

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN TOM ZOOK**, on January 16, 1995, at
3:00 p.m.

ROLL CALL

Members Present:

Rep. Tom Zook, Chairman (R)
Rep. Edward J. "Ed" Grady, Vice Chairman (Majority) (R)
Rep. Joe Quilici, Vice Chairman (Minority) (D)
Rep. Beverly Barnhart (D)
Rep. Ernest Bergsagel (R)
Rep. John Cobb (R)
Rep. Roger Debruycker (R)
Rep. Gary Feland (R)
Rep. Marjorie I. Fisher (R)
Rep. Don Holland (R)
Rep. Royal C. Johnson (R)
Rep. John Johnson (D)
Rep. Mike Kadas (D)
Rep. Betty Lou Kasten (R)
Rep. Matt McCann (D)
Rep. William T. "Red" Menahan (D)
Rep. Steve Vick (R)
Rep. William R. Wiseman (R)

Members Excused: None.

Members Absent: None.

Staff Present: Clayton Schenck, Legislative Fiscal Analyst
Marjorie Peterson, Committee Secretary

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

Committee Business Summary:

Hearing: HB 124
Executive Action: HB 20 DO PASS, HB 35 DO PASS AS AMENDED,
HB 76 DO PASS

HEARING ON HB 124Opening Statement by Sponsor:

REP. SAM KITZENBERG, HD 96, Glasgow, opened the hearing on HB 124, entitled "Revising Computation of State Land Equalization Payment to Fully Reimburse Counties for Lost Taxes Because of State Lands Within Counties." REP. KITZENBERG stated he represented Daniels and Valley counties and the city of Glasgow, where he conducted two listening sessions on issues people in his district were interested in. At the Scobey session, former Senator Carney told him the history of this bill. **EXHIBIT 1.**

REP. KITZENBERG said that the legislation for counties to receive payments for state lands had been introduced in two different sessions of the legislature. In 1967, when the counties were reapportioned, Rep. Etchart and Sen. Carney introduced the first bill. The legislation was enacted in 1967 and payments were made in accordance with the provisions of the bill. His concern is that the state has not continued to make payments. Mr. Carney asked him to introduce legislation to correct the situation. At this time, REP. KITZENBERG announced to the committee that this bill was written in error and did not correctly state his intentions. He stressed that the fiscal note was also in error. He wanted the bill to require the state to pay the full amount every year. He mentioned Senator Gage's bill, LC 1212, and Senator Aklestad's bill, SB 28, which removed the 6 percent clause that would change the distribution of the money. The current formula of 6 percent was used since state trust lands throughout Montana consist of 6 percent of the land. This bill would aid those counties which had an excess of 6 percent of state trust lands. The other two bills seek to change that. He apologized for the confusion and referred to the amendment, which also had errors. REP. KITZENBERG wanted to reimburse the counties involved and continue funding at 100 percent. The state currently owes these counties almost \$2 million. His district, HD 96, has lost a highway patrol position, the driver's license station is only open three hours every month and the treasurer's office was reduced from 3 FTEs to 1 FTE. There is a lot of state land in his county and it is an injustice that they are not receiving the payments. It is a hardship for counties with lots of state land. He thinks the legislature should honor Montana's statutes and correct the problem.

{Tape: 1; Side: A; Approx. Counter: 13.7.}

Proponents' Testimony:

Gordon Morris, Director for the Association of Counties, stated that since 1983, the Association of Counties has come before every session of the legislature to ask them to fund the state program adequately. In the case of Daniels County, there are

923,000 acres of land with 120,000 acres of state-owned land. He suggested keeping Sections 3 and 4 in the bill and amending lines 22-26.

Jim Halvorson, Daniels County, said he is a taxpayer in the county and that his tax bill is higher than those in other counties. Their tax mill levy is in the top 10 for the state of Montana.

Bob Kuchenbrod, Central Management Division, Department of State Lands (DSL), Helena, stated he was here for information and not as a proponent or opponent. He furnished information on the equalization payments from the Department of State Lands to the counties. **EXHIBIT 2.**

\$265,000 is appropriated to DSL from the general fund every year. The amount of payment requested in 1995 was \$532,983. There are 20 counties that have land in excess of 6 percent and their share is computed from the available money. He emphasized that this bill involved state trust lands and not all state-owned land. He referred to the form on page 3 of Exhibit 2 that the counties use to identify the number of acres of state-owned lands.

