

FACT SHEET

Gary D. Preszler, Commissioner

ASSIGNING SCHOOL TRUST LANDS

We have found that there are some common misconceptions about assignments and subleasing on school trust lands. The following discussion clarifies the intent of the assignment policy, and explains why subleasing and third party use cannot be allowed.

School trust lands were granted to North Dakota by the U. S. Congress solely for the purpose of supporting public schools in the State. The income derived from these lands is distributed to public schools, grades K-12. The Constitution of North Dakota requires that these lands be leased to the highest bidder at public auction for a maximum of 5 years, with no preference given to anyone through occupancy or use, including the previous or current lessee.

The Land Department is responsible for making sure that these lands are available to everyone on an equal basis, and we cannot allow "arrangements" that circumvent the interests of the trusts or the public. That's why, in addition to maximum 5-year lease terms, when a lessee no longer needs the land to run his/her own livestock during a lease term, the land is made equally available to the public at public auction as soon as possible.

Other applications of the equal availability principle are applied to school trust lands in that the leases cannot be "sold" (or even advertised) with a privately-owned farm or ranch. Some

lessees mistakenly believe that when they sell their farm or ranch, the trust land lease can be "passed on" to the purchaser. This procedure would obviously reduce the value of the lease to our trust beneficiaries, and would bypass individuals who may have been waiting for the opportunity to lease the trust land tract.

In other words, it is not in the best interests of the school trusts **or** the agricultural community to allow sale of leases or to allow use of school trust lands by a third party.

So - here are some main ideas to keep in mind when considering a trust land lease transfer:

- ◆ *Any and all assignments must be requested through our office and approved, in writing, by the Commissioner. They are not effective until the Commissioner approves them.*
- ◆ *A maximum 2-year assignment is allowed to someone who is not a close relative of the lessee.*
- ◆ *Only the current grazing season can be assigned in the case of a farm/ranch sale.*

For more information regarding this topic, contact Linda Fisher at llfisher@state.nd.us or call (701) 328-2800.