

HOUSE BILL NO. 70  
INTRODUCED BY HAND

IN THE HOUSE

January 7, 1985	Introduced and referred to Committee on State Administration.
January 10, 1985	Fiscal Note requested.
January 16, 1985	Fiscal Note returned.
January 17, 1985	Committee recommend bill do pass as amended. Report adopted.  New Fiscal Note requested.
January 18, 1985	Bill printed and placed on members' desks.
January 19, 1985	Second reading, pass consideration.
January 21, 1985	Second reading, consideration passed until 17th Legislative Day.
January 23, 1985	New Fiscal Note returned.
January 25, 1985	Second reading, pass consideration for day.  Statement of Intent attached.
January 26, 1985	Second reading, pass consideration.
January 28, 1985	Second reading, do pass.
January 29, 1985	Considered correctly engrossed.

January 30, 1985

Third reading, passed.  
Ayes, 93; Noes, 7.

Transmitted to Senate.

IN THE SENATE

February 4, 1985

Introduced and referred to  
Committee on Agriculture,  
Livestock and Irrigation.

February 16, 1985

Committee recommend bill be  
concurrent in. Report adopted.

February 19, 1985

Second reading, concurred in.

February 21, 1985

Third reading, concurred in.  
Ayes, 47; Noes, 1.

Returned to House.

IN THE HOUSE

February 22, 1985

Received from Senate.

Sent to enrolling.

Reported correctly enrolled.

1                    HOUSE    BILL NO. 70  
 2    INTRODUCED BY HAND

3  
 4    A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A  
 5    REDUCTION IN THE COST OF LEASING STATE LANDS FOR  
 6    AGRICULTURAL OR GRAZING PURPOSES WHEN THE LANDS ARE UNDER  
 7    SPRINKLER IRRIGATION; AMENDING SECTIONS 77-6-501 AND  
 8    77-6-502, MCA."

9  
 10    BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11            Section 1. Section 77-6-501, MCA, is amended to read:

12            "77-6-501. Agricultural leases -- special rentals for  
 13    high production cost methods. (1) As to agricultural lands,  
 14    all leases shall be continued or made upon a crop share  
 15    rental basis of not less than one-fourth of the annual crops  
 16    to the state or the usual landlord's share prevailing in the  
 17    district, whichever is greater. The board may, however,  
 18    approve special crop share rentals of less than one-fourth  
 19    for high production cost crops such as but not limited to  
 20    potatoes and sugar beets. The board may not delegate the  
 21    authority to approve such special crop share rentals.

22            (2) In unusual cases the department may authorize a  
 23    lease upon other basis than crop share, but in these unusual  
 24    cases the rental shall at least equal the value of the usual  
 25    landlord's share prevailing in the district, and the

1    department shall set forth in the records the unusual  
 2    conditions of the case and the rental to be charged.

3            (3) Sprinkler irrigation is a high production cost  
 4    method of farming. Rentals under sprinkler irrigation shall  
 5    be a one-tenth crop share of annual crops."

6            Section 2. Section 77-6-502, MCA, is amended to read:

7            "77-6-502. Grazing leases. (1) The rental rate for  
 8    leasing all state grazing lands shall be based upon the  
 9    appraised animal-unit-month carrying capacity of the land as  
 10    provided in 77-6-507. For grazing lands under sprinkler  
 11    irrigation, the rental rate shall be based on one-half the  
 12    appraised animal-unit-month carrying capacity.

13            (2) If the legislature raises the rentals for state  
 14    grazing lands during the term of any leases of grazing land  
 15    which are not issued as a result of competitive bidding, the  
 16    lessee shall, for the years after the increase becomes  
 17    effective, pay the increased rental, and the terms of  
 18    grazing leases shall so provide."

-End-

STATE OF MONTANA

FISCAL NOTE

REQUEST NO. FNN 061-85

Form BD-15

In compliance with a written request received January 10, 19 85, there is hereby submitted a Fiscal Note for House Bill 70 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). 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 70 provides for a reduction in the crop share the State will receive from agricultural or grazing purposes when the lands are under sprinkler irrigation.

ASSUMPTIONS:

- 1) Approximately 56,000 acres of trust land are sprinkler irrigated. Of this 56,000, 60% are alfalfa, 20% are barley and 20% are spring wheat.
- 2) Approximately 40,000 acres of sprinkler irrigated trust land are used for grazing.
- 3) One acre of sprinkler irrigated grazing will yield a carrying capacity of .80 animal unit months (AUM).

FISCAL IMPACT:

	<u>Under</u> <u>Current Law</u>	<u>FY 86</u> <u>Under</u> <u>Proposed Law</u>	<u>Estimated</u> <u>Decrease</u>	<u>Under</u> <u>Current Law</u>	<u>FY 87</u> <u>Under</u> <u>Proposed Law</u>	<u>Estimated</u> <u>Decrease</u>
School Foundation Program Interest and Income	\$ 39,815,000	\$ 38,089,984	\$ (1,725,016)	\$ 41,652,000	\$ 39,926,984	\$ (1,725,016)

LONG RANGE EFFECTS:

The loss will continue to effect future years distribution to public schools but will vary based on cattle and agricultural prices.

*David L. Hunter*

BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Jan 16, 1985

STATE OF MONTANA  
FISCAL NOTE

Amended  
REQUEST NO. FNN 061-85  
Form BD-15

In compliance with a written request received January 17, 19 85, there is hereby submitted a Fiscal Note for H.B. 70/amended pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). 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.