Opponents' Testimony:

None.

{Tape: 1; Side: A; Approx. Counter: 21.7.}

Questions From Committee Members and Responses:

REP. MARJORIE FISHER, HD 80, Whitefish, asked **Mr. Morris** what happened when the previous bills were introduced to the legislature. **Mr. Morris** answered that in the 1991 and 1993 sessions the bill was not passed. There was also a similar bill in the 1987 session. This program has never been funded more than the current appropriation of \$265,000 per year.

REP. ROGER DEBRUYCKER, HD 89, Floweree, inquired that with the 6 percent county exemption factor, if the bill is funded at 100 percent, if the counties would only be paid 94 percent. **Mr. Kuchenbrod** answered, yes, the reimbursement would be at 94 percent.

REP. DON HOLLAND, HD 7, Forsyth, asked **REP. KITZENBERG** to clarify if this bill includes just the state trust lands or all state lands. He answered that it is just state trust lands. There are other state-owned lands which are not considered in this bill. **REP. HOLLAND** said that state lands comprise about one-half million acres. **Mr. Kuchenbrod** said only the state trust lands are included.

Carl Schweitzer said that the state agencies who own state lands pay their own taxes on those lands.

REP. FISHER asked if all the income on the state trust lands went directly to the school districts. **Mr. Kuchenbrod** said the money from the state trust lands doesn't go to education. It goes to the general fund.

CHAIRMAN ZOOK cited, as an example, that the reimbursement ratio would be out of balance in a county that has 100,000 acres of state trust lands but only a small number of students. **Mr. Kuchenbrod** said the reimbursement schedule calculated all those factors.

{Tape: 1; Side: A; Approx. Counter: 30.9.}

REP. MIKE KADAS, HD 66, Missoula, asked **Mr. Kuchenbrod** what the ongoing cost would be for the program if the amendment was adopted. He answered the ongoing costs, as calculated for this fiscal year, would be the difference between the requested \$530,000 and the current appropriation. They have to project the value of the acres and that seems to be a 2-3 percent growth per year. **REP. KADAS** clarified that they sum the computed payments, subtract the appropriated payments and prorate those payments. **Mr. Kuchenbrod** said the amendment retains the 6 percent factor. **REP. KADAS** then asked if they just wanted to amend 77-1-504 and leave 77-1-502 as it now stands. **REP. KITZENBERG** answered yes. **REP. KADAS** then asked **Mr. Kuchenbrod** to give the committee a county by county breakdown of the revenues from those state lands.

REP. BEVERLY BARNHART, HD 29, Bozeman, asked about the fiscal note. **REP. KITZENBERG** reiterated that the fiscal note was incorrect. The true fiscal note should be the 1995 figure of \$1.9 million. **CHAIRMAN ZOOK** told him he could ask for another fiscal note based on the amendment.

REP. JOE QUILICI, HD 36, Butte, asked how much money would be appropriated for FY 1995 if this bill passed. FY 1994 is approximately 53 percent of the amount requested and the figure is now almost \$2 million. **Mr. Kuchenbrod** stated that there is \$265,000 from the general fund and that the intent is to appropriate the \$1.9 million and then each year the state would be required to pay the total requested payments.

{Tape: 1; Side: A; Approx. Counter: 42.8.}

Closing by Sponsor:

REP. KITZENBERG closed by saying that these counties and school districts have lost much needed revenue from the state trust lands. There are large holdings of state lands and it is a great

tax burden. He asked to correct the inequities and have the state's bills paid according to the statutes.

Recess

The hearing was in recess at 3:50 p.m. for a Joint House and Senate session. The hearing reconvened at 5:10 p.m.

EXECUTIVE ACTION ON HB 20

Motion: REP. JOHN JOHNSON MOVED HB 20 DO PASS.

Discussion: REP. JOHNSON stated that this bill directs the state to pay \$40 of the \$70 cost to set headstones at veterans' graves. The counties are now paying \$30.

Vote: Motion that HB 20 DO PASS carried 15 - 3, with REPS. DEBRUYCKER, KASTEN AND VICK voting no.

EXECUTIVE ACTION ON HB 76

Motion: REP. ROYAL JOHNSON MOVED HB 76 DO PASS.

