

HOUSE BILL NO. 486

INTRODUCED BY SPAETH, ELLISON, HOLLIDAY, SAUNDERS,  
CURTISS, TVEIT

BY REQUEST OF THE DEPARTMENT OF NATURAL  
RESOURCES AND CONSERVATION

IN THE HOUSE

January 25, 1983	Introduced and referred to Committee on Agriculture, Livestock and Irrigation.
February 7, 1983	Committee recommend bill do pass as amended. Report adopted.
	Statement of Intent attached.
February 8, 1983	Bill printed and placed on members' desks.
February 9, 1983	Second reading, do pass.
February 10, 1983	Considered correctly engrossed.
February 11, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 12, 1983	Introduced and referred to Committee on Agriculture, Livestock and Irrigation.
March 2, 1983	Committee recommend bill be concurrent in as amended. Report adopted.
March 4, 1983	Second reading, pass consideration.
March 5, 1983	Second reading, concurred in.
March 8, 1983	Third reading, concurred in. Ayes, 48; Noes, 0.

IN THE HOUSE

March 8, 1983

Returned to House with  
amendments.

March 10, 1983

Second reading, amendments  
concurred in.

March 11, 1983

Third reading, amendments  
concurred in.

Sent to enrolling.

Reported correctly enrolled.

1 *House* BILL NO. *486*  
 2 INTRODUCED BY *Paul Ellison*  
 3 *Truitt* BY REQUEST OF THE DEPARTMENT OF NATURAL  
 4 RESOURCES AND CONSERVATION

5  
 6 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A  
 7 RANGELAND IMPROVEMENT LOAN PROGRAM; AMENDING SECTIONS  
 8 76-14-103 AND 90-2-113, MCA; AND PROVIDING AN IMMEDIATE  
 9 EFFECTIVE DATE."

10  
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Section 76-14-103, MCA, is amended to read:

13 "76-14-103. Definitions. As used in this part, the  
 14 following definitions apply:

15 (1) "Committee" means the Montana rangeland resources  
 16 committee selected as provided in 2-15-3305(2).

17 (2) "Department" means the department of natural  
 18 resources and conservation.

19 (3) "Grazeable woodlands" means forest land on which  
 20 the understory includes, as an integral part of the forest  
 21 plant community, plants that can be grazed without  
 22 significantly impairing other forest values.

23 (4) "Montana rangeland resource program" means the  
 24 rangeland resource program administered by the conservation  
 25 districts division of the department of natural resources

1 and conservation in concert with the Montana conservation  
 2 districts law and the Grass Conservation Act to maintain and  
 3 enhance the rangeland resources of the state.

4 ~~(5) "Person" means any individual or association,~~  
 5 ~~partnership, corporation, or other business entity.~~

6 ~~(6) "Range condition" means the current condition of~~  
 7 ~~the vegetation on a range site in relation to the natural~~  
 8 ~~potential plant community for that site.~~

9 ~~(5)(7) "Rangeland" means land on which the native~~  
 10 ~~vegetation (climax or natural potential) is predominantly~~  
 11 ~~grasses, grasslike plants, forbs, or shrubs suitable for~~  
 12 ~~grazing or browsing use.~~

13 ~~(6)(8) "Range management" means a distinct discipline~~  
 14 ~~founded on ecological principles and dealing with the~~  
 15 ~~husbandry of rangelands and range resources.~~

16 ~~(7)(9) "State coordinator" means the state coordinator~~  
 17 ~~for the Montana Rangeland Resources Act provided for in~~  
 18 ~~2-15-3304.~~

19 ~~(10) "Iame pasture" means land that has been modified~~  
 20 ~~by mechanical cultivation and whose current vegetation~~  
 21 ~~consists of native or introduced species, or both.~~

22 ~~(8)(11) "Users of rangeland" means all persons,~~  
 23 ~~including but not limited to ranchers, farmers, sportsmen,~~  
 24 ~~recreationists, and others appreciative of the functional,~~  
 25 ~~productive, aesthetic, and recreational uses of rangelands."~~

1        NEW SECTION. Section 2. Rangeland improvement loan  
 2 program. The department may make rangeland improvement loans  
 3 for rangeland development and improvement, including but not  
 4 limited to stockwater development, cross fencing,  
 5 establishment of grazing systems, reseeding, mechanical  
 6 renovation, sagebrush management, and weed control.

