

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON AGRICULTURE, LIVESTOCK, & IRRIGATION

Call to Order: By Senator Greg Jergeson, on March 8, 1991, at
3:00 P.M.

ROLL CALL

Members Present:

Greg Jergeson, Chairman (D)
Francis Koehnke, Vice Chairman (D)
Gary Aklestad (R)
Betty Bruski (D)
Gerry Devlin (R)
Jack Rea (D)
Bernie Swift (R)
Bob Williams (D)

Members Excused: Thomas Beck (R)

Staff Present: Doug Sternberg (Legislative Council).

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Announcements/Discussion: None

HEARING ON HOUSE BILL 682

Presentation and Opening Statement by Sponsor:

Representative Jane DeBruycker, House District 11, advised that she is presenting HB 682 which repeals the termination date. This bill allows collection of bills of lading by weigh station personnel for any agriculture seed coming into the state, which bills are then forwarded to the Agriculture Department. This ensures that seed shipped into Montana can periodically be identified for quality.

Proponents' Testimony:

PAM LANGLEY, representing Montana Seed Trade Association, advised this association is affected by the bill and is a proponent of the legislation.

Opponents' Testimony:

None.

Questions From Committee Members:

None.

Closing by Sponsor:

Representative DeBruycker closed by stating she believes HB 682 is a good bill, and recommended its passage.

HEARING ON HOUSE BILL 722

Presentation and Opening Statement by Sponsor:

Representative Ed Grady, House District 47, advised that HB 722 prohibits public officers and employees from having interest in any contract made by them in their official capacity or by any board of which they are members. It addresses the Weed Trust Act wherein if a person has land within a project area, and that person is a County Commissioner or Weed Supervisor, or sits on the Advisory Board, then that person would not be allowed to vote on any decisions.

Proponents' Testimony:

DAVE BURCH, Montana Weed Control Association, advised that Association would like to go on record as being in support of HB 722. He stated this bill is a clarifying act and feels it is important that Section 80-7-814, MCA be amended. He submitted his written testimony which he read to the committee (Exhibit #1).

Opponents' Testimony:

None.

Questions From Committee Members:

Senator Aklestad asked for clarification as to a member being on the Board and being within a certain weed district. Rep. Grady stated that member would have to abstain from voting or decision making pertaining to that particular project.

Senator Aklestad asked that if these grant applications are formulated by a group of people, all neighbors, and they put the grant together and obtained the money, then they meet to determine what they want to do with the funds, wouldn't they all be in violation. Representative Grady stated only those involved in the decision making of that grant application and the decision of who is going to get the money would be in violation.

Closing by Sponsor:

Representative Grady stated there was no conflict in the House regarding HB 722, and it is a means of clarifying so that

someone will not find they are in a conflict of interest.

HEARING ON HOUSE BILL 756

Presentation and Opening Statement by Sponsor:

Representative Ed McCaffree, House District 27, stated HB 756 is a House Agriculture Committee bill which changes the dates of licensing of nurserymen from July 1 to December 31. The rationale behind this is to have the date coincide with other dates in the licensing process.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Questions From Committee Members:

None.

Closing by Sponsor:

Representative McCaffree closed with no further comments.

HEARING ON HOUSE JOINT RESOLUTION 11

Presentation and Opening Statement by Sponsor:

Representative Dick Knox, House District 29, advised that this Resolution is a result of a lack of response by the Bureau of Land Management to the request of the most basic information. Information requested started at the grass roots level in northern Fergus County. Fergus County Commissioners became interested because of the unanswered questions regarding the allocation of grazing monies to the counties. The Legislative Auditor also became involved because the state of Montana receives a portion of the money in question. The reason for this activity is that there is reason to question if the monies due the counties in the state from grazing fees collected from BLM land have been paid in full and properly allocated. There are formulas to calculate the allocation of grazing receipts to the state and the counties, but first the actual animal unit months for the year, and acreage for the three types of BLM grazing land must be known. Money is allocated differently from each of these categories. The amount due the county and the state can be easily calculated if you have those facts before you. This is the type of basic information that has been requested, but has not been provided.

