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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4822

03/11/2024 Authored by Feist, Curran and Xiong
The bill was read for the first time and referred to the Committee on Judiciary Finance and Civil Law
03/25/2024 Adoption of Report: Amended and re-referred to the Committee on Environment and Natural Resources Finance and Policy

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; 282.01, by adding subdivisions; 282.08.

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

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

1.7 Subd. 2. Form. The notice of expiration of redemption must contain the tax parcel
1.8 identification numbers and legal descriptions of parcels subject to notice of expiration of
1.9 redemption provisions prescribed under subdivision 1. The notice must also indicate the
1.10 names of taxpayers and fee owners of record in the office of the county auditor at the time
1.11 the notice is prepared and names of those parties who have filed their addresses according
1.12 to section 276.041 and the amount of payment necessary to redeem as of the date of the
1.13 notice. At the option of the county auditor, the current filed addresses of affected persons
1.14 may be included on the notice. The notice is sufficient if substantially in the following form:

"NOTICE OF EXPIRATION OF REDEMPTION

1.16 Office of the County Auditor
1.17 County of ....., State of Minnesota.

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

1.19 You are notified that the parcels of land described in this notice and located in the county
1.20 of ....., state of Minnesota, are subject to forfeiture to the state of Minnesota
1.21 because of nonpayment of delinquent property taxes, special assessments, penalties, interest,
1.22 and costs levied on those parcels. The time for redemption from forfeiture expires if a

2.1 redemption is not made by the later of (1) 60 days after service of this notice on all persons  
2.2 having an interest in the lands of record at the office of the county recorder or registrar of  
2.3 titles, or (2) by the second Monday in May. The redemption must be made in my office.

2.4 IMPORTANT: If you believe that the value of your interest in the parcels, including  
2.5 any interests in iron-bearing stockpiles, minerals, or mineral interests, may exceed the total  
2.6 amount of the delinquent taxes, special assessments, penalties, interest, and costs levied on  
2.7 those parcels, you must provide notice before the expiration of the period of redemption by  
2.8 submitting a written statement to the county auditor. If you provide the notice, you may be  
2.9 entitled to monetary compensation after forfeiture. If you do not provide the notice prior to  
2.10 expiration of the redemption period, all of your interests in the property will be subject to  
2.11 forfeiture.

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

Legal  
Description

Tax  
Parcel  
Number

Amount Necessary to  
Redeem as of Date of  
Notice

2.20 .....  
2.21 .....

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

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

2.27 Witness my hand and official seal this ..... day of ....., .....

2.28 .....

2.29 County Auditor

2.30 (OFFICIAL SEAL)

2.31 .....

2.32 (Address)

2.33 .....

2.34 (Telephone)."

2.35 The notice must be posted by the auditor in the auditor's office, subject to public  
2.36 inspection, and must remain so posted until at least one week after the date of the last

3.1 publication of notice, as provided in this section. Proof of posting must be made by the  
3.2 certificate of the auditor, filed in the auditor's office.

3.3 Sec. 2. Minnesota Statutes 2022, section 282.01, is amended by adding a subdivision to  
3.4 read:

3.5 **Subd. 14. Public auction mandatory when a claim for surplus proceeds is filed. (a)**  
3.6 If any interested party files a written statement with the county auditor after service of the  
3.7 notice required in section 281.23 and before expiration of the period of redemption,  
3.8 notwithstanding anything in this chapter, the county must auction the parcels, except for  
3.9 any interests in iron-bearing stockpiles, minerals, or mineral interests, which are transferred  
3.10 to the state. The county must auction the property by offering it for sale as provided in  
3.11 section 282.02, except that the minimum sale price for a parcel sold pursuant to this  
3.12 subdivision is the sum of the delinquent taxes, special assessments, penalties, interests, and  
3.13 costs levied on the parcel. If the property cannot be sold for more than the sum of the  
3.14 delinquent taxes, special assessments, penalties, interest, and costs levied on those parcels,  
3.15 the sale may be canceled and the parcels disposed of as otherwise provided in this chapter.  
3.16 If the property is sold for more than the sum of the delinquent taxes, special assessments,  
3.17 penalties, interest, and costs levied on those parcels, proceeds of the sale must be apportioned  
3.18 as provided in section 282.08.

