



Annual Report Fiscal Year 2023

**Forestry and Trust Lands Division
Montana Department of Natural
Resources and Conservation**

The DNRC's Forestry and Trust Lands Division (FTLD) has three major functions: land management, forestry, and fire response. The Division manages resources and uses on State Trust Lands for the benefit of Common Schools and other endowed institutions under the direction of the Board of Land Commissioners (Land Board). Trust Lands Management is divided into the following four bureaus: agriculture and grazing management, forest management, minerals management, and real estate management. The Division is also responsible for planning and implementing forestry and fire protection. These responsibilities are divided into the following bureaus: fire protection, forestry assistance and good neighbor authority.

This Annual Report reflects only the Trust Lands Management programs of the Forestry and Trust Lands Division.

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EXECUTIVE TEAM

SHAWN THOMAS
Division Administrator - State Forester

GREG PONCIN
Area Manager, Northwest Land Office

MIKE O'HERRON
Area Manager, Southwest Land Office

HOYT RICHARDS
Area Manager, Central Land Office

CLIVE ROONEY
Area Manager, Northeast Land Office

VACANT
Area Manager, Southern Land Office

CHRIS PILESKI
Area Manager, Eastern Land Office

RYAN WEISS
Deputy Trust Lands Administrator

DAN ROGERS
Forest Management Bureau Chief

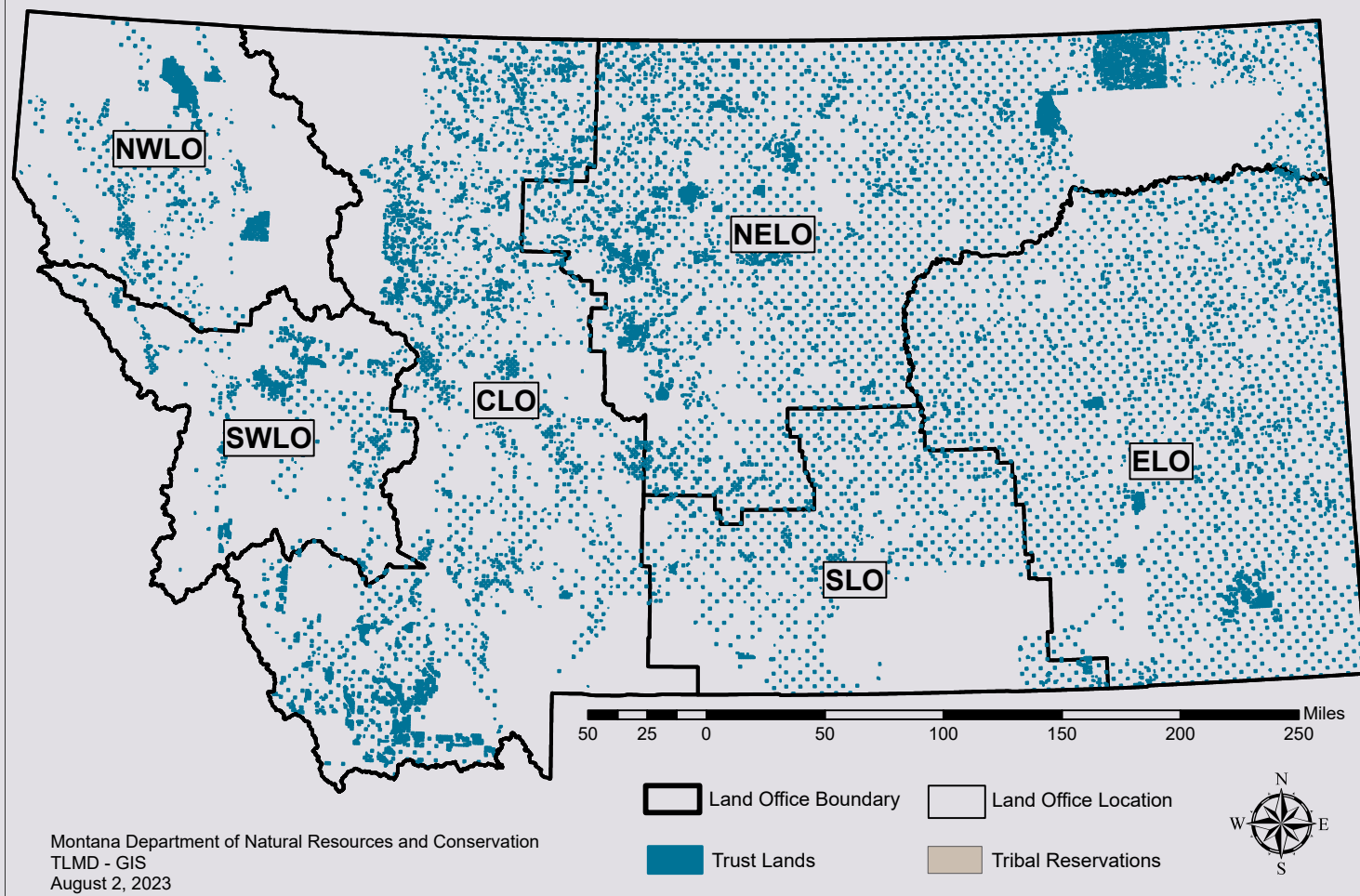
KELLY MOTICHKA
Agriculture & Grazing Management Bureau Chief

TREVOR TAYLOR
Mineral Management Bureau Chief

DEIDRA KLOBERDANZ
Real Estate Management Bureau Chief



MONTANA TRUST LANDS



AREA LAND OFFICES

DNRC Headquarters

1539 Eleventh Avenue
Helena, MT 59601

1. Northwestern Land Office

655 Timberwolf Parkway
Kalispell, MT 59901
*with unit offices in
Kalispell, Libby, Plains, Stillwater,
Swan*

4. Northeastern Land Office

613 NE Main Street
Lewistown, MT 59457
*with unit offices in
Lewistown, Glasgow, Havre*

2. Southwestern Land Office

1401 27th Avenue
Missoula, MT 59804
*with unit offices in
Missoula, Clearwater, Anaconda,
Hamilton*

5. Southern Land Office

1371 Rimtop Drive
Billings, MT 59105

3. Central Land Office

8001 N Montana Avenue
Helena, MT 59602
*with unit offices in
Helena, Bozeman, Conrad,
Dillon*

6. Eastern Land Office

321 Main Street
Miles City, MT 59301

QUICK FACTS



129.3
TOTAL TRUST
LANDS FTE



8,931
AG & GRAZING
LEASES



316,428
TREE SEEDLINGS
PLANTED

5.2 MILLION
TOTAL SURFACE ACRES

6.2 MILLION
TOTAL MINERAL ACRES

46 MMBF
TIMBER HARVESTED

1,279 OIL & GAS
LEASES



58
ACTIVE
TIMBER
SALES



26 CABIN SITES SOLD
AT AUCTION



121 COMMERCIAL
LEASES



166 RIGHTS OF WAY
PROCESSED



4 LAND SITES SOLD
AT AUCTION

30 COAL
LEASES

441 ACTIVE RESIDENTIAL
LEASES

868 ACTIVE LAND USE
LICENSES

Photo by Scott Aye

MISSION

Manage the State of Montana's trust lands resources to produce revenues for the trust beneficiaries while considering environmental factors and protecting the future income-generating capacity of the land.

LAND BOARD MEMBERS

In Montana, schools and other public institutions are funded in part by revenue generated from certain state-owned lands - those state lands are Trust Lands. Montana state trust lands are working lands. These lands are held in trust for the perpetual yield of revenues to support Montana's public education institutions, under the direction of the Board of Land Commissioners, which is also known as the "State Land Board."

The State Land Board Members consist of the following:



Secretary of State
Christi Jacobsen



Attorney General
Austin Knudsen



Governor
Greg Gianforte



Superintendent of
Public Instruction
Elsie Arntzen



Commissioner of
Securities &
Insurance
Troy Downing

TRUST LANDS OVERVIEW AND HISTORY

Trust Lands Management is divided into four primary programs: agriculture and grazing management, forest management, minerals management, and real estate management. Staff and program specialists in Helena and Missoula provide program administration, direction, oversight, and support. Field personnel throughout the state provide on-the-ground management. Additional information can be found on the Department of Natural Resources website: dnrc.mt.gov/trustland.

The Land Board's obligation is to obtain the greatest benefit for the school trusts pursuant to 77-1-202, MCA. The greatest monetary return must be weighed against the long-term productivity of the land to ensure continued future returns to the trusts.

HISTORY

By the Enabling Act approved February 22, 1889, the Congress of the United States granted to the state of Montana, for Common Schools (K-12) support, sections 16 and 36 in every township within the state. Some of these sections had been homesteaded, some were within the boundaries of Indian reservations, and others had been disposed of before passage of the Enabling Act. Other lands were selected by the state in lieu of these lands. The Enabling Act and subsequent acts also granted acreage for other educational and state institutions. The trust beneficiaries are as follows:

- *Common Schools (K-12)*
- *The University of Montana*
- *Montana State University – Morrill Grant*
- *Montana State University – Second Grant*
- *Montana Tech of the University of Montana*
- *State Normal School (MSU at Billings, UofM at Dillon)*
- *Public Buildings*
- *Veterans Home*
- *School for the Deaf & Blind*
- *State Reform School (Pine Hills)*
- *Montana Developmental Center (Sir Trust 2007)*
- *Montana State Hospital (Sir Trust 2007)*
- *Public Land Trust Navigable Rivers (2010)*
- *Acquired Lands Trust (2011)*

In FY 2007, approximately 2,600 acres were donated to the State of Montana for state trust lands. This donation added acreage to the School for the Deaf and Blind and created a trust for the Montana Developmental Center and the Montana State Hospital. Two other trusts have been created since then, Public Land Navigable Rivers and Acquired Lands.

The total acreage has fluctuated through the years due to land sales and acquisitions. Surface acreage at the end of FY 2023 was approximately 5.2 million acres and mineral acreage, approximately 6.2 million acres. Mineral acreage exceeds surface acreage because the mineral estate has been retained when lands were sold.

FY 2023 BUREAU AND PROGRAM HIGHLIGHTS

AGRICULTURE & GRAZING MANAGEMENT BUREAU

The Agriculture and Grazing Management Bureau along with Area and Unit Office staff supervise the management and leasing of 4.7 million acres under 8,931 agreements for crop and range land throughout the state.

SURFACE LEASING

The Surface Leasing Program is responsible for surface lease agreements. Last year, program staff processed 1,418 lease renewals; advertised, competitively bid, and issued new leases; reviewed and processed assignments, subleases, pasturing agreements, custom farming agreements, pledges, and mortgages; and collected, verified, and posted rentals and fees.

LAND MANAGEMENT

The Land Management Program manages agricultural and grazing resources on state trust lands. Responsibilities include the evaluation and assessment of range and crop land condition; administration of archaeological, paleontological, and historical properties on state trust lands; investigations of lease noncompliance; participation in the federal Farm Program; and oversight of water developments, water rights, and improvement projects such as range renovation and resource development.

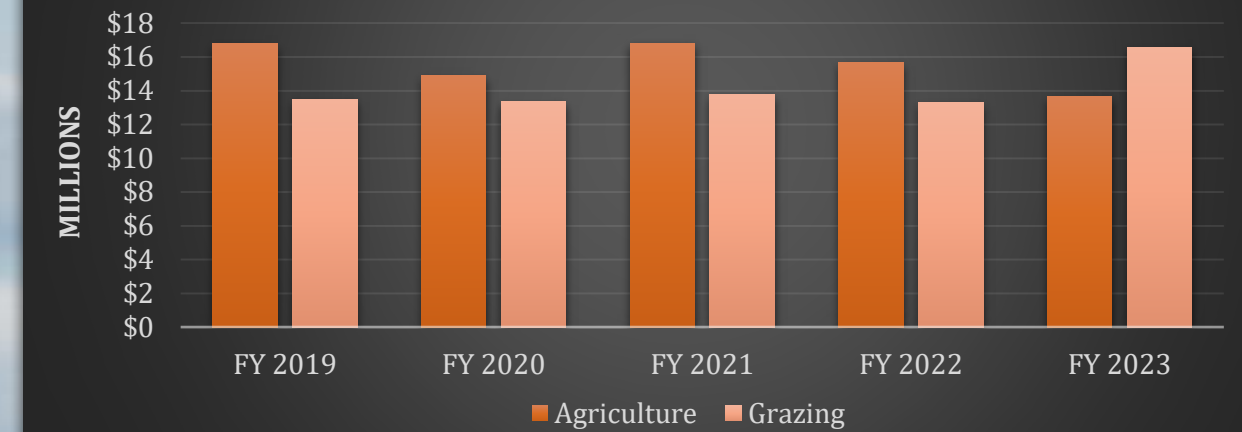
AGRICULTURE AND GRAZING LANDS

Currently 2,474 agreements cover agricultural use of state trust lands. Crops raised on these lands are primarily dry land hay and small grains, but also include irrigated grain crops, corn, sugar beets, potatoes, peas, lentils, garbanzo beans, canola, safflower, alfalfa seed, and native grass seed.

In FY 2023, agricultural leasing on 535,247 acres yielded \$13,662,983 in revenue. The majority of these leases are on a crop-share basis with a minimum share of 25% set by statute. Montana also participates in the Farm Program and receives payments from the US Department of Agriculture (USDA) Farm Service Agency. For FY 2023, these payments totaled \$38,326 (included in total ag revenue) primarily for lands enrolled in the Conservation Reserve Program (CRP) and from Price Loss Coverage (PLC) contracts.

Eight thousand, sixty-four agreements allow grazing on trust lands. The nearly 4.2 million acres of classified grazing lands and forest lands have an estimated carrying capacity of 971,496 animal-unit-months (AUMs). The minimum rental rate for grazing leases, \$13.16 per AUM, is set by a formula which includes the average weighted price for beef cattle sold in Montana during the previous year. In FY 2023, grazing leases generated \$16,568,602 in revenue. See *Figure 1* for agriculture and grazing revenues from FY 2019 - FY 2023.

Figure 1
Ag & Grazing Revenues



FOREST MANAGEMENT BUREAU

Each year, foresters, scientists, and managers conduct activities to ensure the long-term sustainability of forested state trust lands. Annual activities are aimed at generating income, monitoring, and improving practices, investing in future productivity of forested stands, and conserving an array of resources. Revenue from these lands is derived mainly from the sale of forest products. While DNRC oversees less than 4% of the statewide forested landscape, the program accounts for nearly 20% of Montana’s total timber volume sold per year. Statute directs DNRC to sell a consistent amount of timber each year, which in turn provides a consistent revenue source for the trust beneficiaries and a consistent source of material for the wood products industry.

Our forest management standards and philosophy are based on biodiversity, sustainability, and active management. We are guided by the State Forest Land Management Plan (SFLMP) and associated rules (2003) and DNRC’s Forested State Trust Lands Habitat Conservation Plan (2011).