Proponents' Testimony:

DONNA HEGGEM, Fergus County Commissioner, presented a handout with some explanations of Joint Resolution 11 (See Exhibit #2). She explained this handout was written and sent out by Montana Association of Counties to the Western Interstate Region about the problems occurring in Fergus County and which they believe may affect eleven western states. She stated the role of the county is described in the second Whereas in the Bill - "the county governments have a responsibility to ensure that all money due from the BLM is collected and properly distributed". There are eight million acres of BLM land in Montana, over 350,000 acres in Fergus County. All counties having federal lands receive money from grazing fees as well as from other types of uses. The problem has been in knowing whether or not the county was actually receiving the amount due the county for grazing fees. For sometime the Commissioners in Fergus County have asked the BLM for accountability of these monies received through the Taylor Grazing Act (a copy of the Act included in the Handout). The Commissioners asked for this information from the BLM District Office in Lewistown on June 8, 1990. The BLM answered that request in August, but did not address the accountability questions related to tracking the monies through the system. Commissioners met with BLM officials in September to ask for maps or documentation of Section 3 lands in Fergus County. BLM has not provided these maps or documentation of grazing districts. Their concerns about this issue were taken to Senator Baucus, who has asked for GAO audit of the BLM on the Taylor grazing money. That audit has been scheduled beginning April 1, and they have also worked through the Legislative Auditor's office. A meeting was held with two members of the Department of Interior accounting office from Washington, D.C. and a member of the Denver Regional Office who met with one of the Fergus County Commissioners and several state officials in Billings on February 15, 1991, to discuss the problem. However, the documentation requested was not forthcoming. She stated they were informed they would receive the information by February 22, but to date it has not arrived. She believes this Resolution is very timely, even though things are moving ahead. She believes a recommendation from this committee would help support the cause of Fergus County and many other counties in Montana that receive money from federal grazing.

KIM ENKERUD, representing the Montana Association of State Grazing Districts, Montana Stock Growers, and Montana Wool Growers, stated that many of their members utilize the Section 3 grazing permits which are talked about in this resolution. They pay grazing fees on these lands, a portion of which are to be returned to the county. She presented a handout showing the breakdown of the fee distribution (Exhibit #3). She urged a do concur on HJR 11.

LORRAINE GILLIES, Montana Farm Bureau, presented written testimony in favor of HJR 11 (Exhibit #4).

Opponents' Testimony:

None.

Questions From Committee Members:

Senator Devlin referred to the February letter indicating Fergus County would receive requested information by February 22. Representative Knox informed that this follows a pattern going on for some time. They simply do not get requested information from BLM.

Senator Swift asked if this dates prior to 1983. Rep. Knox answered affirmatively, and stated the testimony only referred to a portion of the problem.

Senator Williams asked if they had ever contacted Cy Jamison, BLM Director. In reply, Rep. Knox advised that he personally has not talked to Cy Jamison, but Bob Marks, Director of the Montana Department of Administration, has spoken with him. Governor Stephens also sent a letter to Mr. Jamison.

Senator Devlin asked if they considered sending the Resolution to the Congressional delegation. Rep. Knox stated they are aware of the situation, but he would have no objection to it being sent to them.

Senator Williams asked Commissioner Heggem if they know what the checks are for when they receive them from BLM. She stated this has been an ongoing problem since she has been a commissioner (over 2 years); and there has been little or no documentation on the checks as to how the money was arrived at.

Closing by Sponsor:

Representative Knox stated that they have painted a black picture, and realistically so, and he feels this Resolution is an embarrassment to BLM. Rep. Knox says, however, they seem to be making progress. He read a letter received from the Fergus County Treasurer indicating that some documentation is being made regarding payments. The Treasurer stated the information from BLM was included as a result of the efforts and questions raised by HJR 11. He urged concurrence of HJR 11.

EXECUTIVE ACTION ON HOUSE JOINT RESOLUTION 11

Recommendation and Vote:

Senator Williams made a motion that HJR BE CONCURRED IN. Those in favor - 8; opposed - 0; MOTION CARRIED.

Senator Williams made a motion that the previous action on HJR 11 BE RESCINDED. Those in favor - 8; opposed - 0. MOTION CARRIED.

Senator Williams made a motion that an amendment be adopted which would send HJR 11 to Montana's Congressional delegation. Those in favor - 8; opposed - 0. MOTION CARRIED.

Senator Williams made a motion that HJR BE CONCURRED IN AS AMENDED. Those in favor - 8; opposed - 0. MOTION CARRIED.

Senator Williams will carry HJR 11 to the floor of the Senate.

EXECUTIVE ACTION ON HOUSE BILL 682

Recommendation and Vote:

Senator Rea made a motion that HB 682 BE CONCURRED IN. Those in favor - 8; opposed - 0. MOTION CARRIED.

Senator Aklestad will carry HB 682 to the floor of the Senate.

EXECUTIVE ACTION ON HOUSE BILL 756

Recommendation and Vote:

Senator Koehnke made a motion that HB 756 DO BE CONCURRED IN. Those in favor -8; opposed - 0. MOTION CARRIED.

