

Tax-Forfeited Lands Settlement

This document explains an uncodified provision in [Minnesota Laws 2024, Chapter 113](#), section 1, as amended by [Minnesota Laws 2024, Chapter 127](#), article 70, section 10. If you have questions regarding the tax-forfeited lands settlement you should contact your county attorney.

Introduction

This tax-forfeited lands settlement law is in response to an agreement reached on February 28, 2024, settling litigation related to the retention of tax-forfeited lands, surplus proceeds, and mineral rights. The U.S. Supreme Court in [Tyler v. Hennepin County](#), 598 U.S. 631 (2023) held that the county's retention of the surplus from the sale of a tax-forfeited property violated the Takings Clause of the Fifth Amendment of the United States Constitution. This section applies only to parcels that forfeited between the applicable start date (see below) and December 31, 2023.

Definitions

For purposes of this uncodified law, the following terms apply.

Applicable start date:

- Hennepin County – August 16, 2012
- Saint Louis County – June 2, 2016
- All other counties – June 23, 2016

Commissioner: The commissioner of management and budget (MMB)

Participating County: A county that elects to participate in the settlement or a county that is deemed to participate.

Settlement: The agreement reached on February 28, 2024, settling the litigation related to the state's retention of tax-forfeited lands, surplus proceeds from the sale of tax-forfeited lands, and mineral rights in those lands.

Requirements of Participating Counties

A participating county must agree to the following:

1. Provide the claims administrator administering the settlement with all applicable public property tax records reasonably necessary to effectuate the settlement agreement by August 1, 2024;

2. Make a good faith effort to sell all properties that forfeited between the applicable start date and December 31, 2023. The following properties are exempt from this requirement:
 - a. Properties that are classified as conservation lands;
 - b. Properties that are part of a rehabilitation program; and
 - c. Properties in which title is no longer held in trust by the state of Minnesota.

3. For any sale made pursuant to this law:
 - a. The county will conduct an auction of the property, either in person or online; list the property through a private broker; or, if the property meets the criteria in [M.S. 282.01, subd. 7 \(a\)](#), sell the property pursuant to that subdivision;
 - b. The sale will be for no less than the property's appraised value;
 - c. The sale will be for cash only and not on terms; and
 - d. Notwithstanding any provision of Minnesota Statutes, Chapter 282, to the contrary, for any property sold on or after the effective date of this section:
 - i. 75 percent of the proceeds of any sale on or before June 30, 2027; and
 - ii. 85 percent of the proceeds of any sale on or after July 1, 2027, and on or before June 30, 2029,
will be remitted to Minnesota Management and Budget (MMB) for deposit in the general fund and the remaining proceeds will be retained by the county to be used for any permissible purpose; and
 - e. If the property is a residential property with four or fewer residential units or a property that is unimproved with a structure, the property will first be offered for a period of 30 days to persons who intend to own and occupy the property as a residence or who intend to use the property for a noncommercial personal use. Contact PropTax.Admin@state.mn.us if you need a copy of the Purchaser Intent to Use Tax-Forfeited Property form; and
 - f. The sale must be advertised for 30 days by publication in newspapers, websites, and other forums that serve diverse communities in the county where the property is located.

4. Any tax-forfeited properties subject to sale that remain unsold on June 30, 2029, must continue to be managed under the laws governing tax-forfeited lands until they are disposed of under those laws.

Receipts

The commissioner of MMB must deposit into the general fund any proceeds remitted by participating counties. The commissioner of MMB must also deposit into the general fund any returned amounts by the claims administrator.

Participating/Nonparticipating Counties

If a county did not notify the claims administrator by August 1, 2024, a county will be deemed to have elected to become a participating county in the Settlement.

A county that is not a participating county retains all risk of liability for claims related to properties forfeited prior to January 1, 2024. The state of Minnesota is not financially responsible for claims related to those

properties and may seek indemnification from counties that are not participating counties for any expenses or judgements related to those properties.

Reporting

Each participating county must submit a report to the commissioner of MMB. Reporting will commence on December 31, 2024, and must be completed annually thereafter through December 31, 2029. The following information pertaining to parcels that forfeited between the applicable start date and December 31, 2023, must be included:

1. The date on which each parcel forfeited;
2. A brief description of the good faith efforts made to list and sell properties under this appendix; and
3. If a parcel was sold, the purchase price and the amount remitted to the commissioner of management and budget.

A form for reporting a single property can be submitted at this [link](#). For information on reporting multiple properties, email ronika.rampadarat@state.mn.us at MMB. Questions about the annual report can be sent to ronika.rampadarat@state.mn.us.

Beginning on February 1, 2025, and each February 1 thereafter through 2030, the commissioner of MMB must compile the information reported by the participating counties and issue a report to the legislative committees with jurisdiction over finance, environment, and taxes. This Reporting section expires on February 2, 2030.

Expiration

Minnesota Laws 2024, Chapter 113, expires February 2, 2030.

Any properties subject to sale that remain unsold on June 30, 2029, must continue to be managed under the laws governing tax-forfeited lands until they are disposed of under those laws.