

MINUTES OF THE MEETING
AGRICULTURE, LIVESTOCK AND IRRIGATION
MONTANA STATE SENATE

March 7, 1983

The Agriculture, Livestock and Irrigation Committee meeting was called to order on the above date by Chairman Galt, in Room 415 of the State Capitol Building at 1:00 p.m.

ROLL CALL: All members present.

CONSIDERATION OF HOUSE BILL 662: Representative Ted Schye, HD 4 Glasgow, said the bill was requested by 8 irrigation districts on the Milk River who were filing for a hydro power project on the Tiber Dam. He felt some government lawyer could make an argument that the rights of those engaged in development prior to March 30, 1983 could be restricted. The sponsors of the original bill had been contacted and this was not their intention. The revenues of the district's hydro plant on the Tiber will make the project feasible. It will also benefit the municipalities and recreation on the Milk River.

Sever Enkerud, Commissioner Glasgow Irrigation District and President of the Milk River Irrigation District, explained the propose of HB 662 and gave the committee a synopsis of the project. Exhibit #1.

Senator Mark Etchart, SD 2, handed out testimony from Matthew W. Knierim, legal council for the Milk River Irrigation Districts. Exhibit #2. He said the bill removes possible legal problems. The irrigation district is presently generating power and this removes the date so that what they are doing now was being done by other districts. He said there were other alternatives to taking the water out and they didn't have to take water directly out of the dam. They can go lower to get the water and not have to go across the landowners property. This bill is important because if irrigation districts control the power, they can control the water.

John Overcast, President Montana Stock Growers Association, said the northern tier counties depend on water for irrigation. They are seeking an opportunity to help themselves. He felt they can finance 50% of the water in any of the four proposals. Individuals along the canal could enter into or not enter into a contract. Water may even be brought through a pipe line rather than a canal. Liberty county was concerned about the cost. He thought in the original project they would have to pay the cost of the project. Controlling both water and power would be beneficial in dry years. The profits would be plowed back into the economy of Montana and would not go somewhere else. If they do not get outside revenue and the project goes down the drain, down stream states will latch on to the water.

Shirley Ball, Nashua, representing her family and farm, said their farm had the distinction of being the last farm to receive water

from this system. Water has been available only half the time and they don't know if they will have water during critical times. So far they have only had water once. They were concerned that they may not have enough water to run their farm. Diverting water from the Milk River would help them and they favored the bill because it held a promise they will have this water.

Jo Brunner, WIFE, supported the bill. Exhibit #3.

R. A. Ellis, Helena Valley Irrigation District, supported the bill.

Faye Seel, Secretary Malta, Glasgow and Dodson Irrigation Districts, presented testimony from the Malta Irrigation District, Exhibit #4 and the Dodson Irrigation District, Exhibit #5.

Senator Swede Hammond, District 3, supported the bill.

OPPONENTS:

Steve Brown, member Montana Renewable Resources, based in New York, said the main issue is money and the right to develop the project. MRR does not oppose that type of project. He hopes in the future they will be able to develop it. His criticism was that it is 8 1/2 megawatts when the maximum capacity is 14 megawatts. The bill two years ago was designed to authorize two districts to share in Kerr Dam. This bill would give authority outside of the districts to operate. The Milk River irrigators want profits to fund a supplemental water project. The Milk River would not be paying taxes if a public entity operates it. You are putting a public entity in competition with private enterprise, Mr. Brown said. He gave members copies of the House Business and Industry Committee minutes of February 3, 1981, Exhibit #6. He said if HB 662 is enacted, irrigation districts will have power to compete and have a monopoly and any irrigation district in the state can come in and compete. What if power couldn't be sold down the road. Who is going to pay. Those farmers aren't going to be able to bear the financial burden. Mr. Brown then handed out Exhibit #7 showing 4 sections of the law. He pointed out concerns about opening up hydro power to the public in Montana. He said if the canal crosses a road and destroys it, it will be the people in the county who will be responsible for repairing it. MRR is not opposed to finding a supplemental system, but he thinks there are some serious problems.

Hugh Brown, Liberty County and member of the Board of Supervisors of Liberty County Irrigation Districts and MRR, said there were a number of people here to testify and introduced the following: Richard Theltges, Fred Arnold, Marvin Cheek, Sterling Wardall, Chuck Smith (who was ill and couldn't be present), Wayne Wardell, Jim Coffman, Larry Anderson, Robert Pugsley Sr., Robert Pugsley, Jr., Paul Meissner, Chuck Saxton, Joe Meissner.

He then said the bill relates to power generation and amends the bill of 1981. The purpose of the bill is to generate money and help defray cost. There are a number of other possibilities

of taking water. In the next month or two there will be a report out by the DNRC on a study they have made on this. He suggested they take more of the legal entitlement from St. Mary's Lake. There are 84,000 acres feet from St. Marys that Canada gets because Montana doesn't take it. If you compare that to the 40,000 acre feet Canada is not taking, there shouldn't be any problems. They have a severe wheat problem around Lake Elwell. They are concerned about saline seep. The soils are not such to hold water. The fields would be cut in half by bridges, there would be one every 2 1/2 to 3 miles. The project is important to Chester and Liberty county. When it is a dry year the revenues won't be there. On the water rights issue, hydro power doesn't consume the water. The Bureau of Reclamation has insisted it owns the water right. It is their dam so they will own the water. With them owning the dam, they will have it for irrigation rights. He didn't think water rights was a legitimate issue. If the water goes through during the wrong time of year there are not enough storage tanks. He had no objections to the drops, as long as they are in their own irrigation district. Regarding the people from New York, this has attracted investment into the state. They plan to make money. He thought this was great because they will help. Last, regarding the electrical power, he suggested other kinds of power to look into such as wind power, etc.

Don Marble, Chester businessman, said Chester and Liberty county was small. There are 2,000 people in Liberty county and 1,000 in Chester. He would like to have the income stay in Liberty County and had some long term concerns. He felt passage of the bill would encourage districts to go into projects outside their districts. It would give irrigation districts too much power. If the bill passed they would have to worry about every district in Montana.

Marvin Cheek, Chairman Liberty County Commissioners, opposed the bill.

Larry Anderson, Liberty County, Chester farmer and land owner thought this was a bill authorizing irrigation districts to have hydro power but now he found it is for a diversion. He asked if the testimony would be the same if it was in the Greenfield area. He opposed opening it up for his area.

Representative Melvin Underdal, Shelby, had opposed the bill in the House. It is more open ended. Section 85-7-1961 was a grandfather clause that gave permission to those already operating to continue. This erases all that so there is no limit. Any district can go through the same process. He was not sure there is that much water there. Tiber Dam has some water reserved and he thought it might jepordize some of the water claims there. The shores of Tiber Lake are infested with noxious weeds which will be carried down stream.

Before closing, Representative Schye, introduced Representative Ray Jensen, a proponent, who said he couldn't accept all the smoke. Districts are already authorized to go anywhere. They have the right to exercize their jurisdiction and they will still have the

right to handle water in their own district. He could see no problems with the bill.

Senator Boylan asked the people present in opposition if what they had going was a myth or a reality, could they get this developed.

Hugh Brown said it is a reality and definitely a top project.

Senator Kolstad said that Representative Jensen testified that the bill doesn't really do anything, would he object if the committee killed it. Representative Jensen said it does clarify the law. If the bill is killed, Milk River irrigators will still pursue their irrigation rights. This is to clarify the law more clearly.

In closing, Representative Schye said the diversion is out of Tiber Dam. There are 25,000 feet reserved so that the water is there. Tiber Dam was built for irrigation and this water is needed. This bill has to do with electrical generation. The people of Gillette have this permit but the Milk River irrigators don't. The law says the irrigation districts can do this if they had the permit prior to 1981. Milk River irrigators have been working on the project since 1959. There are 165 miles of river from Havre to the mouth that will benefit from this; 85-7-2012 grants the districts the right to sell bonds, etc. He knew of no law that would limit the districts' ability to use this.

The hearing closed on HB 662.

CONSIDERATION OF HOUSE BILL 851: Representative Glen Jacobsen, HD 1, explained this was a committee bill. He gave the committee copies of the proposed rules from the Department of Revenue relating to appraising agricultural lands. Exhibit #8. He explained the comparison chart showing the old and new rates, Exhibit #9. A copy of the minutes from the House Agriculture hearing on the bill, held February 2, 1983, was introduced as Exhibit #10. He said the bill only assures that they can continue to look at the set of rules but can't implement them before January 1986. He called attention to the statement of intent which he suggested the committee draw up for the bill. Exhibit #11. This will give them two years to come up with rules for the assessment of agricultural land so the next legislature can come up with some guidelines.

