

Fiscal Note

2023-2024 Legislative Session

SF5162 - 0 - Transfer of Certain Land in Mille Lacs County

Chief Author: **Mary Kunesh**
 Committee: **Energy, Utilities, Environment and Climate**
 Date Completed: **4/4/2024 8:50:49 PM**
 Agency: **Natural Resources 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	-	-	750	-	-	-
Total	-	-	750	-	-	-
Biennial Total			750			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	.5	-	-
Total	-	-	.5	-	-

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:** 4/4/2024 8:50:49 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.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	750	-	-
Total		-	-	750	-	-
Biennial Total				750		
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	750	-	-
Total		-	-	750	-	-
Biennial Total				750		
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		

Bill Description

This bill provides the commissioner of the Department of Natural Resources the authority to convey surplus land bordering public waters to a federally recognized Indian Tribe for no consideration.

The bill provides a placeholder for an appropriation of an unspecified amount to initial condemnation proceedings of the land described in the bill and the appropriation may be use for project costs, including but not limited to valuation expenses, legal fees, closing costs, and transactional staff costs.

Assumptions

DNR assumes that the appropriation in the bill for project costs is intended to include funds for payment of the condemnation award. DNR would recommend the bill specifically state that the appropriation may be used to pay the condemnation award to the school trust.

DNR assumes that a current appraisal of the approximately 18.3 acre parcel would result in a higher appraised value than the value stated in a now-outdated 2019 appraisal. Additional funds would be needed for a condemnation award if the appraised value is significantly higher.

DNR assumes that any condemnation award would include the land value and not the value of the private improvements and buildings located on the land that were not built by the state or school trust.

DNR assumes anticipated cost savings to the state general fund because of reduced liability for Payment in Lieu of Taxes (PILT) to Mille Lacs County for the land, estimated at less than \$60 annually upon transfer.

Expenditure and/or Revenue Formula

Estimated condemnation award payment to the school trust for the appraised value of the land: \$650,000.

- The estimated value of the Mille Lacs County land (excluding improvements and buildings) is an estimate after considering and informally adjusting the value from a now-outdated 2019 appraisal of this land. The DNR must conduct an updated appraisal of this land to pursue the condemnation proceeding, and the appraisal may result in substantial changes to the value.

Division of Lands and Minerals and Division of Forestry project costs to facilitate conveyance: \$100,000. Those costs

include but are not limited to:

- External costs of an appraisal, state deed tax, and recording fees.
- External costs for services by the Attorney General's Office for pursuing the condemnation action.
- Costs for DNR to condemn and acquire the land from the school trust, including staff costs for transactional staff, appraisal support, and legal costs (approximately 0.5 FTE).
- Costs to complete the conveyance of the land, including costs for transactional staff, appraisal support, and legal costs.

Reduced annual PILT payments to Mille Lacs County of less than \$60 per year.

Long-Term Fiscal Considerations

none

Local Fiscal Impact

Mille Lacs County would receive reduced revenue related to PILT payments upon transfer equal to the state's cost reductions due to reduced PILT liability described above.

References/Sources

none

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