Discussion: REP. JOHNSON reminded the committee that this bill would improve state cash flow from the Department of Administration, making it more effective and efficient.

Vote: Motion that HB 76 DO PASS carried unanimously.

{Tape: 1; Side: A; Approx. Counter: 56.0.}

EXECUTIVE ACTION ON HB 35

Motion: REP. COBB MOVED HB 35 DO PASS AS AMENDED.

Discussion: REP. COBB said the amendment clarified that the amount transferred from the first fiscal year to the second fiscal year could be included in the base budget in the next biennium.

Vote: Motion that HB 35 AMENDMENT DO PASS carried unanimously.

Discussion: REP. COBB explained the disparity in the two fiscal notes, one from him and one from Dave Lewis of the Budget Office.

He noted that his calculations resulted in no fiscal impacts. Dave Lewis from the Budget Office calculated that the bill would result in \$2.5 million being reverted in the next biennium. **REP. COBB** wanted to specify that his figures still calculated a '0' fiscal impact. He reminded the committee that if the Budget Office doesn't want to transfer the money they don't have to.

Clayton Schenck, Legislative Fiscal Analyst, concurs that the appropriating authority can control that. If there are cases where the appropriating authority lets the appropriations go forward, obviously there would be less reversions in that year. The impact at the end of the biennium would be difficult to state at this time.

Vote: Motion that HB 35 DO PASS AS AMENDED carried unanimously.


HOUSE APPROPRIATIONS COMMITTEE

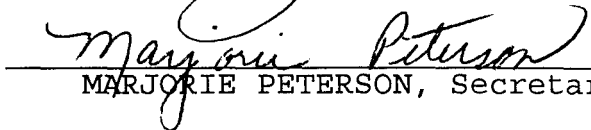
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ADJOURNMENT

Adjournment: 5:30 p.m.


TOM ZOOK, Chairman


MARJORIE PETERSON, Secretary

TZ/mp

HOUSE OF REPRESENTATIVES

Appropriations

ROLL CALL

DATE 1-16-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Tom Zook, Chairman	✓		
Rep. Ed Grady, Vice Chairman, Majority	✓		
Rep. Joe Quilici, Vice Chairman, Minority	✓		
Rep. Beverly Barnhart	✓		
Rep. Ernest Bergsagel	✓		
Rep. John Cobb	✓		
Rep. Roger DeBruycker	✓		
Rep. Gary Feland	✓		
Rep. Marj Fisher	✓		
Rep. Don Holland	✓		
Rep. John Johnson	✓		
Rep. Royal Johnson	✓		
Rep. Mike Kadas	✓		
Rep. Betty Lou Kasten	✓		
Rep. Matt McCann	✓		
Rep. Red Menahan	✓		
Rep. Steve Vick	✓		
Rep. Bill Wiseman	✓		



HOUSE STANDING COMMITTEE REPORT

January 17, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that **House Bill 20** (first reading copy -- white) do pass.

Signed:

A handwritten signature in cursive script, appearing to read "Tom Zook", is written over a horizontal line.

Tom Zook, Chair

Committee Vote:
Yes 15, No 3.

141046SC.Hbk



HOUSE STANDING COMMITTEE REPORT

January 17, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that House Bill 35 (first reading copy -- white) do pass as amended.

Signed: _____

Tom Zook
Tom Zook, Chair

And, that such amendments read:

1. Page 1, line 19.
Page 2, line 21.
Page 3, line 4

Following: " _ "

Insert: "An amount transferred from the first fiscal year to the second fiscal year may not be included in the base budget for the next biennium."

-END-

Committee Vote:
Yes 18, No 0.

141048SC.Hbk



HOUSE STANDING COMMITTEE REPORT

January 17, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that House Bill 76 (first reading copy -- white) do pass.

Signed: _____

Tom Zook
Tom Zook, Chair

Committee Vote:
Yes 18, No 0.