Representative Gary Spaeth, HD 71 and member of the House Agriculture Committee, said not much direction had been given to the Department of Revenue. He wanted to be able to come back in two years to look at this bill.

K. M. Kelly, Montana Water Development Association favored the bill.

Dennis Burr, Montana Taxpayers Association, said Representative Manuel's bill provides more guidance. He said a statement of intent should be attached to HB 851. The Department of Revenue should work more closely with the Department of Agriculture to

develop rules. The way the bill stands now it is not effective until 1986 and they can wait until after the 1985 session to adopt the rules. The statement of intent would require they present the rules for the 1986 Legislature.

Bill Brooke, Montana Stock Growers and Montana Woolgrowers supported the bill and the statement of intent.

Joe Brunner, WIFE, concurred with HB 851, Exhibit #12. She said the Farm Bureau and Cattlemen's Associations also supported the bill.

Murray Ellis, Helena Valley Irrigation District, said land should be taxed on soil classifications. When you are taxing on production you are not taxing on the true value of the land. If the farm is farmed right it will have a true evaluation. He didn't feel that taxing by crop value is the right process. It should be the soil value.

Greg Groepper, Administrator of the Property Assessment Division, Department of Revenue, supported the bill in its present form. The bill gives the public assurance that nothing will be done before 1986. In the statement of intent he said they should keep in mind the reappraisal cycle. If they delay anything it gives them too short a time to get it on the books by 1985. Testimony attached, Exhibit #13.

John Overcast, Stock Growers and member of the Tax Appeal Board, said the Legislature mandated the market value and the Legislature should insist they stay with market value appraisal.

Sever Enkerud favored the bill.

There were no opponents.

Senator Boylan asked why farm land had to be reclassified. Mr. Groepper answered the classification rate for urban property was reduced by 12%. The reclassification of agricultural land in 1963 placed it in class 3. They either have to bring timber land back or agricultural land forward. They have to bring class 3 and 4 properties current. They are using a 1972 value date for residential, 76 value date for commercial and industrial. Timber property has a 5 year average (1967-71) and agricultural a 1963 date. They want to standardize the dates.

Senator Aklestad said Representative Manuel's bill is scheduled before the Senate Taxation Committee and that bill might be a better vehicle.

Senator Conover asked how many years back it went. Mr. Groepper answered it was to take the 5 year average of 1977 to December 31, 1981 for the value of the product and it will raise in degree in step. It was done on a community by community basis.

Representative Jensen said the bill does not stop the statute, it just directs that the Legislature will be able to look at it in 1986.

The hearing closed on HB 851.

Senator Galt announced that the House Agriculture Committee asked the Senate Agriculture Committee to sign a drafted bill, LC 1374, which is a resolution for an interim study of ownership of Montana farm and ranch land taxes paid by owners, uses of the land and state laws benefiting owners.

Senator Conover moved the Senate Agriculture Committee support jointly with the House Agriculture Committee the aforementioned resolution. Motion carried.

DISPOSITION OF HOUSE BILL 509: Senator Ochsner moved HB 509 BE CONCURRED IN. Motion carried. Senator Ochsner will carry the bill on the floor.

DISPOSITION OF HOUSE BILL 743: Senator Conover moved to accept the amendments proposed by Anne Brodsky, Research Coordinator, for HB 743. Motion carried.

Senator Conover moved HB 743, as amended, BE CONCURRED IN. Motion carried. Senator Brown will carry the bill on the floor.

DISPOSITION OF HOUSE JOINT RESOLUTION 27: Senator Kolstad moved HJR 27 BE CONCURRED IN. Motion carried. Senator Tveit will carry the bill on the floor.

There being no further business the meeting adjourned.



Jack E. Galt, Chairman

ROLL CALL

AGRICULTURE COMMITTEE

48th LEGISLATIVE SESSION - - 19 83

Date 3/7/83

NAME	PRESENT	ABSENT	EXCUSED
GALT, Jack E.	✓		
KOLSTAD, Allen C.	✓		
AKLESTAD, Gary C.	✓		
OCHSNER, J. Donald	✓		
GRAHAM, Carroll	✓		
BOYLAN, Paul F.	✓		
CONOVER, Max	✓		
LANE, Leo	✓		
LEE, Gary	✓		

Each day attach to minutes.

DATE 3 - 7 - 83

COMMITTEE ON Agriculture

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
K. M. Kelly	Mont. Water Develop. Assn	HB 851	X	
R. A. Ellis	" " " "	HB 851	X	
Melvin Underdal ^{Rep} Dist	Self, and upper Morias	HB 662		X
John Finkbe	Self - Farmer	HB 662	X	
Swiss Farmer	Farmer	#662		
Harriet Martell	Self	#662		X
Gary Seel	Self	HB 851	X	
Gary Seel	Self	HB 662	X	
Sven Enkerud	Rancher	HB 851	X	
Ray Jensen	Self	662	X	
Linda Nielsen	Self	662	X	
Linda Nielsen	Self	851	X	
Shirley Ball	WIFE	851	X	
Patty Finkbe	Self	851	X	
John H. Gervest	Rancher	851	X	
Will Brooke	State Grazing District		X	
Will Brooke	MT Woolgrowers		X	
Will Brooke	MT Stockgrowers		X	
J. B. Brown	W. I. F. E. ^{Stationer} Farmer	851	X	
Merlin Ball	Farmer + Rancher	851	X	

(Please leave prepared statement with Secretary)

DATE

3-7-83

COMMITTEE ON Agriculture

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
M. Sterling Wardell	Liberty County Commissioner	662		✓
MARVIN C. HEER	Liberty Co. Comm.	662		✓
Fred Arnold	Farmer - Rancher	662		✓
Wm. L. Wardell	Mayor City of Austin	662		✓
James Offman	PLOD Town of Chester	662		✓
John B. Overcast	N.C.M. Stockgrowers Milk River	662	✓	
Harry Seel	Martin's Vine Dist	662	✓	
Harry Seel	Balderson Dist	662	✓	
Bill Achen	APA - PCA + SCA	851	✓	
Wm. Anderson	Self	662		✓
Robert L. Campbell Jr.	Chairman SCS Liberty County	662		✓
Robert L. Campbell Jr.	Rancher	"		✓
Paul Miserer	Former Rancher	662		✓
Chuck Saxton	Former Rancher	662		✓
Joe Maxine	Former Rancher	662		✓
Donald Marble	Self	662		✓
Richard Thelges	Farmer	662		✓
Shirley Ball	Farming	662	✓	
Merle Ball	Farming	662	✓	
Hugh Brown	Liberty County SCS MRR	662		✓
Steve Brown	MRR	662		✓
Sever Fenteros	Glasgow Unigton Dist	662	✓	
Robert A. Ellis	Helen's Valley Irrig Dist	662	✓	
Mark Stewart	Senators District 2	662	✓	
Ray Speath	H/O 71	851	✓	
Donna Brown	MONTAX	851	✓	
	W. L. K. with SCS	662	✓	

March 7, 1983

CHAIRMAN GALT AND THE MEMBERS OF COMMITTEE:

My name is Sever Enkerud, Commissioner of Glasgow Irrigation District and President of Milk River Irrigation District.

I am here today in support of House Bill No. 662, introduced in the House by Representative Ted Schye, District 4. This would give irrigation districts power to engage in electrical power irrigation.

The Milk River Irrigation Districts are interested in developing power at Tiber and Fresno to help defray the costs of bringing supplemental water to the Milk River Valley.

The Milk River drainage is running out of water. The reasons for the shortage are complex, but there's little doubt the situation will become more critical in the next few years.

According to a study completed last fall by the Montana Department of Natural Resources, the Milk River drainage experienced water shortages in ten of the past fifteen years.

These annual shortfalls would be even worse if Canadian and Indian reservation interests were taking their share of water from the streams, as a result of the Department of Natural Resources as of January 1, 1983 suspended new applications for water on the main stem of the Milk River from Fresno Reservoir northwest of Havre to its mouth near Nashua, 15 east of Glasgow.

In Montana, the current system brings water to eight districts encompassing about 110,000 acres of irrigated land.

