims filed regarding minerals.

The number of forfeitures is dependent on a number of variables, including the state of the economy, individual circumstances, and tax rates in separate counties. Numbers of foreclosures can, therefore, vary widely from year to year. A statement from St. Louis County estimates this variability to range from 100 to 300 parcels per year. A recent - November 2023 Itasca County forfeiture report contained 69 tax identification parcels.

Based on that 2023 report from Itasca County, if 50% of the parcels have mineral claims per forfeiture document (assuming an annual forfeiture document), this is 35 claims per year x 6 counties = 210 claims per year.

DNR staff will be needed to determine the value of iron-bearing stockpiles, minerals and mineral interests for all properties in which a claim to excess proceeds has been filed.

In terms of staff, the following categories of expertise would be needed:

- DNR attorneys at 1.5 FTE to review all claims and consult with technical staff regarding parcel details and value. For the purpose of this fiscal note, we are assuming that this process takes place through the auditor and that there are no court proceedings.
- DNR engineering at 3 FTE to review claims for information regarding value of minerals, determine mineral value, and consult with DNR attorneys.
- DNR mineral potential / economic geology at 2 FTE to review claims for information regarding value of minerals, determine mineral value, and consult with DNR attorneys.
- DNR support staff at 1 FTE to provide administrative support, project management, and coordination for all claims. Coordination would be needed internally, as well as with the Attorney General Office.
- Attorney General Office: approximately 2,000 hours per year for attorney work and 2,000 hours per year for legal assistant work to manage claims, records, and filings. DNR is charged for all AGO time at \$163 per hour for attorneys and \$103 per hour for support staff.

**Expenditure Summary** (amounts in thousands)

New FTE Position Description	FTE#	FY25	FY26	FY27
Attorney	1.5	\$201	\$201	\$201

Engineer	3	\$402	\$402	\$402
Economic Geologist	2	\$268	\$268	\$268
Project Manager	1	\$134	\$134	\$134
Attorney General's Office	-	\$532	\$532	\$532
Total	7.5	\$1,537	\$1,537	\$1,537

**Long-Term Fiscal Considerations**

DNR assumes costs would continue.

**Local Fiscal Impact**

County auditor’s office staff will be required to hold a public auction of any forfeited lands in which a written claim is filed with the county auditor seeking excess proceeds.

Counties will no longer be able to keep excess proceeds from tax forfeiture sales, thus less revenue distributed to:

- the county board for forest development and dedicated memorial forests;
- the county board for acquisition and maintenance of county parks or recreational areas;
- the county;
- the town or city; and
- the school district

If a county believes a claim for excess proceeds was filed in error by a claimant, the county may deny the claim. A claimant may bring a civil action in district court to challenge the county’s denial of the claim. A county will be required to defend its claim denial in court.

If there are multiple competing claims, a county (through its county attorney’s office) will need to prepare and file an interpleader action (presumably in county district court) and defend such action in court prior to any payment being made to claimants.

**References/Sources**

Itasca County, November 16, 2023, Certificate of Forfeiture.

**Agency Contact:** Irina Woldeab

**Agency Fiscal Note Coordinator Signature:** Tyler Teggatz

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HF4822 - 1E - Env. Remediation; Tax-Forfeited Properties

Chief Author: **Sandra Feist**  
 Committee: **Judiciary Finance And Civil Law**  
 Date Completed: **4/1/2024 10:19:07 AM**  
 Agency: **Revenue Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	46	8	-	-
<b>Total</b>	-	-	<b>46</b>	<b>8</b>	-	-
<b>Biennial Total</b>			<b>46</b>		<b>8</b>	<b>8</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	.23	.04	-
<b>Total</b>	-	-	<b>.23</b>	<b>.04</b>	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Jim Carlson      **Date:** 4/1/2024 9:49:52 AM  
**Phone:** 651-284-6540      **Email:** jim.carlson@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	46	8	-
<b>Total</b>		-	-	<b>46</b>	<b>8</b>	-
<b>Biennial Total</b>					<b>46</b>	<b>8</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	-	46	8	-
<b>Total</b>		-	-	<b>46</b>	<b>8</b>	-
<b>Biennial Total</b>					<b>46</b>	<b>8</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>					-	-

**Bill Description**

The bill provides for a new grant program through the Pollution Control Agency to address blight and remediate environmental contamination. It also creates a process for returning excess proceeds from the sale of tax-forfeited properties. As there are appropriations in the bill, any section without an effective date is assumed to be effective as of July 1, 2024.

Section 1 of the bill states that a new section must be added to the “Notice of Expiration of Redemption”. The notice states that the property owner must provide a written statement to the county auditor if they believe that their interest in the property, including mineral rights, exceeds what is owned on the property. If the property owner fails to do this prior to expiration of the redemption period, they lose all interests in the property.

Section 2 of the bill states that a public auction is mandatory when a claim for surplus proceeds is filed. The section describes what steps must be taken depending on whether the property will sell for enough at auction to cover costs owed on the property. This section also describes how a county should deal with multiple claimants and claimants for surplus proceeds related to mineral interests.

Section 3 of the bill states that if there is a mineral interest, the county must consult with the commissioner of the Department of Natural Resources (DNR) to determine the value of the claimant’s interest. If the value is more than what is owed on the property, the claimant is entitled to a payment from DNR. This section also states what to do if there are multiple claimants. An amount necessary to make the payments is annually appropriated from the general fund to the DNR.

Section 4 of the bill states how the proceeds from the sale of a forfeited property will be apportioned.