141051SC.Hbk

EXHIBIT 1
DATE 1-16-95
HB 124



PAY YOUR BILLS FIRST

Amendments to House Bill No. 124
First Reading Copy

Requested by Representative Kitzenberg
For the Committee on Appropriations

Prepared by Greg Petesch
January 13, 1995

1. Title, line 8.

Strike: "SECTION"

Insert: "SECTIONS"

Following: "77-1-502"

Insert: "AND 77-1-504"

2. Page 1, line 27.

Insert: "Section 2. Section 77-1-504, MCA, is amended to read:

"77-1-504. Processing of statements. The department shall examine for accuracy the statement returned by the department of revenue, ~~and the state land equalization payment may not be approved unless the state exemption figure is deducted from the gross assessment figure in the statement.~~ The department shall, before November 1 of each year, prepare and file a claim with the department of administration for all counties that are eligible for state land equalization payments, and this claim must show the amount of money each eligible county will receive.""

Renumber: subsequent sections

for future years

MEMO-letter®

Ed and Betty Carney

Scobey, Montana 59263 • Phone 893-2811 • ext 487-2838 • 5422

Box 557

HONORABLE SAM KITZENBERG

To

Glasgow, Mt. 59230

Date December 28, 1994

Subject STATE LAND EQUALIZATION
PAYMENTS TO COUNTIES WITH
6% OR MORE STATE LAND

This legislation was enacted in 1967 and payments (in-lieu) have been made since 1969. This is in accord with 77-1-501 thru 77-1-507.

We are concerned with a statutory obligation of the State and to the best of the information that I have, the State has failed to pay 100% of what would have been paid by a private landowner residing in any of the eligible counties (20 in all).

This has been a problem in the past and I note that in 1994 the state made an "in lieu" payment of 49.7% of the amount that would have been paid by a private land owner in one of these counties. Information provided refers to Daniels County.

I have included some history and information on the state land issue which I made up many years ago. If you have any questions please call me or Larry Schaefer or Robert Kuchenbrod in the State Land Office.

Sincerely,



Ed Carney

EXHIBIT 1

DATE 1-16-95

HB 124

1994 State Land's Equalization Payments (94EQLPMT.WK1)

07-NOV-94

COUNTY	STATE LANDS	EQUALIZATION PAYMENT	TOTAL ACRES IN COUNTY	PERCENT STATE LAND
BEAVERHEAD	332,647	\$23,565.00	3,549,870	9.37%
BIG HORN	87,794		3,235,200	2.71%
BLAINE	180,728	\$3,562.00	2,730,880	6.62%
BROADWATER	23,805		796,800	2.99%
CARBON	41,220		1,327,360	3.11%
CARTER	143,035	\$2,618.00	2,120,320	6.75%
CASCADE	76,934		1,710,720	4.50%
CHOUTEAU	267,177	\$70,626.00	2,508,800	10.65%
CUSTER	140,822		2,416,000	5.83%
DANIELS	220,596	\$87,341.00	923,520	23.89%
DAWSON	87,499		1,523,200	5.74%
DEER LODGE	7,561		474,240	1.59%
FALLON	67,416	\$685.00	1,045,120	6.45%
FERGUS	155,421		2,721,920	5.71%
FLATHEAD	129,984		3,379,200	3.85%
GALLATIN	51,516		1,709,440	3.01%
GARFIELD	167,112		3,079,680	5.43%
GLACIER	8,339		1,923,840	0.43%
GOLDEN VALLEY	48,602	\$603.00	753,920	6.45%
GRANITE	20,423		1,111,680	1.84%
HILL	155,864	\$22,525.00	1,872,640	8.32%
JEFFERSON	32,150		1,058,560	3.04%
JUDITH BASIN	98,605	\$12,928.00	1,203,200	8.20%
LAKE	55,154		1,059,200	5.21%
LEWIS & CLARK	133,798	\$141.00	2,218,240	6.03%
LIBERTY	86,578	\$9,986.00	920,960	9.40%
LINCOLN	65,316		2,385,920	2.74%
MADISON	126,645		2,266,240	5.59%
McCONE	94,559		1,697,280	5.57%
MEAGHER	90,077		1,507,840	5.97%
MINERAL	21,960		782,720	2.81%
MISSOULA	74,122		1,679,360	4.41%
MUSSELSHELL	76,324	\$692.00	1,207,040	6.32%
PARK	33,388		1,772,160	1.88%
PETROLEUM	63,470	\$13.00	1,056,000	6.01%
PHILLIPS	189,426		3,383,680	5.60%
PONDERA	57,346		1,058,560	5.42%
POWDER RIVER	140,793	\$3,029.00	2,102,400	6.70%
POWELL	56,792		1,497,600	3.79%
PRAIRIE	76,699	\$2,361.00	1,105,280	6.94%
RAVALLI	29,464		1,528,320	1.93%
RICHLAND	81,400	\$594.00	1,321,600	6.16%
ROOSEVELT	20,233		1,535,360	1.32%
ROSEBUD	178,062		3,226,880	5.52%
SANDERS	62,985		1,804,160	3.49%
SHERIDAN	45,147		1,100,800	4.10%
SILVER BOW	13,234		458,240	2.89%
STILLWATER	46,522		1,152,640	4.04%
SWEET GRASS	47,091		1,183,360	3.98%
TETON	103,863	\$5,727.00	1,468,160	7.07%
TOOLE	100,028	\$9,029.00	1,248,000	8.02%
TREASURE	37,394		638,080	5.86%
VALLEY	214,830	\$5,639.00	3,175,040	6.77%
WHEATLAND	73,434	\$3,336.00	918,080	8.00%
WIBAUX	32,839		570,240	5.76%
YELLOWSTONE	79,038		1,621,000	4.88%
TOTALS	5,153,261	\$265,000.00	93,826,550	

