



STATE TRUST LANDS

House Bill 80

FORESTRY AND TRUST LANDS DIVISION

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The Montana Department of Natural Resources and Conservation (DNRC) manages nearly 5.2 million surface acres of state trust lands to produce revenue for trust beneficiaries. Agriculture and grazing leases are one of the ways DNRC produces revenue for K-12 public schools, universities, and other public institutions.

BILL PROPOSAL

REMOVING CONFUSION FROM THE AGRICULTURE LEASE BIDDING PROCESS

DNRC is proposing an amendment to the existing competitive bidding process outlined in MCA 77-6-203 & 77-6-501 for the upcoming legislative session that would clarify, simplify, and add consistency to the agriculture lease bidding process.

Bidding on agriculture leases, under current law, must be on a crop share basis, at the minimum of 25%. If a bidder submits a crop share bid that is greater than 33% crop share, it is required that they also submit a cash per acre guarantee.

During the bidding process, the Department must determine whether the agriculture production on the lease for the crop share or the dollar per acre amount is greater. This is a confusing process for both the lessee and staff who ensures that the proper rates are being charged annually. This bill removes the need for interpretation by the Department when determining the highest bidder on a lease.

House Bill 80 (HB 80) seeks to modernize processes within the agriculture program while also benefiting our lessees and the trust beneficiaries. HB 80 will ensure that every new agriculture lease bid is based on one simple per acre rate. This allows for a simpler and less confusing bidding and billing process for lessees and staff.

CURRENT CONFUSING PROCESS



REQUIRED
MINIMUM 25
PERCENT CROP
SHARE



FARMER 'A' SUBMITS
A BID GREATER
THAN 33 PERCENT
*Requiring a Cash per
Acre Guarantee*



REQUIRES DNRC TO MAKE A
DETERMINATION
*Whether the Agriculture Production on
the Lease for the Crop Share or the
Dollar per Acre Amount is Greater*



PROPOSAL: NEW AGRICULTURE LEASE BIDS
ARE BASED ON ONE SIMPLE PER
ACRE RATE

THE REMAINDER OF THE BIDDING PROCESS IS LEFT UNCHANGED

The remainder of the bidding process will not be changed. The current lessees on renewal leases will still have preference rights and have the ability to match any bids submitted on their leases as well as having the opportunity to request a hearing if they deem the bid is excessive. Any bids received on vacant (non-leased) tracts will be awarded to the highest bidder.



On average, 1,000 renewal leases are available to bid on every year.



Of these approximate leases, on average, 40 -50 leases receive a bid. The remaining leases stay with the current lessee for another lease term.



The cash lease bid only applies to agriculture bidding, not grazing.

Learn More About Trust Lands At:

[DNRC.MT.GOV](https://dnrc.mt.gov)

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