The system also provides municipal water for the cities of Havre, Chinook, Harlem and Saco.

From its headwaters in Glacier Park, the projects first impoundment is in Sherburne Reservoir, West of Babb.

The reservoir empties into lower St. Mary Lake. Water is then diverted from the lake into a two siphon-90 inches in diameter and 3,600 feet in length, which climbs across the Hudson's Bay divide and delivers the water to the upper Milk River drainage.

From the point the Milk River meanders into Canada, one fourth of its flow is reserved for Alberta interests. Any flow greater than 666 cubic feet per second is shared on a 50-50 basis by Montanans and Canadians. Right now Canada is not taking all the water it is entitled to. But that could change in future years as Alberta recently completed a planning study calling for additional water storage reservoirs.

The Milk River, after running through Alberta for a distance of about 100 miles re-enters Montana northwest of Havre, not far downstream is Fresno Reservoir, which impounds 127,200 air feet of water.

Downstream, when the water reaches the Fort Belknap Indian Reservation near Harlem, the reservation is entitled to 125 cubic feet per second of the rivers flow, although tribal members are not presently using this much, they are likely to seek their full allocation in the future.

Further downstream, water is diverted into two canals near Dodson, one which flows through Malta and serves Bawdoin National Wildlife Refuge and ultimately empties into Nelson Reservoir, the second largest impoundment on the lower Milk River.

Nelson stores about 67,000 acre feet of water and releases flow into canal and Milk River for use by the Malta and Glasgow Irrigations.

As you can tell by the many multiple uses the water serves along its route, such as fishing, boating, hunting, swimming, Bawdoin Wildlife Refuge, municipal water for the cities and of course irrigation.

The broad spectrum of representation of all these multiple uses should tell you that supplemental water is so important for the economic stability of the Milk River Valley. The power plant cost benefits is very essential for the Irrigation Districts so they may continue to pursue for development of supplemental water.

I would also stress the public benefits on a regional basis for all multiple uses. (Following parts of letter from U.S. Department of the Interior)

"We recently received your letter on behalf of the Milk River Irrigation Districts of Malta, Montana, regarding the license application for a hydroelectric generator plant at Tiber Dam on the Marias River (FERC #6432). In that letter, you stated the intention to pledge hydroplant revenues to

Sever Enkerud
March 7, 1983
Page 4

construct the Marias-Milk Diversion project and requested our support of the hydro project.

Their innovative approach to funding for the Marias-Milk Diversion is to be applauded. This agency certainly has substantial opportunity for wildlife and stockwater development in the Milk Basin, should additional water be made available. In fact, we have provided the U.S. Bureau of Reclamation with estimates of long term water quantities needed in the Milk Basin, for input to their feasibility study."

Also, we want to be able to compete like other municipalities which allow all irrigation districts to be eligible for electrical power permits.

Thank you.

GALLAGHER, ARCHAMBEAULT & KNIERIM
PROFESSIONAL CORPORATION - ATTORNEYS AT LAW

FRANCIS GALLAGHER
G. T. ARCHAMBEAULT
MATTHEW W. KNIERIM

605 3RD AVENUE SOUTH - BOX 512
GLASGOW, MONTANA 59230-0512
(406) 228-9331

Ex # 2
2-7-83
Agriculture
HB 662

March 4, 1983

Senator Jack Galt, Chairman
Senate Agriculture Committee
Capitol Station
Helena, Montana 59620

COPY

RE: HB662

Dear Senator Galt:

I represent the Milk River Irrigation Districts. Unfortunately, I have other commitments that make it impossible for me to attend the committee's hearing on House Bill 662. I ask that this letter be made part of the record.

We have asked our senators and representatives from the Hi-Line area to introduce this legislation to clarify MCA, Section 85-7-1961. The present language of this section could be interpreted to restrict the right to develop hydro power sites to those irrigation districts actually engaged in the power business prior to March 30, 1981. We have contacted the sponsors of the original legislation passed in 1981 and are assured that this was not their intention. Hence, we are asking the legislature to clarify this section and assure the districts that they have the unequivocal right to be in the hydro power business.

There are several sound legal arguments in favor of this clarification. In other sections of the code (MCA, Section 85-7-2012) the districts are granted the right to sell bonds to construct and operate "works for the generation and distribution of electricity." We feel and the original sponsors of MCA 85-7-1961 feel that the possible limitation to districts involved in the electrical business prior to March 30, 1981 is inconsistent with the other general powers of the irrigation districts.

To our knowledge, the opponents of this bill are representatives of the New York investors who are acting in partnership with Liberty County and the City of Chester, Montana. They have argued before the House committee that heard this bill that irrigation districts ought not be allowed to develop hydro power outside of their district boundaries. We know of no present law that would limit the districts abil-

Senator Jack Galt
Page 2
March 4, 1983

ity to develop hydro power facilities outside of their district boundaries or their primary drainages. In fact, existing Montana law specifically authorizes irrigation districts to seek waters from any feasible source, including other drainages (See MCA, Section 87-7-1907).

Three entities have filed for a hydro power license before the Federal Energy Regulatory Commission--the City of Chester and Liberty County acting through its New York based partner, Montana Renewable Resources, the eight Milk River irrigation districts, and the City of Gillette, Wyoming. The Federal Power Act defines an irrigation district as a "municipality" which is entitled to a preference in the granting of licenses to own and operate a hydro electric facility. However, the Federal Energy Regulatory Commission has recently ruled that it will not grant a municipal preference to governmental entities such as Chester and Liberty County that associate with private developers such as the New York based Montana Renewable Resources.

It is for this reason that we do not feel that we are competing with Liberty County or any other Montana entity for the Tiber Dam hydro power project. Our real opposition is the City of Gillette, Wyoming, which is a competing municipality under federal law and which would be entitled to the preference since the City of Gillette has not associated itself with any private group as was done in Liberty County. Our Washington attorneys assure us that our competition before the federal agencies involved will come from Wyoming and not Liberty County. It appears that the political situation is whether we wish the Tiber development to be a Montana development or a Wyoming development.

Other members of the districts are present today and can describe in the necessary detail our intention to pledge any revenues from this plant to the construction and operation of the Marias/Milk Diversion Project. The ultimate aim of our districts is to divert the surplus waters of the Marias drainage to the water short Hi-Line. In short, the Tiber power project is consistent with the irrigation districts primary function of providing water for agricultural and other public uses.

We ask that your committee recommend House Bill 662 for passage by the full senate. Thank you.

Sincerely,

MATTHEW W. KNIERIM

MWK/cb

Ex #3
agricul



WIFE Women Involved In Farm Economics

NAME JO BRUNNER BILL NO. HB 662
ADDRESS 563 3rd ST HELENA DATE Mar. 7/83
REPRESENT WOMEN INVOLVED IN FARM ECONOMICS
SUPPORT X OPPOSE AMEND

COMMENTS:

Mr. Chairman, members of the committee, my name is Jo Brunner and I represent the Members of the Women Involved in Farm Economics organization here today.

Mr. Chairmn, W.I.F.E. concurs with HB 662. Many of our members live on irrigation projects and districts and we believe that this will be a beneficail program.

Because of the demand for water, for the conservative use of water, and of the cost of electricity, and the use during peakhours, many of our people are looking to sprinkler systems and finding that it is either not available or not justified cost wise. Many of our projects do have existing drops or facilities that hydro plants could be utilized on. The Greenfields Irrigation District where I live has at least 2 such drops and because the energy would be utilized only when those drops were running, it would be practical to develop them.

We ask that you do pass this bill.

Thank you.

Ex #4
3/7/83

Senator Jack Galt, and Agriculture, Livestock and Irrigation Committee Members.

We are representing the Malta Irrigation District and

WE WISH TO GO ON RECORD IN SUPPORT OF H. B. #662 AS WE FEEL THIS BILL IS IN THE BEST INTEREST OF THE TAXPAYERS AND THE STATE OF MONTANA. SOME IRRIGATION DISTRICTS ARE PRESENTLY ENGAGED IN THE ELECTRICAL POWER GENERATION BUSINESS, AND CONTRIBUTE A GREAT DEAL TO THEIR LOCAL ECONOMIES.

ELECTRICAL POWER OPERATIONS RUN AND UTILIZED BY LOCAL ENTITIES WILL BE CONTRIBUTING TO THE ECONOMY OF THE AREA, INSTEAD OF A NATIONAL POWER COMPANY, WHERE THE POWER AND PROFITS COULD BE GOING OUT OF OUR AREA AND STATE.

