

1 House BILL NO. 431  
 2 INTRODUCED BY Hansen, Stolt  
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT DESIGNATED AS THE  
 5 "MONTANA STATE GRAZING LANDS ADMINISTRATION REFORM ACT OF  
 6 1975"; AND PROVIDING AN EFFECTIVE DATE."  
 7

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

9 Section 1. Declaration of purpose. The legislature  
 10 finds that the current method of setting minimum fees for  
 11 the use of state grazing lands is not in accord with good  
 12 business practice, the laws of the science of economics, nor  
 13 plain old fashioned common sense. The result is drastically  
 14 reduced return to the state in consideration of the value of  
 15 the land involved. This in turn is in essence a subsidy of  
 16 a small percentage of the total Montana agricultural  
 17 community to the detriment of the remainder of that  
 18 community as well as our urban citizens, since a rational  
 19 return on state grazing lands would increase the  
 20 contribution from this source into the foundation fund and  
 21 result in lower real property taxes for all taxpayers.  
 22 Moreover, the present system is a violation of the basic  
 23 rules of equity and justice in that it tends essentially to  
 24 concentrate permanent control of the state grazing lands in  
 25 the hands of a minority and deprive the remainder of the

1 agricultural community from sharing in the use of these  
 2 lands. Therefore, so that the privileges of the few be  
 3 subordinated to the greatest good for the greatest number,  
 4 changes in the statutes are necessary.

5 Section 2. State retains management. The state shall  
 6 retain the basic management function with regard to the  
 7 state grazing lands, and, the use of these lands for grazing  
 8 shall be under a permit system.

9 Section 3. Minimum grazing fee. The minimum grazing  
 10 fee for state grazing land shall be arrived at in accord  
 11 with normal and sound business practice as follows: state  
 12 grazing permits shall be for a period of five (5) years.  
 13 Toward the end of this period the land involved shall be  
 14 appraised at its true value by the state department of lands  
 15 by comparison with recent sales of similar quality grazing  
 16 land in surrounding areas. The minimum grazing fee shall be  
 17 five percent (5%) per year of the true value of the land,  
 18 representing interest earned by the state on its investment  
 19 in the land and also in lieu of taxes normally collected on  
 20 private lands.

21 Section 4. Bids for grazing permits. Bids for the  
 22 grazing permits shall then be called for on an open basis  
 23 after notice in accord with the Administrative Procedure  
 24 Act, and the permit shall normally be awarded to the highest  
 25 bidder in accord with the following conditions. The fact

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1 that one of the bidders currently holds a permit on the land  
 2 shall not be considered in the permit award process, nor  
 3 shall it entitle him to meet a higher bid except as noted in  
 4 section 9. The state land commission, on the advice of the  
 5 state department of lands, shall have the option of refusing  
 6 bids made for clearly punitive or vindictive purposes, or  
 7 made by bidders who cannot show financial responsibility or  
 8 adequate background in livestock and range management. Such  
 9 refusal of bid may be appealed to district court.

10 Section 5. Bids by nonresidents. Bids by nonresident  
 11 and non-Montana-taxpaying individuals or corporations shall  
 12 not be considered unless such bids are at least twice as  
 13 high as the largest bid by a Montana citizen and taxpayer,  
 14 or unless there are no bids by Montanans.

15 Section 6. Repayment for improvements. Improvements  
 16 other than routine maintenance of fences, and the like, made  
 17 on state land by previous permit holders with personal funds  
 18 and with the approval of the state department of lands shall  
 19 be compensated for at a depreciated value as appraised by  
 20 the state department of lands, by payment from the new  
 21 permit holder. The depreciation and repayment shall  
 22 continue through succeeding permit holders until the  
 23 amortization process is complete.

24 Section 7. Proceeds go to public school system.  
 25 Proceeds from state grazing permits, minus the cost to the

1 state department of lands of appraisal and bid letting,  
 2 shall continue to be deposited in the foundation fund for  
 3 return to the counties as part of state financing of the  
 4 public school system.

5 Section 8. Cancellation of permits. The state land  
 6 commission upon advice of the state department of lands  
 7 shall have the right to cancel grazing permits for continued  
 8 violation of good range management principles, including  
 9 stocking in excess of maximum carrying capacities determined  
 10 by the department of lands and as modified from time to time  
 11 in light of range and weather conditions.

12 Section 9. Minimum grazing fee -- exemption. State  
 13 lands included in state grazing districts shall be subject  
 14 to the minimum grazing fee, but shall be exempt from the  
 15 principle of award to the highest bidder except in cases of  
 16 competitive bids one hundred and fifty percent (150%) or  
 17 more higher, in which case the holder of the permit may meet  
 18 the higher bid.

19 Section 10. State retains easement. The state of  
 20 Montana maintains and insists on its right to easement of  
 21 way through necessity to all state lands for use by its  
 22 employees in inspection and control of these state lands,  
 23 for the movement and management of cattle being grazed on  
 24 such lands by holders of state grazing permits, and for  
 25 other purposes arising from the state of Montana's use of

1 its lands.

2 Section 11. Fencing of state land -- when required.

3 In cases where state land is surrounded by private land, is  
4 unfenced, and grazing permits for such land are not bid  
5 upon, and where the land may then be used for grazing by  
6 adjoining landowners without payment to the state, the state  
7 shall insist upon mutual fencing of the state land in  
8 accordance with section 67-802, so that the state land may  
9 be bid upon by prospective users other than the adjoining  
10 landowners. The state's share of the cost of fencing shall  
11 be amortized over a twenty (20) years period from the  
12 grazing fees received.

13 Section 12. The department of state lands shall  
14 promulgate rules necessary to effect this act; and shall  
15 prepare for the next legislature any further enactments  
16 necessary to carry out this act.

17 Section 13. This act supersedes other state laws or  
18 regulations. If any part of this act conflicts with any  
19 other laws of this state, or any rule promulgated  
20 thereunder, this act shall govern and control, and such  
21 other laws, rules, or regulations shall be considered  
22 superseded for the purposes of this act.

23 Section 14. If any provision of this act, or its  
24 application to any person is held invalid, the remainder of  
25 the act, or the application of the provision to other

1 persons or circumstances is not affected.

2 Section 15. This act is effective on passage and  
3 approval.

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