FOREST PRODUCT SALES

The forest product sales program incorporates activities and expenditures required to grow, harvest, and sell forest products from state trust lands. All timber sales and permits are developed, analyzed, and reviewed in the field by foresters and resource specialists to ensure that sales comply with all applicable laws, policies, and management direction. The current annual sustainable yield from forested state trust lands is 60 million board feet (MMBF). FTLTD maintained a successful forest products sales program in FY 2023, with harvest and revenue from open timber contracts while putting over 10,900 acres under active management. The Forest Management Program offered 62.5 MMBF of timber for sale, of which 52 MMBF was sold through timber sales and permits. The average stumpage price was \$178 per thousand board feet, a 3% decrease compared to FY 2022. The volume sold has an estimated total stumpage value of \$9,271,603 and additional expected revenue of \$1,192,778 in Forest Improvement fees. A total of 46 MMBF of timber and a minor amount of other miscellaneous forest products (posts, pulp, boughs, etc.) were harvested from state trust lands during FY 2023 *Figure 2*. This volume generated \$8,118,110 in stumpage revenue for the year.

FOREST IMPROVEMENT

The Forest Improvement Program uses fees from harvested timber to improve the health, productivity, and value of forested trust lands. Use of these fees authorized by statute, includes disposal of logging slash, reforestation, access, road maintenance necessary for harvest operations, other treatments necessary to improve the condition and income potential of state forests, and compliance with other legal requirements associated with timber harvest.

In FY 2023, DNRC collected \$1,143,527 in Forest Improvement fees. In addition to other Forest Improvement Program projects, such as road maintenance and prescribed burning, DNRC planted 316,428 seedlings on 2,856 acres of state trust lands and completed precommercial thinning treatments on 2,145 acres.

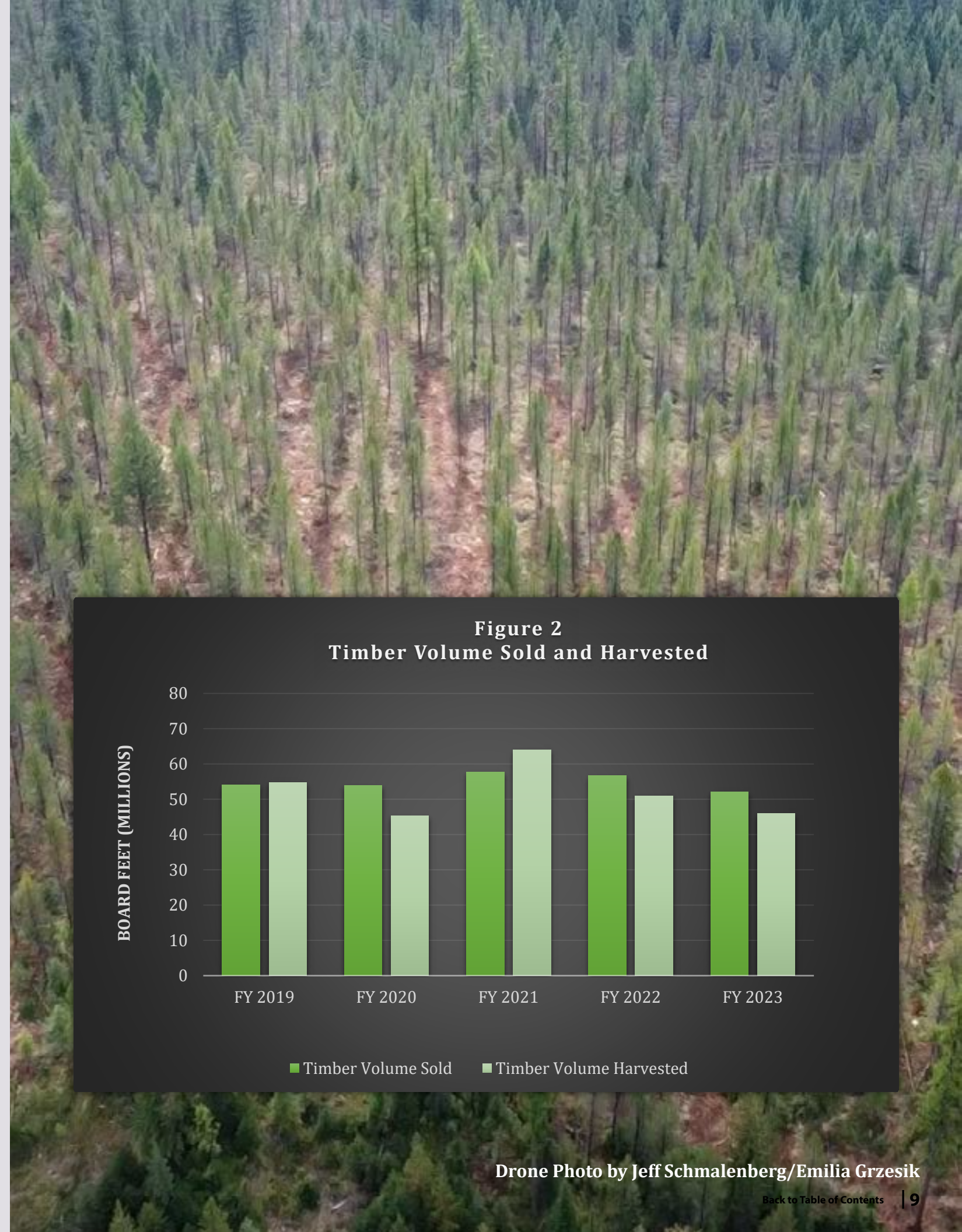
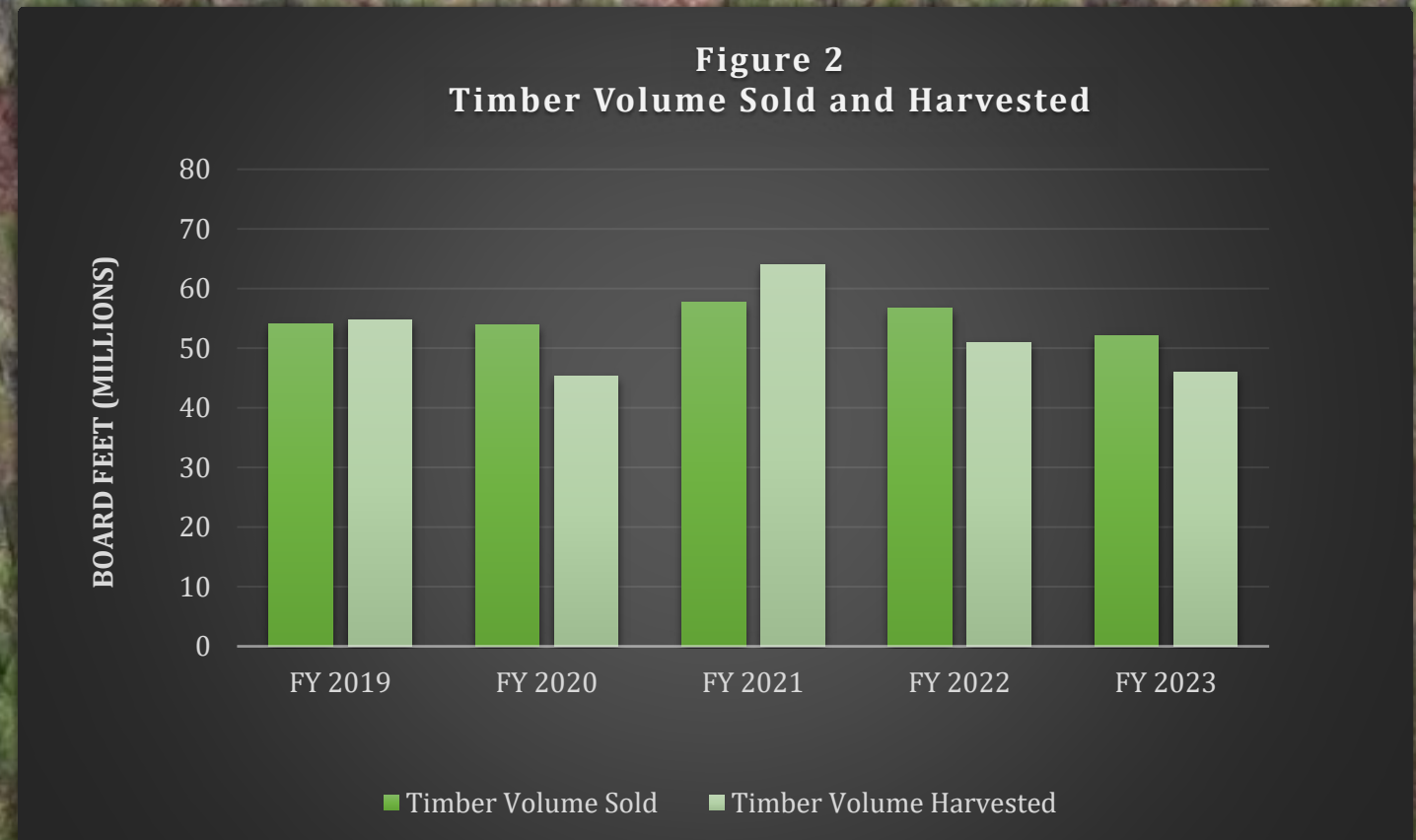


Figure 2
Timber Volume Sold and Harvested



RECREATIONAL USE PROGRAM

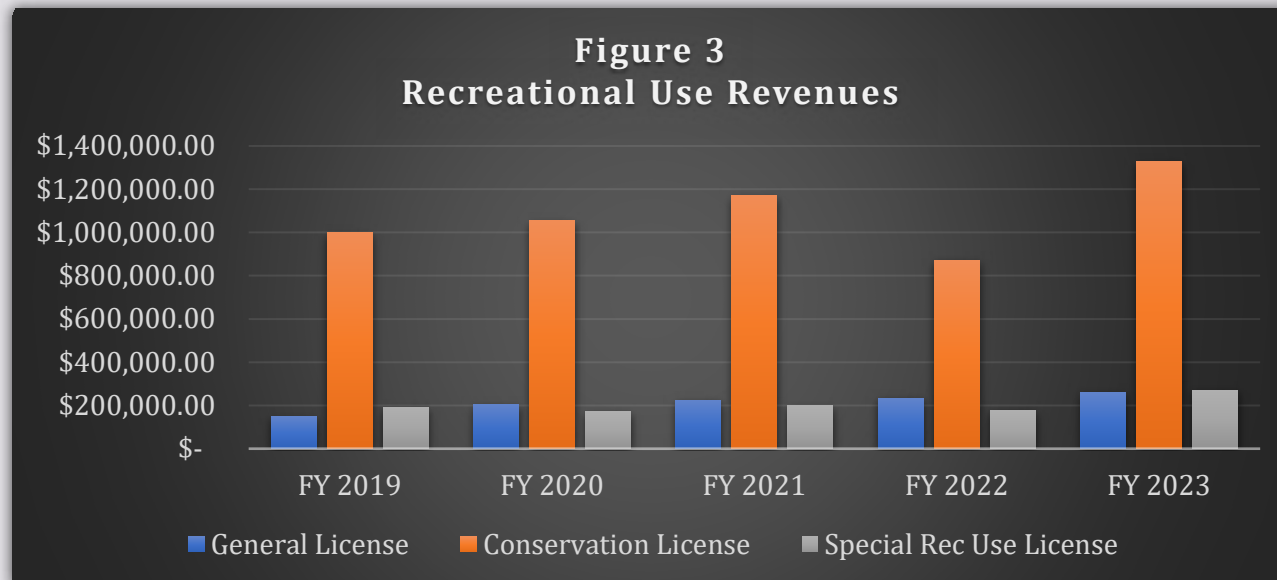
Revenue is generated from recreational use of trust lands through both public use and commercial/concentrated recreation. Public use of trust lands requires an individual recreational use license. Commercial and concentrated recreational use requires a special recreational use license (SRUL). Additional revenue is collected from nightly rentals of the Werner Peak Lookout, and donations received from users of the Upper Whitefish Lake Campground. All revenue from recreation is distributable revenue to trust beneficiaries. The program is staffed with one FTE to administer policy, statute, and administrative rules. Additionally, the program funds two Game Warden FTEs within Montana’s Department of Fish, Wildlife and Parks (FWP) to assist with enforcement needs on state trust lands.

In FY 2023, members of the public were required to purchase either a conservation license issued through FWP for hunting and fishing related activities, or a state lands recreational use license for all other dispersed recreation. By agreement between DNRC and FWP, FWP compensated state trust lands beneficiaries \$2 for each conservation license sold. A state lands recreational use license was \$10 and allowed the use of trust lands for all other dispersed recreation, like hiking, skiing, birdwatching, berry picking, sight-seeing, snowmobiling, etc. Beginning in FY 2024, members of the public must only possess a conservation license for all general recreational activities on trust lands. FWP will compensate DNRC \$3.50 for each conservation license sold. Businesses and other group users are required to apply for an SRUL to conduct business on trust lands or otherwise hold events.

In FY 2023, the recreational use program generated \$1.86M, a 44% increase from FY 2022. Although the program overall experienced growth in revenue, the high rate for FY 2023 is largely due to a fiscal year crossover of revenues. In FY 2022, \$204,076 in conservation licenses revenues from FWP were distributed to DNRC after the fiscal year closed. The correction across fiscal years resulted in artificially low revenue reporting for FY 2022 and artificially high revenue reporting in FY 2023. When the \$204K in crossover revenue is considered within the appropriate fiscal year, the overall program experienced an 11% increase in revenue.



Figure 3
Recreational Use Revenues



MINERALS MANAGEMENT BUREAU

The Minerals Management Bureau is responsible for leasing, permitting, and managing 1,415 oil and gas, metalliferous and nonmetalliferous minerals, coal, and sand and gravel agreements on more than 520,000 acres of the available 6.2 million acres of state trust land and 11,885 acres of other state-owned land throughout Montana.

OIL & GAS ACTIVITY

In FY 2023, the bureau managed 1,279 total leases, 584 of which are currently productive. Compared to FY 2022, the total number of leases issued is down 4.3%. Producing leases also decreased by 0.2%. Lease counts stayed mostly even due to the higher oil prices as compared to the last few years.

FY 2023 royalty revenues totaled \$20,720,400, up 94.74% from FY 2022 primarily due to the increase in production. Rentals, non-drilling penalties, and bonus revenues totaled \$772,139, down 65.49% compared to FY 2022. This decrease was likely driven by a decrease in bonus revenue from quarterly lease sales. *Figure 4* shows the FY 2023 mineral revenue by type and percentage. See *Figure 5* for a summary of revenues.

COAL ACTIVITY

In FY 2023, the bureau managed 30 total leases, 6 of which are currently productive. Coal lease counts remained constant between 2022 and 2023. Royalty revenues totaled \$46,251,344 which was a 66.74% increase from FY 2022. Rental revenues totaled \$17,466.

OTHER MINERALS

The bureau also issues land use licenses and leases for gravel and other minerals. In FY 2023, gravel revenues totaled \$352,544, which is a 17.68% decrease from FY 2022. Revenues for all other mineral activities totaled \$56,920.

RIVERBED LEASING

On navigable waterways in Montana, the state owns those lands below the low-water mark; islands and their accretions formed in riverbeds after statehood; and certain abandoned channels formed by avulsion. The bureau continues its efforts to clarify title to the riverbeds and islands of navigable rivers. Because two navigable rivers in Montana flow through areas with major oil and gas resources, DNRC has conducted numerous riverbed studies to determine and document state ownership in those areas. Studies are also required in urban and developing areas. In FY 2023, the program managed 9,262 acres of leased riverbed and island tracts. These tracts provided the state with \$2,746,125 in oil and gas revenues.

