

**Northern Counties Land Use Coordinating Board**

**Minutes**

**September 5, 2013**

**Minnesota Discovery Center, Chisholm, MN**

**Call to Order:** The Sept. 2013 meeting of NCLUCB was called to order by Chairman Brian McBride at 9:40 a.m. with the following participants:

**NCLUCB Members:** Garry Gamble, Brian McBride, Anne Marcotte, Mike Forsman, Wade Pavlack, James Nordlof, Brian Napstad,

**Others Present:** Rep. Roger Erickson, Craig Halla, Todd Beckel, Carol Pavlack, Lori Dowling-Hanson.

**Administrative Actions:**

**Minutes of the August 1, 2013** meeting approved. M: Napstad, S. Gamble

**Financial Report and Bills Payable:**

In the absence of Treasurer Raukar, Chairman McBride reported that the Land Use Conflict Account Balance was \$15,005.28 and the General Account Balance was \$122,322.62. The Total Account Balance was \$137,327.90. The Treasurers Report was approved. M: Pavlack, S. Gamble

Two invoices were approved for payment:

J. Chell Professional Services and expenses	\$1247.44
Koochiching Co. reimbursement	\$4657.51

M: Forsman, S.Napstad

Commissioner Napstad noted that the Con-Con Joint Powers Board had previously approved sharing in the expenses for Todd Beckel's legislative work. NCLUCB staff should contact the Con-Con staff to arrange for reimbursement.

**Correspondence:** Commissioner McBride suggested that staff draft a letter of invitation to Itasca and Cass Counties to solicit their participation in the Northern Counties Land Use Coordinating Board. Commissioner Pavlack noted that NCLUCB initiatives such as PILT, wetlands, and shore land management should be highlighted in the letter.

( Letters to Cass and Itasca Counties attached)

## Discussions and Presentations

### Presentation by Craig Halla, Molpus Timberlands Manager

Molpus is a privately traded holding company with a shareholder base comprised of pension funds, endowments, and private investors. Molpus holds lands in 17 states and owns 1.7 million acres of forest lands. Molpus does not own any forest products mills or other manufacturing facilities.

Craig emphasized that Molpus is a “timberland investment company as opposed to a “real estate investment trust”. Molpus focuses on forest products as their prime revenue stream while real estate trusts view forest products as a secondary revenue source, with the acquisition and sale of forest lands as their primary income. But, as timber revenues decline, Molpus will use real estate sales to compensate for revenue shortfalls in the forest products arena. Molpus has completed land sales in Minnesota to mining companies, counties, the State of Minnesota, and the Nature Conservancy .

Mr. Halla asserted that a major challenges for Molpus in Minnesota include: the relatively high taxation rates for timberland, the relatively low growth rate of state forests, and the high percentage of non-productive lands within the northern forest zone. When asked to provide some tax rate examples, Craig stated that while Minnesota averages \$7-10 per acre, southern states average \$1-2 per acre. And there are no mandated public access provisions within Molpus’ southern land base.

Among the future trends Mr. Halla anticipates for large forest land owners in Minnesota include:

- More private sales at the 40 acre tract level to compensate for declining forest product revenues and more metropolitan interest in purchasing larger blocks for hunting and recreation.
- The decline in conservation easements as an attractive option for Molpus and others.
- More equitable arrangements between intermingled state, county and private land owners to maintain the forest access road network and accommodate public use for recreation and seasonal uses.
- An inevitable increase in the number of remote, private, smaller and publicly inaccessible land holdings.
- A continued increase in the forest products generated by southern plantations at the expense of northern forests.

In summary, Mr. Halla concluded that Southern states offer better growth rates and friendlier tax policies. Commissioner Gamble responded that public policies are about choices. “If we know clearly what are the trends, what are our options, and where the decisions are being made, we can make good public policy. But these choices are being made at multiple levels...not always coordinated.”

## **Dept of Natural Resources: Lori Dowling-Hanson**

Con-Con task force is meeting regularly to frame a compromise for the \$300,000 legislative payment. The difficulty centers on two statutes: jurisdiction under Chapt 84A and payments under Chapt. 103. While there is ongoing discussion of back payments, the state would prefer “first things first”. The back payment issue could prevent legislative support for the present agreement. The back payment issue has clouded other issues such as maintenance which must also be addressed.

## **Wetland Regulation: In-Lieu Fee Legislation. Representative Roger Erickson**

Representative Roger Erickson discussed H.F. 1637, a bill that would allow the *“development of an in-lieu fee wetland replacement program that allows satisfaction of wetland replacement requirements via a monetary payment...”*

Representative Erickson stated that he had been meeting with a number of interested parties regarding this legislative proposal. He characterized the mining industry as interested in promoting a variety of mitigation options within a general goal of limiting mitigation ratios to 1:1 outside of the affected watershed. Rep. Erickson indicated that he would continue to meet with various interest groups with the intent to pass this legislation during the 2014 session.

Commissioner Napstad stated that he had been working on this concept for a number of years. Recent statewide tours dramatically illustrated the absence of wetlands in many sections of the state. This legislation just makes common sense as opposed to the current trend to initiate mitigation in counties where there is already an abundance of wetland resources. Commissioner Napstad encouraged NCLUCB to build a support coalition and added that the director of BWSR “would like to get this bill moving”.

Commissioner Pavlack urged NCLUCB members to develop an action plan to ensure passage.

**Motion:** Assign Todd Beckel to provide technical support to Rep. Erickson and NCLUCB member counties in an effort to achieve passage. NCLUCB to fund Todd’s work. M. Pavlack, S.Forsman Passed.

States with a Federally approved in-lieu fee mitigation option: AL, AK, CA, FL, KE, KS, Maine, Miss., Montana, NH, NY, NC, OR, TN, Vermont, WI, WA, Virginia.

**Motion** to adjourn: M. Pavlack, S. Napstad. Adjourned at 11:45