Department of State Lands Equalization Payments

EXHIBIT 1
DATE 1-16-95
HB 124

Fiscal Year	Computed Payments	Appropriated Payments	Shortage	Percent of Request Paid	Cummulative Unfunded
1995	532,983	265,000	(317,983)	49.7%	(1,960,197)
1994	496,594	265,000	(231,594)	53.36%	(1,642,214)
1993	458,863	265,000	(193,863)	57.75%	(1,410,620)
1992	445,635 —	265,000	(180,635)	59.47%	(1,216,757)
1991	389,668	265,000	(124,668)	68.01%	(1,036,122)
1990 *	365,420	265,000	(100,420)	72.52%	(911,454)
1989	356,479	265,000	(91,479)	74.34%	(811,034)
1988	329,036	265,000	(64,036)	80.54%	(719,555)
1987 *	332,320 —	265,000	(67,320)	79.74%	(655,519)
1986	326,235	265,000	(61,235)	81.23%	(588,199)
1985	299,160	255,000	(44,160)	85.24%	(526,964)
1984	290,071	255,000	(35,071)	87.91%	(482,804)
1983 est.	280,000	235,000	(45,000)	83.93%	(447,733)
1982	266,045	235,000	(31,045)	88.33%	(402,733)
1981	245,916	215,000	(30,916)	87.43%	(371,688)
1980	235,814	215,000	(20,814)	91.17%	(340,772)
1979	209,116	190,000	(19,116)	90.86%	(319,958)
1978	213,562	190,000	(23,562)	88.97%	(300,842)
1977	214,498	175,000	(39,498)	81.59%	(277,280)
1976	207,257	175,000	(32,257)	84.44%	(237,782)
1975	190,596	160,000	(30,596)	83.95%	(205,525)
1974	202,220	160,000	(42,220)	79.12%	(174,929)
1973	192,332	145,000	(47,332)	75.39%	(132,709)
1972	182,792	145,000	(37,792)	79.33%	(85,377)
1971	176,225	133,000	(43,225)	75.47%	(47,585)
1970	137,583	133,000	(4,583)	96.67%	(4,360)
1969	132,777	133,000	223	100.17%	223
	7,176,214	5,534,000	(1,642,214)		

* Difference with information DSL provided previously

10/24/94

C:\DATA\LOTUS\DSL95\EQUAL_PAWK1

[illegible]

A. Total County Acres

B. Total State-Owned Acres _____

C. Percent Stated-Owned to Total (B divided by A)

D. County Exemption Factor (6% Divided by C)

1. Gross Assessment

2. **Less State Exemption**

State Payment

For State Use Only

EXHIBIT 1

DATE 1-16-95

HB 124

The enabling act set aside Sections 16 and 36 as "school Sections" in each township for public and free education. However many of these sections were reserved by the Federal Government because they were inside National Forest Reserve areas, Indian reservations or were mineral in character.

So that the state might receive land in place of Sections 16 and 36 the Enabling act was amended so that the Board of Land Commissioners could select indemnity or in lieu selections. It also stated that land taken "in lieu" of sections 16 and 36 were to be selected "as contiguous as may be to the section in lieu of which the same was taken". An examination of the location of the lands selected reveals that the desire to select valuable lands and the desire to establish the school permanent fund often overrode the intentions of the amendment to the Enabling Act. Instead of being contiguous lands often were 500 miles from their federally-reserved counterparts.