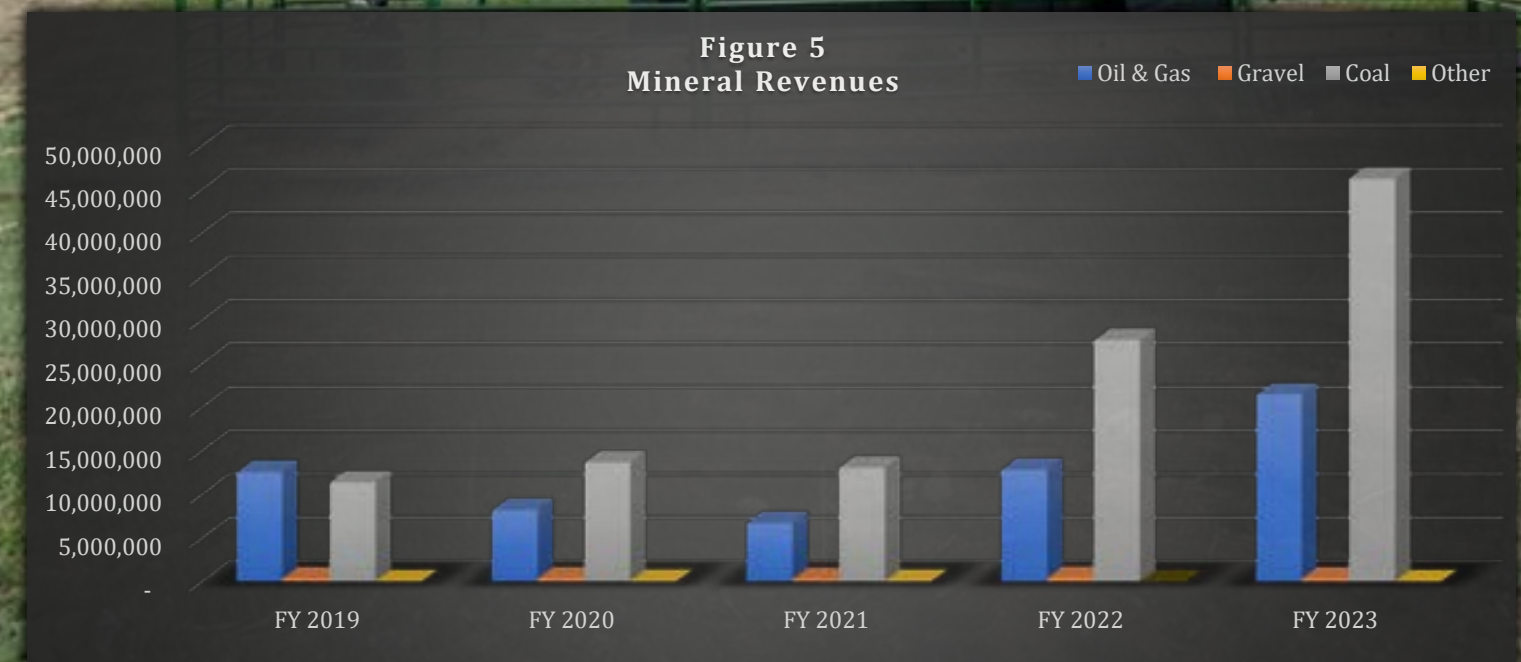
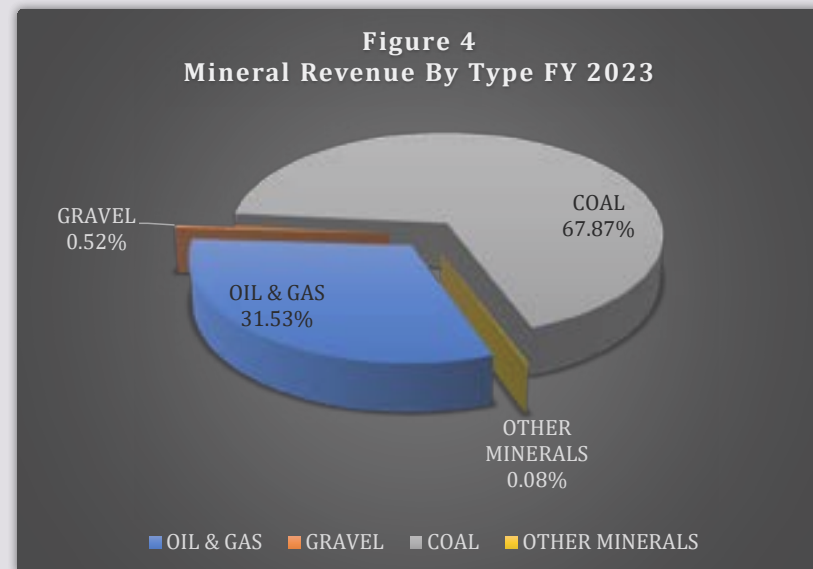


Photo by Zack Winfield

REAL ESTATE MANAGEMENT BUREAU

The Real Estate Management Bureau manages all activity on state trust lands not classified as grazing, agriculture, or timber. These “other” surface tracts are administered for the benefit of the various trusts through short-term licenses, leasing, land exchanges and sales, in addition to issuance of right-of-way agreements. The bureau actively pursues land acquisitions, dispositions, and exchanges to improve the revenue generation of the trust lands base. These fee title land transactions improve management opportunities and provide diversity of use through land consolidation and acquisition of legal access. As a result, this provides for greater revenue generating capacity for the trusts served by the department. Rights-of-way, easements, and access acquisition transactions also improve access to state trust lands and generate revenue to the permanent fund assigned to specific trusts. Commercial and residential ground leases are also an integral component of the bureau’s functions. Lands located within city limits in various locations throughout the state present opportunities for development. The bureau contributes annual distributable revenue through commercial and residential leasing. Licenses for secondary, short-term activities are also managed by the bureau and generate revenue streams. The bureau assists other state agencies with the management of non-trust state land assets and records management. *Figure 6* shows real estate revenues from FY 2019 – FY 2023.

LAND SALES, ACQUISITIONS, AND EXCHANGES

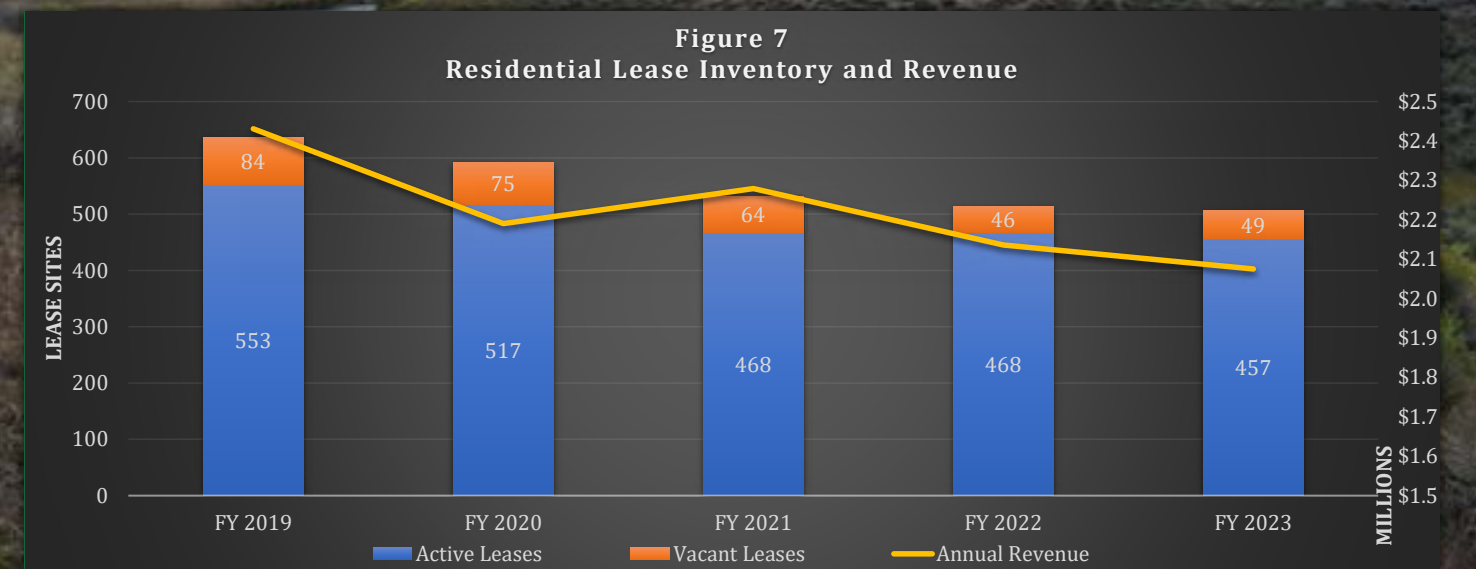
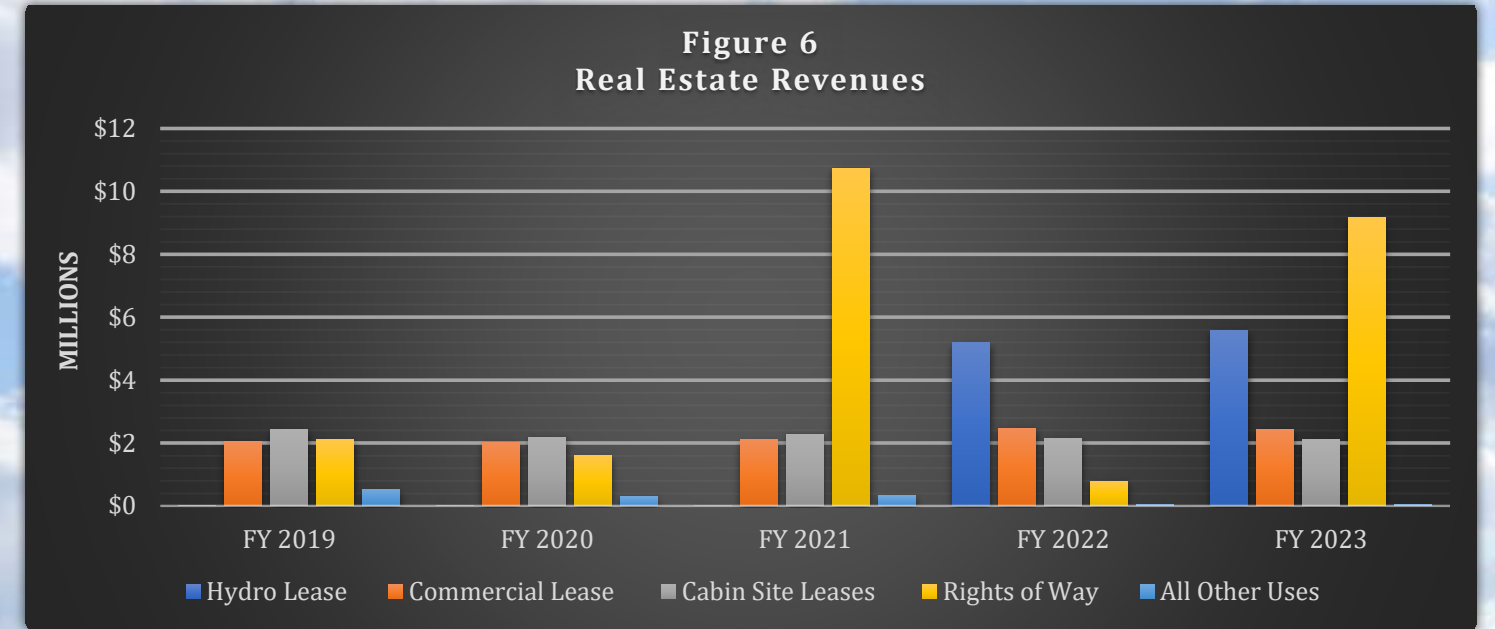
In FY 2023, the Land Banking and Cabin Site Sale Program sold 264.3 acres for a total sales price of \$4,540,500. Currently, more than 30 land banking and cabin site sales are in progress. Priority is given to selling isolated, low producing and vacant land.

The Lands Section also continued work on the land exchange provisions of the Montana Water Rights Protection Act. On December 27, 2020, the President signed Public Law Number 116-260, which included the Montana Water Rights Protection Act (MWRPA). The MWRPA authorizes and confirms the water rights settlement entered into by the United States, the State of Montana, and the Confederated Salish and Kootenai Tribes of the Flathead Reservation of Montana (CSKT Compact).

Section 13(j) of the MWRPA authorizes the exchange of up to 36,808 acres of state trust lands within the boundaries of the Flathead Reservation for federal public lands in Montana managed by the U.S. Secretary of Agriculture (such as Forest Service lands) or the U.S. Secretary of Interior (such as Bureau of Land Management lands). Last year, Governor Greg Gianforte requested the Secretaries of Agriculture and Interior to commence discussions with the State regarding the land exchange process, which will take a number of years to implement. Lands staff are working to review and align state and federal policies for implementing a land exchange under both the state’s Land Exchange Policy and the provisions in the MWRPA.

RESIDENTIAL LEASES

In FY 2023, bidding yielded three bids and ultimately resulted in three new cabin site leases. This bidding activity represents 30% of the available vacant leases, and the average bid rate was 4.75% of the land value. The cabin site lease vacancy rate at the end of FY 2023 is 9.6% largely due to sales of active lease sites from the inventory. *Figure 7* shows residential lease inventory and revenues from FY 2019 – FY 2023.



COMMERCIAL LEASING

FY 2023 saw considerable activity for both commercial and renewable energy leasing. Though no new lease agreements were signed, one new option for commercial leasing was approved by the Land Board for a mixed land use project near Belgrade on 382 acres of trust lands. The project proposes a mixing of land uses, which means building homes, offices, schools, parks, shops, restaurants, and other types of development near one another. This includes commercial areas suitable for regional commercial activity and small-scale neighborhood commercial as well as residential uses to provide a range of housing types and formats all for rent. During the due diligence option period, the Common Schools Trust revenue begins at just over \$57,000 annually. The annual Commercial Lease revenue at full project buildout is projected to be just shy of \$2 million.

On the renewables side, Clearwater Energy Resources has elected to execute the option agreement they were holding on 2,500 acres for a wind project into two separate leases totaling 1,689 acres. Initial revenue prior to the wind project becoming fully operational will be \$30,560 annually. Once the project begins producing power, the annual lease fee is forecasted to increase substantially. The two new leases are anticipated to be executed September 2023. Three additional renewable energy proposals are currently in different stages of evaluation and project inquiries are fielded weekly as interest in trust lands locations increases.

Communications site interest has increased dramatically in FY 2023, mainly for cellular tower locations. Verizon Wireless appears to be one of the main drivers for this attention as they make an effort to expand their network coverage statewide. One request for proposals recently closed with a solid proposal from the initiating proponent and is now being evaluated, while other site location inquiries are currently out for field office feasibility opinions.

At the end of FY 2023, there were four active commercial lease options and 121 active commercial leases on state trust lands, which includes all leases that are not agriculture, grazing, or residential in nature. Hydro-electric leases generated \$5.581 million in revenue.