Senator Koehnke will carry HB 756 to the floor of the Senate.

EXECUTIVE ACTION ON HOUSE BILL 674

Recommendation and Vote:

Senator Swift made a motion that HB 674 BE TABLED.

Senator Aklestad made a substitute motion that HB 674 DO BE CONCURRED IN. Those in favor - 4 (Aklestad, Bruski, Swift, Jergeson); opposed - 4 (Devlin, Rea, Williams, Koehnke).

SENATE AGRICULTURE, LIVESTOCK, & IRRIGATION COMMITTEE


March 8, 1991

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In view of the tie vote, Chairman Jergeson advised the vote will be held open until Senator Beck is present.

ADJOURNMENT

Adjournment At: 4:05 P.M.



GREG JERGESON, Chairman



DOROTHY QUINN, Secretary

GJ/dq

ROLL CALL
AGRICULTURE COMMITTEE

DATE 3/8/91

52nd
LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. JERGESON	X		
SEN. KOEHNKE	X		
SEN. AKLESTAD	X		
SEN. BECK			X
SEN. BRUSKI	X		* Arrived later
SEN. DEVLIN	X		
SEN. REA	X		
SEN. SWIFT	X		
SEN. WILLIAMS	X		* Arrived later

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 11, 1991

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation having had under consideration House Joint Resolution No. 11 (third reading copy -- blue), respectfully report that House Joint Resolution No. 11 be amended and as so amended be concurred in:

1. Page 2, line 12.

Following: "to"

Insert: "each member of Montana's Congressional Delegation,"

Signed: _____

Greg Jergeson
Greg Jergeson, Chairman

for 3-11-91
And. Coord.

SD 3-10 12:00
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 8, 1991

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation having had under consideration House Bill No. 682 (third reading copy -- blue), respectfully report that House Bill No. 682 be concurred in.

Signed: Greg Jergeson
Greg Jergeson, Chairman

LB 3/8/91
Amd. Coord.

SR 3/9 9:00
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 8, 1991

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation having had under consideration House Bill No. 756 (third reading copy -- blue), respectfully report that House Bill No. 756 be concurred in.

Signed: _____

Greg Jergeson
Greg Jergeson, Chairman

LB 3/8/91

Amd. Coord.

SR 3/9 9:00

Sec. of Senate



SENATE AGRICULTURE

EXHIBIT NO. # 1

DATE 3/8/91

BILL NO. HB 722

POST OFFICE BOX 1911 • BOZEMAN, MONTANA 59771

MARCH 8, 1991
WRITTEN TESTIMONY FOR HB 722
MONTANA WEED CONTROL ASSOCIATION
DAVID BURCH, PRESIDENT ELECT AND LOBBYIST

The Montana Weed Control Association would like to go on record in support of HB-722. This bill is a clarifying act and we feel it is very important that section 80-7-814, MCA be amended. As people who serve on these Boards are people who care and are concerned about there community and area. We do not want to discourage any of these people who serve on these Boards from applying for Noxious Weed Trust Fund grants. This bill would eliminate the possibility of this happening.

The Montana Weed Control Association strongly urges you to support HB-722.

Thank you

**MONTANA
ASSOCIATION OF
COUNTIES**

SENATE AGRICULTURE

EXHIBIT NO. #2

DATE 3/8/91

BILL NO. HJR 11

2711 Airport Road
Helena, Montana 59601
(406) 442-5209
FAX (406) 442-5238

TO: WIR President Betty Glick
WIR Board of Directors

FROM: Montana Association of Counties
Executive Director, Gordon Morris

RE: BLM Grazing Fees

DATE: September 24, 1990

I want to alert the Western States and Counties thereof, of a controversy arising in Montana that may very well be duplicated elsewhere. There is reason to believe that errors may exist in the BLM procedures used in calculating the distribution to states and hence to counties for grazing fees derived from organized Grazing Districts and leases to individual local ranchers. (See Attachment A).

As you will see from Attachments B & C, an effort is being mounted to seek clarification of the distribution of these as well as other revenues. As an example, in 1983 BLM reported that Section 15 Grazing fees generated \$816,983 while payments to Montana for Section 15 Grazing fees came to only \$109,228.94. 50% of Section 15 revenues are to be sent to the county-of-origin, by law. (See Attachment D).

I would recommend that a review be conducted in each state and county to verify the accuracy of BLM payments in all cases. As you will note in the attachments, Senator Max Baucus, Montana, has asked for a full G.A.O. audit in reference to Montana. Perhaps the scope should be broadened. (See Attachment E).