The state owns approximately 5.37% of the land in Montana, but the amount of land held by the state within each county varies greatly from this average. Over 23% of the land in Daniels County is state owned, while less than one half of 1% of the land in Glacier County is owned by the state. Only six counties have over 8% of their total land area owned by the state. They are Beaverhead, Choteau, Daniels, Judith Basin, Liberty and Wheatland.

Because of excessive holdings of State-owned land in certain counties the tax base of these counties is materially reduced. For the maintenance of county government and operation of schools the property holders of counties with large holdings of state land have to carry a greater tax burden than other counties with less than the average portion of state-owned tax-free land.

This same situation is true in counties with heavy holdings of federally owned land. It varies from a high of 82% in Mineral to a low of 3% in Liberty. However the Federal government does in many cases make equalization payments to counties that have federal land. Some of these programs to equalize the burden of tax-free federal real property are: Forest Service areas and Land utilization projects receive 25% of the gross receipts from land within the county borders to be used for schools and roads. Special appropriations from Congress for constructing forest roads. Lands acquired for flood control purposes contribute 75% of gross receipts to the states. Public land within grazing districts (BLM) contribute 12 1/2% of grazing fee receipts to the state, to be used as the legislatures may prescribe. Public lands outside grazing districts (BLM) contribute 50% of grazing fee receipts to the states. We have other equalization programs on sale of BLM land, mineral lands, wildlife refuges, federal power commission licenses, education of Indian children, Federal impact law PL 874, (operating expenses), PL 815 for construction of school facilities in impact areas and special highway grants in aid based on the amount of federal land in each

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Because of excessive holdings of State-owned land in certain counties the tax base of these counties is materially reduced. For the maintenance of county government and operation of schools the property holders of counties with large holdings of state land have to carry a greater tax burden than other counties with less than the average portion of state-owned—tax-free land.

This same situation is true in counties with heavy holdings of federally owned land. It varies from a high of 82% in Mineral to a low of 3% in Liberty. However the Federal government does in many cases make equalization payments to counties that have federal land. Some of these programs to equalize the burden of tax-free federal real property are: Forest Service areas and Land utilization projects receive 25% of the gross receipts from land within the county borders to be used for schools and roads. Special appropriations from Congress for constructing forest roads. Lands acquired for flood control purposes contribute 75% of gross receipts to the states. Public land within grazing districts (BLM) contribute 12½% of grazing fee receipts to the state, to be used as the legislatures may prescribe. Public lands outside grazing districts (BLM) contribute 50% of grazing fee receipts to the states. We have other equalization programs on sale of BLM land, mineral lands, wildlife refuges, federal power commission licenses, education of Indian children, Federal impact law PL 874, (operating expenses), PL 815 for construction of school facilities in impact areas and special highway grants in aid based on the amount of federal land in each state. All these programs are based on the premise that tax-free federally-owned land does cause problems to states and counties in which the federal land is situated.

It seems fair that the state should be willing to realize that its ownership of tax-free land in the various counties of the state does cause problems, especially when the percentage of state-owned land is greater than the state average of 5.37%, and does cause problems, especially when the percentage of state-owned land is greater than the state average of 5.37%, and does vary greatly from one county to another. You can have the inequality for example of Section 16 or 36 in a Forest Service area yielding to that county 25% of its gross receipts and the "in lieu or indemnity" section producing absolutely nothing to a county in which it might have been selected for schools or roads. It has been said that the School equalization program will correct this inequality. However upon examination it is found that this foundation program tends to follow the

EXHIBIT

1

DATE

1-16-95

HB 124

number attending school much closer than the need or lack of tax base. Lack of Statewide equalized assessments and the 50% limit on the foundation program are factors keeping the equalization school program from partially removing this inequality.

The purpose of Bill No. is to equalize the responsibility of carrying State owned land, which is not evenly distributed between counties of the State. Had the State of Montana been restricted to selections only Section 16 and 36 in each township we would have had even distribution between all counties. However, because of respecting homesteaders rights and Federal reservations (where the State could not select 16 and 36) the State selected "in lieu or indemnity" sections, which in certain areas were in large blocks of State owned land. The percent of State owned land varies from a low of $\frac{1}{2}$ of 1% to over 23% of the total area of a county. This causes a severe loss of property tax base for the operation of county government and education.