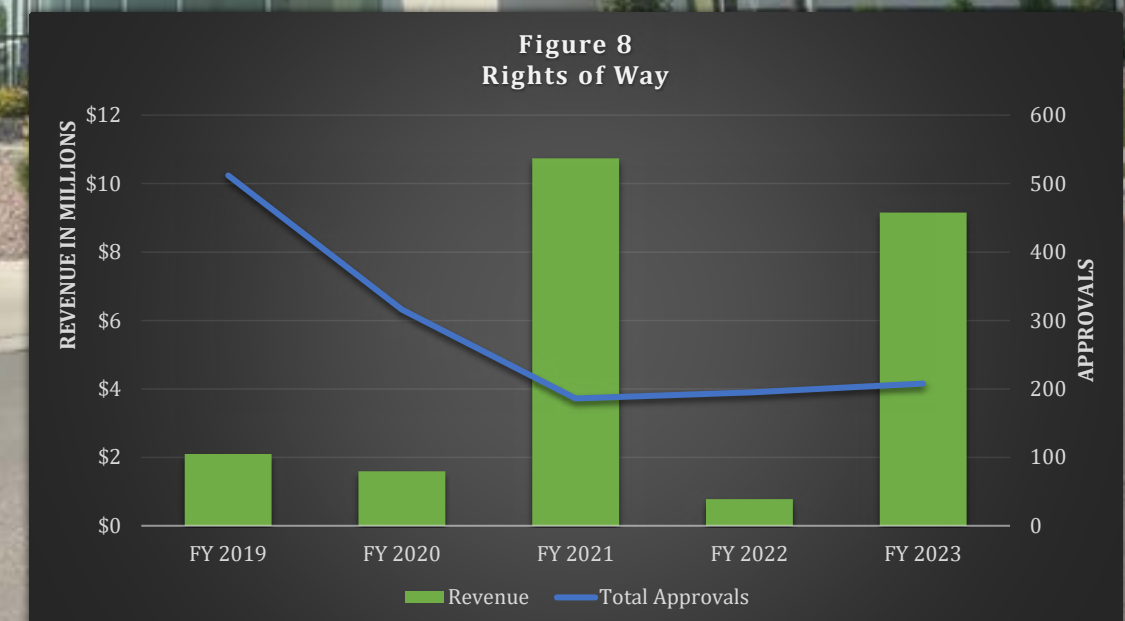
RIGHTS-OF-WAY/EASEMENTS

The Right of Way (ROW) Section processed and brought 166 ROW applications to the Land Board for approval in FY 2023. Utility installations continue to be the prevalent use applied for, with fiber optic cable being the most prominent. Other uses included public school buildings, administrative offices, highway projects and pipeline projects.

The Department supported legislation in FY 2023 to modify existing right of way statutes to provide for a simplified application process for historic uses, similar to the original Historic Right of Way statute that sunset in 2021. However, a handful of applications from the previous statutory authority continue to be processed, with a few being approved by the Land Board in FY 2023.

FY 2023 revenue rose significantly as a result of several significant projects in the Belgrade area. These large-scale projects include easements for a new elementary and a new middle school, administrative offices for city government and a new fire station for the local fire district. Additionally, a few pipeline easements provided a boost in revenue across the eastern portion of the State.

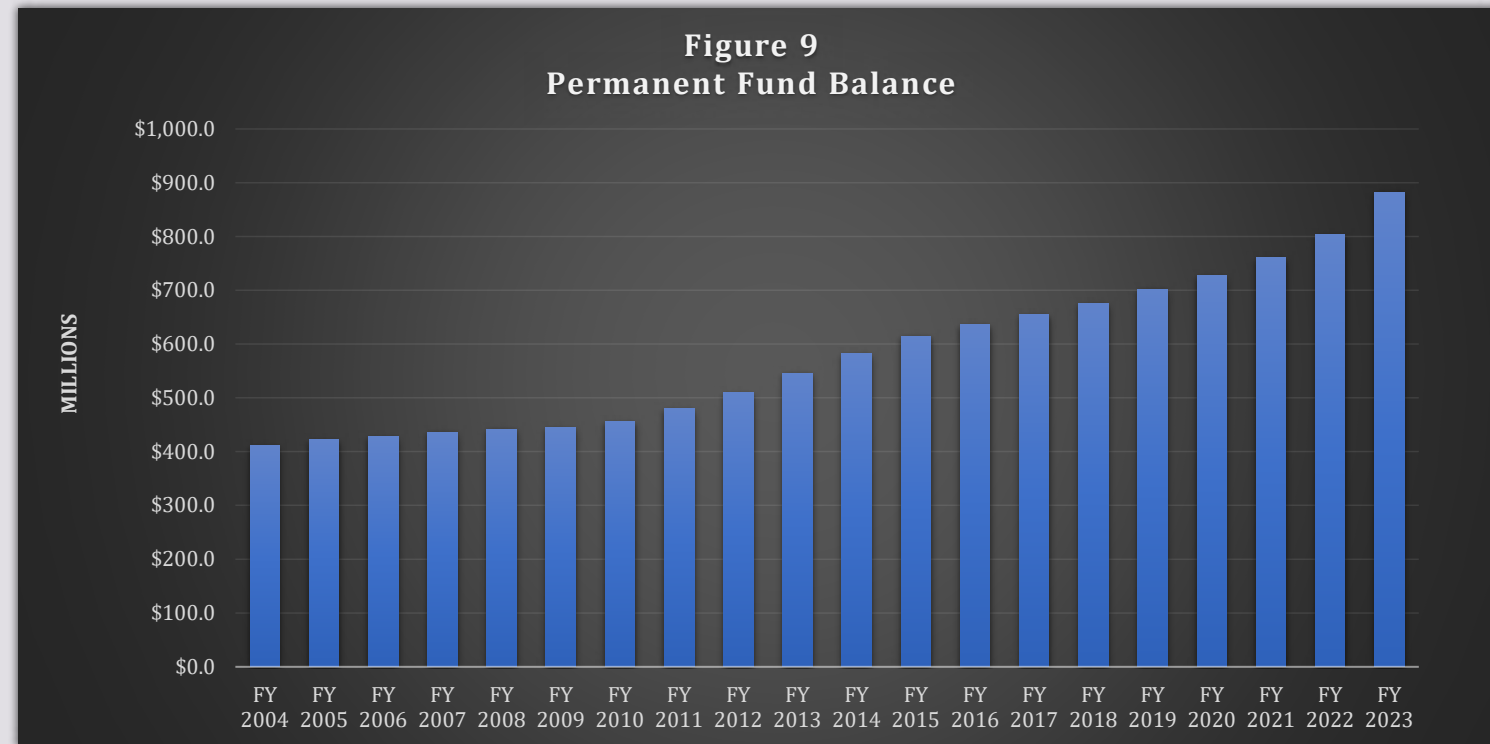
Staff in the ROW Section continue to explore opportunities to acquire legal access to state trust lands across the state. Efforts continue negotiating levels of access with private landowners when possible and work continues on reciprocal access projects with our federal partners and industrial cooperators, particularly associated with forest management activities. In FY 2023 an easement exchange was completed with the USFS that provided access to a large block of State trust lands as well as various other tracts of State land in the northwestern part of the State. A private reciprocal access agreement was also completed with a large private landowner in Flathead and Lake Counties which secured public access to several tracts of state land as well as providing resource management access to reach previously inaccessible timber ground.



FINANCIAL HIGHLIGHTS

THE PERMANENT FUND

Under the Enabling Act proceeds from the sale and permanent disposition of any of the trust lands, or part thereof, shall constitute permanent funds for the support and maintenance of public schools and the various state institutions for which the lands had been granted. The Montana Constitution provides that these permanent funds shall forever remain inviolate, guaranteed by the state of Montana against loss or diversion. These funds are often referred to as “non-distributable.” *Figure 9* shows the Permanent Fund balance over the last 20 years. The balance of the Permanent Fund was \$882,621,489 for FY 2023.



REVENUE

Figure 10 details the Net Revenue Distributions for the combined trusts over the last 10 years.

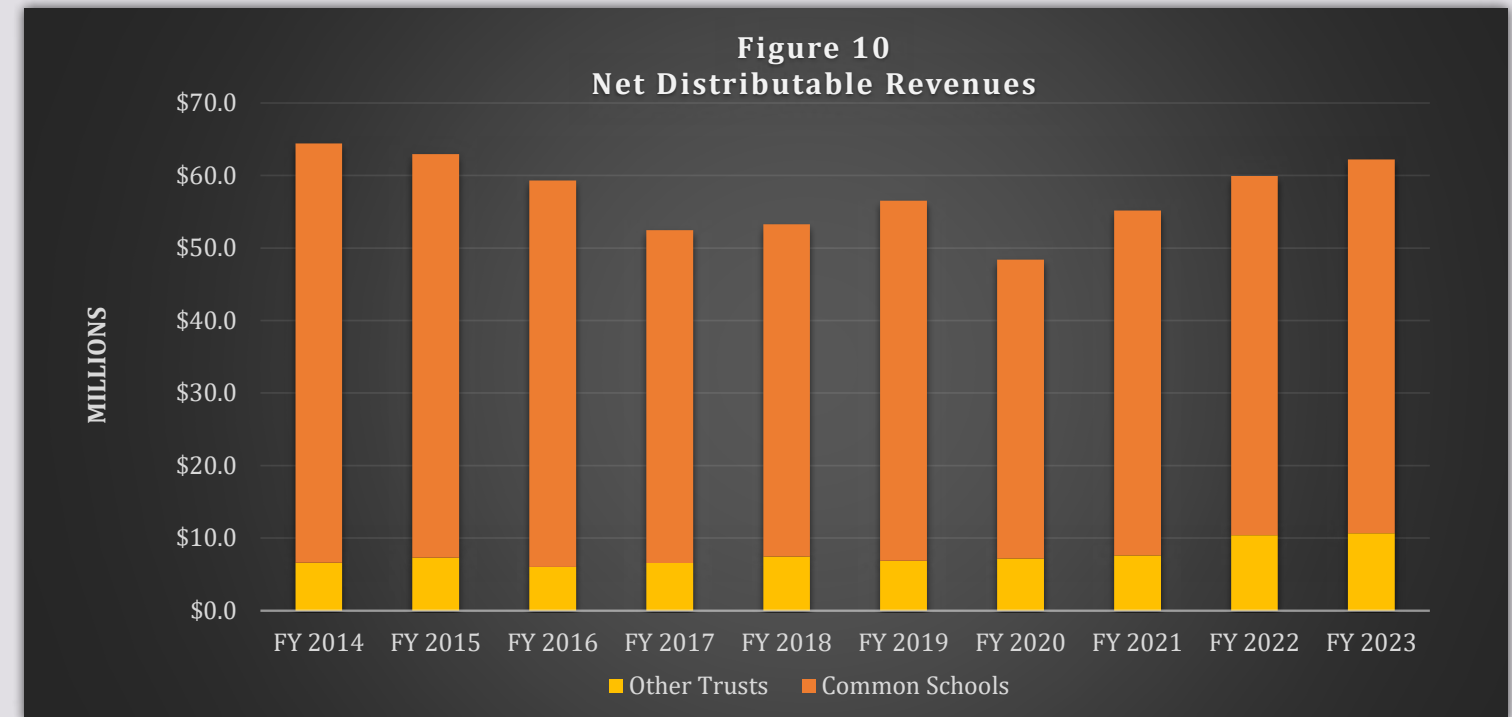


Table 1 shows the gross distributable and non-distributable interest and income proceeds for each of the trust beneficiaries for FY 2023. A small portion of trust revenues are used to fund administrative appropriations through the Trust Administration Account.

Table 1
Revenues by Trust FY 2023*

Revenues by Trust FY 2023*	Gross Distributable Revenues	Trust Earnings Reserves	Trust Admin Account ⁽²⁾	Net Distributable Revenues	Distributed to School Facility & Technology Acct ⁽⁵⁾
Common Schools ^{(3) (4) (5)}	\$68,508,957	\$1,500,000	\$12,933,723	\$51,536,896	\$9,034,905
Public Land Trust – Navigable Rivers ^{(3) (5)}	6,159,938		132,108	5,726,437	
The University of Montana	312,560		85,437	227,123	
MSU - Morrill Grant ⁽¹⁾	550,752			550,752	
MSU - Second Grant	1,255,081		253,457	1,001,624	
Montana Tech	1,880,676	140,939	310,437	1,429,301	
State Normal School	1,070,645		218,935	851,710	
School for the Deaf and Blind	538,423	2,166	266,573	269,685	
State Reform School	622,022	5,800	244,139	372,083	
Veterans Home	17,905	2,101	4,769	11,035	
Public Buildings	1,088,422		868,381	220,040	
MT Developmental Center	7,949	250	71	7,628	
MT State Hospital	7,949	250	74	7,625	
Lands Acquired - Public School ^{(3) (5)}	28,749		14,525	13,514	
Total	\$82,050,029	\$1,651,506	\$15,332,629	\$62,225,453	

Nondistributable Revenue Trust	Gross Nondistributable Revenues	Net Nondistributable Revenues	Permanent Fund Balance
Common Schools - permanent	\$73,163,502	\$73,163,502	\$818,507,009
Public Land Trust - Navigable Rivers	2,979,482	2,979,482	16,714,268
The University of Montana	192	192	1,657,465
MSU - Morrill Grant ⁽¹⁾	13,143	13,143	5,472,921
MSU - Second Grant	45,534	45,534	12,808,020
Montana Tech	4,188	4,188	7,302,770
State Normal School	37,364	37,364	6,777,309
School for the Deaf and Blind	71,000	71,000	7,235,622
State Reform School	442,777	442,777	6,061,008
Veterans Home	3,961	3,961	52,884
Lands Acquired - Public School			32,213
Total	\$76,761,143	\$76,761,143	\$882,621,489

* Trust balances reflect deposit activity by DNRC and do not include valuation adjustments from investment activities by the Board of Investments.

(1) MSU-Morrill Grant administrative costs were transferred to the appropriation from fund 02297 per House Bill 19.

(2) Trust Lands Administration Account reflects the FY 2023 actual expenditures and accruals by trust.

(3) Less 5% to permanent fund.

(4) Org 59 STIP and Trust & Legacy Revenue.

(5) School Facility and Technology Fund (77-1-218, MCA).

SCHOOL FACILITY AND TECHNOLOGY ACCOUNT

The School Facility and Technology Account contains certain revenues from the sale of timber on Common Schools' land, as defined in 20-9-516, MCA, revenues from activities on the Lands Acquired Trust, and Public Land Trust – Navigable Rivers. In FY 2023 \$9,034,905 was distributed to the School Facility & Technology Account, including \$3,308,468 for the sale of timber on Common Schools' land (in excess of 18 million board feet (MMBF)), \$5,726,438 from hydro lease revenue on the Public Land Trust.