In closing, I would urge the Western Interstate Region Board of Directors, aware of the questions, to consider a request to expand the scope of the GAO audit and direct staff to provide any and all assistance in this effort.

Attachments

MACo

----- IV - THE TAYLOR GRAZING ACT -----

(a)-- Citation

Act of June 28, 1934, 48 Stat. 1269, 43 USC-3151, and many amendments. Also referred to as PL-482.

(b)-- Areas to which the Law applies

The lands under the Taylor Grazing Act are located in the western livestock states. These lands (when the Act was passed) were public domain lands that had not been disposed of through homesteads, sales, withdrawals for certain classes of Federal land such as National Forests and National Parks, land grants (such as to the railroads), and other means. In a sense they were the residual public domain lands that nobody wanted or no agency had bothered to acquire up to the time of the passage of the Taylor Grazing Act in 1934. These TG Act lands were administered by the Grazing Service. In 1946, when the Bureau of Land Management was formed, any residual public domain lands still held by the General Land Office were combined with the lands of the Grazing Service, then assigned to the new BLM agency. The BLM inherited a tremendously fractionated acreage, often in tiny pieces dispersed among private land. The BLM developed Grazing Districts by which these scattered Federal lands were integrated under a lease and permit system into operations of local ranchers. Such lands in organized Grazing Districts are called Section 3 lands. Some of the BLM land, however, did not lend itself to organized Grazing Districts, and grazing permits (leases) were arranged with individual local ranchers. The lands not in organized Grazing Districts are called Section 15 lands.

(c)-- Sources of Revenue

Under the Taylor Grazing Act, the revenue derives largely from payments made by separate ranchers and by the organized Grazing Districts for the grazing uses of the land.

(d)-- Payments to the Counties

The BLM, on receipt of revenues under the Taylor Grazing Act, retains 50 % of the revenues, earmarked for the "Range Betterment Fund", to be used to improve the general condition, management and productivity of the range lands. The remaining 50 % is dispersed in one of two ways:

(1)-- For lands in organized Grazing Districts (called Section 3 lands) the BLM pays 12-1/2 % to the State Treasurers and 37-1/2 % to the U.S. Treasury. The State Treasurers then pays out the 12-1/2 % to the counties on the basis of each Grazing District's acreage in each County as a percent of the total Section 3 acreage in the whole Grazing District.

(2)-- For lands not in organized Grazing Districts (called Section 15 lands) the BLM retains 50 % of the revenue for its Range Betterment Fund, then pays the remaining 50 % to the State Treasurers, who then send it to the County-of-origin.

(e)-- Uses of Payments to the Counties

The Taylor Grazing Act states that the respective State Treasurers shall forward the payments to the Counties to be used as specified by the respective State Legislatures "--- for the benefit of the County or Counties in which the Grazing Districts are situated . . . and distribution is . . . proportional to its (each County's) area in the District".

IN Montana the State Legislature specifies (Mont. Code, Annotated, 1979, Sec 17-3-221, 222.) that Counties shall use Taylor Grazing Act revenues as 50 % to the common school fund and 50 % to the County General Fund.

IN South Dakota, the Legislature specifies (S.D. Compiled Laws, Annotated, 1975, Sec.13-14-3.1, 3.2) that Taylor Grazing Act funds shall be deposited in each County's school district general fund and used exclusively for education.

Code, Annotated, Sec. 15-40.1 - 14) that Taylor Grazing Act payments shall go to the Counties on the basis of total Taylor Grazing Act lands in each County as a percentage of the total Taylor Grazing Act land in the State. The Counties then distribute the funds to school districts on an average daily attendance basis.

INDEPENDENT RECORD

Helena, MT 59601
(Daily 13,200)(Sun. 13,760)

AUG 2 1990

SUPERIOR CLIPPING SERVICE
Billings, MT 59105-0789

BLM's accounting questioned

Fergus County believes more grazing fees should be returned

LEWISTOWN (AP) — Two Fergus County commissioners asked the governor's office on Wednesday for help in resolving the questions of who is in charge of Bureau of Land Management grazing fees and how they should be redistributed to states and counties.

Commissioners Vernon Peterson and Donna Heggem said they are concerned about the inability of the federal agency to produce figures of animal-unit months in the county, and the amount of money the county should be getting for two sections of the Taylor Grazing Unit.

The matter was brought to their attention by Joe Trow, who ranches in the Winifred area.

He contends the BLM has been collecting more annual grazing fees than it has been returning to the county government.

The letter sent by Peterson and Heggem asks Gov. Stan Stephens to look into the matter, and possibly contact the governors of other states for their

comments.

