CHAPTER 92

STATE LANDS; SALES, INVESTMENT OF PROCEEDS

92.06 PAYMENTS; INTEREST.

Subdivision 1. **Terms.** (a) The terms of payment on the sale of state public lands must be as follows: The purchaser shall pay in cash at the time of sale the appraised value of all timber and costs determined by the commissioner to be associated with the sale including survey, appraisal, publication, deed tax, filing fee, and similar costs. At least 15 percent of the purchase price of the land exclusive of timber and associated costs must be paid in cash at the time of sale. The balance of the purchase price must be paid in no more than 20 equal annual installments. Payments must be made by June 1 each year following the year in which the purchase was made, with interest at the rate in effect at the time of sale, calculated under this subdivision, on the unpaid balances. Any installment of principal or interest may be paid in advance, but part payment of an installment will not be accepted. For the purpose of computing interest, any installment of principal not paid on June 1 shall be credited on the following June 1. The purchaser may pay the balance due on a sale within 30 days of the sale with no interest due.

(b) Interest on unpaid balances must be computed as annual simple interest. The rate of interest must be based on average effective interest rates on mortgage loans as provided in paragraph (c).

(c) On or before December 31 of each year, the commissioner of natural resources shall determine the rate from the average effective interest rate on loans closed using the office of thrift supervision series, formerly the federal home loan bank board series, or its successor agency, for the most recent calendar month, reported on a monthly basis in the latest statistical release of the board of governors of the federal reserve system. This yield, rounded to the nearest quarter of one percent, is the annual interest rate for sales of state land during the succeeding calendar year.

(d) For state land sales in calendar year 1993 after July 1, 1993, the rate is eight percent, which is the September 1992 average from the office of thrift supervision series, rounded to the nearest quarter of one percent.

[For text of subds 2 and 3, see M.S.1996]

Subd. 4. **Improvements, when payment not necessary.** If a person has made improvements to the land and if: (1) the commissioner believes that person settled the land in good faith as homestead land under the laws of the United States before it was certified to the state, (2) the improvements were lawfully made by that person as a lessee of the state, or (3) the commissioner determines, based on clear and convincing evidence provided by the person, that the improvements were made by the person as an inadvertent trespasser, then the value of the improvements must be separately appraised and, if the settler, lessee, or inadvertent trespasser purchases the land, the settler, lessee, or inadvertent trespasser is not required to pay for the improvements. If another person purchases the land, that person must pay the owner of the improvements, in addition to all other required payments, the appraised amount for the improvements. Payment for improvements must be made within 15 days of the auction sale, either in cash or upon terms and conditions agreeable to the owner of the improvements. If payment for improvements is not made in cash, and if there is no agreement between the parties within 15 days of the auction sale, the commissioner may:

(1) sell the property to the second highest qualified bidder if that bidder submitted to the commissioner's representative, at the auction sale, a written request to buy the property at a specified price; or

(2) void the sale and reoffer the property at a subsequent sale.

This subdivision does not apply unless the owner of the improvements makes a verified application to the commissioner showing entitlement to the improvements before the first state public sale at which the land is offered for sale. The applicant must appear at the sale and offer to purchase the land for at least its appraised value including all timber on it, and make the purchase if no higher bid is received. Actions or other proceedings involving the land in question begun before the sale must have been completed.

[For text of subd 5, see M.S.1996]

History: *1997 c 216 s 71,72*

92.16 CERTIFICATE OF SALE.

Subdivision 1. **Contents; default, resale.** At the time of the sale the commissioner shall execute, acknowledge, and deliver to the purchaser a certificate of sale, numbered and made assignable, certifying the description of the land sold, its quantity, the price per acre, the consideration paid and to be paid, and the time and terms of payment. A certificate must not be delivered until the sum required by law to be paid at the time of the sale is paid. If the purchaser fails to pay the sum, the commissioner may reoffer the land for sale, but a bid may not be accepted from the person failing to pay the original offer. If the purchaser pays in full at the time of sale, the commissioner is not required to issue a certificate of sale.