Photo by Dan Rogers

Table 2
Five-Year Summary of Gross Revenue Generated by Activity

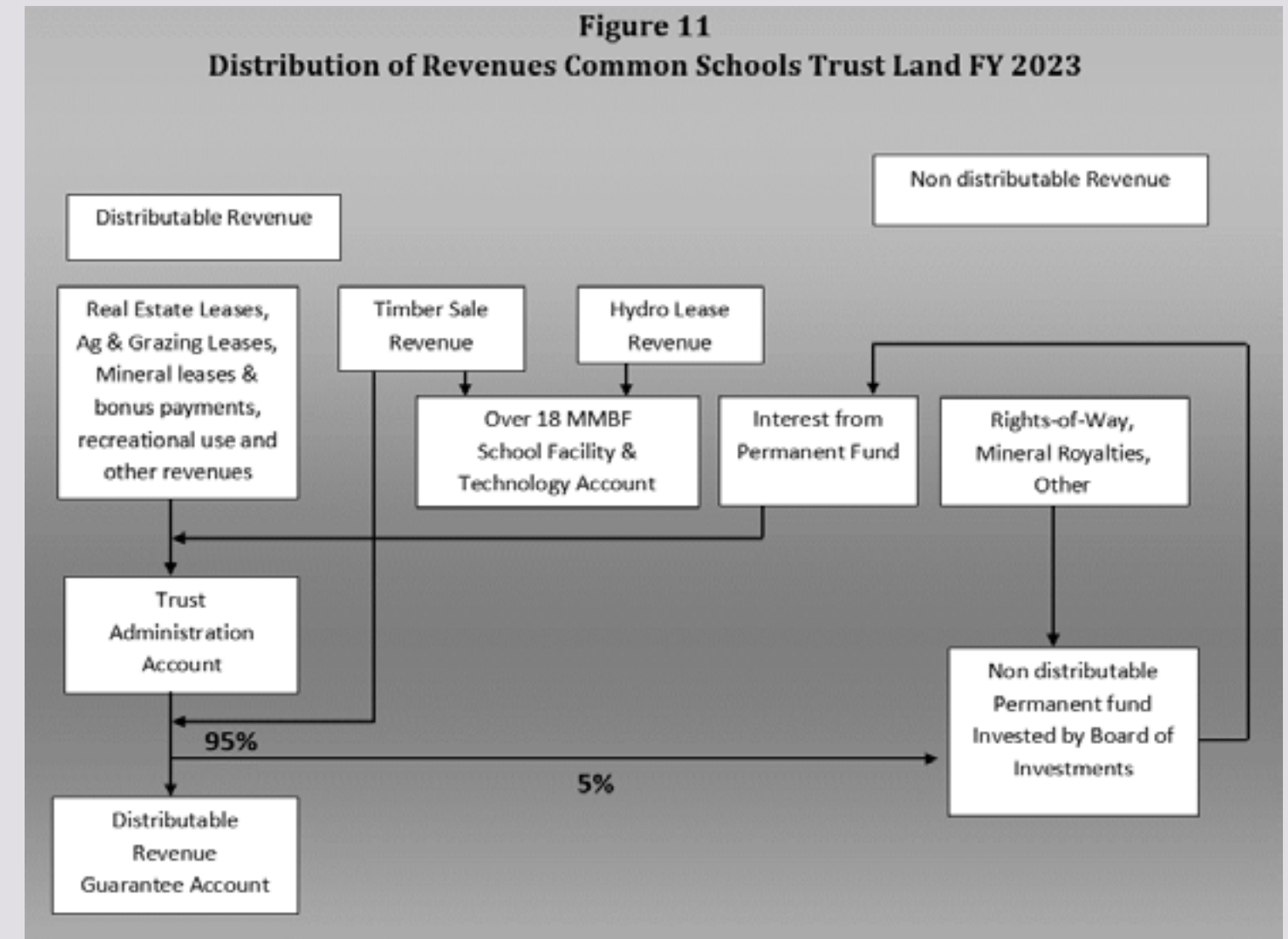
Activity	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Agriculture & Grazing Management					
Grazing Leases	\$13,499,087	\$13,348,287	\$13,778,502	\$13,307,059	\$13,662,983
Agriculture Leases	16,777,948	14,898,934	16,818,777	15,655,032	16,568,602
Totals	\$30,277,035	\$28,247,221	\$30,597,279	\$28,962,091	\$30,231,585
Recreational Use					
General Licenses	\$149,856	\$203,681	\$225,132	\$234,144	\$261,772
Conservation Licenses	999,938	1,052,910	1,170,162	871,792	1,325,626
Special Recreation Use Licenses	191,600	171,522	199,694	177,713	272,293
Totals	\$1,341,394	\$1,428,113	\$1,594,988	\$1,283,649	\$1,859,691
Forest Management					
Timber Sales	\$9,598,881	\$8,325,644	\$12,822,559	\$9,387,397	\$8,118,110
Forest Improvement Fees	896,366	742,327	1,558,230	1,359,619	1,143,527
Totals	\$10,495,247	\$9,067,971	\$14,380,789	\$10,747,015	\$9,261,637
Minerals Management					
Oil & Gas Revenues					
Rentals/Bonuses/ Penalties	\$2,208,226	\$1,198,953	\$729,958	\$2,237,131	\$772,139
Royalties	10,408,310	7,026,806	6,033,658	10,640,222	20,720,400
Seismic Exploration	1,016	3,635	0	150	230
Aggregate Minerals					
Rentals/Bonuses	600	1,600	200	400	1,200
Royalties	382,965	375,333	294,786	427,864	351,344
Coal					
Rentals/bonuses	38,317	25,046	13,526	7,848	17,466
Royalties	11,370,152	13,672,960	13,124,951	27,738,260	46,251,344
Other Minerals					
Rentals/Penalties	12,043	23,103	35,103	28,377	45,392
Royalties	40,103	79,854	59,983	5,870	11,528
Totals	\$24,461,732	\$22,407,291	\$20,292,165	\$41,086,122	\$68,171,043
Real Estate Management					
Rights-of-way/Easements	\$2,102,621	\$1,592,694	\$10,742,105	\$784,294	\$9,154,277
Residential Leases/Licenses	2,452,520	2,220,310	2,306,766	2,157,465	2,103,344
Other Leases/Licenses					
Commercial	2,489,005	2,249,274	2,366,942	2,470,379	2,444,666
Conservation	18,204	15,615	16,115	16,376	16,673
Other	31,591	28,867	26,083	30,723	30,707
Hydro Leases/Navigable Rivers	16,137	18,693	18,613	5,191,270	5,581,635
Totals	\$7,110,078	\$6,125,453	\$15,476,624	\$10,650,507	\$19,331,302
Other					
Trust and Legacy Interest	\$24,324,125	\$24,201,939	\$24,769,102	\$26,180,741	\$30,793,398
Other Revenues	1,198,900	595,344	233,897	356,996	2,330,852
Totals	\$25,523,025	\$24,797,283	\$25,002,999	\$26,537,738	\$33,124,250
TOTALS	\$99,208,511	\$92,073,332	\$107,344,843	\$119,267,122	\$161,979,508

REVENUE DISTRIBUTION - COMMON SCHOOLS, UNIVERSITIES, AND OTHER TRUSTS

The distribution of revenues generated from Common Schools trust lands is illustrated in *Figure 11*. From the distributable receipts, a small percentage is used to fund the Trust Administration Account, see *Table 1*. Ninety-five percent of the remaining distributable revenue is distributed yearly to the state Guarantee Account for use by public schools of the state. The Permanent Fund comprises the other 5 percent, together with non-distributable revenue. The interest earned on the Permanent Fund is also distributed to the Guarantee Account for use by public schools, with the exception of 5 percent, which is returned to the Permanent Fund for reinvestment.

Distribution of revenues to the university trusts and other trusts is like that of the Common Schools trust. The exception is the MSU-Morrill Grant, whose administrative costs are funded by the General Fund (House Bill 19, 2007 legislature). For the University System trusts, timber sale revenues are considered distributable. The Public Buildings trust does not have a permanent fund; therefore, remaining receipts are distributed to the Department of Administration.

In addition to state trust lands, the Division manages some land for other agencies. Revenue generated from other agency land is transferred directly to the appropriate state agency.



RETURN ON ASSETS FY 2023

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Photo by Dustin Lenz

PREFACE

This *Return on Assets Report* is an annual publication from the Trust Lands Bureaus of the Forestry and Trust Lands Division of the Department of Natural Resources and Conservation (DNRC) detailing the earnings and business trends of state trust lands. This edition of the *Return on Assets Report* covers fiscal year 2023 (FY 2023), which began July 1, 2022, and ended June 30, 2023.

The *Return on Assets Report* is three sections which examine market conditions affecting trust revenues; return on assets for each trust; and land management program performance, including classified forest lands returns as required by law, see (MCA 77-1-223) and (MCA 15-44-103).

The *Return on Assets Report* is made available with specific accounting limitations. This report is not an official income or cash flow statement. Asset values and returns are estimated based on the best available data, revenues and expenses may vary from those reported in DNRC's *Annual Report* due to the inclusion or exclusion of specific accounts. Returns reported are income returns which do not account for year-over-year changes in asset values. Finally, unless otherwise noted, dollar values throughout the report are expressed in nominal terms.



MARKETS

Montana state trust lands are, principally, working lands. These lands are held in trust for the perpetual yield of revenues to support Montana’s public education institutions. The majority of business transactions on state trust lands are the result of derived demand for land and resources in open markets. For example, grazing land must be leased by private ranching operations as part of their business operation to raise and sell livestock. Grazing land rental value is thus derived from and directly connected to the supply and demand for U.S. livestock. Changes in consumer preferences for beef (i.e., changes in the direct demand for beef) could affect the rental value and contracting opportunity on state trust lands.

Though most business generated by the state trust lands occurs in traditional industries (i.e., commercial forest products, livestock grazing, irrigated and dryland agriculture, energy and mineral resource development, and real estate development) there are a few alternative revenue streams generated from: recreation, ecosystem services and technology related industries. For both the traditional and emerging business revenue streams, future opportunities for revenue center around land use and depend on local, national, and global economic conditions and market trends.



Photo by Jess Hoag

TIMBER AND FOREST PRODUCTS

Indicators for timber and forest products industry health in Montana include private sector employment, forest product prices, and quantities of timber harvested and sold from various land ownerships. Demand for timber and subsequent timber contract prices are derived ultimately from consumer demand for lumber and other finished forest products.

In Montana, where many rural economies are supported by logging services and forest products manufacturing, it’s important to observe industry trends from a private employment perspective. *Figure 1* shows statewide industry employment trends with an approximate fifty percent decline in total employment from 2001 to 2022. From a historic perspective, sawmills, paper mills, and other forest products manufacturing has lost a tremendous amount of invested capital, due to a multitude of external reasons. Some of the impacts to the industry have included: local supply shortages, international trade agreements, and shocks to lumber prices resulting from financial sector securitization excess and the 2008-2012 mortgage crisis and housing recession. Forest products markets were on an upswing through FY 2022, as housing starts rapidly recovered from an early 2020 Covid-19 related slowdown *Figure 2* and an increased demand for lumber created low inventories and supply chain backlogs, resulting in record lumber prices. Lumber traded at an all-time high, hitting its peak in May 2021. Starting in March 2022, lumber prices have softened as rising interest rates and a recessionary outlook have impacted housing markets and building activity.

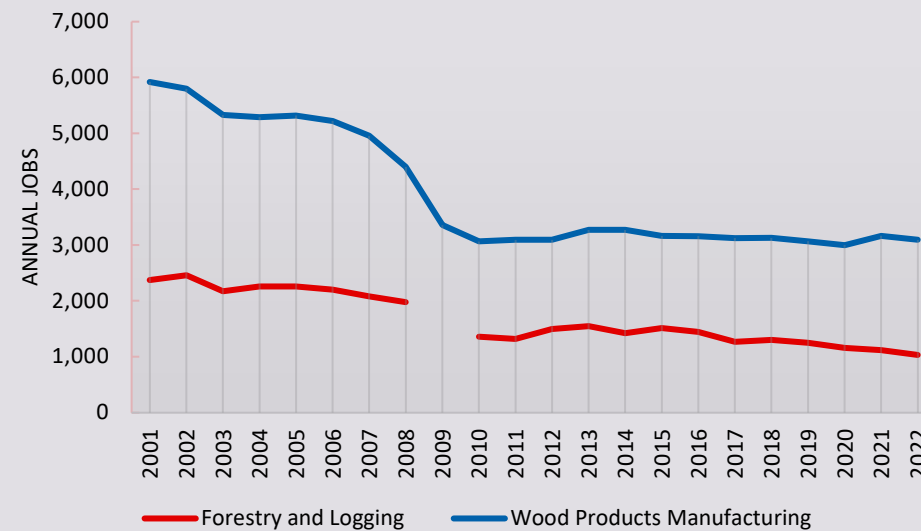
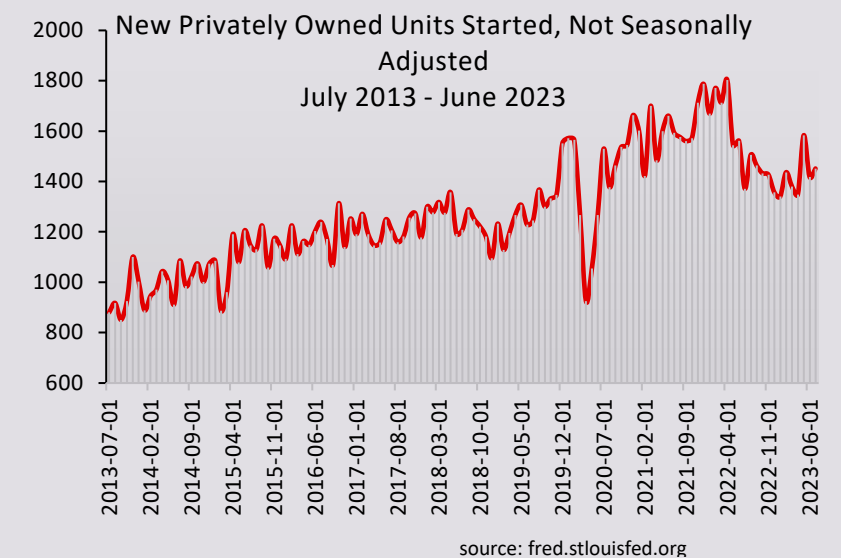


Figure 1.
Montana Forestry and Forest Product Private Employment
Source: U.S. Bureau of Economic Analysis

Figure 2.
Monthly National Housing Starts, 2013-2023
Source: fred.stlouisfed.org



source: fred.stlouisfed.org

AGRICULTURE AND GRAZING

Indicators for agriculture and livestock grazing industry health in Montana include private sector employment, crop and livestock prices, farm production quantities, and gross farm sales. Demand for agriculture and range land and subsequent land lease prices are derived ultimately from consumer demand for crops, and food, including meat.

Montana's agriculture sector is vast and provides a high percentage of jobs in many rural communities across the state. Additionally, Montana's agriculture production is tracked by USDA, and other entities. For a quick look at industry trends, *Figure 3* shows gross agriculture product across Montana. Crop sales have leveled in recent years but have not departed from historic variation. Trust Lands grazing revenues are linked to cattle prices, shown in *Figure 4*. For most of FY 2021, feeder markets trended upward, despite a drought-driven selloff which began in the last months of FY 2021. These markets continued to beat the prior five-year trend through FY 2022 and FY 2023. Much of Montana saw a rebound due to excellent rainfall into summer 2023, boosting productivity on both crops and livestock grazing.