Trow told commissioners on Wednesday he still hasn't received answers to his questions.

Winifred School Superintendent Carroll Lindsey said if what Trow is saying is correct, that some stockmen who are members of the school board alone have paid twice the amount in grazing fees that the entire county got back from the BLM.

And Fergus County School Superintendent Shirley Barrick said a lot of school districts that now are strapped for funds could find the results of a new accounting method by the BLM a big help.

State BLM Associate Director Robert Faithful said the agency is taking positive steps to resolve the issue and that Trow has raised some legitimate questions.

Faithful added that the BLM has to be responsive to the needs of communities and provide an accounting of the funds in question.

Fergus County questions BLM grazing fees

By LORNA THACKERAY
Of the Gazette Staff

Fergus County commissioners are worried that grazing fees collected by the Bureau of Land Management are not being channeled back to Montana counties and school districts in accordance with federal laws.

The problem, according to Commissioner Vern Petersen, is that the BLM seems unable to provide figures on the amount of money it bills ranchers and the amount that comes back to the county and school districts where it was collected.

"I think it's an accounting problem that's been brought to light," he said. "It's not an adversarial thing with BLM."

But the commissioners shared their concern with Gov. Stan Stephens in a letter dated July 31, asking the state to look into the matter. Stephens fired off a letter Aug. 8 to BLM Director Cy Jamison, a Montana native, urging him to "examine and correct your accounting procedures."

BLM officials, however, believe they are properly accounting for all funds. BLM computers simply are not programmed to spill the information out in the form the state believes it needs, according to Bill Volk, program leader for range improvement in the Billings BLM office. The agency has

asked for a review of its computer system to see if it can be adjusted to accommodate the state.

In the meantime, the Montana legislative auditor's office is trying to determine what federal laws apply and exactly what those laws say, Wayne Kedish of the department said.

Bob Marks, director of the Montana Department of Administration, said he is not ready to say the state has a problem with BLM figures, but "I think the concern is out there." He said the legislative auditor's research will give the state a better idea of what course it should take.

Marks made it clear that he does not want to generate hard feelings between BLM and the state. "We don't feel they've cheated us," he said.

The findings may prove a double-edged sword for Montana, he added. If some counties are not receiving their fair share, then it is possible there are others who have been given more than their rightful share.

The crux of the situation lies in a complicated set of federal laws governing federal leasing policy. Laws were established for several types of land controlled by the federal government and the distribution of the proceeds is different in each one.

The target of much of the recent interest are programs under the Taylor Grazing Act, the BLM bible on the subject. Half of the money generated from grazing fees stays with BLM for its range land programs. The other half is dispersed according to two formulas.

The least troublesome applies to Section 15 lands, lands leased by individual ranchers. Volks said 25 percent goes to the U.S. Treasury and 25 percent is sent to the state, which divides it up by county for use by the schools. What the county receives should be in proportion to the money collected within its borders. With the check, BLM sends the state a list of the dollar figure each county is supposed to receive.

The other formula, involving Section 3 lands, appears to be at the heart of the problem. Rents from Section 3 lands, lands included in organized grazing districts, are accounted for by 50 percent going back into BLM range land programs, 37 1/2 percent going to the U.S. Treasury and 12 1/2 percent going to the states for redistribution to the counties.

The trouble is that BLM does not send a list of disbursements that should go to each county. BLM does not identify Section 3 rents by county. Instead the agency identifies the

rents by grazing districts, which include more than one county. Volk said that is what the law requires, and no one from the state, until recently, has asked for a county-by-county accounting of Section 3 rents.

In the past, the policy of the state Treasury was to send the Section 3 money to the counties in proportion to the number of federal grazing acres in each one. Only recently has the state begun to question the practice.

Questions of equity arise because not all grazing land has the same value. In arid portions of the state, it takes a lot more acreage to feed one cow than it does in the areas with a little more moisture. Consequently, BLM charges not by the acre, but by the animal unit month (AUM), the amount of dry forage an animal will consume in one month. Fergus County, which probably has a large number of AUMs, may be entitled to a greater share than it has been receiving from a distribution system based on number of federal acres, some state and local officials contend.

By state standards, the amount of money involved in Section 3 and Section 15 programs isn't great. But those amounts may be important to the mostly rural counties that receive them. For fiscal year 1988, the state received \$143,441 in Section 3 payments and \$134,781 for payments under Section 15. The payments

came in one check along with \$17,408 for the state's share of proceeds from the sale of public lands, which is under still another law.