7        NEW SECTION. Section 3. Rangeland improvement loan  
 8 earmarked account. (1) There is created a rangeland  
 9 improvement loan earmarked account within the earmarked  
 10 revenue fund established in 17-2-102.

11        (2) There must be allocated to the rangeland  
 12 improvement loan earmarked account 20% of the total amount  
 13 of renewable resource development grants and loans as  
 14 provided by 90-2-113, any principal and accrued interest  
 15 received in repayment of a loan made under the rangeland  
 16 improvement loan program, and any fees or charges collected  
 17 by the department pursuant to [section 7] for the servicing  
 18 of loans, including arrangements for obtaining security  
 19 interests.

20        NEW SECTION. Section 4. Eligibility for loans. (1)  
 21 Any person may apply for a loan to finance rangeland  
 22 improvements to be constructed, developed, and operated in  
 23 Montana who:

- 24        (a) is a resident of Montana;  
 25        (b) is engaged in farming or ranching; and

1        (c) possesses the necessary expertise to make a  
 2 rangeland loan practical.

3        (2) All loans must be for rangeland improvement or  
 4 development exclusively.

5        (3) An application for a loan must be in the form  
 6 prescribed by the department and accompanied by a resource  
 7 conservation plan, which may be prepared in consultation  
 8 with the United States soil conservation service.

9        NEW SECTION. Section 5. Criteria for evaluation of  
 10 loan applications. The following criteria must be considered  
 11 in selecting loan recipients:

12        (1) Loan applications must be ranked according to the  
 13 following priorities:

14        (a) Range improvement or development projects  
 15 undertaken on native rangeland, resulting in the improvement  
 16 of native range condition and of benefit to more than a  
 17 single operator, have first priority.

18        (b) Range improvement or development projects  
 19 undertaken on native rangeland, resulting in the improvement  
 20 of native range condition but of benefit to only a single  
 21 operator, have second priority.

22        (c) Range improvement or development projects  
 23 undertaken on either native rangeland or tame pastureland  
 24 used in conjunction with native rangeland, or both,  
 25 resulting in the improvement of native range condition and

1 the condition of the tame pastureland used in conjunction  
2 with native rangeland, have third priority.

3 (d) Range improvement or development projects  
4 undertaken on tame pastureland, resulting in the improvement  
5 of the tame pastureland exclusively, have fourth priority.

6 (e) Range improvement or development projects  
7 undertaken to return to rangeland status land that was once  
8 native rangeland and that has since been cultivated have  
9 fifth priority.

10 (2) Consideration must be given to the number of  
11 related resources that will benefit, including but not  
12 limited to water quality, wildlife habitat, and soil  
13 conservation.

14 (3) Consideration must be given to the amount of  
15 funding from other sources.

16 (4) Consideration must be given to the feasibility and  
17 practicality of the project.

18 NEW SECTION. Section 6. Selection of loan recipients.

19 (1) Conservation district supervisors shall initially review  
20 loan applications for feasibility and prioritize  
21 applications for referral to the department.

22 (2) The department shall organize and review  
23 applications for clarity and completeness prior to committee  
24 review.

25 (3) The committee shall consider applications and make

1 recommendations to the department.

2 (4) The department shall finally approve or disapprove  
3 applications recommended by the committee and shall select  
4 loan recipients.

5 NEW SECTION. Section 7. Rules. The department shall  
6 adopt rules:

7 (1) prescribing the form and content of applications  
8 for loans and the required conservation plan;

9 (2) governing the application of the criteria for  
10 awarding loans and the procedure for the review of  
11 applications by conservation district supervisors, the  
12 committee, and the department;

13 (3) providing for the servicing of loans, including  
14 arrangements for obtaining security interests and the  
15 establishment of reasonable fees or charges;

16 (4) providing for the confidentiality of financial  
17 statements submitted; and

18 (5) prescribing the conditions for making loans.

