

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Environment and Natural Resources and Outdoor Heritage Trust Funds

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### Overview

This bill would require a onetime payment to be made to counties equal to 30 times the property taxes assessed on land purchased with funds from the environment and natural resources and the outdoor heritage trust funds in the previous fiscal year. Lands eligible for the onetime payment would not be eligible for payments in-lieu of taxes (PILT).

Sets up an account with the State Board of Investment to invest these payments on behalf of the counties. The commissioner of revenue, acting as an agent for the counties shall make the annual deposits and withdrawals to this investment account. Provides a mechanism for the counties to calculate and certify to the commissioner the amount needed annually to compensate for lost property tax revenues and provides for the commissioner's dispersal of the withdrawal to the counties and the counties distributions to the other local governments.

### Section

- 1 Account for county joint trust fund payments.** Establishes a special account in the combined investment funds with the State Board of Investment for management of the onetime payments required under this bill on lands purchased with funds from the environment and natural resources and the outdoor heritage trust funds. Each county enters into an agreement with the State Board of Investment to allow the commissioner to act on its behalf in making deposits to and withdrawals from this account. The commissioner will make one deposit annually for payments to all

## Section

counties under each of sections 3 and 11, and one withdrawal annually to cover distributions under section 10.

- 2** **Definitions.** Defines “land acquisition costs” for purposes of section 97A.056, which governs the outdoor heritage fund and the Lessard-Sams Outdoor Heritage Council, to include various costs, including the new onetime payments required under the next section of the bill.

- 3** **Outdoor heritage trust fund account; trust fund payments.** Paragraph (a) establishes an outdoor heritage trust fund account to be invested by the State Board of Investment.

Paragraph (b) states that land acquired with money from the outdoor heritage fund is eligible for a onetime payment (at least 20 percent of the state payment for the land must be from the outdoor heritage fund to be considered “acquired” by the fund for these purposes). The onetime payment is equal to 30 times the property taxes assessed in the year prior to the year the land was acquired. Provides an alternative valuation method if the land was previously privately owned and tax-exempt. Requires counties to submit information necessary for determining the payments to the commissioner of revenue by September 1 of each year. Requires the commissioner of revenue to inform the counties of their payment under this section by September 20 of each year and deposit the payments to the State Board of Investment, on behalf of eligible counties by October 31.

Paragraph (c) provides that if a parcel is also eligible for a trust fund payment under section 6, the payment under this section will be reduced based on the relative share of the funding coming from the outdoor heritage fund compared to the funding from the environment and natural resources fund.

Paragraph (d) appropriates the amount necessary to make the payments to the counties from the new outdoor heritage trust fund account to the commissioner of revenue.

Paragraph (e) requires a county board, in order to receive a payment under this section, to enter into an agreement with the State Board of Investment to allow the commissioner to act as their agent regarding depositing and withdrawing money on behalf of the county from the trust fund account established in section 1.

Paragraph (f) states that lands receiving a trust fund payment under this section are not eligible for PILT.

- 4** **Applicability.** States that the definition of “trust fund” applicable to chapter 116P, which deals with the environment and natural resources trust fund, does not apply to the onetime payment provision established in this bill.
- 5** **Land acquisition costs.** Defines “land acquisition costs” for purposes of chapter 116P to include various costs, including the new onetime payments required under the next section of the bill.
- 6** **Environment and natural resources trust fund payment account.**

## Section

**Subd. 1. Account created.** Establishes an environment and natural resources trust fund payment account to be invested by the State Board of Investment

**Subd. 2. Trust fund payment; appropriation.** Paragraph (a) states that land acquired with money from the environment and natural resources trust fund is eligible for a onetime payment (at least 20 percent of the state payment for the land must be from the environment and natural resources trust fund to be considered "acquired" by the fund for these purposes). The onetime payment is equal to 30 times the property taxes assessed in the year prior to the year the land was acquired. Provides an alternative valuation method if the land was previously privately owned and tax-exempt. Requires counties to submit information necessary for determining the payments to the commissioner of revenue by September 1 of each year. Requires the commissioner of revenue to inform the counties of their payment under this section by September 20 of each year and deposit the payments to the State Board of Investment, on behalf of eligible counties by October 31.

Paragraph (b) provides that if a parcel is also eligible for a trust fund payment under section 3, paragraph (d), the payment under this section will be reduced based on the relative share of the funding coming from the environment and natural resources fund compared to the funding from the outdoor heritage fund.

Paragraph (c) appropriates the amount necessary to make the payments to the counties from the new environment and natural resources trust fund account to the commissioner of revenue.

**Subd. 3. County requirements.** Requires a county board, in order to receive a payment under this section, to enter into an agreement with the State Board of Investment to allow the commissioner to act as their agent regarding depositing and withdrawing money on behalf of the county from the trust fund account established in section 1.

**Subd. 4. Ineligible for other payments.** States that lands receiving a trust fund payment under this section are not eligible for PILT

- 7 **Natural resources land payments in lieu; purpose.** Excludes lands purchased with money from the outdoor heritage trust fund and environment and natural resources trust fund after July 1, 2015, from the purpose statement for the existing PILT program.
- 8 **Environment and natural resources trust fund lands.** Excludes lands purchased with money appropriated from the environment and natural resources trust fund after July 1, 2015, from the definitions of natural resources land used for purposes of PILT.
- 9 **Outdoor heritage lands.** Excludes lands purchased with money appropriated from the outdoor heritage fund on or after July 1, 2015, from the definitions of natural resources land used for purposes of PILT.

**Section**

**10 Annual county joint trust fund withdrawals and distribution for environment and natural resources and outdoor heritage lands.**

**Subd. 1. Commissioner of revenue, withdrawals and payments.**

Provides that the commissioner will make one withdrawan each year from the county joint trust fund established under section 1, on behalf of all eligible counties. Th amount withdraw is set to the lesser of (1) the total withdrawal amount the counties certified under subdivision 2 or (2) 5.5% of the amount in the fund. Requires that distributions to counties be proportionately decreased if the total withdrawal is less than the total withdrawal amounts certified under subdivision 2.

**Subd. 2. Certification of needed withdrawal; distribution of funds.**

The withdrawal amount for each eligible parcel is as follows:

- in the first year of receiving a state payment, the county will withdraw the amount needed to make all taxing jurisdictions whole in terms of tax collections – either by paying the remaining taxes owed on the property for that year, or, if the property was already off the tax rolls, paying the amount of tax paid in the previous year;
- in subsequent years the county will withdraw an amount equal to the tax imposed on comparable, adjacent privately owned land

The money is distributed to each taxing jurisdiction based on its share of the total tax rate in the area for all eligible parcels in that jurisdiction. If funds are insufficient to make all payments; all payments are reduced proportionately.

**11 Appropriation.** Paragraph (a) appropriates an unspecified amount of money from the environment and natural resources trust fund to be deposited in the new environment and natural resources trust fund payment account established in this bill. Paragraph (b) appropriates an unspecified amount of money from the outdoor heritage fund to be deposited in the new outdoor heritage trust fund account established in this bill.