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## Major Minnesota property owner closes land to hunters, snowmobilers after lawmakers cap tax break

A change in Minnesota tax law for forested land has so angered the state's largest private property owner that it is blocking hunters and snowmobilers from driving onto land that has been in popular use.

By: [John Myers](#), Duluth News Tribune

A change in Minnesota tax law for forested land has so angered the state's largest private property owner that it is blocking hunters and snowmobilers from driving onto land that has been in popular use.

Mississippi-based Molpus Woodlands Group is putting up "Keep Out" signs on access roads across much of the land it owns in northern St. Louis County. The new signs warn hunters that gates will be closed and access blocked to popular grouse and deer hunting land in coming weeks, just as hunters are heading into the woods.

The move comes after the Legislature cut a tax break the company received for conducting sustainable forestry and allowing public access from more than \$2 million to \$100,000.

In addition to hunting, the closures will affect hundreds of miles of snowmobile trails that cross Molpus land. The company has refused to renew the easements used by the Arrowhead and Voyageur trails and others, said Rep. Dave Dill, DFL-Crane Lake.

"We have hundreds of crossings on their land. This is going to shut down snowmobiling in that area if we don't get this changed," Dill said. "This is bigger than just deer hunting. If those snowmobile trails don't open, they (snowmobilers) will just go somewhere else. It's a big hit to the economy."

### Lawmakers impose cap on tax break

Property tax policy for forestland has been an issue at the Legislature for a decade or more. But the most recent problem surfaced in 2010 when state lawmakers and then-Gov. Tim Pawlenty changed the state's Sustainable Forestry Incentives Act, which has paid landowners between \$7 and \$13 per acre per year to keep their land sustainably managed, open to timber harvest and open to public recreation. Lawmakers set the tax break at \$7 per acre but added a cap of \$100,000 to any single landowner, which hit Molpus hard.

The 2011 special session tax bill, which remains in effect, also included the \$100,000 cap.

Mike Felix of Grand Rapids owns 40 acres of land and a deer hunting shack more than seven miles in from the highway northeast of Orr. He said he and his brother have driven down the Sheep Ranch Road for more than 25 years to access their land. Now, Molpus has put up a sign warning hunters that the road will be gated and closed during deer season.

But Felix says he plans to drive in anyway.

"I've been driving down that road for 25 years and I'm not going to stop now. I've never received their permission to use it before. I don't recognize their ownership of that road," Felix said. "Someone will have to do something about the gate, that's all. ... It's not just us. Hundreds of people use that road to get into that area: hunters and loggers. Even the Forest Service needs it to get into their land."

Dill is among several northern lawmakers and Department of Natural Resources officials trying to form a plan to convince Molpus to change its mind and reopen the land.

### Solution unlikely before 2013

"We're looking at trying to find some money in the short term. But, really, there isn't much we can do until" the 2013 legislative session, Dill said. "Maybe we can convince them in good faith that we will work to restore the tax incentive; maybe they will rethink these closures for this year."

Dill said northern lawmakers have been working to save the tax credit to secure public access but that lawmakers from southern areas of the state haven't seen the value in keeping the land open.

One option would be for the state to purchase conservation easements on the land, under which Molpus would be required to keep the land open in exchange for a lump-sum payment up front. (Molpus already has more than 100,000 acres in state-owned conservation easements, much of it in Koochiching and Itasca counties, which will remain open to public access by law.)

But adding the rest of the Molpus acres in Minnesota to the conservation easement program, even if the company agrees, could take months if not years.

So far, company officials aren't backing down.

"We're open to solutions. We don't want to lock our land up in the long term. But we felt we had to do something," said Craig Halla, Minnesota property manager for Molpus. "This is a direct result of the loss of tax incentives. It's very difficult to manage this land based just on the timber sale revenues now with (timber) prices so low and still paying taxes. If we want to keep the land in production and open to public access, there has to be another source of revenue. Or we are going to need to look at some other options."

### Timber revenue down, too

Wayne Brandt, executive vice president of the Minnesota Timber Producers and Forest Industries groups, of which Molpus is a member, said the cost to maintain roads and trails and repair damage adds up for companies that own so many acres of woods. And with the price of trees sold off the land less than half of what it was six years ago, property taxes paid on the land becomes a big issue.

Molpus became owners of 286,000 acres of Minnesota forest in July when it purchased the land from Forest Capital Partners, which more than a decade ago had acquired the land holdings of Boise Cascade Co. Molpus is operated as a land investment company to return profits to investors from timber sales and other revenue off the land.

Of Molpus' Minnesota acres, about 128,000 acres had been enrolled in the Sustainable Forestry Incentives Act program and are affected by the company's new policy to ban motorized access, much if it in northern St. Louis County. The company is not planning to stop hunters or hikers who walk onto their land, Halla said.

Halla said Molpus owns timberland in 17 states but that Minnesota has among the highest property taxes on forested land.

The state's other large forest landowners — such as Blandin and Potlatch — aren't as affected by the legislative action because much of their land is either tied up in conservation easements or leased to specific recreation users, and thus not eligible for the tax break.

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