19 Section 8. Section 90-2-113, MCA, is amended to read:

20 "90-2-113. Allocation of grants and loans. (1) Subject  
21 to the requirements of 90-2-103, loans or grants may be  
22 proposed under this part for any worthwhile project for the  
23 conservation, management, utilization, development, or  
24 preservation of the land, water, timber, fish, wildlife, or  
25 other renewable resources of the state. Of the total amount

1 of grants and loans proposed for each biennium, at least:

2 (a) 15% shall be designated for timber stand

3 improvement or related purposes;

4 (b) 40% shall be designated for water development

5 projects;

6 (c) 15% shall be designated for improvements on

7 agricultural lands;

8 (d) 10% shall be designated for conservation districts

9 for development of their water reservations; and

10 (e) 20% shall be designated for such other projects as

11 the department considers appropriate, except that for the

12 period from July 1, 1983, through June 30, 1989, this amount

13 shall be designated for loans to be made by the department

14 under the Montana Rangeland Resources Act.

15 (2) If qualified applications are not received by the

16 department to meet the allocations set forth in subsection

17 (1), the remaining allocation shall be designated for

18 qualified projects in (a), (b), (c), (d), or (e) of

19 subsection (1)."

20 NEW SECTION. Section 9. Codification instruction.

21 Sections 1 through 7 are intended to be codified as an

22 integral part of Title 76, chapter 14, part 1, and the

23 provisions of Title 76, chapter 14, part 1, apply to

24 sections 1 through 7.

25 NEW SECTION. Section 10. Effective date. This act is

1 effective on passage and approval.

-End-

## STATE OF MONTANA

REQUEST NO. 252-83

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 27, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 486 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 486 establishes a permanent rangeland improvement loan program. It provides for funding by requiring that the 20% of the total loans and grants, which was designated by Section 90-2-113(e) for "other projects," be designated specifically for rangeland improvement loans, through June 30, 1989.

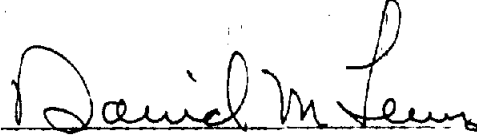
ASSUMPTIONS:

- 1) The rangeland improvement loan program was originally created within an RRD grant of \$350,000 during the 1982-83 biennium.
- 2) Repayments of principal and interest on these loans will return to the rangeland improvement loan earmarked account created under this bill, which will create a permanent fund for future loans.

FISCAL IMPACT:

There will be no impact on total expenditures during the 1984-85 biennium, as this bill only designates that expenditures that would have been made for "other projects," be made for rangeland improvement loans. However, the \$210,000 estimated for this purpose is \$140,000 less than the RRD grant which funded this program for the 1982-83 biennium.

FISCAL NOTE 9:N/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-1-83

## 1 STATEMENT OF INTENT

## 2 HOUSE BILL 486

3 House Agriculture Committee  
4

5 A statement of intent is required for this bill because  
6 it delegates rulemaking authority to the Board of Natural  
7 Resources and Conservation in Section 7.

8 The intent is to provide the Department with the  
9 authority to adopt those rules necessary to administer the  
10 Rangeland Improvement Loan Program. This authority is  
11 limited by Section 7 to adopting rules prescribing the form  
12 and content of applications for loans and the required  
13 conservation plan; to adopting rules governing the  
14 application, implementation, and interpretation of the  
15 criteria for awarding loans and of the procedure for the  
16 review of applications by conservation district supervisors,  
17 the committee, and the department; to adopting rules  
18 providing for the servicing of loans including arrangements  
19 for obtaining security interests and the establishment of  
20 reasonable fees or charges to be made; to adopting rules  
21 providing for the confidentiality of financial statements  
22 submitted; and, to adopting rules describing the terms and  
23 conditions for making loans.

SECOND READING

HB 486



Approved by Committee  
on Agriculture Livestock  
& Irrigation

HOUSE BILL NO. 486

INTRODUCED BY SPAETH, ELLISON, HOLLIDAY,

SAUNDERS, CURTISS, TVEIT

BY REQUEST OF THE DEPARTMENT OF NATURAL

RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A  
RANGELAND IMPROVEMENT LOAN PROGRAM; AMENDING SECTIONS  
76-14-103 AND 90-2-113, MCA; AND PROVIDING AN IMMEDIATE  
EFFECTIVE DATE."

