

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 4985

(SENATE AUTHORS: WESTLIN and Hauschild)

DATE	D-PG	OFFICIAL STATUS
03/14/2024	12269	Introduction and first reading Referred to Environment, Climate, and Legacy
04/15/2024	13704a	Comm report: To pass as amended and re-refer to Judiciary and Public Safety Joint rule 2.03, referred to Rules and Administration
04/18/2024		Comm report: Adopt previous comm report Jt rule 2.03 suspended

1.1 A bill for an act

1.2 relating to taxation; property; modifying distribution of excess proceeds from sales

1.3 of tax-forfeited property; appropriating money; amending Minnesota Statutes

1.4 2022, sections 281.23, subdivision 2; 282.08; 282.241, subdivision 1; proposing

1.5 coding for new law in Minnesota Statutes, chapter 282.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2022, section 281.23, subdivision 2, is amended to read:

1.8 Subd. 2. **Form.** The notice of expiration of redemption must contain the tax parcel

1.9 identification numbers and legal descriptions of parcels subject to notice of expiration of

1.10 redemption provisions prescribed under subdivision 1. The notice must also indicate the

1.11 names of taxpayers and fee owners of record in the office of the county auditor at the time

1.12 the notice is prepared and names of those parties who have filed their addresses according

1.13 to section 276.041 and the amount of payment necessary to redeem as of the date of the

1.14 notice. At the option of the county auditor, the current filed addresses of affected persons

1.15 may be included on the notice. The notice is sufficient if substantially in the following form:

1.16 "NOTICE OF EXPIRATION OF REDEMPTION

1.17 Office of the County Auditor

1.18 County of, State of Minnesota.

1.19 To all persons having an interest in lands described in this notice:

1.20 You are notified that the parcels of land described in this notice and located in the county

1.21 of, state of Minnesota, are subject to forfeiture to the state of Minnesota

1.22 because of nonpayment of delinquent property taxes, special assessments, penalties, interest,

2.1 and costs levied on those parcels. The time for redemption from forfeiture expires if a
 2.2 redemption is not made by the later of (1) 60 days after service of this notice on all persons
 2.3 having an interest in the lands of record at the office of the county recorder or registrar of
 2.4 titles, or (2) by the second Monday in May. The redemption must be made in my office.

2.5 IMPORTANT: If the parcels forfeit, they will be sold. If the proceeds from the sale
 2.6 exceed the total amount of the delinquent taxes, special assessments, penalties, interest, and
 2.7 costs levied on those parcels, you may be entitled to the excess proceeds from the sale. If
 2.8 there are excess proceeds, you will be notified and must submit the claim form included
 2.9 with the notification in order to receive the proceeds.

2.10 Names (and Current
 2.11 Filed Addresses) for
 2.12 the Taxpayers and
 2.13 Fee Owners and
 2.14 Those Parties Who
 2.15 Have Filed Their
 2.16 Addresses Pursuant
 2.17 to section 276.041

	Legal Description	Tax Parcel Number	Amount Necessary to Redeem as of Date of Notice
2.18
2.19

2.20 FAILURE TO REDEEM THE LANDS PRIOR TO THE EXPIRATION
 2.21 OF REDEMPTION WILL RESULT IN THE LOSS OF THE LAND AND
 2.22 FORFEITURE TO THE STATE OF MINNESOTA.

2.23 Inquiries as to these proceedings can be made to the County Auditor for County,
 2.24 whose address is set forth below.

2.25 Witness my hand and official seal this day of,

2.26

2.27 County Auditor

2.28 (OFFICIAL SEAL)

2.29

2.30 (Address)

2.31

2.32 (Telephone)."

2.33 The notice must be posted by the auditor in the auditor's office, subject to public
 2.34 inspection, and must remain so posted until at least one week after the date of the last
 2.35 publication of notice, as provided in this section. Proof of posting must be made by the
 2.36 certificate of the auditor, filed in the auditor's office.

3.1 Sec. 2. **[282.005] TAX-FORFEITED LAND; INITIAL SALE.**

3.2 **Subdivision 1. Public auction required.** Prior to managing tax-forfeited lands as
3.3 otherwise provided in this chapter, a county must first offer tax-forfeited parcels for sale
3.4 pursuant to this section, except for any interests in iron-bearing stockpiles, minerals, or
3.5 mineral interests, which must be disposed of as provided under subdivision 8. If a property
3.6 cannot be sold under this section for more than the minimum bid, the sale may be canceled
3.7 and the parcels disposed of as otherwise provided in this chapter.

