



October 2, 2018

Senator Carrie Ruud
Chair, Senate Environment and Natural Resources Policy and Legacy Finance Committee
3233 Minnesota Senate Building
Saint Paul, MN 55155

Senator Bill Ingebritsen
Chair, Senate Environment and Natural Resources Finance Committee
3207 Minnesota Senate Building
Saint Paul, MN 55155

Representative Dan Fabian
Chair, House Environment and Natural Resources Policy and Finance Committee
365 State Office Building
Saint Paul, MN 55155

Representative Jim Knobloch
Chair, House Ways and Means Committee
453 State Office Building
Saint Paul, MN 55155

RE: Report on the Land Acquisition Account – FY 2018

Dear Committee Chairs:

As required by Minn.Stat. §94.165, enclosed please find the annual report of DNR's use of funds from the Land Acquisition Account for the fiscal year ending June 30, 2018. The Land Acquisition Account provides a source of funding for land acquisitions for the outdoor recreation system. The account also pays expenses incurred by DNR in offering property for sale or exchange.

This report summarizes the revenue received to the account and expenditures made during FY18. It also provides examples of acquisition, sale and exchange work made possible with funds from the Account.

If you need additional information about the information in this report, please contact Jess Richards, Director of the Division of Lands and Minerals, at (651) 259-5379.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Tom Landwehr'.

Tom Landwehr
Commissioner

Land Acquisition Account Fiscal Year 2018 Annual Report

Minnesota Department of Natural Resources



Creation and Purpose of the Account

The Department of Natural Resources (DNR) administers 5.6 million acres of land within state forests, state parks, wildlife management areas, scientific and natural areas, aquatic management areas, and other recreation and access sites. The Minnesota Legislature established the Land Acquisition Account in 1984 under Minnesota Statutes 94.16 and 94.165 for the acquisition of natural resource lands or interests in land within the Outdoor Recreation System established in Minnesota Statutes, Chapter 86A.

Sources and Uses of the Funds

Receipts from the sale of acquired state natural resource land administered by the DNR are credited to the Land Acquisition Account (the "Account"). These credits provide funding to acquire additional state natural resource land in the Outdoor Recreation System and to cover the costs of sale of surplus state land or the exchange of state-owned property administered by the Commissioner of Natural Resources. The Account helps the DNR reach the following goals:

- Consolidating state forest land into large contiguous blocks to increase forest management efficiencies and protect critical forest habitat;
- Acquiring privately-owned "in-holdings" within state parks;
- Acquiring recreation access; and
- Acquiring lands with significant natural resource characteristics.

Financial Review	Amount
FY2017 Beginning fund balance	\$760,633
Prior year adjustment	\$56,158
Revenues	<i>This cell is empty</i>
Sale of land	\$288,339
Land sale costs	\$43,914
Damage costs (sale of standing timber)	\$16,266
Other receipts ¹	<u>\$980</u>
Total revenues	\$349,499
Expenditures	<i>This cell is empty</i>
Parks and Trails Management	\$22,233
Forest Management	\$62,260
Fish and Wildlife	\$94,445
Ecological and Water Resources Management	<u>\$0</u>
Total expenditures	<u>\$178,938</u>
FY2018 Ending fund balance	<u>\$987,352</u>
Net change for FY2018	+ \$226,719

¹ Loan interest and sale of land per laws

FY2018 Accomplishments

Receipts to the Land Acquisition Account during FY18 included revenue from the sale of:

- A 18.61-acre parcel in Dakota County, sold directly to the US Fish and Wildlife Service pursuant to legislation.
- A 38.2-acre tract in Anoka County near the city of Nowthen, sold to an adjacent landowner for recreational purposes. The State reserved a conservation easement on the property at the time of sale.
- A 19.98-acre tract in Anoka County, sold to an adjacent landowner for continued conservation purposes.
- A 6.6-acre portion of excess trail right-of-way, purchased by a nearby farmer for cultivation.
- A 6-acre portion of excess trail right-of-way, purchased for agricultural use.
- A 1.12-acre parcel in Roseau County, sold to resolve a cabin trespass on forestry-managed land.
- A 1.7-acre parcel in St. Louis County, sold to resolve a trespass on aquatic management area property.

The land sale service charges credited to the Land Acquisition Account reflect the reimbursement of funds utilized from the Land Acquisition Account and other accounts to pay for appraisals and professional services for land sales.

While the Land Acquisition Account funds can be used as consideration for the purchase of land, DNR’s land managing divisions more commonly use the Land Acquisition Account to pay expenses related to land acquisitions, sales and exchanges of state owned lands (e.g., appraisals, recording fees, legal notifications, and professional/technical services), including work done with tax-forfeited parcels. The following transactions are examples of the Land Acquisition Account used during FY18:

Forestry:

- Acquisition costs for a “Forests for the Future” conservation easement in Finland State Forest
- Acquisition costs for land added to Crow Wing State Forest

Parks and Trails:

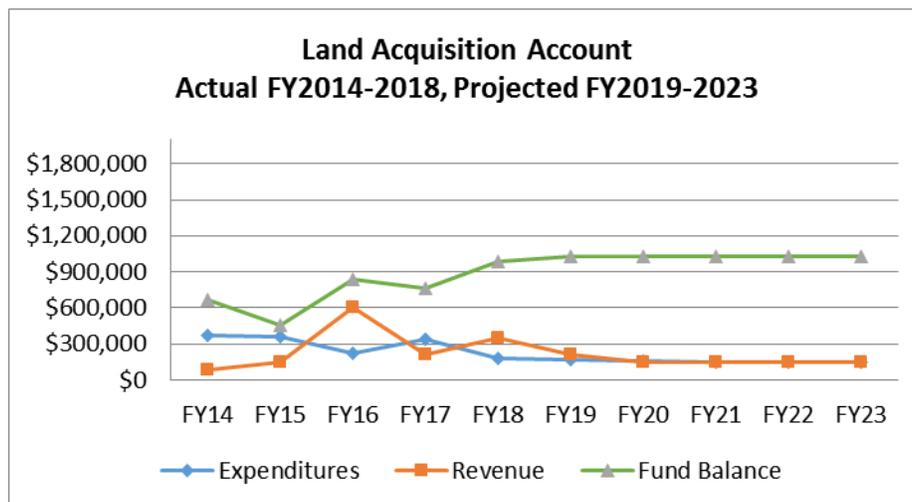
- Acquisition costs for addition to Sibley State Park
- Acquisition costs for addition to Lake Bronson State Park
- Acquisition costs for addition to Lake Bemidji State Park
- Costs associated with a sale to resolve a trespass on the Sakatah Singing Hills Trail

Fish and Wildlife:

- Acquisition costs for addition to Whitewater Wildlife Management Area

Financial Summary FY2013 to FY2022

The Fund’s balance benefitted in FY18 from steady land sales. Revenue to the Fund outpaced the expenditures, contrary to FY17 when expenditures exceeded revenues. The projections for FY19 show that revenue should continue to be higher than expenditures.



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