

1 *House* BILL NO. *269*  
 2 INTRODUCED BY *Knox Ash Barnett Litzell Nelson*  
 3 *W. Braggs* *Richard Hittel* *Monroe* *Ken* *M. Hanson* *Beaudry*  
 4 *Ops*

5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE METHOD OF DETERMINING THE BID DEPOSIT  
 6 FOR LEASING STATE GRAZING AND AGRICULTURAL LANDS; REVISING THE METHOD OF LEASING  
 7 STATE GRAZING AND AGRICULTURAL LANDS; REQUIRING CASH LEASING; ALLOWING FOR  
 8 REINSTATEMENT OF LEASES CANCELED FOR NONPAYMENT; AMENDING SECTIONS 77-6-203,  
 9 77-6-501, AND 77-6-506, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

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 12 **Section 1.** Section 77-6-203, MCA, is amended to read:

13 **"77-6-203. Bid deposit.** (1) A person bidding for the lease of state lands shall deposit with the  
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 15 equal to 20% of the total annual rental bid in the case of grazing land and an amount equal to \$1 per acre  
 16 for each acre of agricultural land contained in the lease in the case of agricultural land on which the bid is  
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18 (2) The department shall retain the deposit of the successful bidder, apply it on the rental for the  
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 23 notify the bidder in writing of the forfeiture and reasons ~~therefor~~ for the forfeiture.

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 29 **Section 2.** Section 77-6-501, MCA, is amended to read:

30 **"77-6-501. Agricultural leases.** (1) As to agricultural lands, all leases ~~except lease renewals upon~~



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25 (4) ~~The board may reduce the cash rental per acre determined under subsection (1) within a county~~  
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 28 **Section 3.** Section 77-6-506, MCA, is amended to read:

29 "77-6-506. **Date when rental due -- penalty -- cancellation for nonpayment.** (1) For a grazing  
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 4 the rental for the fractional year and for the next full year beginning March 1 ~~shall~~ must be paid and  
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 8 a lease wherein in which the United States is the lessee, is due and payable before March 1. If the rental  
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11 (2) For an agricultural leases lease and for the agricultural portion of ~~leases~~ a lease containing both  
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20 (3) For all state land leases and licenses other than those described in subsections (1) and (2), the  
 21 department shall impose a \$25 penalty for failure to make a rental payment by any deadline established by  
 22 statute, rule, or in the lease or license.

23 (4) At least 2 weeks prior to the final deadline for payment under subsection (1) or (2), the  
 24 department shall send by certified mail to each lessee who has not made payment a letter notifying the  
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27 (5) When a lease is canceled under subsection (1) or (2), the department shall notify the lessee of  
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29 (6) The department may, within 30 days of cancellation under subsection (1) or (2), reinstate a  
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1 annual rental. A penalty imposed under this subsection may not be less than \$500.

2 (7) A canceled lease that is not reinstated must be made available for lease as provided in  
3 77-6-202.

4 (8) The penalties collected pursuant to this section must be deposited into the same trust account  
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7 NEW SECTION. Section 4. Saving clause. [This act] does not affect rights and duties that  
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11 NEW SECTION. Section 5. Applicability. (1) [Sections 1 and 2] apply to all agricultural leases  
12 made or renewed on or after [the effective date of this act].

13 (2) [Section 3] applies to all rentals due on or after [the effective date of this act].

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15 NEW SECTION. Section 6. Effective date. [This act] is effective July 1, 1997.

16

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0269, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising the method of determining the bid deposit for leasing state grazing and agricultural lands; revising the method of leasing state grazing and agricultural lands; requiring cash leasing; allowing for reinstatement of leases canceled for nonpayment.

ASSUMPTIONS:

1. Approximately 300 of those leases containing agricultural land are renewed annually. There are 3,000 leases currently in effect that contain agricultural land. Therefore, it will take 10 years for all leases containing agricultural lands to be brought under cash rentals.
2. Agricultural revenues currently vary from year to year due to production rates, farm programs, and market rates for commodities raised. Since a minority of leases (1/5 of total) will come under cash leasing during the 1999 biennium, there is no projected change in revenues.
3. The DNRC currently utilizes from \$5,000-9,000 per year of contracted services to process crop share and farm program payments.
4. The Montana Agricultural Statistic Service has informed the DNRC that a contract to produce the "most frequently reported per acre cash rental" will cost approximately \$18,000-19,000 per survey.
5. The DNRC proposes to have the survey conducted biennially. The DNRC would shift the existing contracted services dollars utilized to deal with crop share rentals to fund the cost of the survey conducted by Montana Agricultural Statistic Service.

FISCAL IMPACT:

None.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Currently, the agricultural rentals from state trust lands vary from year to year depending on production rates, farm program payments and market rates. Under the proposed cash lease, the annual agricultural rental will become stabilized and thus more predictable from year to year.

Dave Lewis 1-18-97  
DAVE LEWIS, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

Dick Knox  
DICK KNOX, PRIMARY SPONSOR DATE

Fiscal Note for HB0269, as introduced

HB 269

1  
 2 INTRODUCTION BY *House* BILL NO. *269*  
 3 *Knox, Lash, Barnett, L. Stovall, Nelson, M. Hanson, Beaudry*  
 4 *Rehringer, Holland, Kettel, Mowbray, L. O'Connell*

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*Ridgwaycher Holland Kettel Monroe Low m. Hanson Beaudry*

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*HB269*  
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