WE WISH TO POINT OUT THAT THE PROFITS WOULD BE UTILIZED BY LOCAL IRRIGATION DISTRICTS GIVING SOME RELIEF TO OUR TAXPAYERS AND BOOSTING THE LOCAL ECONOMY.

IRRIGATION DISTRICTS HAVE BEEN ORGANIZED SINCE THE EARLY 1900'S AND WE BELIEVE THEY ARE ALL STILL IN OPERATION!! THE DISTRICTS ARE NOTED FOR RELIABLE SERVICE TO THE PUBLIC AND IF GIVEN THE OPPORTUNITY TO PARTICIPATE IN RENEWABLE ENERGY DEVELOPMENT, THE PUBLIC INTEREST WILL BE RELIABLY SERVED WITH LOCAL CONTROL AND PROVIDE OTHER ECONOMICAL BENEFITS.

MALTA IRRIGATION DISTRICT

TED EREAUX

President

DODSON
IRRIGATION DISTRICT

Irrigation District

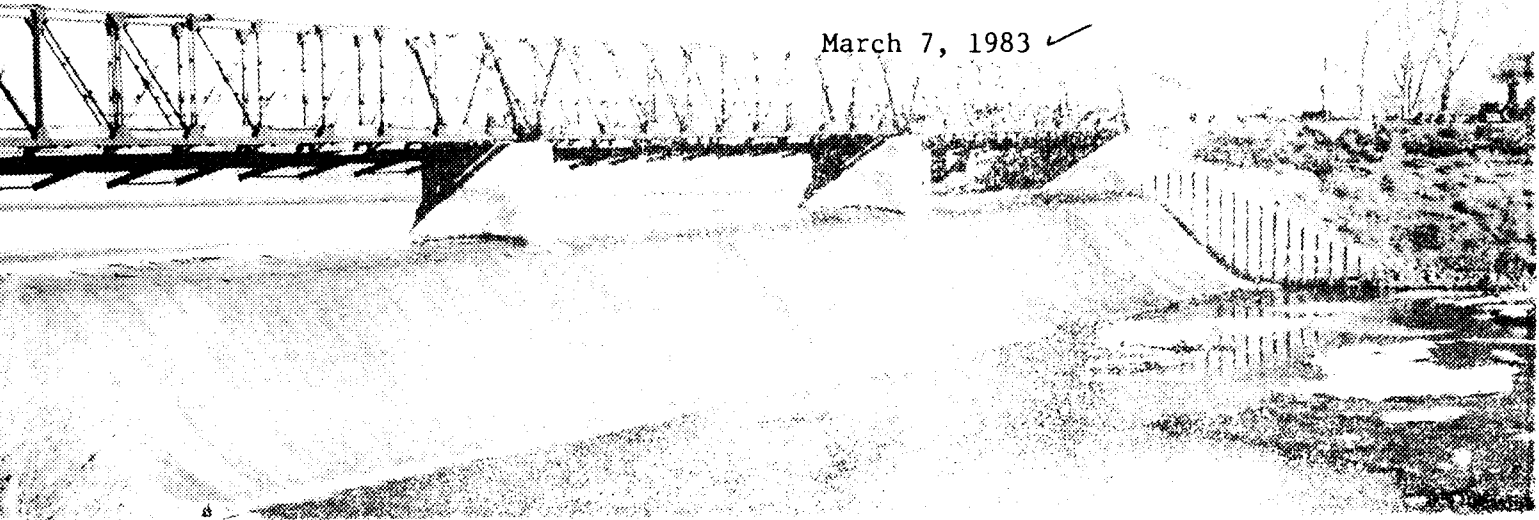
P.O. Box R

Malta, Montana 59538

Ex #5

Phone 654-1440

March 7, 1983 ✓



Senator Jack Galt, Chairman
and Agriculture, Livestock & Irrigation
Committee Members
Hearing on H.B. #662

Mr. Chairman, Co-Chairman and Committee Members:

We wish to go on record in support of H.B. #662, clarifying the authority of Irrigation Districts to engage in electrical power operations.

Irrigation Districts perform a very reliable service to the public and many have been in operation since the early 1900's.

Participation in electrical power generation would contribute a great deal to the local economies, by construction of the original project, by profits that would contribute to the local taxpayers in relief and upgrading of the facilities of the Districts and dependability over a long period of time.

We wish to recommend that local entities should be given preference over National Power Companies, where the power and profits could be going out of our area and State.

Sincerely yours,

DODSON IRRIGATION DISTRICT

Victor J. Nicholson
President

3/7/83 HB 662 Agicul.

EX #6

47TH LEGISLATIVE SESSION

HOUSE BUSINESS AND INDUSTRY COMMITTEE

LEGISLATIVE COUNCIL

Book 2 of 4

MONTANA LEGISLATIVE COUNCIL
LIBRARY

HOUSE BUSINESS AND INDUSTRY COMMITTEE

February 3, 1981

SUMMARIES OF

HOUSE BILL 349 -

Introduced by Rep. Underdal and others, establishes the "Montana Product Liability Act," limits liability for damages to eight years after purchase of the product or 12 years after the date of manufacture. The bill prohibits a claim for a specific dollar amount of damages, but requires the complaint to "seek such damages as are reasonable," grants limited immunity to a manufacturer or seller for damages resulting from alteration or misuse of products, and establishes a rebuttable presumption of freedom from defect.

AMENDMENT NEEDED: In the title, line 6, following "SELLERS OF PRODUCTS" the words "FOR DAMAGES" should be inserted.

HOUSE BILL 346 -

Introduced by Rep. Jensen and Senator Turnage, authorizes an irrigation district previously established to continue electrical power operations including generation, distribution, and sale of electricity.

HOUSE BILL 350 -

Introduced by Rep. Meyer and others, provides that if an applicant passes a portion of the real estate examination, he should not be required to repeat that portion. The bill also removes the present statutory ineligibility of a person who has failed the test twice to take it again for six months.

AMENDMENT NEEDED: In the title, lines 5 and 8, the word "EXAM" should be replaced by "EXAMINATION."

Rep. Meyer closed.

HOUSE BILL 346 -

REP. WILLIAM RAY JENSEN, House District #25, Lake County, co-sponsor, said this bill will justifiably apply to a unique situation. If there are some irrigation districts in Montana that desire to go into the power business at this time, he didn't think that would be permitted. The Flat-head Indian Irrigation and Power project paperwork began back in 1910, and because it is on Indian Reservation land it was put in the hands of the Bureau of Indian Affairs, and the administration of the power project has been through the 3 districts - the link between irrigation and administration signed a contract with the U.S. government to the effect that after half the construction costs were paid the project would be turned over to the water commissioners.

The project has arrived at that time now. In this contract it reads that they would have the right to distribute power and sell it at a rate sufficient enough for a project to be able to pay construction costs for the irrigation project. These districts are organized under Montana law and we are simply trying to get the Department of Indian Affairs to turn this project over to the local districts and they will have the same ability to carry on as they have been. This bill will allow this to be done. Montana Power might have something to say but they agree with this bill.

SENATOR TURNAGE, co-sponsor, said three districts were created under Title 85, chapter 7, part 10 of the Montana code. The three districts that are involved in this particular problem are parts of Lake, Sanders, and Missoula counties. The districts are much like a school district except they are organized by petition. They elect the members of the district boards like school district trustees are elected and the Montana code sets forth the operation. This is the only project in the U.S. that is situated in Lake County power. In 1910 they started the study of the irrigation project and the project was developed in the 20s and it irrigates considerable portions of Lake and Sanders Counties. Along about 1930 a license was issued to construct Kerr Dam which was issued by the U.S. and issued to MPC. The irrigation district was guaranteed a block of power and when the dam was completed, the block of power was utilized to provide irrigation and the homes in Flathead Valley from about the Lake County line on the north clear down into the Missoula County and Sanders County. It has grown into quite an important energy distribution facility. It is all operated under a contract with the U.S. The government made available the funds to construct the facility and under the contract the dists. had to agree that the U.S. might have it until it was half paid for and that has arrived.

The districts are going to be required to assume the entire operation free from any control and management and are apprehensive about being charged by the farmers in the district. The districts are composed of irrigable farm land and the ownership of the lands is vested in the farmers district - might have a lawsuit on their hands by some avaricious entity that might want to own it. They want to be sure that they won't be crased when the transfer comes.