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

Section 1. Section 76-14-103, MCA, is amended to read:

"76-14-103. Definitions. As used in this part, the  
following definitions apply:

(1) "Committee" means the Montana rangeland resources  
committee selected as provided in 2-15-3305(2).

(2) "Department" means the department of natural  
resources and conservation.

(3) "Grazeable woodlands" means forest land on which  
the understory includes, as an integral part of the forest  
plant community, plants that can be grazed without  
significantly impairing other forest values.

(4) "Montana rangeland resource program" means the  
rangeland resource program administered by the conservation

districts division of the department of natural resources  
and conservation in concert with the Montana conservation  
districts law and the Grass Conservation Act to maintain and  
enhance the rangeland resources of the state.

~~(5) "Person" means any individual or association,  
partnership, corporation, or other business entity.~~

~~(6) "Range condition" means the current condition of  
the vegetation on a range site in relation to the natural  
potential plant community for that site.~~

~~(5)(7) "Rangeland" means land on which the native  
vegetation (climax or natural potential) is predominantly  
grasses, grasslike plants, forbs, or shrubs suitable for  
grazing or browsing use.~~

~~(6)(8) "Range management" means a distinct discipline  
founded on ecological principles and dealing with the  
husbandry of rangelands and range resources.~~

~~(7)(9) "State coordinator" means the state coordinator  
for the Montana Rangeland Resources Act provided for in  
2-15-3304.~~

~~(10) "Iame pasture" means land that has been modified  
by mechanical cultivation and whose current vegetation  
consists of native or introduced species, or both.~~

~~(8)(11) "Users of rangeland" means all persons,  
including but not limited to ranchers, farmers, sportsmen,  
recreationists, and others appreciative of the functional,~~

productive, aesthetic, and recreational uses of rangelands."

**NEW SECTION.** Section 2. Rangeland improvement loan program. The department may make rangeland improvement loans for rangeland development and improvement, including but not limited to stockwater development, cross fencing, establishment of grazing systems, reseeding, mechanical renovation, sagebrush management, and weed control.

**NEW SECTION.** Section 3. Rangeland improvement loan earmarked account. (1) There is created a rangeland improvement loan earmarked account within the earmarked revenue fund established in 17-2-102.

(2) There must be allocated to the rangeland improvement loan earmarked account 20% of the total amount of renewable resource development grants and loans as provided by 90-2-113, any principal and accrued interest received in repayment of a loan made under the rangeland improvement loan program, and any fees or charges collected by the department pursuant to [section 7] for the servicing of loans, including arrangements for obtaining security interests.

**NEW SECTION.** Section 4. Eligibility for loans. (1) Any person may apply for a loan to finance rangeland improvements to be constructed, developed, and operated in Montana who:

(a) is a resident of Montana;

(b) is engaged in farming or ranching; and

(c) possesses the necessary expertise to make a rangeland loan practical.

(2) All loans must be for rangeland improvement or development exclusively.

(3) An application for a loan must be in the form prescribed by the department and accompanied by a resource conservation plan, which may be prepared in consultation with the United States soil conservation service.

**NEW SECTION.** Section 5. Criteria for evaluation of loan applications. The following criteria must be considered in selecting loan recipients:

(1) Loan applications must be ranked according to the following priorities:

(a) Range improvement or development projects undertaken on native rangeland, resulting in the improvement of native range condition and of benefit to more than a single operator, have first priority.

(b) Range improvement or development projects undertaken on native rangeland, resulting in the improvement of native range condition but of benefit to only a single operator, have second priority.

(c) Range improvement or development projects undertaken on either native rangeland or tame pastureland used in conjunction with native rangeland, or both,

1 resulting in the improvement of native range condition and  
2 the condition of the tame pastureland used in conjunction  
3 with native rangeland, have third priority.

4 (d) Range improvement or development projects  
5 undertaken on tame pastureland, resulting in the improvement  
6 of the tame pastureland exclusively, have fourth priority.

7 (e) Range improvement or development projects  
8 undertaken to return to rangeland status land that was once  
9 native rangeland and that has since been cultivated have  
10 fifth priority.

11 (2) Consideration must be given to the number of  
12 related resources that will benefit, including but not  
13 limited to water quality, wildlife habitat, and soil  
14 conservation.

15 (3) Consideration must be given to the amount of  
16 funding from other sources.

