

HB 677 INTRODUCED BY RAPP-SVRCEK
SELLING STATE TIMBER AT PRICE IN EXTENSION FORESTRY'S
LOG PRICE REPORT

2/09 INTRODUCED
2/09 REFERRED TO NATURAL RESOURCES
2/09 FISCAL NOTE REQUESTED
2/16 HEARING
2/16 FISCAL NOTE RECEIVED
2/18 TABLED IN COMMITTEE

1 House BILL NO. 677
2 INTRODUCED BY [Signature]

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING ADJUSTMENT
5 OF PRICE IN A CONTRACT FOR SALE OF STATE TIMBER; AND
6 AMENDING SECTION 77-5-204, MCA."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Section 77-5-204, MCA, is amended to read:

10 "77-5-204. Sale of timber -- fees for brush disposal
11 and timber stand improvement. (1) The board may sell timber
12 on state lands, at such a price per 1,000 feet as in its
13 judgment is in the best interest of the state, but not
14 otherwise; ~~but no such sale of live timber shall be less~~
15 ~~than \$3 per 1,000 feet for white pine, yellow pine, and~~
16 ~~spruce or less than \$1.50 per 1,000 feet for all other~~
17 timber species, and the price is not subject to adjustment
18 for the duration of the contract.

19 (2) All timber sold or cut from state lands shall be
20 cut and removed under such rules for the preservation of
21 standing timber and the prevention of fires as the board
22 prescribes. In all cases the board must require the person
23 cutting the timber to pile and burn or otherwise dispose of
24 the brush and slashings in such manner as may be required.

25 (3) Before any sale is granted, the timber shall be

1 estimated and appraised under the direction of the
2 department, upon the request and subject to the approval of
3 the board. These estimates and appraisals shall show as
4 nearly as possible the amount and values per 1,000 feet of
5 all merchantable timber, together with a statement of the
6 situation of the timber relative to risk from fires or
7 damage of any kind, its distance from the nearest lake,
8 stream, or railroad, and its value and position as a
9 protection to a watershed.

10 (4) The board may set fees for brush disposal on state
11 lands. The board may also establish a fee for timber stand
12 improvement on timber cut on state lands. Such fees shall be
13 deposited in the state special revenue fund to the credit of
14 the department."

-End-



STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB677, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

The proposed legislation would prohibit adjustment of price in a contract for sale of state timber.

ASSUMPTIONS:

1. The proposed legislation would not influence initial bid price on state timber.
2. Impacts of the legislation would not take effect until FY90.
3. Fluctuation of lumber prices in the next 5 years will be the same as the last 5 years.

FISCAL IMPACT:

Revenue:	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Trust & Legacy Trust Fund	\$3,250,000	\$3,250,000	\$ 0	\$3,500,000	\$3,500,000	\$ 0

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Utilizing the method proposed in this bill, it is estimated that income to the trust will be reduced by 1.2 percent for each year beginning FY90, that will result in a loss of approximately \$42,000 in FY90 to the Trust and Legacy Trust Fund. Assuming 10% interest earnings, the School Foundation Program will also decrease by approximately \$4,000 in FY90, and the revenue loss will increase by \$4,000 per year.

David L. Hunter DATE 2/14/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

Paul Rapp-Svrcek DATE 2/16/87
 PAUL RAPP-SVRCEK, PRIMARY SPONSOR

Fiscal Note for HB677, as introduced.

HB 677