OPPOSITIONS: None

Rep. Underdal closed. There have been high awards in all insurance fields. In the case of Fam Car, we are depriving a segment of society which has long been ignored of a method of transportation which is safe and reliable. Malfunction of Marlene's car caused the death of his son.

Our laws have been discouraging to those who are innovative and inventive and have built products that are beneficial to various types of consumers. This would apply to the medical as well as machinery and many other products. We are not protecting those who manufacture inferior products, but we are trying to protect manufacturers from those who misuse or are careless with a product.

Montana is an export state. How can we be anything but an export state with the handicaps we are placing on those who would produce?

He hoped for favorable consideration.

EXECUTIVE SESSION -

Rep. Meyer moved HOUSE BILL 350 DO PASS. He feels that if you pass part of the test you know that and it is senseless to take the passed portion over again - it doesn't make the test any easier. Rep. Jensen said many other professions allow you to pass part of the test and hold that for a time. He sees no reason why this shouldn't come in that category. Rep. Robbins is in favor of this bill. There are so many things in there that test your ability to use your head - real tough test.

Rep. Meyer further moved HB 350 be amended to include an effective date to be on passage and approval. This motion passed unanimously.

Rep. Bergene mentioned a person cannot practice while waiting for the test to be given again. Rep. Harper asked what would happen to an exam by allowing a student to take an exam as often as he needs to take it. Rep. Fabrega said there are two distinct parts to the test - a written test like a driver's license exam, and a practical test. You take the other one where you actually go through the computation of taxes and all those mathematical parts of the test. You get separate scores.

Rep. Meyer reworded his motion to HOUSE BILL 350 DO PASS AS AMENDED. Motion was adopted unanimously.

Rep. Jensen moved HOUSE BILL 346 DO PASS. Motion carried unanimously.

A subcommittee was appointed to study HB 349. Reps. Wallin, Jacobsen, and Kitselman are to be the members. Rep. Kitselman is to be chairman.

Rep. Jensen moved HOUSE BILL 286 AS AMENDED DO PASS. Motion was adopted 18-1, Rep. Harper voted No. Rep. Jensen further moved the Statement of Intent for HB 286 be adopted. Motion was unanimous.

85-7-1904. Acquisition of water and waterworks by board. (1) The board shall have power and authority to:

- (a) appropriate water in the name of the district;
- (b) acquire by purchase, lease, or contract water and water rights; additional waters and supplies of water; canals, reservoirs, dams, and other works already constructed or in the course of construction; and
- (c) acquire by purchase, lease, contract, condemnation, or other legal means:

- (i) lands and rights in lands for rights-of-way, for reservoirs, for the storage of needful waters, and for dam sites and necessary appurtenances; and

- (ii) such other lands and property as may be necessary for the construction, use, maintenance, repair, improvement, enlargement, and operation of any district system of irrigation works.

(2) The board shall have the privilege, if desired, to contract with the owner or owners of such canals, reservoirs, dams, and other works so purchased and in the course of construction for the completion thereof.

(3) No purchase, lease, or contract for purchase of any water, water rights, canals, reservoirs, reservoir sites, dam sites, irrigation works, or other property of any nature or kind or for the making or purchasing of surveys, maps, plans, estimates, and specifications or for the purchase of machinery for pumping plants or for the erection of buildings, aqueducts, and other structures necessarily used in connection with such pumping plants, for

price or rental in excess of \$125,000, is final or binding upon the district, and no sum may be paid for such purchase, lease, or contract without the written consent or petition of at least a majority in number and acreage of the holders of title or evidence of title to the lands within the district. Any splitting or division of such purchase, lease, or contract with the purpose or intention of avoiding or circumventing the provisions of this section shall render such divided or split contract or contracts void.

85-7-1907. Board power to provide sufficient water. Said board may also construct and maintain the necessary dams, reservoirs, and works for the collection and distribution of water for the district, from one or more sources and from different and additional sources; operate such works; secure, in any of the manners provided in this chapter, additional water supplies from the same or different sources; and do any and every lawful act necessary to be done in order that sufficient water may be furnished for irrigation purposes to all the lands in the district included at the time of its organization or at any time thereafter.

85-7-1909. Rights-of-way for irrigation works. (1) The board of commissioners shall have the power to construct irrigation works across any stream of water, watercourse, street, avenue, highway, railway, canal, ditch, or flume which the route of said canal or canals may intersect or cross in such manner as to afford security to life and property. Said board shall restore the same, when so crossed or intersected, to its former state, as near as may be, so as not to destroy its usefulness. Every company whose railroad shall be intersected or crossed by said works shall unite with said board in forming said intersection and crossing, and if such railroad company or the owners and controllers of said property, thing, or franchise so to be crossed and said board cannot agree upon the amount to be paid therefor or the points or the manner of said crossing or intersections, the same shall be ascertained and determined in all respects as herein provided in respect to taking of land for public use.

(2) Nothing contained herein shall require the payment to the state or any subdivision thereof of any sum for the right to cross any public highway with any such works. The right-of-way is hereby given, dedicated, and set apart to locate, construct, and maintain said works over and through any of the lands which are now or hereafter may be the property of this state.

85-7-1911. Apportionment of water by board. (1) The board of commissioners shall apportion the water for irrigation among the lands in the district in a just and equitable manner, and the maximum amount apportioned to any land shall be the amount that can be beneficially used on said land, and such amount of water shall become and shall be appurtenant to the land and inseparable from the same but subject to reduction as hereinafter provided.

(2) In the event of a shortage of water, the amount of water delivered to each particular tract or piece of land shall be reduced proportionately.

(3) All surplus water belonging to the district may be sold or disposed of by the board for the benefit of the district.

(4) All water, the right to the use of which is acquired by the district under any contract with the United States, shall be distributed and apportioned by the district in accordance with the acts of congress, the rules and regulations of the secretary of the interior, and the provisions of said contract in relation thereto.

BEFORE THE DEPARTMENT OF REVENUE
OF THE STATE OF MONTANA

Rnw 130
J. Gibson

IN THE MATTER OF THE REPEAL)	NOTICE OF PUBLIC HEARING ON
of Rules 42.20.141,)	THE REPEAL of Rules 42.20.141,
42.20.142, 42.10.143,)	42.20.142, 42.20.143, 42.20.144,
42.20.144, 42.20.145 and)	42.20.145 and 42.20.146 and the
42.20.146, relating to the)	PROPOSED ADOPTION of Rules I
appraisal of agricultural)	through VIII, relating to the
lands and the PROPOSED)	appraisal of agricultural lands.
ADOPTION of Rules I through)	
VIII, relating to the)	
appraisal of agricultural)	
lands.)	

TO: All Interested Persons:

1. On February 17, 1983, at 10:00 a.m., a public hearing will be held in the First Floor Conference Room of the Mitchell Building at Fifth and Roberts Streets, Helena, Montana, to consider the repeal of the above-referenced rules and to consider the adoption of eight new rules relating to the appraisal of agricultural lands.

2. The rules proposed to be repealed can be found on pages 42-2035 through 42-2039 of the Administrative Rules of Montana.

3. Rule 42.20.141 is proposed to be repealed because the Department has revised the manual out of which agricultural land is classified. Rules 42.20.142 through 42.20.146 are proposed to be repealed because the Department has updated and revised the schedules for the valuation of various types of agricultural land.

4. The rules proposed to be adopted provide as follows:

RULE I AGRICULTURAL LAND CLASSIFICATION - MANUAL ADOPTION

(1) The department of revenue has herein adopted and incorporated the "Montana Agricultural Land Classification Manual (1983 - as revised)" by reference. Copies of this manual may be reviewed in this department or may be purchased from the department at cost plus mailing. AUTH: 15-1-201 MCA; IMP: 15-6-133 MCA.

RULE II AGRICULTURAL LAND VALUATION - GENERAL PRINCIPLES

(1) All taxable agricultural land shall receive an agricultural land value.

(2) The valuation schedules for land shall be based on a 5 year average of experienced income and expense data, beginning with calendar year 1977 and ending calendar year 1981. They shall become effective as of January 1, 1986, and shall remain in effect during the balance of that appraisal cycle.

(3) Each valuation schedule shall be updated to coincide with the commencement of a new appraisal cycle.