3.19 (b) If there are multiple claimants for a given property, payments under this subdivision  
3.20 must be divided among the claimants according to each claimants' ownership interest in  
3.21 proportion to the ownership interest of all claimants. To resolve multiple competing claims,  
3.22 a county may bring an action of interpleader prior to making any payments to the claimants  
3.23 under this subdivision. A county may add costs reasonably incurred in commencing and  
3.24 maintaining an interpleader action to the delinquent taxes due. If a county believes that a  
3.25 claimant made a claim to these proceeds in error, the county may deny the claim and the  
3.26 claimant may bring a civil action in district court to challenge the county's denial.

3.27 (c) If an interested party files a written statement for a claim on surplus proceeds related  
3.28 to the transfer of interests in iron-bearing stockpiles, minerals, or mineral interests to the  
3.29 state with the county auditor after service of the notice required in section 281.23 and before  
3.30 expiration of the period of redemption, notwithstanding anything in this chapter, the county  
3.31 must commence proceedings pursuant to subdivision 15.

3.32 (d) Property subject to public auction under this subdivision may still be repurchased  
3.33 prior to the sale pursuant to sections 282.012 and 282.241 to 282.324.

4.1 Sec. 3. Minnesota Statutes 2022, section 282.01, is amended by adding a subdivision to  
4.2 read:

4.3 Subd. 15. **Proceedings on claims for mineral interests; payments; appropriation.** (a)  
4.4 When required by subdivision 14, paragraph (c), a county must consult with the commissioner  
4.5 of natural resources to determine if the value of a claimant's iron-bearing stockpiles, minerals,  
4.6 or mineral interests transferred to the state under subdivision 14, paragraph (a), exceeds the  
4.7 sum of the delinquent taxes, special assessments, penalties, interest, and costs levied on the  
4.8 parcels. The commissioner of natural resources must determine the value of the claimant's  
4.9 mineral interests. If the value of the iron-bearing stockpiles, minerals, or mineral rights in  
4.10 a claim does not exceed the sum of the delinquent taxes, special assessments, penalties,  
4.11 interest, and costs levied on the parcels, the claimant is not entitled to any payment under  
4.12 this subdivision. If the value of the iron-bearing stockpiles, minerals, or mineral rights in a  
4.13 claim exceeds the sum of the delinquent taxes, special assessments, penalties, interest, and  
4.14 costs levied on the parcels, the claimant is entitled to a payment from the commissioner of  
4.15 natural resources equal to this excess amount.

4.16 (b) If there are multiple claimants for a given property, payments under this subdivision  
4.17 must be divided among the claimants according to each claimants' ownership interest in  
4.18 proportion to the ownership interest of all claimants. To resolve multiple competing claims,  
4.19 a county may bring an action of interpleader prior to making any payments to the claimants  
4.20 under this subdivision. A county may add costs reasonably incurred in commencing and  
4.21 maintaining an interpleader action to the delinquent taxes due. If a county believes that a  
4.22 claimant made a claim to these proceeds in error, the county may deny the claim and the  
4.23 claimant may bring a civil action in district court to challenge the county's denial.

4.24 (c) An amount necessary to make payments under this subdivision is annually  
4.25 appropriated from the general fund to the commissioner of natural resources.

4.26 Sec. 4. Minnesota Statutes 2022, section 282.08, is amended to read:

4.27 **282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.**

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

4.31 (1) the portion required to pay any amounts included in the appraised value under section  
4.32 282.01, subdivision 3, as representing increased value due to any public improvement made  
4.33 after forfeiture of the parcel to the state, but not exceeding the amount certified by the

5.1 appropriate governmental authority must be apportioned to the governmental subdivision  
5.2 entitled to it;

5.3 (2) the portion required to pay any amount included in the appraised value under section  
5.4 282.019, subdivision 5, representing increased value due to response actions taken after  
5.5 forfeiture of the parcel to the state, but not exceeding the amount of expenses certified by  
5.6 the Pollution Control Agency or the commissioner of agriculture, must be apportioned to  
5.7 the agency or the commissioner of agriculture and deposited in the fund from which the  
5.8 expenses were paid;

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

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

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

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

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

5.25 (b) If a property is sold pursuant to section 282.01, subdivision 14, after sale, and  
5.26 apportionment pursuant to paragraph (a), clauses (1) to (3), any additional proceeds must  
5.27 be apportioned as follows:

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

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

6.4 (3) any balance must be returned to the interested party making a claim to the proceeds.  
6.5 If the county disputes a party's claim to the proceeds, it may interplead the funds in the  
6.6 district court. Any funds returned to the county following interpleader may be apportioned  
6.7 as provided in paragraph (a), clause (4). A county may add costs reasonably incurred in  
6.8 commencing and maintaining an interpleader action to the delinquent taxes due. The county  
6.9 may collect these costs prior to apportioning proceeds under this clause.