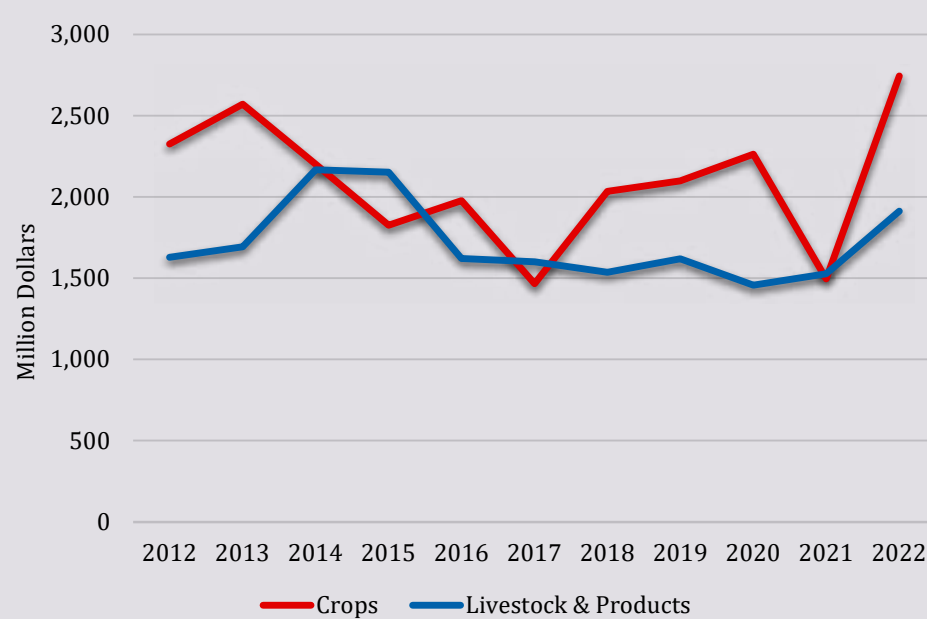
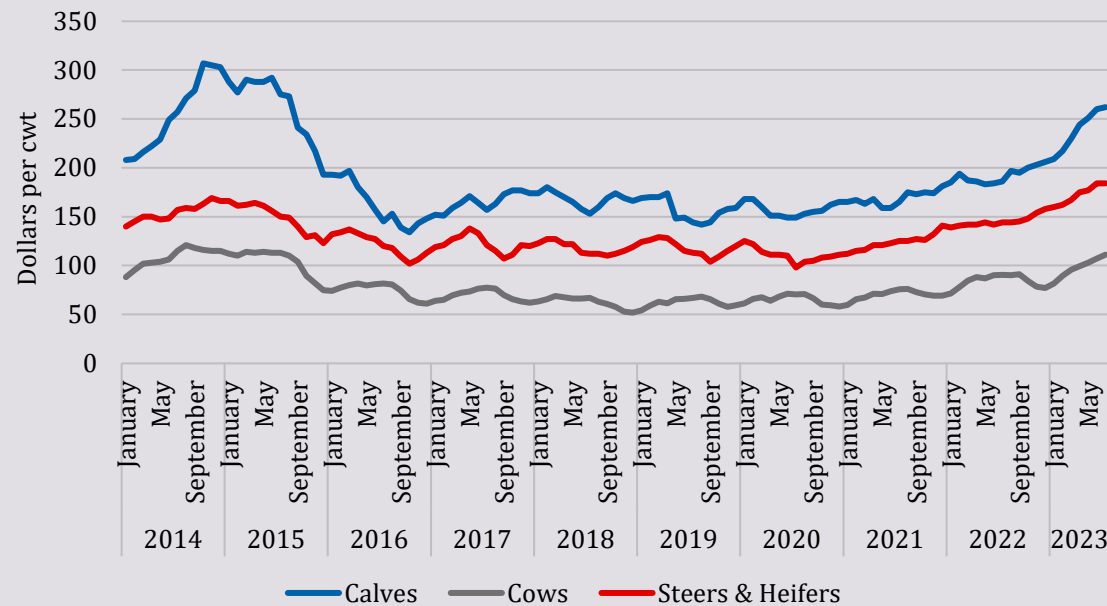


Figure 3.
Montana Agriculture Production Value
Source: www.nass.usda.gov

Figure 4.
U.S. Cattle Prices Received



MINERALS

The Minerals Management Bureau is responsible for leasing, permitting, and managing approximately 1,200 oil and gas, coal and other mineral agreements on nearly 476 thousand acres of the 6.2 million acres of state trust mineral rights throughout Montana. Most revenue generated by the Minerals Bureau comes from oil and coal markets. Oil production, and prices received, in Montana are driven by national oil markets as depicted in *Figure 5*. In *Figure 6*, the oil supply glut can be observed as sharply reduced prices and domestic production, which in turn impacted trust mineral revenues in FY 2015 and FY 2016. Oil prices and revenues had partially recovered since FY 2016, however the market hit an unprecedented negative price early in calendar year 2020. In 2022 and 2023, oil prices and revenues have come roaring back to levels not seen since 2014. Coal royalties are the largest revenue source in the Minerals Bureau, followed by oil.

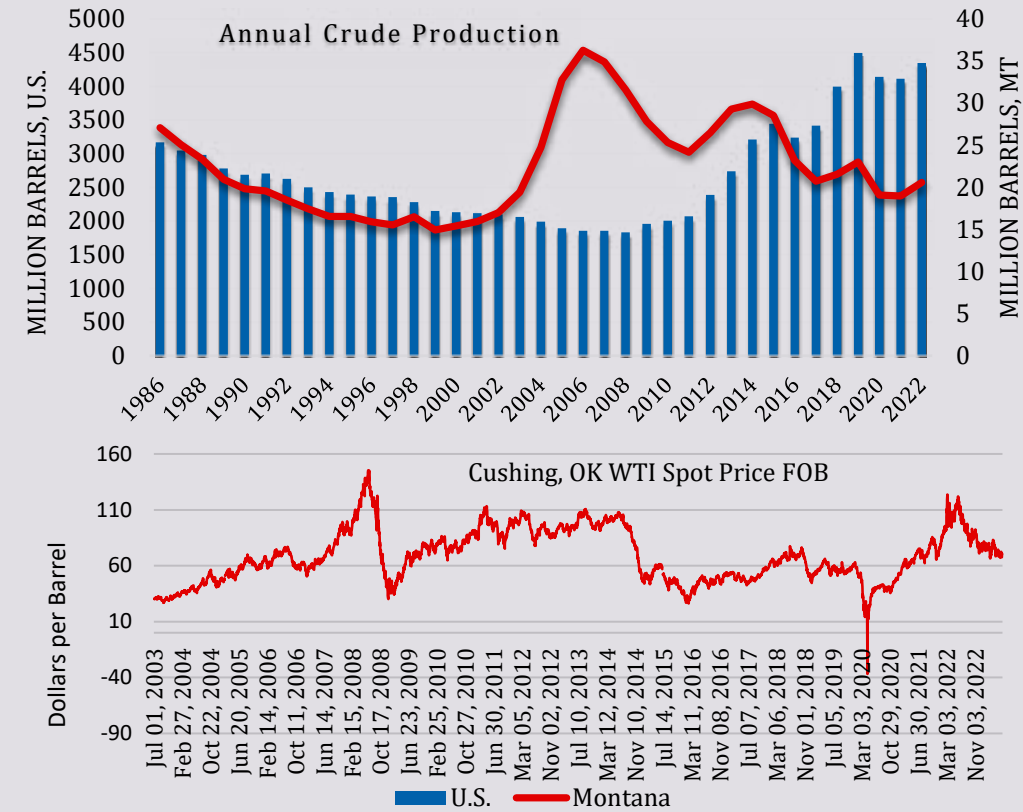
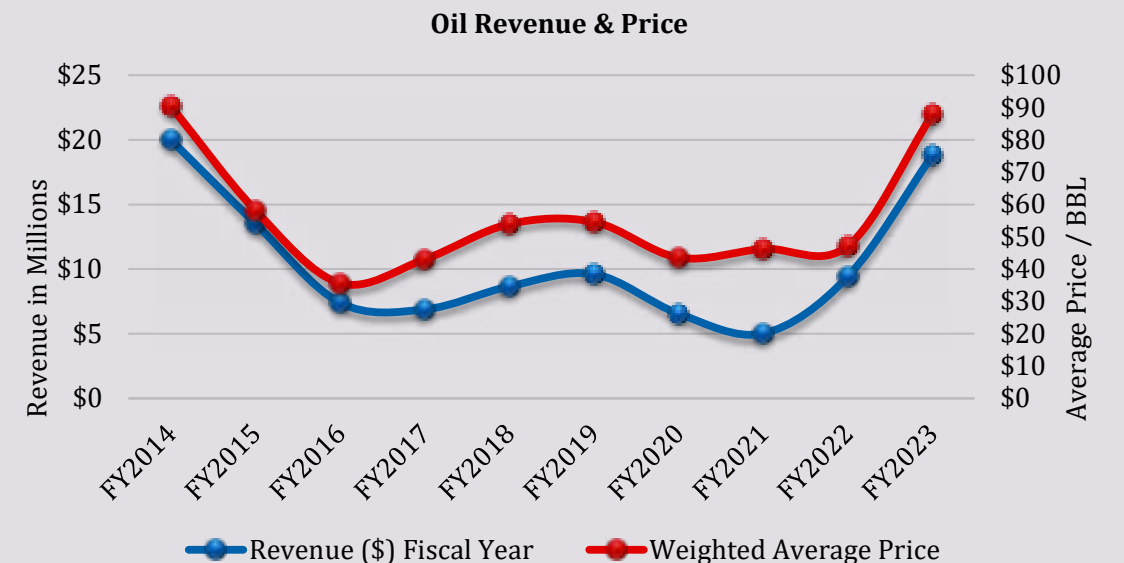


Figure 5.
Crude Oil Production and Prices, U.S. and Montana
Source: <https://www.eia.gov/petroleum/data.php>

Figure 6. DNRC Minerals Management Oil Revenues and Market Price (FY 2014-2023)



REAL ESTATE

Less than one percent of statewide surface ownership is classified Other, designating properties under lease or development for real estate purposes. The primary categories of leasing revenue within the Real Estate Program are driven by residential home site and cabin site leasing, and commercial leasing for a variety of purposes. Real estate lease revenues for residential or commercial use are driven by the value of Trust Lands parcels, which tend to respond to trends in population and housing prices as shown in *Figure 7*, as well as other factors such as employment, consumer spending and business investment. Montana employment in Real Estate leasing and building construction is illustrated in *Figure 8*. Revenues from Trust Lands real estate leasing activities improved over FY 2022, as shown in *Table 7* of this report.

Rights-of-way revenues have also been a significant portion of Real Estate revenues. These are more difficult to forecast, as they are largely driven by outside requests. Many counties are still working through the historic road rights-of-way process, and new access agreements in support of other property sales, exchanges, and developments will likely continue to bring in revenues over future years.

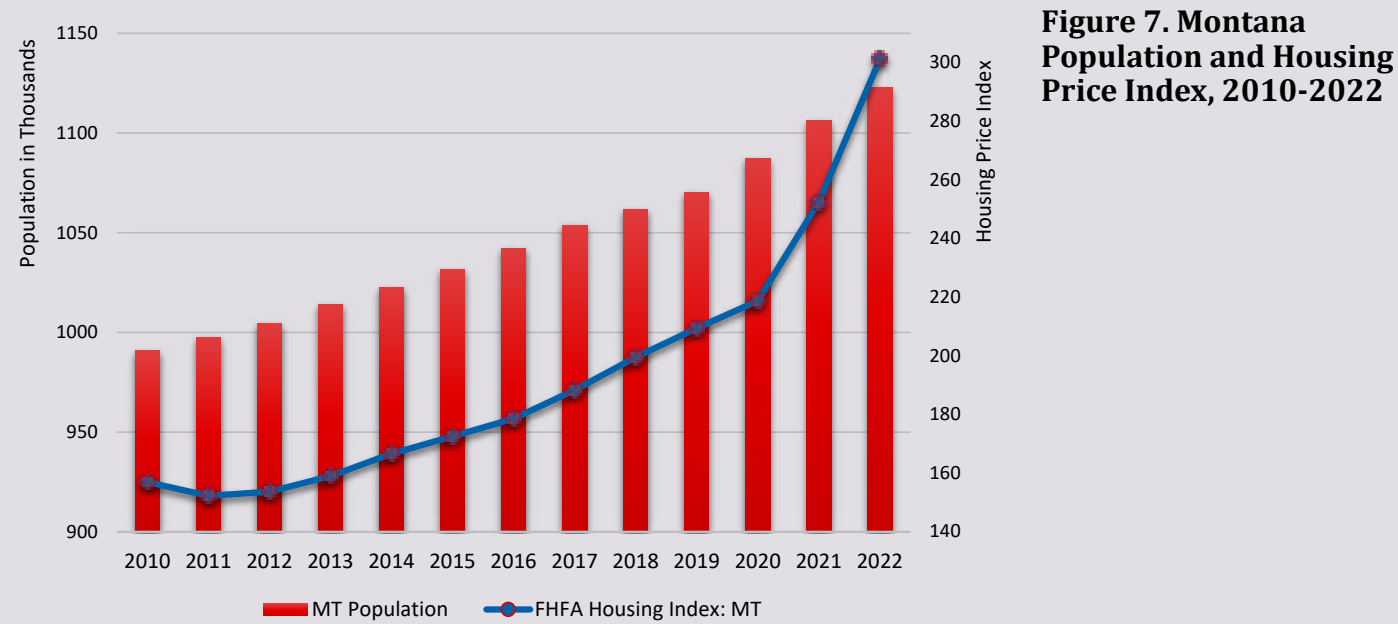
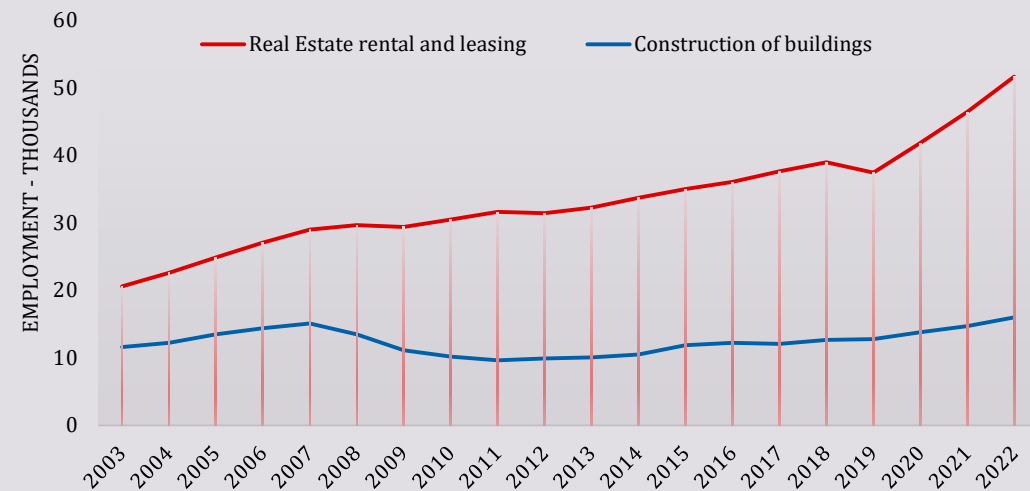


