

SENATE BILL NO. 161
INTRODUCED BY HARP
BY REQUEST OF THE DEPARTMENT OF STATE LANDS

IN THE SENATE

JANUARY 17, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON NATURAL RESOURCES.
	FIRST READING.
JANUARY 27, 1989	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
JANUARY 28, 1989	PRINTING REPORT.
JANUARY 30, 1989	SECOND READING, DO PASS.
JANUARY 31, 1989	ENGROSSING REPORT.
FEBRUARY 1, 1989	THIRD READING, PASSED. AYES, 49; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 1, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON NATURAL RESOURCES.
FEBRUARY 20, 1989	FIRST READING.
MARCH 2, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
MARCH 4, 1989	SECOND READING, CONCURRED IN.
MARCH 6, 1989	THIRD READING, CONCURRED IN. AYES, 94; NOES, 1.
	RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

MARCH 8, 1989

RECEIVED FROM HOUSE.

PASS CONSIDERATION FOR THE DAY.

MARCH 11, 1989

PASS CONSIDERATION FOR THE DAY.

MARCH 13, 1989

SECOND READING, AMENDMENTS
CONCURRED IN.

MARCH 15, 1989

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Senate* BILL NO. 161
2 INTRODUCED BY HARP
3 BY REQUEST OF THE DEPARTMENT OF STATE LANDS
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT A
6 PURCHASER OF STATE-OWNED TIMBER SHALL POST A BOND EQUIVALENT
7 TO THE POTENTIAL LOSS TO THE STATE RATHER THAN TO A SET
8 PERCENTAGE OF TIMBER VALUE; AND AMENDING SECTION 77-5-202,
9 MCA."
10

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

12 **Section 1.** Section 77-5-202, MCA, is amended to read:

13 "77-5-202. Agreement with purchaser -- bond. (1) Upon
14 award of sale the purchaser shall execute a formal
15 agreement, approved by the board, which describes the area
16 on which the timber is to be cut, the approximate quantity
17 to be cut by species, and the rate for each product of each
18 species. The agreement shall stipulate that all timber shall
19 be paid for in advance of cutting, fix a date for
20 termination of the agreement, and define rules of
21 silviculture, cutting, utilization, scaling, and slash
22 disposal and such other rules as in the discretion of the
23 board are essential to the perpetuation of the state
24 forests.

25 (2) As a guarantee for the faithful performance of the

1 agreement, the purchaser shall be required to furnish a
2 bond, with sufficient sureties, to the state of Montana, in
3 an amount equal to ~~at least 20% of the estimated value of~~
4 ~~timber sold~~ the potential loss to the state, as determined
5 by the department."

6 **Section 2.** Extension of authority. Any existing
7 authority to make rules on the subject of the provisions of
8 [this act] is extended to the provisions of [this act].

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB161, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

SB161 would provide that a purchaser of state-owned timber shall post a bond equivalent to the potential loss to the state rather than basing the amount of the bond on a percentage of the estimated value of the timber sold.

ASSUMPTIONS:

1. There is no impact on the administrative cost of the timber sale program at the Dept. of State Lands.

FISCAL IMPACT: None



RAY SHACKLEFORD, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING

1/24/89
DATE



JOHN G. HARP, PRIMARY SPONSOR

1/25/89
DATE

Fiscal Note for SB161, as introduced

SB 161

APPROVED BY COMM. ON
NATURAL RESOURCES

1 *Senate* BILL NO. *161*
2 INTRODUCED BY *HARP*
3 BY REQUEST OF THE DEPARTMENT OF STATE LANDS
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT A
6 PURCHASER OF STATE-OWNED TIMBER SHALL POST A BOND EQUIVALENT
7 TO THE POTENTIAL LOSS TO THE STATE RATHER THAN TO A SET
8 PERCENTAGE OF TIMBER VALUE; AND AMENDING SECTION 77-5-202,
9 MCA."
10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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14 award of sale the purchaser shall execute a formal
15 agreement, approved by the board, which describes the area
16 on which the timber is to be cut, the approximate quantity
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18 species. The agreement shall stipulate that all timber shall
19 be paid for in advance of cutting, fix a date for
20 termination of the agreement, and define rules of
21 silviculture, cutting, utilization, scaling, and slash
22 disposal and such other rules as in the discretion of the
23 board are essential to the perpetuation of the state
24 forests.
25 (2) As a guarantee for the faithful performance of the

1 agreement, the purchaser shall be required to furnish a
2 bond, with sufficient sureties, to the state of Montana, in
3 an amount equal to ~~at least 20% of the estimated value of~~
4 ~~timber sold~~ the potential loss to the state, as determined
5 by the department."