17 (4) Consideration must be given to the feasibility and  
18 practicality of the project.

19 **NEW SECTION.** Section 6. Selection of loan recipients.

20 (1) Conservation district supervisors shall initially review  
21 loan applications for feasibility and prioritize  
22 applications for referral to the department.

23 (2) The department shall organize and review  
24 applications for clarity and completeness prior to committee  
25 review.

1 (3) The committee shall consider applications and make  
2 recommendations to the department.

3 (4) The department shall finally approve or disapprove  
4 applications recommended by the committee and shall select  
5 loan recipients.

6 **NEW SECTION.** Section 7. Rules. The department shall  
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15 arrangements for obtaining security interests and the  
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18 statements submitted; and

19 (5) prescribing the conditions for making loans.

20 Section 8. Section 90-2-113, MCA, is amended to read:

21 "90-2-113. Allocation of grants and loans. (1) Subject  
22 to the requirements of 90-2-103, loans or grants may be  
23 proposed under this part for any worthwhile project for the  
24 conservation, management, utilization, development, or  
25 preservation of the land, water, timber, fish, wildlife, or

other renewable resources of the state. Of the total amount of grants and loans proposed for each biennium, at least:

(a) 15% shall be designated for timber stand improvement or related purposes;

(b) 40% shall be designated for water development projects;

(c) 15% shall be designated for improvements on agricultural lands;

(d) 10% shall be designated for conservation districts for development of their water reservations; and

(e) 20% shall be designated for such other projects as the department considers appropriate, ~~except that for the period from July 1, 1983, through June 30, 1989, THREE-FOURTHS OF this amount shall be designated for loans to be made by the department under the Montana Rangeland Resources Act.~~

(2) If qualified applications are not received by the department to meet the allocations set forth in subsection (1), the remaining allocation shall be designated for qualified projects in (a), (b), (c), (d), or (e) of subsection (1)."

**NEW SECTION.** Section 9. Codification instruction. Sections 2 through 7 are intended to be codified as an integral part of Title 76, chapter 14, part 1, and the provisions of Title 76, chapter 14, part 1, apply to

sections 2 through 7.

**NEW SECTION.** Section 10. Effective date. This act is effective on passage and approval.

-End-

## 1 STATEMENT OF INTENT

## 2 HOUSE BILL 486

## 3 House Agriculture Committee

4  
5 A statement of intent is required for this bill because  
6 it delegates rulemaking authority to the Board of Natural  
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9 authority to adopt those rules necessary to administer the  
10 Rangeland Improvement Loan Program. This authority is  
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THIRD READING

HB 486

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4 improvement or related purposes;

5 (b) 40% shall be designated for water development  
6 projects;

7 (c) 15% shall be designated for improvements on  
8 agricultural lands;

9 (d) 10% shall be designated for conservation districts  
10 for development of their water reservations; and

11 (e) 20% shall be designated for such other projects as  
12 the department considers appropriate, ~~except that for the~~  
13 ~~period from July 1, 1983, through June 30, 1989,~~  
14 ~~THREE-FOURTHS OF this amount shall be designated for loans~~  
15 ~~to be made by the department under the Montana Rangeland~~  
16 ~~Resources Act.~~

17 (2) If qualified applications are not received by the  
18 department to meet the allocations set forth in subsection  
19 (1), the remaining allocation shall be designated for  
20 qualified projects in (a), (b), (c), (d), or (e) of  
21 subsection (1)."

22 NEW SECTION. Section 9. Codification instruction.  
23 Sections 1 2 through 7 are intended to be codified as an  
24 integral part of Title 76, chapter 14, part 1, and the  
25 provisions of Title 76, chapter 14, part 1, apply to

1 sections 1 2 through 7.

2 NEW SECTION. Section 10. Effective date. This act is  
3 effective on passage and approval.

-End-

March 2, 1983

SENATE STANDING COMMITTEE REPORT  
(Agriculture, Livestock & Irrigation)

That House Bill No. 486 be amended as follows:

1. Page 3, line 13.  
Following: "account"  
Strike: "20%"  
Insert: "15%"

## 1 STATEMENT OF INTENT

2 HOUSE BILL 486

3 House Agriculture Committee

4

5 A statement of intent is required for this bill because  
6 it delegates rulemaking authority to the Board of Natural  
7 Resources and Conservation in Section 7.