Figure 7. Montana Population and Housing Price Index, 2010-2022

Figure 8. Montana Real Estate Rental and Construction Employment



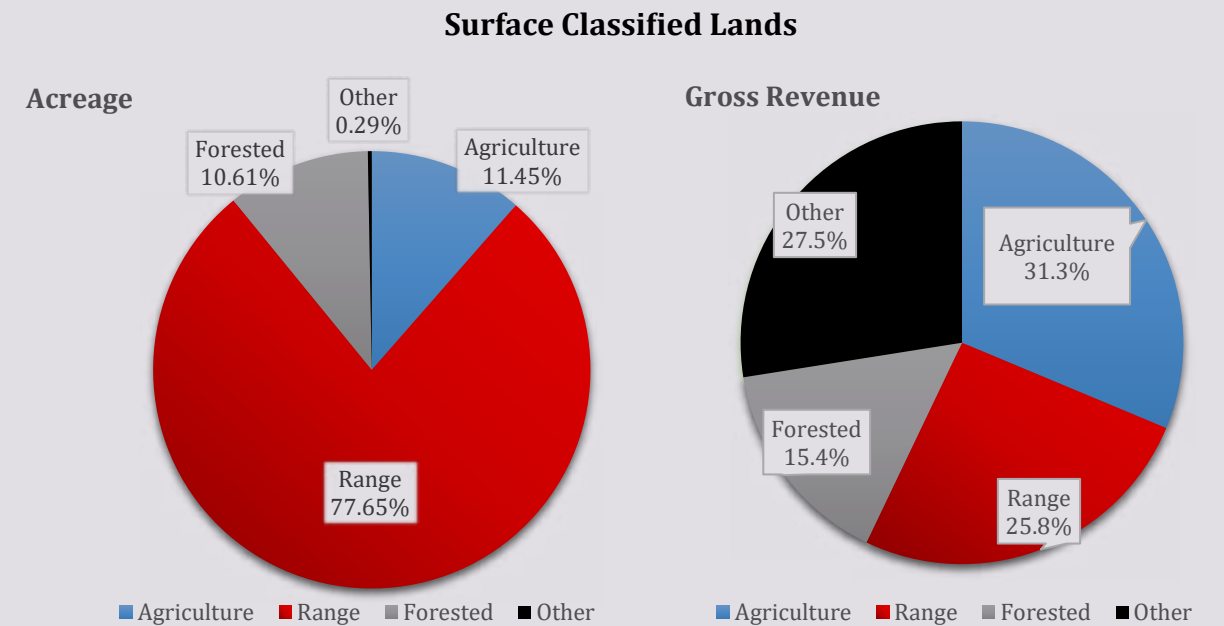
Source: Bureau of Economic Analysis

STATE TRUST PERFORMANCE

Montana state trust surface and mineral rights total 5.2 million surface acres and 6.2 million subsurface acres, respectively. *Figure 9* highlights the approximately 78 percent of trust surface acres that are classified as grazing lands, which are located primarily east of the continental divide. The remaining acres are classified as agriculture and forested lands, at 11 and 10 percent of total surface ownership, respectively. Finally, less than one percent of the trust portfolio surface acreage is designated for developed real estate business activities including residential, commercial, community, and conservation properties. *Figure 9* also illustrates the gross revenue contributions from each classification of surface lands.

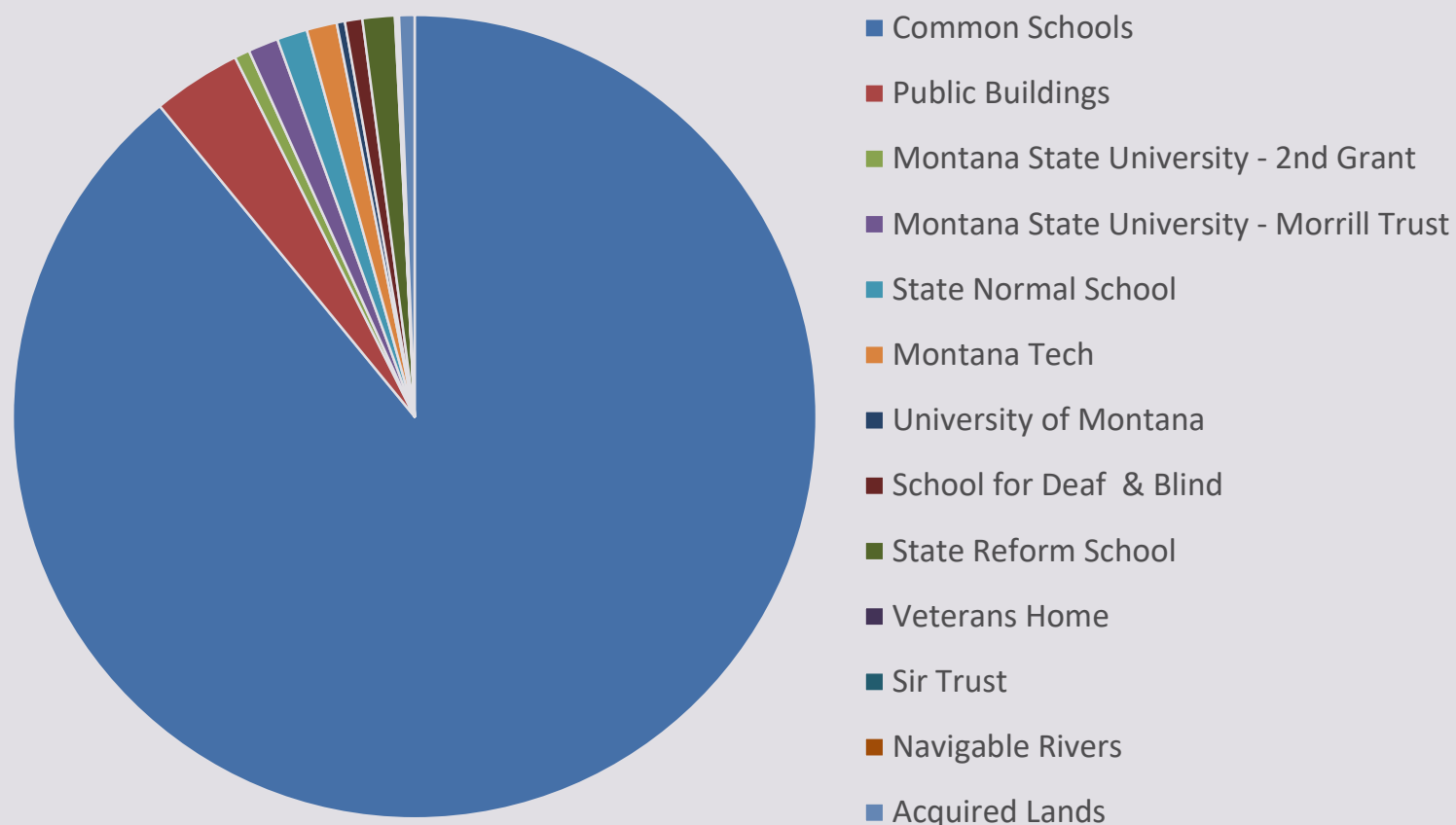
These multi-category lands represent the bulk of state trust assets, the remaining assets are fixed investments in commercial and government bonds. Land asset values, which are important for benchmarking the financial performance of trust land business over time, are largely estimated. The exception to this is when transaction evidence is available to trust land managers. Since 2003, land banking legislation (MCA 77-2-361-367) has legally permitted a limited number of state trust parcels to be exchanged, bought or sold through careful provisions. While operating to improve income generation, accessibility, and other parallel land management objectives, the Land Banking Program also produces data on the value of a limited number of trust surface parcels. These data, in combination with USDA National Agriculture Statistics Service (NASS), help support the evaluation of aggregated asset values. Finally, mineral rights are excluded from valuation estimates in this report, because mineral estate rights are permanently reserved assets of the State (MCA 77-2-304) and cannot be sold, except by a rental and royalty basis as provided by law.

Figure 9. Trust Lands Acreage and Gross Revenue by Land Classification



To better understand the diversity of ownership in the state trust portfolio, *Figure 10* and *Table 1* share the percentage and total acreage of surface ownership represented by the various trust beneficiaries, respectively. The largest single trust is Common Schools which owns over 90 percent, or 4.6+ million acres of all state trust land in Montana. The remainder of state trusts make up a small portion of the total business volume and surface ownership of the trust portfolio. Ownership percentages can shift over time, depending on sales and acquisitions resulting from land banking and exchanges. Such occurrences would typically reflect changes in acreage, rather than asset book values, due to requirements to exchange land of par values.

Figure 10. Trust Lands Acreage by Trust Ownership



In the central columns of *Table 1*, existing surface ownership details are provided. Mineral estate ownership details are shown in the right most column. Overall, a very small portion of mineral acreages will ever be developed.

Table 1. Surface and Subsurface Estate Acres by Trust Ownership and Land Classification

Trust	Agriculture Acres	Range Acres	Forested Acres	Other Acres	All Surface Acres*	Oil, Gas, Coal Estate Acres**
Common Schools	570,761	3,701,497	361,635	7,503	4,641,396	5,606,575
Public Buildings	5,304	106,442	71,841	1,818	185,405	172,323
MSU – Second Grant	84	9,043	22,321	295	31,743	46,598
MSU – Morrill Grant	2,030	55,876	5,522	45	63,473	77,929
State Normal School	2,908	45,810	14,661	190	63,569	80,455
Montana Tech	10,405	37,047	15,771	209	63,431	86,267
University of Montana	2,306	13,481	1,440	16	17,243	33,754
School for Deaf & Blind	1,409	24,577	10,380	94	36,461	41,171
State Reform School	996	48,692	18,007	77	67,772	74,107
Veterans Home	90	1,270	0	57	1,418	1,276
Sir Trust	477	2,123	0	0	2,600	0
Public Land Trust- Navigable Rivers	0	172	0	4,245	4,417	20,114
Acquired Lands – Public Schools	0	0	32,295	0	32,295	0
Total	596,770	4,046,029	553,873	14,549	5,211,222	6,240,569

*Total acreage may differ from other reports due to the timing of sales and acquisitions through Land Banking and Cabin site Sales.

**Oil & Gas acreage used for reporting. True acreage when including Coal Estate acres having no overlapping Oil & Gas rights would be larger.

Table 2 reports historical USDA National Agricultural Statistics Service (NASS) survey data on farm real estate values in Montana from 2014 to 2023. NASS data are not region specific but are useful as an aggregated observation of rural and working land value trends in Montana.

Table 2. Annual Montana Farm Real Estate Values (Acres and U.S. dollars reported by USDA NASS 2014-2023)

Calendar Year	All Farm Land		Agricultural Crop Land		Range, Pasture Land	
	Price/Acre	Annual Change (%)	Price/Acre	Annual Change (%)	Price/Acre	Annual Change (%)
2014	860	8.86%	987	10.90%	640	10.34%
2015	890	3.49%	997	1.01%	650	1.56%
2016	900	1.12%	1010	1.30%	650	0.00%
2017	917	1.89%	1010	0.00%	660	1.54%
2018	916	-0.11%	1020	0.99%	667	1.06%
2019	915	-0.11%	1040	1.96%	680	1.95%
2020	915	0.00%	1030	-0.96%	680	0.00%
2021	930	1.64%	1050	1.94%	700	2.94%
2022	1030	10.75%	1160	10.48%	775	10.71%
2023	1070	3.88%	1170	0.86%	800	3.23%

Table 3 reports FY 2023 estimated average asset values on a per acre basis. These values are appreciated from a FY 2011 baseline valuation with a conservative methodology utilizing the trend data provided by the USDA in Table 2. Rural and forested lands are appreciated based on a proportion of appreciation reported annually by USDA farm and rural land surveys. Real estate and other special use lands are valued using the same approach except where existing appraisals (i.e., transaction evidence) can provide timely market valuation data. Forest land valuation is commonly estimated using income-approach methods. In the case of state trust lands, and for tracking and benchmarking assets over multiple years, a less volatile valuation methodology, which can account for real estate and alternative values, is preferred.

Table 3. Average Trust Surface Asset Values by Area and Classification (U.S. dollars per acre estimated by DNRC FY 2023)

Land Office	Agriculture Average	Grazing Average Asset Value/Acre	Forest Average Asset Value/Acre
Central	948	855	1,218
Eastern	407	286	0
Northeastern	677	359	407
Northwestern	2,703	1,709	2,366
Southern	1,015	643	0
Southwestern	1,488	1,140	1,555

* Real estate values reflect existing DNRC land appraisals, proximity to urban areas, and other developed land market factors, and vary widely within Area Offices. Annual adjustments are made using average land appreciation. Land appraisals do not include privately owned structures on cabin sites, or other real estate improvements.

Table 4 reports FY 2023 beginning estimated total asset values for each trust. Trust real assets totaled approximately \$3.959 billion. These sums are derived through the application of Table 3 data with Table 1 current classified acres.

Table 4. Total Average Surface Estate Assets by Trust and Classification (U.S. dollars estimated by DNRC FY 2023)

	Agriculture Assets	Grazing Assets	Forest Assets	Other Assets	Total Assets*
Common Schools	402,699,020	1,841,133,643	748,826,412	105,783,179	3,098,442,254
Public Buildings	4,240,226	84,292,895	143,884,093	8,869,845	241,287,058
MSU – Second Grant	83,091	7,797,227	44,331,263	9,334,779	61,546,359
MSU – Morrill Grant	1,590,872	40,357,851	11,332,822	1,374,411	54,655,956
State Normal School	2,053,929	31,039,856	30,809,176	3,180,470	67,083,431
Montana Tech	7,964,613	23,452,500	32,759,988	10,548,350	74,725,452
University of Montana	1,619,060	6,484,879	2,369,328	1,097,865	11,571,132
Deaf & Blind School	1,110,426	19,511,134	22,875,889	3,724,918	47,222,367
State Reform School	868,323	35,441,751	25,098,230	4,008,312	65,416,615
Veterans Home	243,246	455,634	0	2,711,151	3,410,031
Sir Trust	194,027	607,617	0	0	801,645
Public Land Trust - Navigable Rivers	0	74,111	0	182,534,243	182,608,354
Acquired Lands – Public Schools	0	0	50,225,582	0	50,225,582
Total Assets	422,666,833	2,090,649,098	1,112,512,784	333,167,522	3,958,996,237

* Excludes mineral rights and Permanent Fund valuations.

Table 5 reports FY 2023 trust lands management net income by trust. MSU-Morrill Trust shows a 96% Profit Ratio due to its unique funding mechanism; these management costs are not funded from the gross revenues but rather appropriated separately and legislatively capped.

The Sir Trust, included in acreage and asset tables above, does not hold financial accounts. Revenues generated on parcels acquired in the Sir Trust are split across three small trusts: the MT Development Center, the MT State Hospital, and the School for the Deaf & Blind.

