# SENATE BILL NO. 181

# INTRODUCED BY DEVLIN, KASTEN BY REQUEST OF THE DEPARTMENT OF STATE LANDS

## IN THE SENATE

	IN THE SENATE
JANUARY 23, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON AGRICULTURE, LIVESTOCK, & IRRIGATION.
	FIRST READING.
FEBRUARY 2, 1991	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 4, 1991	PRINTING REPORT.
	SECOND READING, DO PASS.
FEBRUARY 5, 1991	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 49; NOES, 0.
	TRANSMITTED TO HOUSE.
	IN THE HOUSE
FEBRUARY 5, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON AGRICULTURE, LIVESTOCK, & IRRIGATION.
FEBRUARY 6, 1991	FIRST READING.
MARCH 7, 1991	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 9, 1991	SECOND READING, CONCURRED IN.
MARCH 11, 1991	THIRD READING, CONCURRED IN. AYES, 92; NOES, 7.
	RETURNED TO SENATE.
	IN THE SENATE

RECEIVED FROM HOUSE.

REPORTED CORRECTLY ENROLLED.

SENT TO ENROLLING.

MARCH 12, 1991

24

25

Synte BILL NO. 181 INTRODUCED BY

BY REQUEST OF THE DEPARTMENT OF STATE LANDS

3 4 5

6

7

8

9

1

2

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

10 11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

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

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

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



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

(2) For agricultural leases and the agricultural 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 harvested. If the rental is not paid on or before November 13 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 extension, the entire lease is canceled. Any rental payment 20 21 made after November 15 of the year in which the crop is harvested, including payment made after an extension of the 22 23 deadline, must include the \$25 penalty.

(3) For all state land leases and licenses other than 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
  - 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 (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:

		FY '92			FY '93	
Expenditures: Operating Expense	Current Law 0	Proposed Law 200	<u>Difference</u> 200	Current Law 0	Proposed Law 100	<u>Difference</u> 100
Funding: General Fund	0	200	200	0	100	100
Revenues: Education Trusts (09)	0	2,500	2,500	0	1,250	1,250

ROD SUNDSTED, BUDGET DIRECTOR

DATE

Office of Budget and Program Planning

GERRY DEVLIN, PRIMARY SPONSOR

Fiscal Note for SB0181, as introduced

SB 181

# APPROVED BY COMMITTEE ON AGRICULTURE LIVESTOCK & IRRIGATION

INTRODUCED BY About 181

BY REQUEST OF THE DEPARTMENT OF STATE LANDS

4

6

7

8

1

2

3

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXTEND THE \$25

PENALTY FOR FAILURE TO MAKE TIMELY RENTAL PAYMENTS TO ALL

STATE LAND LEASES AND LICENSES NOT CURRENTLY SUBJECT TO THE

PENALTY; AMENDING SECTION 77-6-506, MCA; AND PROVIDING AN

APPLICABILITY DATE."

9 10 11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

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

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

cancellation for nonpayment. (1) For grazing leases, the grazing portion of leases containing both agricultural and grazing land, and agricultural leases not based on a crop share, the rental for the first year of the lease shall be paid at or before the time of the execution of the lease; however, in the case of leases which take effect on and after October 1 and before the expiration of the coming February, both the rental for the fractional year and for the next full year beginning March 1 shall be paid and collected at the time of issuing the lease. If the United States is the lessee of state lands for grazing purposes, the rental shall be payable at the end of each year of the



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

canceled.

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

- agricultural leases and the agricultural (2) For portion of leases containing both grazing and agricultural land, when the rental is paid on a crop share basis or on a crop share/cash basis, the rental is due in cash on or before November 15 of the year in which the crop is harvested. If the rental is not paid on or before November 15 of the year of crop harvest, a \$25 penalty shall be imposed on the lessee. If the full rental and the \$25 penalty are not paid on or before December 31 of the year in which the crop is harvested, the entire lease is canceled. The department may extend the deadline in writing. If the lessee does not make the rental payment by the date of extension, the entire lease is canceled. Any rental payment made after November 15 of the year in which the crop is harvested, including payment made after an extension of the deadline, must include the \$25 penalty.
- (3) For all state land leases and licenses other than those described in subsections (1) and (2), the department

SECOND READING

- 1 <u>shall impose a \$25 penalty for failure to make a rental</u>
- 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
  - 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-

1		٠	Sente	BILL NO.	181
2	INTRODUCED	BY	Alexan .	154 /2 =	

BY REQUEST OF THE DEPARTMENT OF STATE LANDS

3 4 5

7

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

10 11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

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

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

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

- 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.

14

19

- 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
- harvested. If the rental is not paid on or before November
  - 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
  - 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



- shall impose a \$25 penalty for failure to make a rental
  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-

10

11

12

13

14

15

16

17

18

19

2	INTRODUCED BY DEVLIN, KASTEN
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:
L 2	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

SENATE BILL NO. 181

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

lease. The rental for each succeeding year on leases

- (2) For agricultural leases and the agricultural portion of leases containing both grazing and agricultural land, when the rental is paid on a crop share basis or on a crop share/cash basis, the rental is due in cash on or before November 15 of the year in which the crop is harvested. If the rental is not paid on or before November 15 of the year of crop harvest, a \$25 penalty shall be imposed on the lessee. If the full rental and the \$25 penalty are not paid on or before December 31 of the year in which the crop is harvested, the entire lease is canceled. The department may extend the deadline in writing. If the 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 those described in subsections (1) and (2), the department

-2-

SB 0181/02

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

4

5

6

7

9

10

t3+(4) At least 2 weeks prior to the final deadline for payment under subsection (1) or (2), the department shall send by certified mail to each lessee who has not made payment a letter notifying the lessee that the lease is canceled if payment and the \$25 penalty are not received by the final deadline. The notice shall be sent to the lessee 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 <u>NEW SECTION.</u> Section 2. Applicability. (This act)
19 applies to state land lease and license payments due after
20 December 31, 1991.

~Ènd-

-3~ SB 181