Complicating the situation is Fergus County's concern that the state cannot produce figures that say how many AUMs are leased in the county, under which of several programs the land falls and how much money is derived.

The information is in BLM's computerized billings system, just not in the form the county wants, Volk said. The computer was designed to ingest the pertinent information and spit out a bill. It was never intended to provide the detailed reports that are being requested.

Another problem in presenting the figures to the state and counties in the form they request is the differences in billing periods. In addition to the traditional complications of calendar year versus fiscal year, BLM defines a grazing year from March 1 of one year to February 28 of the next, Volk said.

Some ranchers don't use as many AUMs as they thought at the beginning of the year, requiring issuances of refunds. Toss all the problems together in a state with more than 5,000 grazing leases and there are bound to be lots of difficulty in giving the county the figures in the form they request, Volk said.

BLM RECEIPTS BY SOURCE 1983

	Montana	North Dakota	South Dakota
Mineral Leases & Permits	\$42,684,753	\$52,652,077	\$2,722,913
Sale of Land & Material			
Land	245,946	-0-	-60,460 ¹
Material (sand, gravel, stone, etc.)	5,447	-0-	-0-
Timber	570,733	-0-	10,028
All Other	19,993	-0-	-0-
Grazing—Sec. 3	1,095,502	-0-	-0-
Grazing—Sec. 15	816,983	13,975	140,889
Fees & Commissions	194,528	18,975	30,220
Rights of Way	39,541	75	1,237
Rent of Land	69,248	295,810	7,282
Other	10,466	-0-	-0-
	\$45,753,140	\$52,980,912	\$2,852,109
TOTAL (Three State Area)	\$101,586,161		

SUMMARY OF BLM PAYMENTS TO MONTANA, NORTH AND SOUTH DAKOTA

Mineral Leases (10/1/82 to 9/30/83)	\$19,948,702.21	\$9,630,087.37	\$1,157,217.98
Sale of Land & Material	33,685.00	-0-	-2,024.00 ¹
Grazing—Sec. 3	136,777.93	-0-	-0-
Grazing—Sec. 15	109,288.94	6,783.50	70,444.69
Bankhead-Jones Farm Tenant Act	662,873.00	-0-	-0-
Payments in Lieu of Taxes	7,292,394.00	519,974.00	1,749,807.00
	\$28,183,721.08	\$10,156,844.87	\$2,975,445.67
TOTAL (Three State Area)	\$41,316,011.62		

¹A land sale in South Dakota was cancelled last year. The \$60,460 was returned to the buyer. Public Law 136 authorizes a 5 percent share of the proceeds for land sales to be paid to the state. The State of South Dakota had been paid its share from the sale that was cancelled; the state was required to refund the \$2,024 it had been paid.

United States Senate

WASHINGTON, DC 20510

August 13, 1990

Mr. Charles A. Bowsher
Comptroller General of the United States
General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Bowsher:

I am writing to request a full GAO audit of payments made to local governments in Montana by the Bureau of Land Management (BLM) and the Army Corps of Engineers.

As you can tell by the enclosed information, the payment practices of these two federal agencies have been the subject of growing controversy and confusion in Montana. Specifically, I ask that your audit address the following questions:

1. Over the past ten years, has BLM made adequate payment to Montana counties for the lands it administers under the Bankhead-Jones Act?;
2. For those Bankhead-Jones lands covered under the Mineral Leasing Act, has BLM made adequate payment to the State of Montana over the past ten years?;
3. Are Montana counties receiving all payments from BLM's grazing fee receipts to which they are legally entitled over the last ten years? What is the actual correlation between payments to counties and Animal Unit Months?;
4. Is BLM administering its Montana lands in compliance with the Taylor Grazing Act's requirement that a specified portion of grazing fee receipts are dedicated for range improvement?;
5. Is BLM using proper and accepted accounting for determining and reporting these payments? If not, what steps should be taken to improve accounting procedures?; and,
6. Are Montana counties receiving all legally required payments from "entitlement acres" administered by the U.S. Army Corps of Engineers?;

Thank you for your consideration in this matter. With so

Page 2
August 13, 1990

many local governments in Montana so badly in need of revenues, I ask that this audit be completed as soon as possible. If you have any questions or concerns, please have a member of your staff call Mark Smith in my Washington office.

With best personal regards, I am

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark Smith', with a long horizontal line extending to the right.

MSB/mar
Enclosure

TESTIMONY
SENATE AGRICULTURE

HOUSE JOINT RESOLUTION 11

DISTRIBUTION OF TAYLOR GRAZING ACT RECEIPTS AND OTHER LEASE
RECEIPTS

FRIDAY, MARCH 8, 1991

SENATE AGRICULTURE

EXHIBIT NO.