8 The intent is to provide the Department with the  
9 authority to adopt those rules necessary to administer the  
10 Rangeland Improvement Loan Program. This authority is  
11 limited by Section 7 to adopting rules prescribing the form  
12 and content of applications for loans and the required  
13 conservation plan; to adopting rules governing the  
14 application, implementation, and interpretation of the  
15 criteria for awarding loans and of the procedure for the  
16 review of applications by conservation district supervisors,  
17 the committee, and the department; to adopting rules  
18 providing for the servicing of loans including arrangements  
19 for obtaining security interests and the establishment of  
20 reasonable fees or charges to be made; to adopting rules  
21 providing for the confidentiality of financial statements  
22 submitted; and, to adopting rules describing the terms and  
23 conditions for making loans.

REFERENCE BILL

HB 486

## HOUSE BILL NO. 486

INTRODUCED BY SPAETH, ELLISON, HOLLIDAY,

SAUNDERS, CURTISS, TVEIT

BY REQUEST OF THE DEPARTMENT OF NATURAL

RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A  
RANGELAND IMPROVEMENT LOAN PROGRAM; AMENDING SECTIONS  
76-14-103 AND 90-2-113, MCA; AND PROVIDING AN IMMEDIATE  
EFFECTIVE DATE."

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

Section 1. Section 76-14-103, MCA, is amended to read:

"76-14-103. Definitions. As used in this part, the  
following definitions apply:

(1) "Committee" means the Montana rangeland resources  
committee selected as provided in 2-15-3305(2).

(2) "Department" means the department of natural  
resources and conservation.

(3) "Grazeable woodlands" means forest land on which  
the understory includes, as an integral part of the forest  
plant community, plants that can be grazed without  
significantly impairing other forest values.

(4) "Montana rangeland resource program" means the  
rangeland resource program administered by the conservation

districts division of the department of natural resources  
and conservation in concert with the Montana conservation  
districts law and the Grass Conservation Act to maintain and  
enhance the rangeland resources of the state.

~~(5) "Person" means any individual or association,  
partnership, corporation, or other business entity.~~

~~(6) "Range condition" means the current condition of  
the vegetation on a range site in relation to the natural  
potential plant community for that site.~~

~~(5)(1) "Rangeland" means land on which the native  
vegetation (climax or natural potential) is predominantly  
grasses, grasslike plants, forbs, or shrubs suitable for  
grazing or browsing use.~~

~~(6)(8) "Range management" means a distinct discipline  
founded on ecological principles and dealing with the  
husbandry of rangelands and range resources.~~

~~(7)(9) "State coordinator" means the state coordinator  
for the Montana Rangeland Resources Act provided for in  
2-15-3304.~~

~~(10) "Tame pasture" means land that has been modified  
by mechanical cultivation and whose current vegetation  
consists of native or introduced species, or both.~~

~~(8)(11) "Users of rangeland" means all persons,  
including but not limited to ranchers, farmers, sportsmen,  
recreationists, and others appreciative of the functional,~~

productive, aesthetic, and recreational uses of rangelands."

**NEW SECTION.** Section 2. Rangeland improvement loan program. The department may make rangeland improvement loans for rangeland development and improvement, including but not limited to stockwater development, cross fencing, establishment of grazing systems, reseeding, mechanical renovation, sagebrush management, and weed control.

**NEW SECTION.** Section 3. Rangeland improvement loan earmarked account. (1) There is created a rangeland improvement loan earmarked account within the earmarked revenue fund established in 17-2-102.

(2) There must be allocated to the rangeland improvement loan earmarked account 20% 15% of the total amount of renewable resource development grants and loans as provided by 90-2-113, any principal and accrued interest received in repayment of a loan made under the rangeland improvement loan program, and any fees or charges collected by the department pursuant to [section 7] for the servicing of loans, including arrangements for obtaining security interests.

**NEW SECTION.** Section 4. Eligibility for loans. (1) Any person may apply for a loan to finance rangeland improvements to be constructed, developed, and operated in Montana who:

(a) is a resident of Montana;

(b) is engaged in farming or ranching; and

(c) possesses the necessary expertise to make a rangeland loan practical.

(2) All loans must be for rangeland improvement or development exclusively.