3.8 **Subd. 2. Definitions.** For the purposes of this section, the following terms have the
3.9 meanings given:

3.10 (1) "interested party" means the owner of the property or any other party who has filed
3.11 their name according to section 276.041;

3.12 (2) "mineral interest" means an interest in any minerals, including but not limited to
3.13 iron, gas, coal, oil, copper, gold, or other valuable minerals; and

3.14 (3) "minimum bid" means the sum of delinquent taxes, special assessments, penalties,
3.15 interests, and costs levied on the parcel.

3.16 **Subd. 3. Redemption.** Prior to the public sale required under this section, an interested
3.17 party may redeem the property by payment of the sum of all delinquent taxes and assessments
3.18 computed under section 282.251, together with penalties, interest, and costs that accrued
3.19 or would have accrued if the parcel of land had not forfeited. A property redeemed under
3.20 this subdivision is no longer subject to the requirements of this section. All rights and
3.21 interests of all interested parties remain unaffected if a property is redeemed under this
3.22 subdivision.

3.23 **Subd. 4. Public auction.** (a) The county auditor must sell the property at a public auction
3.24 to the highest bidder in a manner reasonably calculated to facilitate public participation,
3.25 including by online auction. The sale must occur within six months of either the filing of
3.26 the certificate of the expiration of redemption pursuant to section 281.23, subdivision 9, or
3.27 the date the property is vacated by the occupant, whichever is later. Notice of the sale must
3.28 be provided by website publication at least 30 days before the commencement of the sale.

3.29 (b) At auction, the county auditor must calculate the minimum bid and make the figure
3.30 available to those participating in the auction. If no buyer is willing to pay the minimum
3.31 bid, the sale may be canceled and the parcels disposed of as otherwise provided in this
3.32 chapter.

4.1 Subd. 5. Sale proceeds. The auction proceeds must be collected by the county auditor
4.2 and apportioned pursuant to section 282.08, paragraph (b). Any balance remaining under
4.3 section 282.08, paragraph (b), clause (3), must be retained by the county and made available
4.4 for claims under subdivision 6.

4.5 Subd. 6. Claims for surplus proceeds. (a) If a sale under this section results in a surplus,
4.6 within 60 days of the sale, the county auditor must notify interested parties, in a manner
4.7 described in subdivision 7, of the surplus by sending notice of the surplus and a claim form
4.8 to the interested parties. The notice must indicate that the sale of the property resulted in a
4.9 surplus, the amount of the surplus, that parties with an interest in the property are entitled
4.10 to the surplus amount, and that interested parties have an obligation to submit a claim for
4.11 the surplus. Interested parties are entitled to make a claim for surplus proceeds under this
4.12 subdivision if they file a claim within six months from the date the notice is first mailed to
4.13 the interested parties, unless a county extends the claim period under paragraph (b), in which
4.14 case interested parties may make a claim for surplus proceeds within the extended period
4.15 set by the county.

4.16 (b) A county may extend beyond six months the period of time in which a claim for
4.17 surplus proceeds under this subdivision may be submitted. If a county chooses to extend
4.18 the period, interested parties must be notified of the extension in the same manner for which
4.19 notice of the surplus is provided under paragraph (a).

4.20 (c) Unless disputed by the county auditor, if a single claim is filed, the county auditor
4.21 must pay the surplus to the interested party filing the claim. A county must not pay any
4.22 claimant until after the period of time in which to file a claim has expired.

4.23 (d) If there are multiple claims for a given property, payments under this subdivision
4.24 must be divided among the claimants according to each claimant's ownership interest in
4.25 proportion to the ownership interest of all claimants. If the county auditor disputes a claim,
4.26 or if there is a dispute as to how to divide the surplus among multiple claimants, the county
4.27 auditor may deposit the surplus funds in district court and file a petition pursuant to Rule
4.28 67 of the Minnesota Rules of Civil Procedure, asking the court to determine claimants' rights
4.29 to the funds deposited. The county auditor is entitled to recover the costs it reasonably incurs
4.30 in commencing and maintaining this action from the amount of funds submitted to the court
4.31 in the action. If the court determines that no claimant is entitled to the surplus, the surplus
4.32 must be returned to the county and deposited into the county's forfeited tax sale fund.

5.1 (e) The county and the county auditor are entitled to absolute immunity related to any
5.2 claim predicated on distribution of surplus if the county auditor distributed proceeds
5.3 consistent with this subdivision.

5.4 Subd. 7. **Manner of service.** (a) A notice provided under subdivision 6 or 8 must be
5.5 served as follows:

5.6 (1) by certified mail to all interested parties within 60 days of the sale;

5.7 (2) if an interested party has not filed a claim, a second notice must be sent by certified
5.8 mail to all interested parties between 90 and 120 days after the sale;

5.9 (3) unless the property is vacant land, within 60 days of the sale, by first class mail to
5.10 the property addressed to the attention of the occupants of the property; and

5.11 (4) within 60 days of the sale, by publishing a list of property sales with surplus with
5.12 unexpired claims periods to the county's website.