#3

DATE

3/8/91

BILL NO.

HJR 11

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE. MY NAME IS KIM ENKERUD. I AM REPRESENTING THE MONTANA ASSOCIATION OF STATE GRAZING DISTRICTS, MONTANA STOCKGROWERS, AND MONTANA WOOL GROWERS.

MANY OF OUR MEMBERS UTILIZE THE SECTION 3 GRAZING PERMITS WHICH ARE TALKED ABOUT IN THIS RESOLUTION. THEY PAY GRAZING FEES ON THESE LANDS, A PORTION OF WHICH ARE TO BE RETURNED TO THE COUNTY. I HAVE INCLUDED THE BREAKDOWN OF THE FEE DISTRIBUTION AS AN ATTACHMENT TO THIS TESTIMONY.

MONTANA'S COUNTIES NEED TO BE ASSURED THAT DOLLARS TO BE ALLOTTED TO THEM ARE ACTUALLY BEING RECEIVED IN ACCORDANCE TO STATE LAW.

WE ASK FOR A DO CONCUR ON HOUSE JOINT RESOLUTION 11.

THANK YOU.

DESCRIPTION AND DISTINCTION OF SECTION 3 AND SECTION 15 GRAZING AUTHORIZATIONS OF THE BLM

The Taylor Grazing Act of June 26, 1934 provided for Section 3 and Section 15 grazing opportunities.

Section 3 grazing permits are named after the Section of the law describing them. In the same sense, Section 15 grazing leases are described in Section 15 of the Taylor Grazing Act.

Section 3 set up BLM grazing districts where up to ten (10) year permits or one (1) year grazing licenses are issued.

Section 15 provided for up to ten (10) year grazing leases not included in BLM grazing districts as described in Section 3.

When the Taylor Grazing Act was implemented, separate rules and regulations governed each. Now the regulations have merged, but Section 3 still has grazing permits while Section 15 uses grazing leases.

The distribution of the funds received from these two sections of the Taylor Grazing Act is the major difference. It is as follows:

Section 3		Section 15
25%	Portion of grazing fee directly returning to the BLM District of origin	25%
25%	Portion of the grazing fee going to the Secretary of Interior. The Secretary may then distribute back to BLM district of origin or any district where he feels the need is greater.	25%
12 1/2%	Portion of fee distributed to State Treasurer for county of origin. Counties use for range improvement and predator control on federal lands.	50%
37 1/2%	Portion of fee going to U.S. Treasury.	



MONTANA FARM BUREAU FEDERATION

502 South 19th • Bozeman, Montana 59715
Phone: (406) 587-3153

SENATE AGRICULTURE

EXHIBIT NO. #4

3/8/91

BILL NO. HJR 11

BILL # HJR11; TESTIMONY BY: Lorraine Gillies

DATE March 8, 1991; SUPPORT Support; OPPOSE _____

Mr. Chairman, Members of the Committee:

For the record, I am Lorraine Gillies representing Montana Farm Bureau.

We endorse HJR11 as a means of ensuring that Montana and its counties are properly paid in lieu of taxes for the receipts from Taylor Grazing lands. This resolution will notify the BLM that the State and its counties are not satisfied with the poor accountability for funds due them from the U.S. Department of Interior. Presently it is very difficult to determine whether or not we are getting our share of these monies.

We urge the committee to give HJR11 favorable consideration.

Thank you.

SIGNED: Lorraine Gillies

== FARMERS AND RANCHERS UNITED ==

3/8/91

Agriculture

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

ROLL CALL VOTE

SENATE COMMITTEE AGRICULTURE

Date 3/8/91 Bill No. HR 11 Time 3:55

NAME	YES	NO
SEN. AKLESTAD	X	
SEN. BECK		
SEN. BRUSKI	X	
SEN. DEVLIN	X	
SEN. REA	X	
SEN. SWIFT	X	
SEN. WILLIAMS	X	
SEN. KOEHNKE	X	
SEN. JERGESON	X	

DOROTHY QUINN

GREG JERGESON

Secretary

Chairman

Motion: Senator Williams made a motion
that HR 11 BE CONCURRED
IN, On Favor - 8; opposed - 0

ROLL CALL VOTE

AGRICULTURE

SENATE COMMITTEE _____

Date 3/8/91 Bill No. HJR 11 Time 3:59

NAME	YES	NO
SEN. AKLESTAD	X	
SEN. BECK		
SEN. BRUSKI	X	
SEN. DEVLIN	X	
SEN. REA	X	
SEN. SWIFT	X	
SEN. WILLIAMS	X	
SEN. KOEHNKE	X	
SEN. JERGESON	X	

DOROTHY QUINN

GREG JERGESON

Secretary _____

Chairman _____

Motion: Senator Williams made a
motion that the previous action
be rescinded. In favor 8;
opposed - 0. Motion Carried.