**Assumptions**

The Department of Revenue (Revenue) assumes it will update the current 242-page Delinquent Real Property Tax and Tax Forfeiture manual. Revenue assumes it will update its employee manual and internal procedures. Revenue assumes it will have internal meetings regarding the new procedures and process as well as external meetings with stakeholders regarding the new process. Revenue assumes it will receive and answer numerous taxpayer and county questions regarding the new process. Revenue assumes it will update the external website.

The Property Tax Division assumes it will need .16 FTE in FY25. The division will update the current 242-page Delinquent Real Property Tax and Tax Forfeiture manual. The division assumes it will update its employee manual and internal procedures and hold meetings to discuss these updates. The division assumes it will attend external meetings with

stakeholders. The division assumes these meetings will require preparation time. It is assumed that the meetings will include conferences, county meetings, and meetings with any other stakeholder. The division assumes it will receive and answer numerous taxpayer and county questions regarding the new process. The division assumes it will update the external webpage.

The Appeals, Legal Services, and Disclosure (ALSD) Division assumes the property tax attorneys will require .07 FTE of attorney time in FY25 and .04 FTE of attorney time in FY26 as this bill creates a process to make a claim for sale proceeds surplus. The attorney time is to review amended manual sections and answer questions from the counties.

**FTE Impact**

FTEs	FY 2024	FY 2025	FY 2026	FY 2027
Appeals, Legal, and Disclosure staff (Attorneys)		.07	.04	
Property Tax staff		.16		
MAPE		.08		
MMA		.05		
Managerial		.03		
Total FTE Impact		.23	.04	

Note: Totals may vary slightly due to rounding.

**Expenditure and/or Revenue Formula**

**Administrative Impact**

Administrative Costs (Savings)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Employee Compensation			45,738	7,806	
Total Administrative Costs (Savings)			45,738	7,806	

Note: This table uses whole numbers. Totals may vary slightly due to rounding.

**Long-Term Fiscal Considerations**

N/A

**Local Fiscal Impact**

Local governments will have to update their procedures, manuals, websites, etc. The updates and changes the local governments will need to make will be similar to what Revenue must do, but their main stakeholders will be property owners whereas the main stakeholders for Revenue are the counties.

**References/Sources**

Agency staff provided information for this fiscal note.

I have reviewed the content of this fiscal note and believe it is a reasonable estimate of the expenditures and revenues associated with this proposed legislation.

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Chelsea Magadance

**Phone:** 651-556-6308

**Date:** 4/1/2024 8:30:27 AM

**Email:** chelsea.magadance@state.mn.us

HF4822 - 1E - Env. Remediation; Tax-Forfeited Properties

Chief Author: **Sandra Feist**  
 Committee: **Judiciary Finance And Civil Law**  
 Date Completed: **4/1/2024 10:19:07 AM**  
 Agency: **Supreme Court**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Karen McKey    **Date:** 4/1/2024 10:11:04 AM  
**Phone:** 651-284-6429    **Email:** karen.mckey@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

This bill establishes new provisions for returning excess proceeds from sales of tax-forfeited properties.

Minn. Stat. §282.01 is amended by adding subdivision 14, which requires public auction when a claim for surplus proceeds is filed for tax-forfeited lands. If a written statement is filed with the county auditor in accordance with the provisions in this subdivision, the property shall be offered for sale as provided in section 282.02. If the property is sold for more than the sum of the delinquent taxes, special assessments, penalties, interest, and costs levied on those parcels, proceeds of the sale must be apportioned as provided in section 282.08. If a county believes that the claimant made a claim to these proceeds in error, it may bring an action of interpleader prior to the sale.

Minn. Stat. §282.01 is amended by adding subdivision 15 to address proceedings on claims for mineral interests. If there are multiple claimants for a given property, payments under this subdivision must be divided among the claimants according to each claimants' ownership interest in proportion to the ownership interest of all claimants. If a county believes that the claimant made a claim to these proceeds in error, it may bring an action of interpleader prior to making any payments to the claimants under this subdivision.

Minn. Stat. §282.08 is amended to address the apportionment of proceeds from a sale of property under Minn. Stat. §282.01, subd. 14. After apportionment under this subdivision, any balance must be returned to the interested party making a claim to the proceeds. If a county disputes a party's claim to the proceeds, it may bring an action of interpleader prior to making any payments to the claimants under this subdivision.

**Assumptions**

Because Minn. Stat. §282.02 currently requires no court involvement, it is assumed the Minnesota Judicial Branch will not be responsible for the proceedings under Minn. Stat. §282.01, subd. 14 or any proceedings or costs associated with offering a tax-forfeited property for sale as provided in section 282.02.

It is assumed that Minn. Stat. §282.01, subd. 14 and subd. 15 and Minn. Stat. §282.08 could increase interpleader claims in District Court. The MN Judicial Branch currently receives interpleader claims in District Court pursuant to Minn. R. Civ. Pro. 22. It is assumed that any potential increase in interpleader claims cannot be calculated with any certainty.

**Expenditure and/or Revenue Formula**

Because the Judicial Branch is currently not responsible for any costs associated with offering a tax-forfeited property for sale as provided in section 282.02, it is assumed the Judicial Branch would have no financial responsibility for any of the work or costs associated with the implementation of the procedures set forth under Minn. Stat. §282.01, subd. 14, with the exception of interpleader claims.

Although the judicial branch cannot calculate or estimate any potential increase in interpleader claim filings with reasonable certainty, it is anticipated that this bill will have minimal impact on the judicial branch; any potential impact will likely be absorbed by the Judicial Branch.

### **Long-Term Fiscal Considerations**

### **Local Fiscal Impact**

### **References/Sources**

#### **Agency Contact:**

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