

SENATE BILL NO. 176

INTRODUCED BY DEVLIN, PATTERSON, NATHE, GALT, SPAETH,
L. NELSON, HANSON, ZOOK, KASTEN

BY REQUEST OF THE DEPARTMENT OF STATE LANDS

IN THE SENATE

JANUARY 18, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON AGRICULTURE, LIVESTOCK AND IRRIGATION. FIRST READING.
JANUARY 26, 1989	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
JANUARY 27, 1989	PRINTING REPORT.
JANUARY 28, 1989	SECOND READING, DO PASS.
JANUARY 30, 1989	ENGROSSING REPORT.
JANUARY 31, 1989	THIRD READING, PASSED. AYES, 47; NOES, 3. TRANSMITTED TO HOUSE.

IN THE HOUSE

JANUARY 31, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON AGRICULTURE, LIVESTOCK AND IRRIGATION.
FEBRUARY 20, 1989	FIRST READING.
MARCH 4, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 6, 1989	SECOND READING, CONCURRED IN.
MARCH 7, 1989	THIRD READING, CONCURRED IN. AYES, 83; NOES, 8. RETURNED TO SENATE.

IN THE SENATE

MARCH 8, 1989

RECEIVED FROM HOUSE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1
2 INTRODUCED BY *Legate* BILL NO. 176
3 *Nelson* BY REQUEST OF THE DEPARTMENT OF STATE LANDS
4 *M. Hanson York Keston*
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO IMPOSE A \$25 PENALTY
6 FOR LATE PAYMENT OF STATE AGRICULTURAL AND GRAZING LEASE
7 RENTALS; AND AMENDING SECTION 77-6-506, MCA."
8

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

10 **Section 1.** Section 77-6-506, MCA, is amended to read:

11 "77-6-506. Date when rental due -- penalty --
12 cancellation for nonpayment. (1) For grazing leases, the
13 grazing portion of leases containing both agricultural and
14 grazing land, and agricultural leases not based on a crop
15 share, the rental for the first year of the lease shall be
16 paid at or before the time of the execution of the lease;
17 however, in the case of leases which take effect on and
18 after October 1 and before the expiration of the coming
19 February, both the rental for the fractional year and for
20 the next full year beginning March 1 shall be paid and
21 collected at the time of issuing the lease. If the United
22 States is the lessee of state lands for grazing purposes,
23 the rental shall be payable at the end of each year of the
24 lease. The rental for each succeeding year on leases
25 hereafter issued, with the exception of leases wherein the

1 United States is the lessee, is due and payable before March
2 1, and--if If the rental is not paid before March 1, a \$25
3 penalty shall be imposed on the lessee. If the full rental
4 and the \$25 penalty are not paid by April 1, the entire
5 lease is canceled.

6 (2) For agricultural leases and the agricultural
7 portion of leases containing both grazing and agricultural
8 land, when the rental is paid on a crop share basis or on a
9 crop share/cash basis, the rental is due in cash on or
10 before November 15 of the year in which the crop is
11 harvested. If the rental is not paid on or before November
12 15 of the year of crop harvest, a \$25 penalty shall be
13 imposed on the lessee. If the full rental is and the \$25
14 penalty are not paid on or before December 31 of the year in
15 which the crop is harvested, the entire lease is canceled.
16 The department may extend the deadline in writing. If the
17 lessee does not make the rental payment by the date of
18 extension, the entire lease is canceled. Any rental payment
19 made after November 15 of the year in which the crop is
20 harvested, including payment made after an extension of the
21 deadline, must include the \$25 penalty.

22 (3) At least 2 weeks prior to the final deadline for
23 payment under subsection (1) or (2), the department shall
24 send by certified mail to each lessee who has not made
25 payment a letter notifying the lessee that the lease is

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1 canceled if payment ~~is~~ and the \$25 penalty are not received
2 by the final deadline. The notice shall be sent to the
3 lessee at the address given in the lease.

4 (4) When a lease is canceled under subsection (1) or
5 (2), the department shall notify the lessee of the
6 cancellation by letter at the address given in the lease.
7 The land is then open for lease to applicants.

8 (5) The penalties collected pursuant to this section
9 must be deposited into the same trust account as the rentals
10 from the state land to which the penalties apply."

11 **Section 2. Extension of authority.** Any existing
12 authority to make rules on the subject of the provisions of
13 [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 SB176, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

SB176 would impose a \$25.00 penalty for late payment of state agricultural and grazing lease rentals.

ASSUMPTIONS:

1. Cost to the Department of State Lands to administer the proposed legislation will be minimal and can be absorbed within current staffing and budget.
2. The \$25 late payment penalty will generate approximately \$12,500 per year for the trust based upon processing 500 late payments annually.
3. The late penalty will increase interest earnings on rental payments and decrease expenses associated with preparing and sending delinquency notices.
4. If the penalty discourages late payments, the additional revenue will decrease in coming years.

FISCAL IMPACT:

	<u>FY90</u>			<u>FY91</u>		
<u>Revenues:</u>	<u>Current</u>	<u>Proposed</u>		<u>Current</u>	<u>Proposed</u>	
	<u>Law</u>	<u>Law</u>	<u>Difference</u>	<u>Law</u>	<u>Law</u>	<u>Difference</u>
Trust Funds						
Late Payments	\$ -0-	\$12,500	\$12,500	\$ -0-	\$12,500	\$12,500

Ray Shackelford 1/25/89
RAY SHACKLEFORD, BUDGET DIRECTOR DATE
OFFICE OF BUDGET AND PROGRAM PLANNING

Gerry Devlin 1/25/89
GERRY DEVLIN, PRIMARY SPONSOR DATE

Fiscal Note for SB176, as introduced

SB 176

APPROVED BY COMMITTEE
ON AGRICULTURE LIVESTOCK
AND IRRIGATION

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5 (2), the department shall notify the lessee of the
6 cancellation by letter at the address given in the lease.
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12 NEW SECTION. **Section 2.** Extension of authority. Any
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-End-