(4) The values assigned to each productive grade of agricultural land shall be the capitalized net agricultural income as determined for 1 acre of land in each of the 5 agricultural land classes at each productive grade level within each land class. AUTH: 15-1-201 MCA; IMP: 15-6-133 MCA.

RULE III AGRICULTURAL LAND VALUATION - METHODOLOGY (1)

The basic formula for valuing agricultural lands shall be:

(a)

Net Agr. Income = Gross Agr. Income - Operating Expense
Per Unit of Prod. = Per Unit of Prod. - Per Unit of Prod.

(b) This methodology is more specifically stated as follows:

$$NI/unit = \frac{\sum_{i=1}^N T_i l_i (P_i - AVC_i)}{N}$$

, where

N.I./Unit = net agricultural income estimate per unit of production.

l_i = the weight (average production) obtained from the conversion factor for the ith crop.

P_i = the average output price

AVC_i = the average operating expense for the ith crop.

N = the number of years for a complete crop rotation. This applies only to irrigated land. This component does not apply in valuing other classes.

T_i = the proportion of total cropland in crop i (for nonirrigated summer fallow and continuously cropped only). This component does not apply in valuing other classes.

(2) Convert net agricultural income estimates per unit of production to net agricultural income per acre. This is done by multiplying the net agricultural income per unit of production estimate by the midpoint of each production level as set for each base crop of each agricultural class. The base crop for each agricultural class shall be:

(a) Nonirrigated farmland (summer fallow) - wheat

(b) Nonirrigated farmland (continuously cropped) - wheat

- (c) Grazing land - animal unit
- (d) Wild Hay land - hay
- (e) Tillable irrigated farmland - alfalfa
- (3) Estimate per acre land values from net agricultural income. The following formula shall be used.

$$\text{Land Value Per Acre} = \frac{\text{Net Agricultural Income Per Acre}}{\text{Capitalization Rate}}$$

(4) After the appropriate capitalization rate is chosen, the formula and net agricultural income estimates allow the derivation of updated land values on a per acre basis. The capitalization rate shall include a discount component and an effective tax rate component.

(5) Values for productive grades of land which generate no value by subsections (1) through (4) of this rule shall be determined by setting the value on the lowest productive grade in that class at the value of the lowest productive grade of grazing land. Values for the remaining grades between the last value generated by subsections (1) through (4) of this rule and the value of the lowest productive grade of grazing shall be determined by arithmetically dividing the difference between these two known values equally.

AUTH: 15-1-201 MCA; IMP: 15-6-133 MCA.

✓ RULE IV NONIRRIGATED FARM LAND (SUMMER FALLOW) (1) The following is the schedule for the classification and valuation of nonirrigated farmland (summer fallow):

<u>Bu. Wheat Per Acre on Summer Fallow</u>	<u>Grade</u>	<u>Land Value Per Acre</u>
40 & Over	F1A8	\$103.93
38 - 39	F1A7	94.42
36 - 37	F1A6	84.91
34 - 35	F1A5	75.39
32 - 33	F1A4	65.88
30 - 31	F1A3	56.37
28 - 29	F1A2	46.85
26 - 27	F1A1	37.34
24 - 25	F1A	27.83
22 - 23	F1B	18.31
20 - 21	F2A	8.80
18 - 19	F2B	7.92*
16 - 17	F2C	7.05*
14 - 15	F3A	6.17*
12 - 13	F3B	5.30*
10 - 11	F4A	4.42*
8 - 9	F4B	3.55*
Less than 8	F5	2.67*

(2) The values designated by an asterisk (*) in the prior schedule are determined by setting the value for F5 at the value level of G6 grazing. The values for grades F2B through F4B are

determined by arithmetically dividing the difference between F2A at \$8.80 and F5 at \$2.67 evenly between those productive grades. The resulting values, therefore, will correlate to grazing land values.

AUTH: 15-1-201 MCA; IMP: 15-6-133 MCA.

✓ RULE V NONIRRIGATED FARMLAND (CONTINUOUSLY CROPPED)

(1) The following is the schedule for the classification and valuation of nonirrigated farmland (continuously cropped):

<u>Bu. Wheat Per Acre</u>	<u>Grade</u>	<u>Land Value Per Acre</u>
44 & Over	CC1A4	\$246.02
42 - 43	CC1A3	233.06
40 - 41	CC1A2	220.11
38 - 39	CC1A1	207.15
36 - 37	CC1A	194.19
34 - 35	CC1	181.23
32 - 33	CC2	168.27
30 - 31	CC3	155.31
28 - 29	CC4	142.35
26 - 27	CC5	129.40
24 - 25	CC6	116.44
22 - 23	CC7	103.48
20 - 21	CC8	90.52
18 - 19	CC9	77.56
16 - 17	CC10	64.60
14 - 15	CC11	51.64
12 - 13	CC12	38.69
10 - 11	CC13	25.73
Less than 10	CC14	12.77

AUTH: 15-1-201 MCA; IMP: 15-6-133 MCA.

RULE VI GRAZING LAND (1) The following is the schedule for the classification and valuation of grazing land:

<u>✓ Acres for 10-Month Grazing Season per 1000 lb. Steer or Equivalent</u>	<u>Grade</u>	<u>Land Value Per Acre</u>
Under 3	G1A2	\$119.84
3 - 5	G1A1	86.88
5.1- 5.9	G1A+	63.19
6 - 10	G1A	43.44
11 - 18	G1B	23.97
19 - 21	G2A	17.38
22 - 27	G2B	14.19
28 - 37	G3	10.69
38 - 55	G4	7.47
56 - 99	G5	4.48
100 or Over	G6	2.67

(2) About four range ewes with lambs are considered the equivalent of a 1000 lb. steer. Calves are usually not considered until weaned, and four yearling steers or heifers are considered as equivalent to three 1000 lb. steers. A dry cow is considered the equivalent of a 1000 lb. steer. A range cow with calf is equivalent to a 1000 lb. steer. AUTH: 15-1-201 MCA; IMP: 15-6-133 MCA.

RULE VII WILD HAY LAND (1) The following is the schedule for the classification and valuation of wild hay land:

<u>Tons of Hay Per Acre</u>	<u>Grade</u>	<u>Land Value Per Acre</u>
3.0 & Over	WH1	\$294.30
2.5 - 2.9	WH2	249.02
2.0 - 2.4	WH3	203.74
1.5 - 1.9	WH4	158.47
1.0 - 1.4	WH5	113.19
.5 - .9	WH6	67.91
Less than .5	WH7	22.64

AUTH: 15-1-201 MCA; IMP: 15-6-133 MCA.

RULE VIII TILLABLE IRRIGATED LAND (1) The following are the schedules for the classification and valuation of tillable irrigated land, arranged by rotation:

Class 1 (Maximum Rotation)

<u>Tons of Alfalfa Per Acre</u>	<u>Grade</u>	<u>Land Value Per Acre</u>
4.5 & Over	I1A	\$717.25
4.0 - 4.4	I1B	641.75
3.5 - 3.9	I2	566.25
3.0 - 3.4	I3	490.75
2.5 - 2.9	I4	415.25
2.0 - 2.4	I5	339.75
1.5 - 1.9	I6	264.25
1.0 - 1.4	I7	188.75
Less than 1.0	I8	113.25

Class 2 (Medium Rotation)

<u>Tons of Alfalfa Per Acre</u>	<u>Grade</u>	<u>Land Value Per Acre</u>
4.5 & Over	I1A	\$416.87
4.0 - 4.4	I1B	372.99
3.5 - 3.9	I2	329.11
3.0 - 3.4	I3	285.23
2.5 - 2.9	I4	241.34
2.0 - 2.4	I5	197.46

1.5 - 1.9	I6	153.58
1.0 - 1.4	I7	109.70
Less than 1.0	I8	65.82

Class 3 (Minimum Rotation)

Tons of Alfalfa Per Acre	Grade	Land Value Per Acre
4.5 & Over	I1A	\$216.10
4.0 - 4.4	I1B	193.35
3.5 - 3.9	I2	170.61
3.0 - 3.4	I3	147.86
2.5 - 2.9	I4	125.11
2.0 - 2.4	I5	102.36
1.5 - 1.9	I6	79.62
1.0 - 1.4	I7	56.87
Less than 1.0	I8	34.12

AUTH: 15-1-201 MCA; IMP: 15-6-133 MCA.

