

1 *Senate* BILL NO. 181
 2 INTRODUCED BY *Arden*
 3 BY REQUEST OF THE DEPARTMENT OF STATE LANDS

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXTEND THE \$25
 6 PENALTY FOR FAILURE TO MAKE TIMELY RENTAL PAYMENTS TO ALL
 7 STATE LAND LEASES AND LICENSES NOT CURRENTLY SUBJECT TO THE
 8 PENALTY; AMENDING SECTION 77-6-506, MCA; AND PROVIDING AN
 9 APPLICABILITY DATE."

10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 **Section 1.** Section 77-6-506, MCA, is amended to read:

13 "77-6-506. Date when rental due -- penalty --
 14 cancellation for nonpayment. (1) For grazing leases, the
 15 grazing portion of leases containing both agricultural and
 16 grazing land, and agricultural leases not based on a crop
 17 share, the rental for the first year of the lease shall be
 18 paid at or before the time of the execution of the lease;
 19 however, in the case of leases which take effect on and
 20 after October 1 and before the expiration of the coming
 21 February, both the rental for the fractional year and for
 22 the next full year beginning March 1 shall be paid and
 23 collected at the time of issuing the lease. If the United
 24 States is the lessee of state lands for grazing purposes,
 25 the rental shall be payable at the end of each year of the

1 lease. The rental for each succeeding year on leases
 2 hereafter issued, with the exception of leases wherein the
 3 United States is the lessee, is due and payable before March
 4 1. If the rental is not paid before March 1, a \$25 penalty
 5 shall be imposed on the lessee. If the full rental and the
 6 \$25 penalty are not paid by April 1, the entire lease is
 7 canceled.

8 (2) For agricultural leases and the agricultural
 9 portion of leases containing both grazing and agricultural
 10 land, when the rental is paid on a crop share basis or on a
 11 crop share/cash basis, the rental is due in cash on or
 12 before November 15 of the year in which the crop is
 13 harvested. If the rental is not paid on or before November
 14 15 of the year of crop harvest, a \$25 penalty shall be
 15 imposed on the lessee. If the full rental and the \$25
 16 penalty are not paid on or before December 31 of the year in
 17 which the crop is harvested, the entire lease is canceled.
 18 The department may extend the deadline in writing. If the
 19 lessee does not make the rental payment by the date of
 20 extension, the entire lease is canceled. Any rental payment
 21 made after November 15 of the year in which the crop is
 22 harvested, including payment made after an extension of the
 23 deadline, must include the \$25 penalty.

24 (3) For all state land leases and licenses other than
 25 those described in subsections (1) and (2), the department

1 shall impose a \$25 penalty for failure to make a rental
2 payment by any deadline established by statute, rule, or in
3 the lease or license.

4 ~~(3)~~(4) At least 2 weeks prior to the final deadline for
5 payment under subsection (1) or (2), the department shall
6 send by certified mail to each lessee who has not made
7 payment a letter notifying the lessee that the lease is
8 canceled if payment and the \$25 penalty are not received by
9 the final deadline. The notice shall be sent to the lessee
10 at the address given in the lease.

11 ~~(4)~~(5) When a lease is canceled under subsection (1) or
12 (2), the department shall notify the lessee of the
13 cancellation by letter at the address given in the lease.
14 The land is then open for lease to applicants.

15 ~~(5)~~(6) The penalties collected pursuant to this section
16 must be deposited into the same trust account as the rentals
17 from the state land to which the penalties apply."

18 NEW SECTION. Section 2. Applicability. [This act]
19 applies to state land lease and license payments due after
20 December 31, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0181, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

This bill extends the \$25 penalty for failure to make timely rental payments to all state land leases and licenses not currently subject to the penalty.


ASSUMPTIONS:

1. Assume 100 special lease rentals are delinquent each year. This represents 10% of the 1,000 special leases now administered.
2. Once the law is implemented, the amount of delinquent payments will be cut in half. This has been the result when agricultural rentals were subject to the \$25 penalty.
3. There will be 100 certified notices at \$2.00 each in FY92 to notify lessee of the penalty and 50 notices in FY93 and each year thereafter.

FISCAL IMPACT:

Department of State Land, Central Management Division:

<u>Expenditures:</u>	<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>
Operating Expense	0	200	200	0	100	100
<u>Funding:</u>						
General Fund	0	200	200	0	100	100
<u>Revenues:</u>						
Education Trusts (09)	0	2,500	2,500	0	1,250	1,250


 _____ 1-28-91
 ROD SUNDSTED, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning


 _____ 2/11/91
 GERRY DEVLIN, PRIMARY SPONSOR DATE

Fiscal Note for SB0181, as introduced

SB 181

APPROVED BY COMMITTEE
ON AGRICULTURE LIVESTOCK
& IRRIGATION

1 *Senate* BILL NO. 181
2 INTRODUCED BY *Newton*
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21 February, both the rental for the fractional year and for
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1 shall impose a \$25 penalty for failure to make a rental
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12 (2), the department shall notify the lessee of the
13 cancellation by letter at the address given in the lease.
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16 must be deposited into the same trust account as the rentals
17 from the state land to which the penalties apply."

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19 applies to state land lease and license payments due after
20 December 31, 1991.

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2 INTRODUCED BY DEVLIN, KASTEN

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