

1 *Senate* BILL NO. *150*
 2 INTRODUCED BY *Bob Archibald*
 3 BY REQUEST OF THE DEPARTMENT OF STATE LANDS
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ELIMINATE THE
 6 CARRYING CAPACITY ADJUSTMENT TO THE MINIMUM RENTAL RATE FOR
 7 STATE GRAZING LEASES; AND AMENDING SECTION 77-6-507, MCA."
 8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 **Section 1.** Section 77-6-507, MCA, is amended to read:

11 "77-6-507. Formula for fixing annual rental. (1) In
 12 this section:

13 (a) "animal unit" means one cow, one horse, five sheep,
 14 or five goats;

15 (b) "animal-unit-month carrying capacity" means that
 16 amount of natural feed necessary for the complete
 17 subsistence of one animal unit for 1 month.

18 (2) The board shall establish the minimum per annum
 19 rental rate per section of all grazing lands which that are
 20 the property of the state ~~upon the animal-unit-month basis~~
 21 ~~as provided in this section.~~

22 ~~{3}--In fixing the minimum annual rental per section,~~
 23 ~~the following formula shall be used:~~

24 ~~{a}--The base rental shall be computed by multiplying~~
 25 ~~six times the average price per pound of beef cattle on the~~

1 farm in Montana for the previous year times the
 2 animal-unit-month carrying capacity of the land.

3 ~~{b}--The minimum annual rental for grazing lands with an~~
 4 ~~annual carrying capacity of more than 14 and less than 20~~
 5 ~~animal units per section is the base rental.~~

6 ~~{c}--The minimum annual rental for grazing lands with an~~
 7 ~~annual carrying capacity of more than 19 animal units per~~
 8 ~~section is 10 cents more than the base rental.~~

9 ~~{d}--The minimum annual rental for grazing lands with an~~
 10 ~~annual carrying capacity of less than 15 animal units per~~
 11 ~~section is 10 cents less than the base rental.~~

12 ~~{4}{3}~~ The carrying capacity of the land to be used in
 13 the above formula shall must be in accordance with the
 14 determinations of the department made under 77-6-201.

15 ~~{5}{4}~~ The average price per pound of beef cattle on
 16 the farm in Montana shall must be taken from statistics
 17 published by the United States department of agriculture
 18 current at the time of computation of the rental or from
 19 other reliable sources current at such that time."

-End-



STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0150, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

This bill eliminates the carrying capacity adjustment to the minimum rental rate for state grazing leases.


ASSUMPTIONS:

- The proposed bill would consolidate the three grazing rental rate classes into one. The following table details the current grazing rental rate structure and the proposed structure. The table also includes the number of animal units at the three rates and the income from each rate.


| Current Rate Structure | | | |
|-------------------------|----------------|--------|------------------|
| Class | Animal Units | Rate | Income |
| A | 85,349 | \$4.34 | 370,415 |
| B | 303,250 | 4.24 | 1,285,780 |
| C | <u>601,601</u> | 4.14 | <u>2,490,627</u> |
| Total | 990,200 | | 4,146,822 |
| Proposed Rate Structure | | | |
| | 990,200 | 4.24 | 4,198,448 |

FISCAL IMPACT:

| | <u>FY 92</u> | | | <u>FY 93</u> | | |
|--------------------------|--------------------|---------------------|-------------------|--------------------|---------------------|-------------------|
| | <u>Current Law</u> | <u>Proposed Law</u> | <u>Difference</u> | <u>Current Law</u> | <u>Proposed Law</u> | <u>Difference</u> |
| <u>Revenues:</u> | | | | | | |
| Public School Trust (01) | 3,939,481 | 3,988,526 | 49,045 | 3,939,481 | 3,988,526 | 49,045 |
| Other Trusts (02) | <u>207,341</u> | <u>209,922</u> | <u>2,581</u> | <u>207,341</u> | <u>209,922</u> | <u>2,581</u> |
| Total | 4,146,822 | 4,198,448 | 51,626 | 4,146,822 | 4,198,448 | 51,626 |



 ROD SUNDSTED, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning



 BOB HOCKETT, PRIMARY SPONSOR DATE

APPROVED BY COMMITTEE
ON AGRICULTURE LIVESTOCK
& IRRIGATION

Senate BILL NO. *150*

INTRODUCED BY *Bob Archibald*
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amount of natural feed necessary for the complete
subsistence of one animal unit for 1 month.

(2) The board shall establish the minimum per annum
rental rate per section of all grazing lands which that are
the property of the state ~~upon-the-animal-unit-month-basis~~
~~as-provided-in-this-section-~~

~~(3)--In-fixing-the-minimum-annual--rental--per--section--~~
~~the-following-formula-shall-be-used:~~

~~(a)--The--base--rental--shall-be-computed~~ by multiplying
six times the average price per pound of beef cattle on the

farm in Montana for the previous year times the
animal-unit-month carrying capacity of the land.

~~(b)--The-minimum-annual-rental-for-grazing-lands-with-an~~
~~annual-carrying-capacity-of-more-than-14-and--less--than--20~~
~~animal-units-per-section-is-the-base-rental;~~

~~(c)--The-minimum-annual-rental-for-grazing-lands-with-an~~
~~annual--carrying--capacity--of-more-than-19-animal-units-per~~
~~section-is-10-cents-more-than-the-base-rental;~~

~~(d)--The-minimum-annual-rental-for-grazing-lands-with-an~~
~~annual-carrying-capacity-of-less-than-15--animal--units--per~~
~~section-is-10-cents-less-than-the-base-rental;~~

~~(4)(3)~~ The carrying capacity of the land to be used in
the above formula shall must be in accordance with the
determinations of the department made under 77-6-201.

~~(5)(4)~~ The average price per pound of beef cattle on
the farm in Montana shall must be taken from statistics
published by the United States department of agriculture
current at the time of computation of the rental or from
other reliable sources current at such that time."

-End-

SECOND READING

SB 150



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3 ~~(b)--The-minimum-annual-rental-for-grazing-lands-with-an~~
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6 ~~(c)--The-minimum-annual-rental-for-grazing-lands-with-an~~
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