(5) These rules are being proposed in order that agricultural lands will be appraised, valued and classified in conformity with Montana statutory law. In addition, they will insure that the methods employed to appraise, value and classify such lands are uniform in nature and equitable in result. Proposed Rule I adopts a standardized manual for purposes of agricultural classification. Rule II prescribes certain general principles relating to the valuation of agricultural land. Rule III adopts a specific formula through which agricultural lands would be valued. Rule IV sets forth a specific schedule for the classification and valuation of nonirrigated farmland (summer fallow). Rule V sets forth a specific schedule for the classification and valuation of nonirrigated farmland (continuously cropped). Rule VI sets forth a specific schedule for the classification and valuation of grazing land. Rule VII sets forth a specific schedule for the classification and valuation of wild hay land. Rule VIII sets forth a specific schedule for the classification and valuation of tillable irrigated land.

6. Interested persons may present their data, views, or arguments either orally or in writing at the hearing. Written data, views, or arguments may also be submitted no later than February 25, 1983, to:

Larry Schuster
Department of Revenue
Mitchell Building
Helena, Montana 59620

7. Denny Moreen, Agency Legal Services has been designated to preside over and conduct the hearing.

8. The authority of the Department to repeal the rules is based on 15-1-201, MCA, and the rules implement 15-7-103, MCA. The authority of the Department to make the proposed rules is based on 15-1-201, MCA. The proposed rules implement 15-6-133, MCA.



ELLEN FEAVER, Director
Department of Revenue

Certified to Secretary of State 01/17/83

14B 857 3/1/83 2179

The following is the schedule for the
classification and valuation of grazing land.

OLD			NEW		
Acres for 10-month Grazing Season per 1000 lb. Steer or Equivalent	Grade	Land Value Per Acre	Acres for 10-month Grazing Season per 1000 lb Steer or Equivalent	Grade	Land Value Per Acre
Under 3	1A2	\$ 71.69	Under 3	G1A2	\$ 119.84
3-5	1A1	44.18	3-5	G1A1	86.88
5-6	1A+	31.27	5.1-5.9	G1A+	63.19
6-10	1A	20.51	6-10	G1A	43.44
11-18	1B	10.53	11-18	G1B	23.97
19-21	2A	7.17	19-21	G2A	17.38
22-27	2B	5.42	22-27	G2B	14.19
28-37	3	3.72	28-37	G3	10.69
38-55	4	2.52	38-55	G4	7.47
56-99	5	1.47	56-99	G5	4.48
100 or Over	6	.82	100 or Over	G6	2.67

The following is the schedule for the
classification and valuation of wild hayland.

OLD			NEW		
Tons of Hay Per Acre	Grade	Land Value Per Acre	Tons of Hay Per Acre	Grade	Land Value Per Acre
3.0 & Over	1	\$ 67.60	3.0 & Over	WH1	\$ 294.30
2.5-2.9	2	53.03	2.5-2.9	WH2	249.02
2.0-2.4	3	41.38	2.0-2.4	WH3	203.74
1.5-1.9	4	29.43	1.5-1.9	WH4	158.47
1.0-1.4	5	19.38	1.0-1.4	WH5	113.19
.5-.9	6	10.05	.5-.9	WH6	67.91
Less than .5	7	5.54	Less than .5	WH7	22.64

The following is the schedule for the classification and valuation of non-irrigated farmland. (continuously cropped).

OLD			NEW		
Bu. Wheat Per Acre	Grade	Land Value Per Acre	Bu. Wheat Per Acre	Grade	Land Value Per Acre
44 & Over	1A4	\$ 125.71	Does Not Change	CC 1A4	\$ 246.02
42-43	1A3	116.94		CC 1A3	233.06
40-41	1A2	108.17		CC 1A2	220.11
38-39	1A1	99.40		CC 1A1	207.15
36-37	1A	90.63		CC 1A	194.19
34-35	1	81.86		CC 1	181.23
32-33	2	73.09		CC 2	168.27
30-31	3	64.81		CC 3	155.31
28-29	4	57.05		CC 4	142.35
26-27	5	49.75		CC 5	129.40
24-25	6	42.96		CC 6	116.44
22-23	7	36.67		CC 7	103.48
20-21	8	30.87		CC 8	90.52
18-19	9	25.56		CC 9	77.56
16-17	10	20.75		CC 10	64.60
14-15	11	16.41		CC 11	51.64
12-13	12	12.59		CC 12	38.69
10-11	13	9.25		CC 13	25.73
less than 10	14	6.41		CC 14	12.77

The following is the schedule for the classification and valuation of non-irrigated farmland (Summer fallow).

Old			New		
P. Wheat on Summer Fallow	Grade	Assessed Value Per Acre	Bu. Wheat on Summer fallow	Grade	Assessed Value Per Acre
40 + Over	1A8	\$ 81.08	Does not change	F1A8	\$ 103.93
38 - 39	1A7	74.51		F1A7	94.42
36 - 37	1A6	67.94		F1A6	84.91
34 - 35	1A5	61.37		F1A5	75.39
32 - 33	1A4	54.80		F1A4	65.88
30 - 31	1A3	48.60		F1A3	56.37
28 - 29	1A2	42.79		F1A2	46.85
26 - 27	1A1	37.31		F1A1	37.34
24 - 25	1A	32.22		F1A	27.83
22 - 23	1B	27.50		F1B	18.31
20 - 21	2A	23.15		F2A	8.80
18 - 19	2B	19.17		F2B	7.92
16 - 17	2C	15.56		F2C	7.05*
14 - 15	3A	12.31		F3A	6.17*
12 - 13	3B	9.44		F3B	5.30*
10 - 11	4A	6.94		F4A	4.42*
8 - 9	4B	4.81		F4B	3.55*
Under 8	5	3.06		F5	2.67*

The values designated by an asterisk () in the prior schedule are determined by setting the value for F5 at the value level of G6 grazing. The values for grades F2B-F4B are determined by arithmetically dividing the difference between F2A at \$8.80 and F5 at \$2.67 evenly between those productive grades. The resulting values, will correlate to grazing land values

CLASS 1 MAXIMUM Rotation

OLD

Tons of alfalfa Per acre	Grade	Under \$1.50	\$1.50 2.49	\$2.50 3.49	\$3.50 4.49	\$4.50 5.49	\$5.50 6.49	\$6.50 7.49	\$7.50 +over
4.5 +	1A	110.40	103.74	97.07	90.40	83.74	77.07	70.40	63.74
4.0-4.4	1B	94.70	88.98	83.26	77.55	71.83	66.11	60.39	54.68
3.5-3.9	2	78.70	73.96	69.20	64.45	59.70	54.94	50.19	45.44
3.0-3.4	3	63.70	59.85	56.00	52.16	48.31	44.47	40.62	36.78
2.5-2.9	4	48.53	45.60	42.67	39.74	36.81	33.88	30.95	28.02
2.0-2.4	5	31.92	30.00	28.07	26.14	24.21	22.29	20.36	18.43
1.5-1.9	6	19.86	18.67	17.47	16.27	15.07	13.87	12.67	11.47
1.0-1.4	7	11.37	10.69	10.00	9.31	8.63	7.94	7.25	6.57
Less than 1.0	8	4.55	4.28	4.00	3.72	3.45	3.18	2.90	2.63

CLASS 2

4.5 +	1A	97.26	90.60	83.93	77.27	70.60	63.94	57.27	50.60
4.0-4.4	1B	81.72	76.12	70.52	64.92	59.32	53.72	48.12	42.52
3.5-3.5	2	67.27	62.56	58.05	53.44	48.22	44.22	39.61	35.00
3.0-3.4	3	53.90	50.21	46.51	42.82	39.12	35.43	31.73	28.04
2.5-2.9	4	41.60	38.76	35.90	33.05	30.20	27.35	24.49	21.65
2.0-2.4	5	30.39	28.31	26.22	24.14	22.06	19.98	17.89	15.81
1.5-1.9	6	19.86	18.67	17.47	16.27	15.07	13.87	12.67	11.47
1.0-1.4	7	11.37	10.69	10.00	9.31	8.63	7.94	7.25	6.57
Less than 1.0	8	4.55	4.28	4.00	3.72	3.45	3.18	2.90	2.63

The following are the schedules for the
classification and valuation of tillable, irrigated
land, arranged by water rotation.

