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Overview

This bill would transfer the responsibility for managing the state's school trust lands (approximately 2.5 million acres and 1 million acres of severed mineral rights) from the Department of Natural Resources (DNR) to the school trust lands director. The transfer would occur in phases starting July 1, 2018, with all authorities being transferred by July 1, 2020.

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- 1 Forest trust lands.** Amends § 16A.125, subd. 5. Excludes school trust lands from the definition of "state forest trust fund lands" and makes other corresponding changes to eliminate the requirement that forestry revenues from school trust lands be credited to the forest suspense account for purposes of certifying management costs (effective July 1, 2019).
- 2 School trust lands.** Amends § 84.027, subd. 18. Removes a number of school trust land duties of the DNR to account for the transfer of authority over school trust lands to the school trust lands director under the bill (effective July 1, 2019).
- 3 Authority.** Amends § 84.085, subd. 1. Removes the ability of the DNR to accept gifts on behalf of the permanent school fund (effective July 1, 2019). This authority is transferred to the school trust lands director in section 21.
- 4 State forest lands.** Amends § 89.001, subd. 6. Removes school trust lands from the definition of "state forest lands" to eliminate their inclusion in state forests which are administered by the DNR and the laws applicable to them (effective July 1, 2019).
- 5 Forest lands under the authority of the commissioner.** Amends § 89.001, subd. 13. Removes school trust lands from the definition of "forest lands under the authority of the

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commissioner” to eliminate the role of the DNR in administering forested school trust lands (effective July 1, 2019).

- 6 **State public lands or state lands.** Amends § 92.01. Removes school trust lands from the definition of “state public lands” and “state lands” (effective July 1, 2019).
- 7 **Authority.** Amends § 92.02. Removes the authority of the DNR to sell school trust lands (effective July 1, 2019). This authority is transferred to the school trust lands director in section 21.
- 8 **Appraisers.** Amends § 92.12, subd. 1. Removes the authority of the DNR to have school trust lands appraised (effective July 1, 2019). This authority is transferred to the school trust lands director in section 21.
- 9 **Permanent school fund lands.** Amends § 92.121. Makes the school trust lands director responsible along with the DNR for exchanging school trust lands not generating revenues for the permanent school fund with other lands (effective July 1, 2019).
- 10 **Public sale of state lands.** Amends § 92.13. Removes the requirement that the DNR hold public sales of school trust lands (effective July 1, 2019).
- 11 **Establishment; membership.** Amends § 93.0015, subd. 1. Adds the school trust lands director as a member of the Mineral Coordinating Committee (effective July 1, 2019).
- 12 **Staffing.** Amends § 93.0015, subd. 2. Changes the chair and staffing requirements of the Mineral Coordinating Committee from the commissioner of natural resources to the commissioner of Iron Range resources and rehabilitation (effective July 1, 2019).
- 13 **Attorney general to institute condemnation.** Amends § 93.05, subd. 3. Requires the school trust lands director to approve certain mining related condemnation proceedings of the attorney general for school trust lands (effective July 1, 2019). Under current law, the commissioner of natural resources must approve them.
- 14 **Action to quiet title to lands covered by mineral lease.** Amends § 93.055. Requires the school trust lands director to approve certain attorney general proceedings to quiet titles for school trust lands (effective July 1, 2019). Under current law, the commissioner of natural resources must approve them.
- 15 **Disposition of payments.** Amends § 93.22. Requires payments from mineral leases on school trust lands to be paid to the school trust lands director rather than the DNR as is currently required.
- 16 **Mineral management account.** Amends § 93.2236. Reduces the maximum amount of the minerals management account balance that triggers distribution payment requirements from \$3 million to \$1.5 million and excludes the revenues from school trust lands since they will no longer be paid into the account due to the change in section 15.
- 17 **Proceeds from natural resources land.** Amends § 94.16, subd. 3. Requires proceeds from the sale of certain lands that currently go to the school trust lands account, to go into the new school trust management account established in section 22 (effective July 1, 2019).
- 18 **Commission established; membership.** Amends § 127A.30, subd. 1. Removes the responsibility of the Legislative Permanent School Fund Commission (LPSFC) to advise the

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DNR on the management of school trust lands. Allows the vice-chair of the commission to also convene meetings and requires the commission to meet at least quarterly.

- 19 Policy and purpose.** Amends § 127A.351. Removes a reference to the commissioner of natural resources no longer needed after the transfer of authority of school trust lands (effective July 1, 2019).
- 20 Policy recommendations; duties.** Amends § 127A.352. Removes a provision requiring the school trust lands director to report school trust land related disagreements with the DNR to the LPSFC and removes additional references to the commissioner of natural resources no longer needed after the transfer of authority of school trust lands (effective July 1, 2019).
- 21 Duties; powers.** Amends § 127A.353, subd. 4. Adds duties and authorities for the school trust lands director, including the ability to offer school trust lands at public auction which becomes effective July 1, 2018, and control real estate transactions, have the lands appraised, accept gifts on behalf of the permanent school fund, and adopt rules which become effective July 1, 2019.
- 22 School trust management account.** Adds § 127A.354. Establishes a school trust management account where revenues from school trust lands are to be deposited. Specifies the uses of the account, including school trust land mineral-resource management, forest management and real estate transactions, and the costs incurred by the school trust lands director. Requires any balance above \$1.5 million to be transferred to the permanent school fund quarterly. Requires the school trust lands director to certify certain costs to the LSPSFC.
- 23 Transferring school trust land assets and authority.** Transfers authority for administering school trust lands to the school trust lands director effective July 1, 2020.
- 24 Transition recommendations; report.** Requires the commissioner of natural resources and the school trust lands director to submit a report to the LPSFC and the legislature with recommendations for amending the state's statutes and rules to implement the transfer of authority for administering school trust lands to the school trust lands director and a transition plan.
- 25 Repealer.** Repeals § 92.83 (provisions regarding the extinguishing certain school trust land interests) (effective July 1, 2019).