[For text of subds 2 to 4, see M.S.1996]

History: *1997 c 216 s 73*

92.46 LANDS AS CAMPGROUNDS.

Subdivision 1. **Public campgrounds.** (a) The director may designate suitable portions of the state lands withdrawn from sale and not reserved, as provided in section 92.45, as permanent state public campgrounds. The director may have the land surveyed and platted into lots of convenient size, and lease them for cottage and camp purposes under terms and conditions the director prescribes, subject to the provisions of this section.

(b) A lease may not be for a term more than 20 years. The lease may allow renewal, from time to time, for additional terms of no longer than 20 years each. The lease may be canceled by the commissioner 90 days after giving the person leasing the land written notice of violation of lease conditions. The lease rate shall be based on the appraised value of leased land as determined by the commissioner of natural resources and shall be adjusted by the commissioner at the fifth, tenth, and 15th anniversary of the lease, if the appraised value has increased or decreased. For leases that are renewed in 1991 and following years, the lease rate shall be five percent of the appraised value of the leased land. The appraised value shall be the value of the leased land without any private improvements and must be comparable to similar land without any improvements within the same county. The minimum appraised value that the commissioner assigns to the leased land must be substantially equal to the county assessor's estimated market value of similar land adjusted by the assessment/sales ratio as determined by the department of revenue.

(c) By July 1, 1986, the commissioner of natural resources shall adopt rules under chapter 14 to establish procedures for leasing land under this section. The rules shall be subject to review and approval by the commissioners of revenue and administration prior to the initial publication pursuant to chapter 14 and prior to their final adoption. The rules must address at least the following:

(1) method of appraising the property; and

(2) an appeal procedure for both the appraised values and lease rates.

(d) All money received from these leases must be credited to the fund to which the proceeds of the land belong.

Notwithstanding section 16A.125 or any other law to the contrary, 50 percent of the money received from the lease of permanent school fund lands leased pursuant to this subdivision must be credited to the lakeshore leasing and sales account in the permanent school fund and is appropriated for use to survey, appraise, and pay associated selling and leasing costs of lots as required in this section and Minnesota Statutes 1992, section 92.67, subdivision 3. The money may not be used to pay the cost of surveying lots not scheduled for sale.

Any money designated for deposit in the permanent school fund that is not needed to survey, appraise, and pay associated selling and leasing costs of lots, as required in this section, shall be deposited in the permanent school fund. The commissioner shall add to the appraised value of any lot offered for sale the costs of surveying, appraising, and selling the lot, and shall first deposit into the permanent school fund an amount equal to the costs of surveying, appraising, and selling any lot paid out of the permanent school fund. Any remaining money shall be deposited into any other contributing funds in proportion to the contribution from each fund. In no case may the commissioner add to the appraised value of any lot offered for sale an amount more than $700 for the costs of surveying and appraising the lot.

[For text of subds 1a to 4, see M.S.1996]

History: *1997 c 7 art 1 s 21*

92.72 PAYMENT OF TAXES AND ASSESSMENTS.

Subdivision 1. **Cancellation of certificate of sale.** If the state acquires an interest in real property prior to the cancellation of a certificate of sale or upon completion of the cancellation process by advertisement or court order, the state must make provision to pay all taxes, interests, costs, penalties, and assessments. The commissioner of natural resources must request the certificate of sale vendee to make a good faith attempt to pay the debt. If the commissioner determines that the vendee is unwilling or unable to pay the debt, the commissioner may pay the debt and seek redress against the vendee.

Subd. 2. **Voluntary and involuntary reversions.** (a) If a grantee on a certificate of sale or state deed desires the state to exercise its reversionary interest in real property, the grantee must pay all real estate taxes, costs, interest, penalties, and assessments on the property prior to reversion.

(b) If a grantee on a certificate of sale or state deed breaches the contractual terms of the certificate or deed, the commissioner of natural resources must request the grantee to make a good faith attempt to pay all real estate taxes, costs, interest, penalties, and assessments on the property prior to reversion. If the commissioner determines that the grantee is unwilling or unable to pay the debt, the commissioner may pay the debt and seek redress against the grantee.

History: *1997 c 216 s 74*