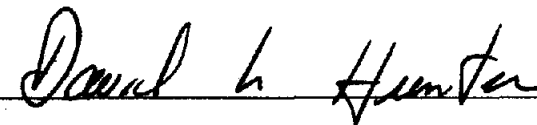
DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 70, as amended, revises the rental requirements for state agricultural leases. The revision provides for a reduction of crop share for high production cost methods and authorizes alternative rental methods when in the best interest of the State.

FISCAL IMPACT:

The legislation, in its present form, may effect the income generation from state lands under agricultural production. The legislation allows the department to lease agricultural lands on a basis that may increase revenue to the trust by allowing a flexible system to determine a fair rental rate. Lands that were incapable of agricultural production in the past due to the rental structure would become potential agricultural tract under this legislation.

While the legislation appears to increase income from state lands insufficient data exists to provide a specific revenue impact.



BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Jan 23, 1985

APPROVED BY COMMITTEE  
ON STATE ADMINISTRATION

HOUSE BILL NO. 70  
INTRODUCED BY HAND

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING--FOR--A  
REDUCTION---IN---THE---COST---OF---LEASING--STATE--LANDS--FOR  
AGRICULTURAL-OR-GRAZING-PURPOSES-WHEN-THE--LANDS--ARE--UNDER  
SPRINKLER---IRRIGATION GENERALLY REVISING THE RENTAL  
REQUIREMENTS FOR STATE AGRICULTURAL LEASES; AUTHORIZING  
REDUCTION OF CROP SHARE FOR HIGH PRODUCTION COST METHODS;  
AUTHORIZING ALTERNATIVE RENTAL METHODS WHEN IN THE BEST  
INTERESTS OF THE STATE; AMENDING SECTIONS SECTION 77-6-501  
AND 77-6-502, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
Section 1. Section 77-6-501, MCA, is amended to read:  
"77-6-501. Agricultural leases ---special-rentals-for  
high-production-cost-methods. (1) As to agricultural lands,  
all leases shall be continued or made upon a crop share  
rental basis of not less than one-fourth of the annual crops  
to the state or the usual landlord's share prevailing in the  
district, whichever is greater. The board may, however,  
approve special crop share rentals of less than one-fourth  
for high production cost crops such as but not limited to  
potatoes and sugar beets OR FOR HIGH PRODUCTION COST METHODS  
WHEN THESE METHODS WOULD RESULT IN MORE INCOME TO THE STATE.

The board may not delegate the authority to approve such  
special crop share rentals.

(2) In-unusual-cases IF IT IS IN THE BEST INTERESTS OF  
THE STATE, the department may authorize a lease upon other  
basis than crop share, but in these unusual cases the rental  
shall at least equal the value of the usual landlord's share  
prevailing in the district UNDER SIMILAR CIRCUMSTANCES, and  
the department shall set forth in the records the unusual  
conditions of the case and the rental to be charged.

{3}--Sprinkler-irrigation-is-a-high-production-cost  
method-of-farming--Rentals-under-sprinkler-irrigation-shall  
be-a-one-tenth-crop-share-of-annual-crops."

Section 2:--Section 77-6-502, MCA, is amended to read:  
"77-6-502:--Grazing--leases:--(1)--The-rental-rate-for  
leasing-all-state-grazing-lands--shall--be--based--upon--the  
appraised-animal-unit-month-carrying-capacity-of-the-land-as  
provided--in--77-6-507:--For--grazing--lands-under-sprinkler  
irrigation, the rental rate shall be based on one-half--the  
appraised-animal-unit-month-carrying-capacity.

(2)--If--the--legislature--raises--the--rentals--for--state  
grazing-lands-during-the-term-of-any-leases-of-grazing--land  
which-are-not-issued-as-a-result-of-competitive-bidding, the  
lessee--shall,--for--the--years--after--the-increase-becomes  
effective, pay--the--increased--rental,--and--the--terms--of  
grazing-leases-shall-so-provide."



1        NEW SECTION. SECTION 2. EXTENSION OF AUTHORITY. ANY  
2        EXISTING AUTHORITY OF THE BOARD OF LAND COMMISSIONERS OR  
3        DEPARTMENT OF STATE LANDS TO MAKE RULES ON THE SUBJECT OF  
4        THE PROVISIONS OF THIS ACT IS EXTENDED TO THE PROVISIONS OF  
5        THIS ACT.

-End-

1 STATEMENT OF INTENT

2 HOUSE BILL 70

3

4 The purpose of the extension of rulemaking authority  
5 contained in section 2 is to allow the department of state  
6 lands and board of land commissioners to amend their surface  
7 leasing rules, specifically ARM 26.3.112, to reflect the  
8 statutory amendments made by this bill.



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9 REDUCTION OF CROP SHARE FOR HIGH PRODUCTION COST METHODS;  
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21 district, whichever is greater. The board may, however,  
22 approve special crop share rentals of less than one-fourth  
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25 WHEN THESE METHODS WOULD RESULT IN MORE INCOME TO THE STATE.

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18 ~~irrigation, the rental rate shall be based on one-half the~~  
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20 (2) ~~If the legislature raises the rentals for state~~  
21 ~~grazing lands during the term of any leases of grazing land~~  
22 ~~which are not issued as a result of competitive bidding, the~~  
23 ~~lessee shall, for the years after the increase becomes~~  
24 ~~effective, pay the increased rental, and the terms of~~  
25 ~~grazing leases shall so provide."~~

HB 0070/02

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24 ~~effective, pay--the--increased--rental,--and--the--terms--of~~  
25 ~~grazing-leases-shall-so-provide."~~ REFERENCE BILL

HB 0070/02

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