NEW

CLASS 1 MEDIUM Rotation

Tons of Alfalfa Per Acre	Grade	LAND VALUE Per Acre
Doesn't Change	1A	\$ 717.25
	1B	641.75
	2	566.25
	3	490.75
	4	415.25
	5	339.75
	6	264.25
	7	188.75
	8	113.25

CLASS 2

Doesn't Change	1A	\$ 416.87
	1B	372.99
	2	329.11
	3	285.23
	4	241.34
	5	197.46
	6	153.58
	7	109.70
	8	65.82

CLASS 3 MINIMUM Rotation

Assessed Value Per Acre by Water Cost Classes.

CLASS 3

OLD

NEW

Tons of ALFALFA Per Acre	Grade	Under \$1.50	\$1.50	\$2.50	\$3.50	\$4.50	\$5.50	\$6.50	\$7.50	Tons ALFALFA Per Acre	Grade	Land Value Per Acre
4.5 +	1A	\$86.26	\$79.60	\$72.93	\$66.27	\$59.60	\$52.94	\$46.27	\$39.60	Doesn't	1A	\$216.10
4.0	1B	73.84	68.14	62.43	56.72	51.02	45.31	39.60	33.90	Change	1B	193.35
3.5	2	62.01	57.22	52.43	47.64	42.84	38.05	33.26	28.47		2	170.61
3.0	3	50.79	46.86	42.94	39.02	35.09	31.16	27.24	23.32		3	147.86
2.5	4	40.15	37.86	33.95	30.85	27.74	24.64	21.54	18.43		4	125.11
2.0	5	30.11	32.05	25.46	23.13	20.80	18.48	16.15	13.82		5	102.36
1.5	6	19.86	22.28	17.47	16.22	15.07	13.87	12.67	11.47		6	79.62
1.0	7	11.37	18.67	10.00	9.31	8.63	7.94	7.25	6.57		7	56.87
Less than 1.0	8	4.55	10.69	4.00	3.72	3.45	3.18	2.90	2.63		8	34.12

*Refer to 1st half of minutes Ex#10
3/7/83
HB 851
agriculture*

MINUTES OF THE MEETING OF THE HOUSE AGRICULTURE, LIVESTOCK
AND IRRIGATION COMMITTEE
February 2, 1983

CHAIRMAN JACOBSEN told committee members that this would not be a bill hearing. It is a hearing we requested as an Agriculture Committee. We asked the Department of Revenue to give their presentation on the proposed rules for reclassification of agricultural lands. Once that presentation is done, I will ask for some comments from a few of the witnesses here. We will then have questions from the committee. He informed all witnesses that this meeting is being taped and requested that they speak clearly so that it will be on record. He then asked Greg Groepper, from the Department of Revenue, to present the proposed rules.

GREG GROEPPER, Administrator of the Property Assessment Division, Department of Revenue, said the presentation is going to be in two parts. I would like to give the committee a little background on the reappraisal, in general, because it affects not only agricultural properties, but all class four properties in the state. I have asked Les Saisbury, Bureau Chief for the Agriculture Bureau, to come along. He is the individual who is primarily responsible for doing all the research, meeting with public groups and getting input on this subject. I would also like to remind everybody here that we are in the process of adopting administrative rules and we still have to have a hearing. There is a hearing scheduled for February 17, 1983. Originally, the hearing was scheduled in the Mitchell Building but now it will be held in a larger conference room in the Cogswell Building. There will also be a second hearing on the 28th of February in Glendive. That meeting will be in the evening at 7:00 p.m., in the Moose Lodge. The locations of both hearings have been left with the Secretary of State's office. If you have concerns about what is presented during this meeting, we will take those concerns into consideration in our administrative rule hearing.

To start with, I will give you some information on the reappraisal situation when we first started. After the 1981 legislative session, we were directed by the Revenue Oversight Committee to come before that committee and explain what we would be doing, as a department, with reappraisal prior to adopting our reappraisal plan, which is required in statute. The situation as it exists during this reappraisal cycle, which ends January 1, 1986, is that we have different value dates that we are working with. We are using a 1972 value date for residential property, a 1976 value date for commercial and industrial properties, timber property has a five-year average (from 1967 to 1971), and a 1963 value date for agricultural properties. There has been a lot of discussion, controversy and court suits over the use of those different value dates. Once the appraisal cycle is over, beginning tax year 1986, the Department is

Exhibit #11

HB 851

3/1/83

agucine

Statement of Intent

It is the intent of the legislature that the department of revenue conduct research concerning changes in the assessed value of agricultural land in cooperation with agricultural societies in Montana. Any new rules concerning the valuation of agricultural land for tax purposes must be prepared and presented to the legislature for review in January, 1985



WIFE Women Involved In Farm Economics

EX # 12
agriculture

NAME JO BRUNNER BILL NO. HB 851

ADDRESS 563 3rd ST HELENA DATE March 7/83

REPRESENT WOMEN INVOLVED IN FARM ECONOMICS

SUPPORT X OPPOSE AMEND

COMMENTS:

Mr. Chairman, members of the committee, for the record, my name is Jo Brunner and I represent the members of the Women Involved In Farm Economics organization.

Mr. Chairman, our organization concurs with House Bill 851 that will impose a moratorium on the effective date in any change in the reevaluation of agriculture land.

We are appreciative of any sincere effort to allow us the opportunity to participate further in such re-evaluation.

As a representative of W.I.F.E. I attended several of the interim committee meetings where this process was discussed and our organization made many efforts to present our viewpoint on the inequality of such re-evaluation. Other farm organizations also did the same, but until several hundred of our fellow farmers and ranchers descended on Helena, saying the same things we had been saying over the previous months, our efforts were not considered to have any value.

Consequently, we appreciate this moratorium, in the hopes that we will be able to impress upon the Department of Revenue the importance of equity in re-evaluation.

Thank you.

*Jo Brunner
Montana Cottonseed Assoc.*

agriculture

Exhibit #13

WITNESS STATEMENT

Name Greg Hoyer Date 3/7/83
Address _____ Support ? X
Representing Dept. of Revenue Oppose ? _____
Which Bill ? HB-851 Amend ? _____

Comments:

Support bill
Bill does what is proposed in rules
Gives public guarantee of no change till 1986
concern about statement of intent, not ~~en~~ sufficient
time to complete the admin work if we have to wait
until 1985 to put values on.

Please leave prepared statement with the committee secretary.

STANDING COMMITTEE REPORT

March 7

19 83

MR. PRESIDENT

We, your committee on AGRICULTURE, LIVESTOCK & IRRIGATION

having had under consideration HOUSE Bill No. 743

Curtiss (Brown)

Respectfully report as follows: That HOUSE Bill No. 743

third reading blue, be amended as follows:

1. Page 1, line 13.

Strike: "highways"

Insert: "ways"

2. Page 2, line 14.

Strike: "highways"

Insert: "ways"

3. Page 2, line 20.

Following: line 19

Insert: "NEW SECTION. Section 2. Definition. "Ways of this state" means any highway, road, alley, lane, parking area, or other public or private place adapted and fitted for public vehicle travel that is commonly used by the public with the express or implied consent of the owner."

and, as so amended

~~XXXXXX~~ BE CONCURRED IN

STANDING COMMITTEE REPORT

March 7

83

19.....

MR. PRESIDENT.....

We, your committee on AGRICULTURE, LIVESTOCK & IRRIGATION.....

having had under consideration HOUSE JOINT RESOLUTION..... ~~XX~~ No. 27.....

Shontz (Tveit)

Respectfully report as follows: That..... HOUSE JOINT RESOLUTION..... ~~XX~~ No. 27.....

third reading blue

BE CONCURRED IN

~~XXXXXX~~

STANDING COMMITTEE REPORT

MARCH 7

83

19.....

PRESIDENT

MR.

AGRICULTURE, LIVESTOCK & IRRIGATION

We, your committee on

HOUSE

Bill No. **509**

having had under consideration

Asay (Ochsner)

HOUSE

Bill No. **509**

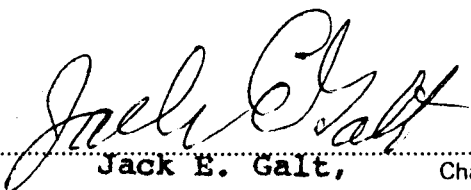
Respectfully report as follows: That

third reading, blue

BE CONCURRED IN

XXXXXX

DO PASS


.....
Jack E. Galt,

Chairman.

Mc