This same problem exists in counties with a large percentage of Federally owned land. The Federal government has some recognition of this problem and does have certain programs which assist the counties with this severe loss of tax revenue because of its Federally owned lands. Forest Service lands remit 25% of its gross receipts to the county where the land is situated. Special appropriations for Forest Service roads. Taylor grazing lands remit 50% of the grazing lease fee to the counties. Other programs operate on certain BLM lands, wildlife refuges and flood control lands.

This bill is written so that the State's responsibility exists only when the State owned land exceeds 6% of the total area of a county.

The following 18 counties would be eligible for State Land Equalization Payments:

<u>County</u>	<u>Percent of State-owned Land</u>	<u>Amount over 6%</u>
Beaverhead	8.94	2.94
Blaine	6.55	.55
Carter	6.81	.81
Chouteau	10.31	4.31
Daniels	23.74	17.74
Fallon	6.58	.58
Golden Valley	6.48	.48
Hill	7.57	1.57
Judith Basin	8.63	2.63
Liberty	8.66	2.66
Madison	6.32	.32
Musselshell	6.35	.35
Powder River	6.73	.73
Prairie	6.40	.40
Richland	6.03	.03
Toole	6.78	.78
Valley	6.36	.36
	8.05	2.05

Department of State Lands Equalization Payments

EXHIBIT 2
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Fiscal Year	Computed Payments	Appropriated Payments	Shortage	Percent of Request Paid	Cummulative Unfunded
1995					
1994	496,594	265,000	(231,594)	53.36%	(1,642,214)
1993	458,863	265,000	(193,863)	57.75%	(1,410,620)
1992	445,635 —	265,000	(180,635)	59.47%	(1,216,757)
1991	389,668	265,000	(124,668)	68.01%	(1,036,122)
1990 *	365,420	265,000	(100,420)	72.52%	(911,454)
1989	356,479	265,000	(91,479)	74.34%	(811,034)
1988	329,036	265,000	(64,036)	80.54%	(719,555)
1987 *	332,320 —	265,000	(67,320)	79.74%	(655,519)
1986	326,235	265,000	(61,235)	81.23%	(588,199)
1985	299,160	255,000	(44,160)	85.24%	(526,964)
1984	290,071	255,000	(35,071)	87.91%	(482,804)
1983 est.	280,000	235,000	(45,000)	83.93%	(447,733)
1982	266,045	235,000	(31,045)	88.33%	(402,733)
1981	245,916	215,000	(30,916)	87.43%	(371,688)
1980	235,814	215,000	(20,814)	91.17%	(340,772)
1979	209,116	190,000	(19,116)	90.86%	(319,958)
1978	213,562	190,000	(23,562)	88.97%	(300,842)
1977	214,498	175,000	(39,498)	81.59%	(277,280)
1976	207,257	175,000	(32,257)	84.44%	(237,782)
1975	190,596	160,000	(30,596)	83.95%	(205,525)
1974	202,220	160,000	(42,220)	79.12%	(174,929)
1973	192,332	145,000	(47,332)	75.39%	(132,709)
1972	182,792	145,000	(37,792)	79.33%	(85,377)
1971	176,225	133,000	(43,225)	75.47%	(47,585)
1970	137,583	133,000	(4,583)	96.67%	(4,360)
1969	132,777	133,000	223	100.17%	223
	7,176,214	5,534,000	(1,642,214)		

* Difference with information DSL provided previously

10/24/94

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1994 State Land's Equalization Payments (94EQLPMT.WK1)