5.13 (b) In addition, solely at the discretion of the county, the summons may be published in
5.14 the county's designated newspaper for publication of required public notices.

5.15 Subd. 8. **Claims for mineral interests; payments; appropriation.** (a) Upon forfeiture,
5.16 any iron-bearing stockpiles, minerals, and mineral interests shall be sold to the state for \$50.
5.17 The county auditor must notify interested parties within 60 days of the sale by sending
5.18 notice and a claim form. Notice must be provided in a manner described in subdivision 7.
5.19 An interested party may submit a claim alleging that the value of the iron-bearing stockpiles,
5.20 minerals, or mineral interests in the property exceeds \$50. Claims must be submitted within
5.21 six months from the date the notice under this subdivision is first mailed to the interested
5.22 parties, unless a county extends the claim period under paragraph (b), in which case interested
5.23 parties may make a claim for surplus proceeds within the extended period set by the county.

5.24 (b) A county may extend beyond six months the period of time in which a claim under
5.25 this subdivision may be submitted. If a county chooses to extend the period, interested
5.26 parties must be notified of the extension in the same manner for which notice is provided
5.27 under paragraph (a).

5.28 (c) If a claim is filed under this subdivision, the commissioner of natural resources must
5.29 determine the value of the forfeited iron-bearing stockpiles, minerals, and mineral interests.
5.30 If the value of the iron-bearing stockpiles, minerals, and mineral interests does not exceed
5.31 the minimum bid, the claimant is not entitled to any payment under this subdivision. If the
5.32 value of the iron-bearing stockpiles, minerals, and mineral interests exceeds the minimum

6.1 bid, the claimant is entitled to a payment from the commissioner of natural resources equal
6.2 to this excess amount.

6.3 (d) If there are multiple claims, payments under this subdivision must be divided among
6.4 the claimants according to each claimant's ownership interest in proportion to the ownership
6.5 interest of all claimants. If the county auditor disputes a claim, or if there is a dispute as to
6.6 how to divide the surplus among multiple claimants, the commissioner of natural resources
6.7 must transfer the amount due to the claimants under this subdivision to the county auditor.
6.8 The county auditor must then deposit the transferred amount in district court and file a
6.9 petition pursuant to Rule 67 of the Minnesota Rules of Civil Procedure, asking the court to
6.10 determine claimants' rights to the funds deposited. The county auditor is entitled to recover
6.11 the costs it reasonably incurs in commencing and maintaining this action from the amount
6.12 of funds submitted to the court in the action. If the court determines that no party that filed
6.13 a claim is entitled to the surplus, the payment must be returned to the commissioner of
6.14 natural resources and is canceled to the general fund.

6.15 (e) An amount necessary to make payments under this subdivision is annually
6.16 appropriated from the general fund to the commissioner of natural resources.

6.17 Subd. 9. **Expiration of surplus.** If a sale under this section results in a surplus and either
6.18 (1) no interested party makes a claim for the proceeds within the time allowed under
6.19 subdivision 6, or (2) it is determined that no claimant was entitled to the surplus proceeds,
6.20 then interested parties are no longer eligible to receive payment of any surplus. Once
6.21 interested parties are no longer eligible to receive payment of any surplus, the proceeds
6.22 must be returned to the county's forfeited tax sale fund.

6.23 Subd. 10. **Rights affected by forfeiture.** The forfeiture of the property extinguishes all
6.24 liens, claims, and encumbrances other than:

6.25 (1) the rights of interested parties to surplus proceeds under this section;

6.26 (2) rights of redemption provided under federal law;

6.27 (3) easements and rights-of-way holders who are not interested parties; and

6.28 (4) benefits or burdens of any real covenants filed of record as of the date of forfeiture.

6.29 Subd. 11. **Property bought by the state.** Property purchased by the state pursuant to
6.30 this chapter shall be held in trust for the benefit of the taxing districts. All land becoming
6.31 property of the state pursuant to this chapter shall be managed in accordance with chapters
6.32 93 and 282 and other applicable law.