(3) An application for a loan must be in the form prescribed by the department and accompanied by a resource conservation plan, which may be prepared in consultation with the United States soil conservation service.

**NEW SECTION.** Section 5. Criteria for evaluation of loan applications. The following criteria must be considered in selecting loan recipients:

(1) Loan applications must be ranked according to the following priorities:

(a) Range improvement or development projects undertaken on native rangeland, resulting in the improvement of native range condition and of benefit to more than a single operator, have first priority.

(b) Range improvement or development projects undertaken on native rangeland, resulting in the improvement of native range condition but of benefit to only a single operator, have second priority.

(c) Range improvement or development projects undertaken on either native rangeland or tame pastureland used in conjunction with native rangeland, or both,

1 resulting in the improvement of native range condition and  
2 the condition of the tame pastureland used in conjunction  
3 with native rangeland, have third priority.

4 (d) Range improvement or development projects  
5 undertaken on tame pastureland, resulting in the improvement  
6 of the tame pastureland exclusively, have fourth priority.

7 (e) Range improvement or development projects  
8 undertaken to return to rangeland status land that was once  
9 native rangeland and that has since been cultivated have  
10 fifth priority.

11 (2) Consideration must be given to the number of  
12 related resources that will benefit, including but not  
13 limited to water quality, wildlife habitat, and soil  
14 conservation.

15 (3) Consideration must be given to the amount of  
16 funding from other sources.

17 (4) Consideration must be given to the feasibility and  
18 practicality of the project.

19 ~~NEW SECTION.~~ Section 6. Selection of loan recipients.

20 (1) Conservation district supervisors shall initially review  
21 loan applications for feasibility and prioritize  
22 applications for referral to the department.

23 (2) The department shall organize and review  
24 applications for clarity and completeness prior to committee  
25 review.

1 (3) The committee shall consider applications and make  
2 recommendations to the department.

3 (4) The department shall finally approve or disapprove  
4 applications recommended by the committee and shall select  
5 loan recipients.

6 ~~NEW SECTION.~~ Section 7. Rules. The department shall  
7 adopt rules:

8 (1) prescribing the form and content of applications  
9 for loans and the required conservation plan;

10 (2) governing the application of the criteria for  
11 awarding loans and the procedure for the review of  
12 applications by conservation district supervisors, the  
13 committee, and the department;

14 (3) providing for the servicing of loans, including  
15 arrangements for obtaining security interests and the  
16 establishment of reasonable fees or charges;

17 (4) providing for the confidentiality of financial  
18 statements submitted; and

19 (5) prescribing the conditions for making loans.

20 Section 8. Section 90-2-113, MCA, is amended to read:

21 "90-2-113. Allocation of grants and loans. (1) Subject  
22 to the requirements of 90-2-103, loans or grants may be  
23 proposed under this part for any worthwhile project for the  
24 conservation, management, utilization, development, or  
25 preservation of the land, water, timber, fish, wildlife, or

1 other renewable resources of the state. Of the total amount  
2 of grants and loans proposed for each biennium, at least:

3 (a) 15% shall be designated for timber stand  
4 improvement or related purposes;

5 (b) 40% shall be designated for water development  
6 projects;

7 (c) 15% shall be designated for improvements on  
8 agricultural lands;

9 (d) 10% shall be designated for conservation districts  
10 for development of their water reservations; and

11 (e) 20% shall be designated for such other projects as  
12 the department considers appropriate, ~~except that for the~~  
13 ~~period from July 1, 1981, through June 30, 1982,~~  
14 ~~THREE-FOURTHS OF this amount shall be designated for loans~~  
15 ~~to be made by the department under the Montana Rangeland~~  
16 ~~Resources Act.~~

17 (2) If qualified applications are not received by the  
18 department to meet the allocations set forth in subsection  
19 (1), the remaining allocation shall be designated for  
20 qualified projects in (a), (b), (c), (d), or (e) of  
21 subsection (1)."

22 **NEW SECTION.** Section 9. Codification instruction.  
23 Sections 1 2 through 7 are intended to be codified as an  
24 integral part of Title 76, chapter 14, part 1, and the  
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2 **NEW SECTION.** Section 10. Effective date. This act is  
3 effective on passage and approval.

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