6 **Section 2.** Extension of authority. Any existing
7 authority to make rules on the subject of the provisions of
8 [this act] is extended to the provisions of [this act].

-End-

SECOND READING

-2-

SB161

1 Senate BILL NO. 161
2 INTRODUCED BY HARP
3 BY REQUEST OF THE DEPARTMENT OF STATE LANDS
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT A
6 PURCHASER OF STATE-OWNED TIMBER SHALL POST A BOND EQUIVALENT
7 TO THE POTENTIAL LOSS TO THE STATE RATHER THAN TO A SET
8 PERCENTAGE OF TIMBER VALUE; AND AMENDING SECTION 77-5-202,
9 MCA."

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

12 **Section 1.** Section 77-5-202, MCA, is amended to read:

13 "77-5-202. Agreement with purchaser -- bond. (1) Upon
14 award of sale the purchaser shall execute a formal
15 agreement, approved by the board, which describes the area
16 on which the timber is to be cut, the approximate quantity
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18 species. The agreement shall stipulate that all timber shall
19 be paid for in advance of cutting, fix a date for
20 termination of the agreement, and define rules of
21 silviculture, cutting, utilization, scaling, and slash
22 disposal and such other rules as in the discretion of the
23 board are essential to the perpetuation of the state
24 forests.

25 (2) As a guarantee for the faithful performance of the

1 agreement, the purchaser shall be required to furnish a
2 bond, with sufficient sureties, to the state of Montana, in
3 an amount equal to ~~at least 20% of the estimated value of~~
4 ~~timber sold~~ the potential loss to the state, as determined
5 by the department."

6 **Section 2.** Extension of authority. Any existing
7 authority to make rules on the subject of the provisions of
8 [this act] is extended to the provisions of [this act].

-End-

STANDING COMMITTEE REPORT

March 2, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Natural Resources report that SENATE BILL 161 (first reading reference copy -- blue) be concurred in as amended .

Signed: _____


Bob Raney, Chairman

[REP. OWENS WILL CARRY THIS BILL ON THE HOUSE FLOOR]

And, that such amendments read:

1. Title, lines 7 and 8.

Following: "STATE"

Strike: "RATHER" on line 7 through "VALUE" on line 8

Insert: ", EXCEPT THAT THE BOND MUST BE IN AN AMOUNT EQUAL TO AT
LEAST 5% OF THE ESTIMATED VALUE OF THE TIMBER SOLD"

2. Page 1, line 25.

Following: "(2)"

Strike: "As"

Insert: "(a) Except as provided in subsection (2) (b) , as"

3. Page 2, line 5.

Following: "department."

Insert: "(b) The bond required under this section must be in an
amount equal to at least 5% of the estimated value of the
timber sold."

HOUSE

490854SC.HRT

RT

SENATE BILL NO. 161

INTRODUCED BY HARP

BY REQUEST OF THE DEPARTMENT OF STATE LANDS

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT A PURCHASER OF STATE-OWNED TIMBER SHALL POST A BOND EQUIVALENT TO THE POTENTIAL LOSS TO THE STATE RATHER THAN TO A SET PERCENTAGE OF TIMBER VALUE, EXCEPT THAT THE BOND MUST BE IN AN AMOUNT EQUAL TO AT LEAST 5 PERCENT OF THE ESTIMATED VALUE OF THE TIMBER SOLD; AND AMENDING SECTION 77-5-202, MCA."

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

Section 1. Section 77-5-202, MCA, is amended to read:

"77-5-202. Agreement with purchaser -- bond. (1) Upon award of sale the purchaser shall execute a formal agreement, approved by the board, which describes the area on which the timber is to be cut, the approximate quantity to be cut by species, and the rate for each product of each species. The agreement shall stipulate that all timber shall be paid for in advance of cutting, fix a date for termination of the agreement, and define rules of silviculture, cutting, utilization, scaling, and slash disposal and such other rules as in the discretion of the board are essential to the perpetuation of the state forests.

(2) (A) As EXCEPT AS PROVIDED IN SUBSECTION (2)(B), AS

a guarantee for the faithful performance of the agreement, the purchaser shall be required to furnish a bond, with sufficient sureties, to the state of Montana, in an amount equal to ~~at least 20% of the estimated value of timber sold~~ the potential loss to the state, as determined by the department.

(B) THE BOND REQUIRED UNDER THIS SECTION MUST BE IN AN AMOUNT EQUAL TO AT LEAST 5% OF THE ESTIMATED VALUE OF THE TIMBER SOLD."

NEW SECTION. **Section 2.** Extension of authority. Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

-End-