07-NOV-94

COUNTY	STATE LANDS	EQUALIZATION PAYMENT	TOTAL ACRES IN COUNTY	PERCENT STATE LAND
BEAVERHEAD	332,647	\$23,565.00	3,549,870	9.37%
BIG HORN	87,794		3,235,200	2.71%
BLAINE	180,728	\$3,562.00	2,730,880	6.62%
BROADWATER	23,805		796,800	2.99%
CARBON	41,220		1,327,360	3.11%
CARTER	143,035	\$2,618.00	2,120,320	6.75%
CASCADE	76,934		1,710,720	4.50%
CHOUTEAU	267,177	\$70,626.00	2,508,800	10.65%
CUSTER	140,822		2,416,000	5.83%
DANIELS	220,596	\$87,341.00	923,520	23.89%
DAWSON	87,499		1,523,200	5.74%
DEER LODGE	7,561		474,240	1.59%
FALLON	67,416	\$685.00	1,045,120	6.45%
FERGUS	155,421		2,721,920	5.71%
FLATHEAD	129,984		3,379,200	3.85%
GALLATIN	51,516		1,709,440	3.01%
GARFIELD	167,112		3,079,680	5.43%
GLACIER	8,339		1,923,840	0.43%
GOLDEN VALLEY	48,602	\$603.00	753,920	6.45%
GRANITE	20,423		1,111,680	1.84%
HILL	155,864	\$22,525.00	1,872,640	8.32%
JEFFERSON	32,150		1,058,560	3.04%
JUDITH BASIN	98,605	\$12,928.00	1,203,200	8.20%
LAKE	55,154		1,059,200	5.21%
LEWIS & CLARK	133,798	\$141.00	2,218,240	6.03%
LIBERTY	86,578	\$9,986.00	920,960	9.40%
LINCOLN	65,316		2,385,920	2.74%
MADISON	126,645		2,266,240	5.59%
McCONE	94,559		1,697,280	5.57%
MEAGHER	90,077		1,507,840	5.97%
MINERAL	21,960		782,720	2.81%
MISSOULA	74,122		1,679,360	4.41%
MUSSELSHELL	76,324	\$692.00	1,207,040	6.32%
PARK	33,388		1,772,160	1.88%
PETROLEUM	63,470	\$13.00	1,056,000	6.01%
PHILLIPS	189,426		3,383,680	5.60%
PONDERA	57,346		1,058,560	5.42%
POWDER RIVER	140,793	\$3,029.00	2,102,400	6.70%
POWELL	56,792		1,497,600	3.79%
PRAIRIE	76,699	\$2,361.00	1,105,280	6.94%
RAVALLI	29,464		1,528,320	1.93%
RICHLAND	81,400	\$594.00	1,321,600	6.16%
ROOSEVELT	20,233		1,535,360	1.32%
ROSEBUD	178,062		3,226,880	5.52%
SANDERS	62,985		1,804,160	3.49%
SHERIDAN	45,147		1,100,800	4.10%
SILVER BOW	13,234		458,240	2.89%
STILLWATER	46,522		1,152,640	4.04%
SWEET GRASS	47,091		1,183,360	3.98%
TETON	103,863	\$5,727.00	1,468,160	7.07%
TOOLE	100,028	\$9,029.00	1,248,000	8.02%
TREASURE	37,394		638,080	5.86%
VALLEY	214,830	\$5,639.00	3,175,040	6.77%
WHEATLAND	73,434	\$3,336.00	918,080	8.00%
WIBAUX	32,839		570,240	5.76%
YELLOWSTONE	79,038		1,621,000	4.88%
TOTALS	5,153,261	\$265,000.00	93,826,550	

STATE EQUALIZATION PAYMENTS
Comparison

1995

1994

1993

County	Requested	Paid	Requested	Paid	Requested	Paid
Beaverhead	43,228	23,067	47,396	23,565		
Blaine	6,184	3,301	7,164	3,562		
Carter	4,664	2,490	5,266	2,618		
Chouteau	143,751	76,706	142,048	70,626		
Daniels	150,917	80,529	175,665	87,341		
Fallon	1,302	696	1,378	685		
Golden Valley	1,099	587	1,212	603		
Hill	43,953	23,454	45,304	22,525		
Judith Basin	26,778	14,289	26,002	12,928		
Lewis & Clark*	597	320	284	141		
Liberty	18,200	9,713	20,084	9,986		
Musselshell	1,205	644	1,391	692		
Petroleum*	28	16	24	13		
Powder River	5,566	2,971	6,093	3,029		
Prairie	3,384	1,807	4,749	2,361		
Richland	885	473	1,195	594		
Teton	11,708	6,248	11,519	5,727		
Toole	16,154	8,621	18,159	9,029		
Valley	10,601	5,658	11,341	5,639		
Wheatland	6,390	3,410	6,709	3,336		
TOTALS	496,594	265,000	532,983	265,000		
Percentage of Requested paid.		53.35%		49.7%		

EXHIBIT 2
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Year _____

For State Use Only