ROLL CALL VOTE

AGRICULTURE

SENATE COMMITTEE _____

Date 3/8/91 Bill No. HSR 11 Time _____

NAME	YES	NO
SEN. AKLESTAD	X	
SEN. BECK		
SEN. BRUSKI	X	
SEN. DEVLIN	X	
SEN. REA	X	
SEN. SWIFT	X	
SEN. WILLIAMS	X	
SEN. KOEHNKE	X	
SEN. JERGESON	X	

DOROTHY QUINN

GREG JERGESON

Secretary

Chairman

Motion: Senator Williams made a motion that
the amendment to HSR 11 be
adopted. Those in favor - 8;
opposed - 0.

(To send copy of Resolution to Montana
Congressional Delegation)

ROLL CALL VOTE

AGRICULTURE

SENATE COMMITTEE _____

Date 3/8/91 Bill No. HJR 11 Time _____

NAME	YES	NO
SEN. AKLESTAD	X	
SEN. BECK		
SEN. BRUSKI	X	
SEN. DEVLIN	X	
SEN. REA	X	
SEN. SWIFT	X	
SEN. WILLIAMS	X	
SEN. KOEHNKE	X	
SEN. JERGESON	X	

DOROTHY QUINN

GREG JERGESON

Secretary

Chairman

Motion: Senator Williams made a motion
that HJR 11 DO BE CONCURRED
IN AS AMENDED. In Favor - 8
opposed - 0. MOTION CARRIED.

ROLL CALL VOTE

SENATE COMMITTEE _____ AGRICULTURE

Date 3/8/91 Bill No. HB 682 Time _____

NAME	YES	NO
SEN. AKLESTAD	X	
SEN. BECK		
SEN. BRUSKI	X	
SEN. DEVLIN	X	
SEN. REA	X	
SEN. SWIFT	X	
SEN. WILLIAMS	X	
SEN. KOEHNKE	X	
SEN. JERGESON	X	

DOROTHY QUINN

GREG JERGESON

Secretary _____

Chairman _____

Motion: Senator Rea made a motion
that HB 682 BE CONCURRED
IN. Those in favor - 8; opposed - 0.
MOTION CARRIED.

ROLL CALL VOTE

AGRICULTURE

SENATE COMMITTEE _____

Date 3/8/91 Bill No. HB 756 Time 3:35

NAME	YES	NO
SEN. AKLESTAD	X	
SEN. BECK		
SEN. BRUSKI	X	
SEN. DEVLIN	X	
SEN. REA	X	
SEN. SWIFT	X	
SEN. WILLIAMS	X	
SEN. KOEHNKE	X	
SEN. JERGESON	X	

DOROTHY QUINN

GREG JERGESON

Secretary

Chairman

Motion: Senator Koehnke made a motion
that HB 756 DO BE CONCURRED
IN. In favor - 8; opposed - 0.
MOTION CARRIED.

ROLL CALL VOTE

AGRICULTURE

SENATE COMMITTEE _____

Date 3/8/91 Bill No. HB 674 Time _____

NAME	YES	NO
SEN. AKLESTAD		
SEN. BECK		
SEN. BRUSKI		
SEN. DEVLIN		
SEN. REA		
SEN. SWIFT		
SEN. WILLIAMS		
SEN. KOEHNKE		
SEN. JERGESON		

DOROTHY QUINN

GREG JERGESON

Secretary _____

Chairman _____

Motion: Senator Swift made a motion
that HB 674 BE TABLED.

ROLL CALL VOTE

AGRICULTURE

SENATE COMMITTEE _____

Date

3/8/91

Bill No.

HB 674

Time _____

NAME

YES

NO

SEN. AKLESTAD	X	
SEN. BECK		
SEN. BRUSKI	X	
SEN. DEVLIN		X
SEN. REA		X
SEN. SWIFT	X	
SEN. WILLIAMS		X
SEN. KOEHNKE		X
SEN. JERGESON	X	

DOROTHY QUINN

GREG JERGESON

Secretary

Chairman

Motion:

Sen Aklestad made a substitute
motion that HB 674 DO BE
CONCURRED IN. In Favor - 4;
opposed - 4.

Chairman Jerguson stated the vote
would be held open until Sen. Beck was
present.