

Access to northern Minnesota forest becomes leverage in tax law fight

DENNIS ANDERSON, Star Tribune

Much of northeast Minnesota -- long a playground for hunters, hikers, snowmobilers and ATV riders -- is in danger of being locked up, as the state's largest private property owner calls the Legislature's bluff over taxes on its forestland.

Stinging from a decision by lawmakers in 2010 to change the state's Sustainable Forestry Incentives Act, Molpus Woodlands Group of Jackson, Miss., has erected about 16 gates across roads in Koochiching and St. Louis counties, promising to seal off most motorized travel on hundreds of miles of snowmobile trails and back roads leading to private cabins and hunting outposts

"There's county land all over the place, and state land and federal lands, that would be affected," said Koochiching County Board Chairman Brian McBride. "We're talking about thousands and thousands of acres and miles and miles of trails and roads."

Molpus, which owns forest lands across the nation, will continue to allow foot and ATV travel on its property. The company purchased 286,000 acres of Minnesota forest lands last summer from Forest Capital Partners, an East Coast investment group.

Forest Capital had sued the state alleging breach of contract after lawmakers changed the forestry act, which paid landowners between \$7 and \$13 an acre to manage their lands over the long term, keep them open to logging and allow public access.

The law's intent is to prevent the breakup of large forest tracts that benefit wildlife and recreation. But budget shortfalls caused the Legislature to cap payouts to individual landowners at \$100,000, costing Forest Capital about \$2 million a year.

Forest Capital won its case in lower court but lost on appeal.

Molpus says maintenance of back roads and other accesses that crisscross their latticework of northern Minnesota properties are prohibitively expensive without the payments.

"There's not enough money in growing and selling timber anymore," said Craig Halla of International Falls, who manages the lands. "If you have to sell 60,000 cords of aspen a year just to pay your taxes, there's something wrong."

Before the economic downturn, aspen sold for as much as \$80 a cord. Now it brings about a fourth that.

Molpus plans to sell property, gravel, easements and timber to maximize the value of its investment, said Halla.

One Molpus gate that -- for now -- remains open in St. Louis County has been erected on Sheep Ranch Road.

Bill and Deena Congdon of Crane Lake cross 13 miles of the road to reach their log cabin and 260 acres, where they live five months a year.

"We didn't know the road wasn't a public road," Bill Congdon said. "If it's gated, I don't know how we will get to our home. But it's not just us. It's snowmobilers. If they gate these trails, it will be the end of northern Minnesota snowmobiling as we know it."

Affected trails, McBride said, include the Arrowhead, which connects International Falls with Tower, as well as trails extending from International Falls to Bemidji and bordering Voyageurs National Park.

"And all of these trails connect to other trails that also would be affected," McBride said. "We're talking hundreds and hundreds of miles."

Rep. David Dill, DFL-Crane Lake, said people in his district are angry.

"For a hundred years, these lands have been treated as quasi-public," he said.

Dill said a constituent told him that her work shift at Boise Cascade in International Falls one day this week "was like a war zone" over the possibility cabin owners and deer hunters will be locked out of areas they own, lease or traditionally have used.

"I don't blame [Molpus] for being royally ticked off, it's a crappy deal [what the Legislature did]," Dill said. "But what they're using for leverage -- access to these lands -- there could be bankruptcies over this. The resorts up here aren't exactly getting rich."

The possibility of closing snowmobile trails couldn't come at a worse time, said Jim Janssen, owner of Voyageaire Lodge and Houseboats of Crane Lake.

Janssen and his wife, Gretchen, are investing nearly \$2 million to rebuild their business, which is heavily dependent on snowmobiling.

"We're putting up a new lodge with all the amenities people want, and here we sit," he said. "It's scary."

Resolution to the impasse isn't likely until the Legislature convenes, said Wayne Brandt, executive vice president of Minnesota Forest Industries.

Dill agrees.

"One of the long-term solutions could be for the state to buy a conservation easement on these lands, like they did before on other property owned by Forest Capital and other timber producers," Dill said. "But that's going to take time."

"In the meantime, we need some sort of short-term agreement with Molpus to get us through this fall and winter."

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