

LCCMR Transaction Costs Reporting Guidelines

For all acquisitions of land in fee title or conservation easement using monies in whole or in part from the Environment and Natural Resources Trust Fund (ENRTF), certain documentation must be provided to the Legislative-Citizen Commission on Minnesota Resources to ensure public accountability for use of public funds. **This documentation is required for all land acquisitions involving ENRTF funds beginning in 2008.**

The required documentation can be divided into three categories outlined below.

1. Selection Process Used to Identify Parcels Acquired

Provide the following in the work program updates and final report:

1. A document that shows the organization's selection process for prioritizing parcels for acquisition (for state agencies – provide a biennial acquisition plan if available).
2. The criteria used to prioritize parcels to acquire.
3. The current prioritized list of potential acquisitions (the list may be updated by request during the life of the work program if and when circumstance merits a change; changes made get documented in the work program).
4. In work program updates and the final report provide details on why the specific parcel(s) acquired were chosen to be acquired (or partially acquired) with ENRTF funding.

2. All Related Transaction Costs

All related transaction costs refers to all costs involved when acquiring land in fee title or conservation easement by purchase, gift, or bargain sale, including but not limited to appraisals, legal fees, recording fees, commissions, other similar costs, and donations. This information must be provided for all parties involved in the transaction.

To fulfill this requirement, provide the information in the following manner:

1. Most of the transaction costs for acquiring land are "eligible costs" that can be reimbursed with ENRTF funds, so in most cases the standard backup documentation required of ENRTF recipients in order to receive ENRTF reimbursement is adequate and additional reporting will not be necessary.
 - For additional information on cost eligibility, see the eligible/ineligible cost list on the LCCMR web site under "Project Manager Info" (<http://www.lccmr.leg.mn/Project-Manager-Info/ManagerInformation.html>).
 - All transaction costs should also be reported in the work program updates and final report.
 - Transactions costs that are **not** being directly reimbursed by ENRTF funds should be documented in a work program update including the sources of funding (these are reported in the work program section "Other Funds"). If the transaction costs are incurred by the landowner they should also be recorded as other funds.
2. In regard to "donations":
 - In work program update(s), report any donations directly related to any land acquisition funded in whole or in part by ENRTF funds that are received by any recipient of ENRTF funds at the same time or near the same time as a land acquisition transaction. This pertains to any donations that are a result of a recipient of ENRTF funds making a suggestion or request for a donation from landowners/sellers to a recipient of ENRTF funds that is in any way related to facilitating a land acquisition or any related transactions.
 - Types of donations that do not need to be reported include donations not related to a land acquisition or any related transactions, donations from landowners/sellers that are in response to a broad solicitation made to a wide group of potential donors, donations that are unsolicited and not related to a land acquisition or related transactions.

3. Differences in Acquisition Amount Paid Compared to Appraisal

Any difference between the acquisition amount paid to the seller and the state certified or state reviewed appraisal amount, if a state appraisal is required, must be reported.

To fulfill this requirement provide:

1. A signed copy of the land owner bill of rights.
2. A signed copy of the landowner's acknowledgement of being made aware of the state certified appraised value of their property. When a non-state entity is acquiring the land where a state certified appraisal is not required, the land owner shall be made aware of and acknowledge the appraisal amount that is the basis for reimbursement from the state with ENRTF funds.
3. The amount of the bargain sale should be reported in the work program as leverage of other (non-state) funds. A bargain sale is defined as the difference between the appraised amount and the amount the seller agrees to accept for the sale of the property. Transaction costs are accounted for separately.

The commission may waive the application of the requirement for specific projects.

A recipient that requests that the commission waive the application of the requirement for specific projects is required to make the request in writing. The request must include an explanation of the reason for the request. Waiving this requirement may only be done through Commission action at a scheduled LCCMR meeting where the request is included as an agenda item in advance of the meeting, usually at least one week in advance of the meeting.