7.1 Sec. 3. Minnesota Statutes 2022, section 282.08, is amended to read:

7.2 **282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.**

7.3 (a) The net proceeds from the sale or rental of any parcel of forfeited land, or from the
7.4 sale of products from the forfeited land, must be apportioned by the county auditor ~~to the~~
7.5 ~~taxing districts interested in the land,~~ as follows:

7.6 (1) the portion required to pay any amounts included in the appraised value under section
7.7 282.01, subdivision 3, as representing increased value due to any public improvement made
7.8 after forfeiture of the parcel to the state, but not exceeding the amount certified by the
7.9 appropriate governmental authority must be apportioned to the governmental subdivision
7.10 entitled to it;

7.11 (2) the portion required to pay any amount included in the appraised value under section
7.12 282.019, subdivision 5, representing increased value due to response actions taken after
7.13 forfeiture of the parcel to the state, but not exceeding the amount of expenses certified by
7.14 the Pollution Control Agency or the commissioner of agriculture, must be apportioned to
7.15 the agency or the commissioner of agriculture and deposited in the fund from which the
7.16 expenses were paid;

7.17 (3) the portion of the remainder required to discharge any special assessment chargeable
7.18 against the parcel for drainage or other purpose whether due or deferred at the time of
7.19 forfeiture, must be apportioned to the governmental subdivision entitled to it; and

7.20 (4) any balance must be apportioned as follows:

7.21 (i) The county board may annually by resolution set aside no more than 30 percent of
7.22 the receipts remaining to be used for forest development on tax-forfeited land and dedicated
7.23 memorial forests, to be expended under the supervision of the county board. It must be
7.24 expended only on projects improving the health and management of the forest resource.

7.25 (ii) The county board may annually by resolution set aside no more than 20 percent of
7.26 the receipts remaining to be used for the acquisition and maintenance of county parks or
7.27 recreational areas as defined in sections 398.31 to 398.36, to be expended under the
7.28 supervision of the county board.

7.29 (iii) Any balance remaining must be apportioned as follows: county, 40 percent; town
7.30 or city, 20 percent; and school district, 40 percent, provided, however, that in unorganized
7.31 territory that portion which would have accrued to the township must be administered by
7.32 the county board of commissioners.

8.1 (b) If a property is sold pursuant to section 282.005, after sale, and apportionment
8.2 pursuant to paragraph (a), clauses (1) to (3), any additional proceeds must be apportioned
8.3 as follows:

8.4 (1) the portion required to pay the sum of all delinquent taxes and assessments not paid
8.5 under paragraph (a) that accrued or would have accrued if the parcel had not forfeited to
8.6 the state, together with penalties, costs, and interest at the rate fixed by law for the respective
8.7 years, must be apportioned to the governmental subdivisions entitled to it;

8.8 (2) the portion required to pay attorney fees and costs reasonably incurred or expended
8.9 in connection with the delinquency proceedings and tax sale must be apportioned to the
8.10 governmental subdivision entitled to it; and

8.11 (3) any balance must be made available for return to an interested party making a claim
8.12 under section 282.005, subdivision 6.

8.13 Sec. 4. Minnesota Statutes 2022, section 282.241, subdivision 1, is amended to read:

8.14 Subdivision 1. **Repurchase requirements.** For properties forfeited prior to January 1,
8.15 2024, the owner at the time of forfeiture, or the owner's heirs, devisees, or representatives,
8.16 or any person to whom the right to pay taxes was given by statute, mortgage, or other
8.17 agreement, may repurchase any parcel of land claimed by the state to be forfeited to the
8.18 state for taxes unless before the time repurchase is made the parcel is sold under installment
8.19 payments, or otherwise, by the state as provided by law, or is under mineral prospecting
8.20 permit or lease, or proceedings have been commenced by the state or any of its political
8.21 subdivisions or by the United States to condemn the parcel of land. The parcel of land may
8.22 be repurchased for the sum of all delinquent taxes and assessments computed under section
8.23 282.251, together with penalties, interest, and costs, that accrued or would have accrued if
8.24 the parcel of land had not forfeited to the state. Except for property which was homesteaded
8.25 on the date of forfeiture, repurchase is permitted during six months only from the date of
8.26 forfeiture, and in any case only after the adoption of a resolution by the board of county
8.27 commissioners determining that by repurchase undue hardship or injustice resulting from
8.28 the forfeiture will be corrected, or that permitting the repurchase will promote the use of
8.29 the lands that will best serve the public interest. If the county board has good cause to believe
8.30 that a repurchase installment payment plan for a particular parcel is unnecessary and not in
8.31 the public interest, the county board may require as a condition of repurchase that the entire
8.32 repurchase price be paid at the time of repurchase. A repurchase is subject to any easement,
8.33 lease, or other encumbrance granted by the state before the repurchase, and if the land is
8.34 located within a restricted area established by any county under Laws 1939, chapter 340,

9.1 the repurchase must not be permitted unless the resolution approving the repurchase is
9.2 adopted by the unanimous vote of the board of county commissioners.

9.3 The person seeking to repurchase under this section shall pay all maintenance costs
9.4 incurred by the county auditor during the time the property was tax-forfeited.