Table 5. Net Revenues by Trust (U.S. dollars estimated by DNRC 2023)

	SubSurface Assets	Surface Assets					Subtotal: Surface Asset** Management	Net from Other Assets	Total Net Operating Income	Profit Ratio
	Minerals Management	Ag and Grazing Management	Rec Use	Real Estate Management	Forest Management	Land Services*				
Common Schools	\$63,942,107	\$25,867,821	\$1,268,401	\$4,741,582	\$2,017,973	\$8,223,835	\$42,119,612	\$25,197,449	\$131,259,168	90%
Capitol Buildings	\$151,523	\$440,180	\$63,163	\$178,918	-\$359,455	\$7,434	\$330,239	-\$129,768	\$351,994	27%
MSU – Second Grant	\$5,609	\$41,057	\$11,628	\$1,507,747	-\$64,407	\$398,332	\$1,894,355	\$393,083	\$2,293,048	80%
MSU Morrill	\$9,873	\$272,150	\$26,728	\$22,681	\$7,279	\$1,016	\$329,854	\$203,151	\$542,878	96%
Western / Eastern	-\$2,232	\$246,420	\$26,171	\$72,574	\$318,666	\$96,946	\$760,777	\$186,004	\$944,549	79%
Montana Tech	\$2,631	\$468,892	\$31,615	\$562,736	\$367,860	\$246,706	\$1,677,810	\$205,872	\$1,886,313	85%
University of Montana	-\$205	\$147,997	\$5,538	\$75,936	-\$41,605	\$9,300	\$197,167	\$46,527	\$243,488	74%
Deaf & Blind School	\$403	\$131,404	\$18,599	\$103,200	-\$17,727	-\$60,423	\$175,053	\$219,596	\$395,052	57%
Pine Hills School	-\$1,109	\$176,979	\$24,277	\$676,670	\$251,856	\$142,291	\$1,272,073	\$165,746	\$1,436,711	85%
Veterans Home	-\$2	\$7,516	\$160	\$7,004	-\$43	\$2,462	\$17,100	\$1,217	\$18,315	83%
MT Development Center	\$0	\$7,441	\$440	\$0	\$0	\$0	\$8,074	\$0	\$8,074	99%
MT State Hospital	\$0	\$7,438	\$440	\$0	\$0	\$0	\$8,071	\$0	\$8,071	99%
Public Land Trust-Navigable Rivers	\$2,677,392	-\$557	\$246	\$5,567,299	-\$2,084	\$252,065	\$5,816,968	\$544,846	\$9,039,206	99%
Acquired Lands – Public Schools	\$0	\$11,623	\$9,945	\$0	-\$3,847	\$14	\$16,348	\$330	\$16,679	54%
Grand Total	\$66,785,991	\$27,826,360	\$1,487,352	\$13,514,960	\$2,474,465	\$9,319,979	\$54,623,501	\$27,034,053	\$148,443,545	90%

*Land services revenue includes Forest Improvement, right-of-way and Other categorized payments.
 ** Surface asset management costs reflect division costs excluding mineral program administration.

The net revenues in Table 5 reflect separating program expenses and revenues according to land classification categories, to support estimating the returns on those asset classifications. The following Program performance tables, starting with Table 7, reflect a more traditional look at totals by management program, and include some revenues on non-Trust lands

Table 6 presents calculated income rates of return on land classifications by Trust, based on estimated asset values and revenues reported in other tables in this document.

Table 6. FY 2023 Income Returns by Surface Lands Asset Class

	Ag & Grazing	Forested	Other Real Estate	Surface Assets Income Returns***
Common Schools	1.2%	0.3%	4.5%	1.36%
Capitol Buildings	0.5%	-0.2%	2.0%	0.14%
MSU – Second Grant	0.5%	-0.1%	16.2%	3.08%
MSU Morrill	0.6%	0.1%	1.7%	0.60%
Western / Eastern	0.7%	1.0%	2.3%	1.13%
Montana Tech	1.5%	1.1%	5.3%	2.25%
University of Montana	1.8%	-1.8%	6.9%	1.70%
Deaf & Blind School	0.6%	-0.1%	2.8%	0.37%
Pine Hills School	0.5%	1.0%	16.9%	1.94%
Veterans Home	1.1%	0.0%	0.3%	0.50%
Public Land Trust-Navigable Rivers	-0.8%	0.0%	3.1%	3.19%
Acquired Lands – Public Schools	0.0%	0.0%	0.0%	0.03%
TOTAL SURFACE ASSETS INCOME RETURN	0.97%	0.49%	4.06%	0.87%

***Income returns are a dividend equivalent and calculated as the ratio of surface net operating income to estimated average surface asset value of this fiscal year.

TRUST LANDS PROGRAM PERFORMANCE

Total program revenues and operational expenses (i.e., costs of doing business) have generally increased over the last eight years. Table 7, Table 8, and Table 9 summarize program revenues, costs, and net operating income, respectively, and Figures 11, 12 and 13 illustrate the trends in program revenues and costs over the same years.

Table 7. Trust Lands Total Program Revenues FY 2014 through FY 2023 (U.S. dollars reported by DNRC TLMD)

Program	Agriculture and Grazing Mgmt	Forest Mgmt	Real Estate Mgmt	Minerals Mgmt	Recreational Use Mgmt	Total Program Revenues	Permanent Fund Earnings / Other	Total Revenues
FY 2014	28,495,222	9,849,623	9,049,364	39,116,340	1,101,392	90,958,006	23,460,822	114,418,828
FY 2015	28,894,893	10,781,916	8,974,400	28,553,590	1,233,102	84,895,976	24,207,216	109,103,192
FY 2016	31,930,471	7,317,120	9,014,114	19,041,008	1,233,225	71,680,479	24,167,124	95,847,603
FY 2017	27,909,929	9,683,017	4,564,587	16,303,811	1,238,805	62,247,394	23,990,823	86,238,217
FY 2018	26,249,268	9,601,084	4,671,168	20,254,794	1,172,611	63,890,614	23,589,999	87,480,613
FY 2019	30,277,035	9,598,881	5,007,457	24,461,732	1,341,394	73,685,486	25,523,025	99,208,511
FY 2020	28,247,221	8,325,644	4,532,759	22,407,291	1,428,113	67,276,049	24,797,283	92,073,332
FY 2021	30,597,279	12,737,357	4,734,519	20,292,165	1,591,394	82,253,049	25,004,321	107,257,369
FY 2022	28,955,852	9,387,397	9,866,213	41,086,122	1,283,649	92,728,631	26,559,531	119,288,162
FY 2023	30,231,578	8,118,110	10,177,025	68,171,044	1,859,690	128,855,251	33,124,250	161,979,501

*Rights of Way revenues not included in Real Estate column, rather are included in Total Program Revenues. These revenues can be generated on any classification of surface trust lands ownership. Forest Improvements revenues are included in the Total Program Revenues, rather than the Forest Management column.

Figure 11. Annual Revenues by Program, FY 2014 through FY 2023

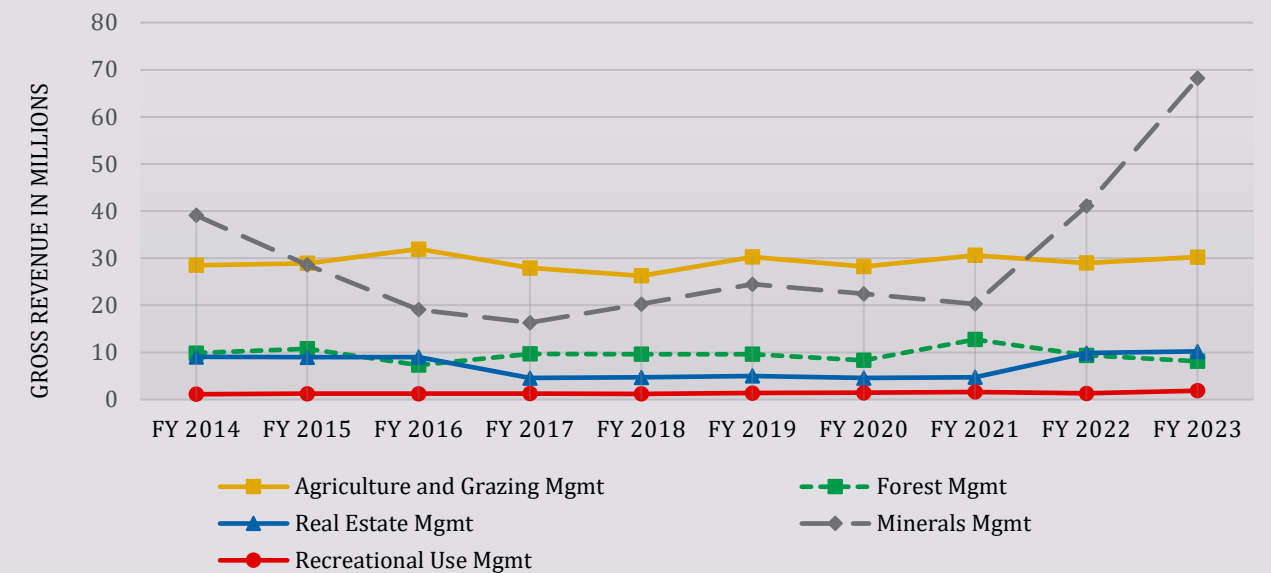


Table 8. Trust Lands Total Program Costs FY 2014 through FY 2023
(U.S. dollars reported by DNRC TLMD)

Program	Agriculture and Grazing Management Costs	Forest Management Costs	Real Estate Management Costs*	Minerals Management Costs	Recreational Use Management Costs	Total Program Costs**	Division Management Costs	Total Division Costs
FY 2014	1,735,023	5,421,067	1,826,934	987,336	194,708	10,165,068	2,923,007	13,088,075
FY 2015	1,741,498	6,022,300	1,889,774	933,227	185,322	10,772,121	3,274,242	14,046,363
FY 2016	1,872,312	5,681,176	1,987,614	1,030,263	207,129	10,778,494	3,484,667	14,263,161
FY 2017	1,941,820	5,709,143	2,072,777	1,071,173	168,151	10,963,064	3,735,123	14,698,187
FY 2018	1,818,708	4,120,890	1,059,940	982,674	202,622	10,614,499	3,885,685	14,500,184
FY 2019	1,877,798	4,435,468	690,643	1,018,308	230,446	11,104,686	3,793,567	14,898,256
FY 2020	1,927,869	4,856,801	1,151,882	1,141,512	222,801	11,912,750	4,207,697	16,120,446
FY 2021	1,999,582	4,716,266	713,498	1,019,293	255,340	10,544,954	4,023,500	15,587,748
FY 2022	2,239,317	5,083,666	1,316,376	1,101,540	319,618	11,483,740	3,939,708	16,524,988
FY 2023	2,398,978	5,643,645	1,013,743	1,327,883	372,339	13,399,162	3,759,345	17,158,507

Table 9. Trust Lands Program Net Operating Income FY 2014 through FY 2023
(U.S. dollars reported by DNRC TLMD)

Program	Agriculture and Grazing Management	Forest Management	Real Estate Management	Minerals Management	Recreational Use Management	Total Program Net Operating Income	Real and Financial Assets Net Operating Income	Total Division Costs
FY 2014	26,760,199	5,782,935	9,214,116	38,129,004	906,684	80,792,938	101,330,753	12,600,420
FY 2015	27,153,395	5,927,815	12,374,502	27,620,363	1,047,780	74,123,855	95,056,829	13,088,075
FY 2016	30,058,159	2,885,275	8,921,710	18,010,745	1,026,096	60,901,985	81,584,442	14,046,363
FY 2017	25,968,109	5,249,106	3,763,823	15,232,638	1,070,654	51,284,330	71,540,030	14,263,161
FY 2018	24,430,560	5,480,194	3,611,228	19,272,120	969,989	53,276,115	72,980,429	14,698,187
FY 2019	28,399,237	5,163,413	4,316,814	23,443,424	1,110,948	62,580,800	84,310,255	14,500,184
FY 2020	26,319,353	3,468,843	3,380,877	21,265,778	1,205,312	55,363,299	75,952,886	14,898,256
FY 2021	28,597,697	8,021,091	4,021,021	19,272,871	1,336,054	71,708,095	91,669,621	16,120,446
FY 2022	26,716,535	4,303,731	8,549,836	39,984,582	964,031	81,244,891	102,763,173	15,587,748
FY 2023	27,832,601	2,474,465	9,163,282	66,843,161	1,487,351	115,456,089	144,820,994	16,524,988

*Land Transactions/ Rights of Way costs excluded from Real Estate Management column in FY 2018-FY 2023, included in previous years in this column. These costs are associated with all classified surface trust lands and are included in the Total Program Costs column in FY 2018-FY 2023.
**Includes Forest Improvement. These expenses are used for various land asset improvements, including acquiring access to Trust parcels. These expenses were included in the Forest Management Costs column for years prior to FY 2018.

Figure 12. Annual Costs by Program, FY 2014 through FY 2023

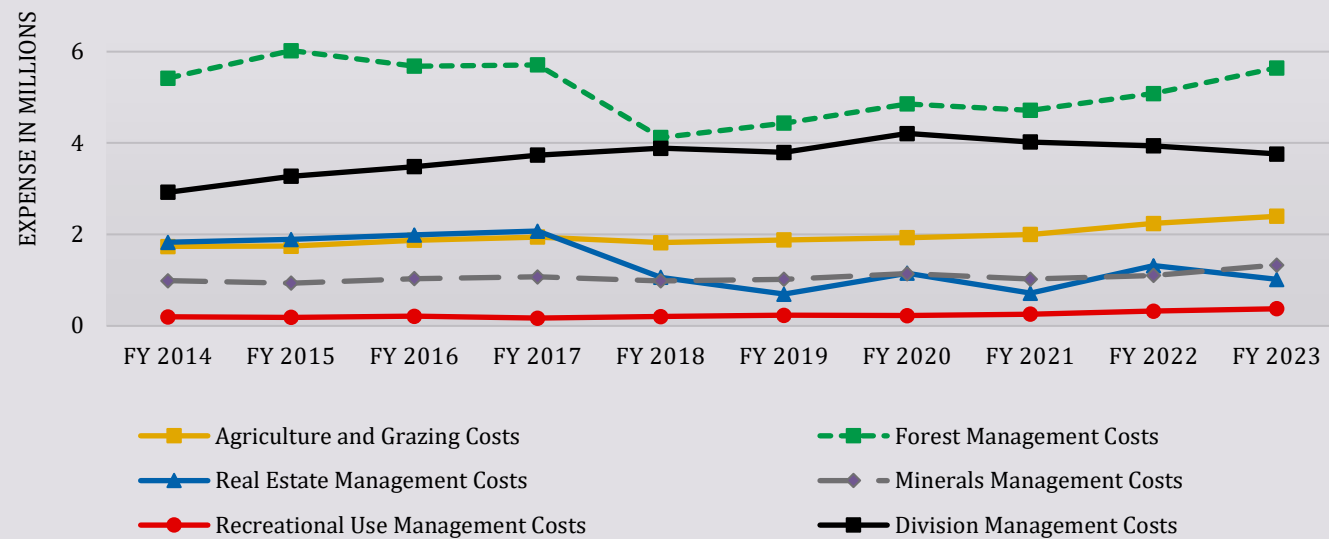
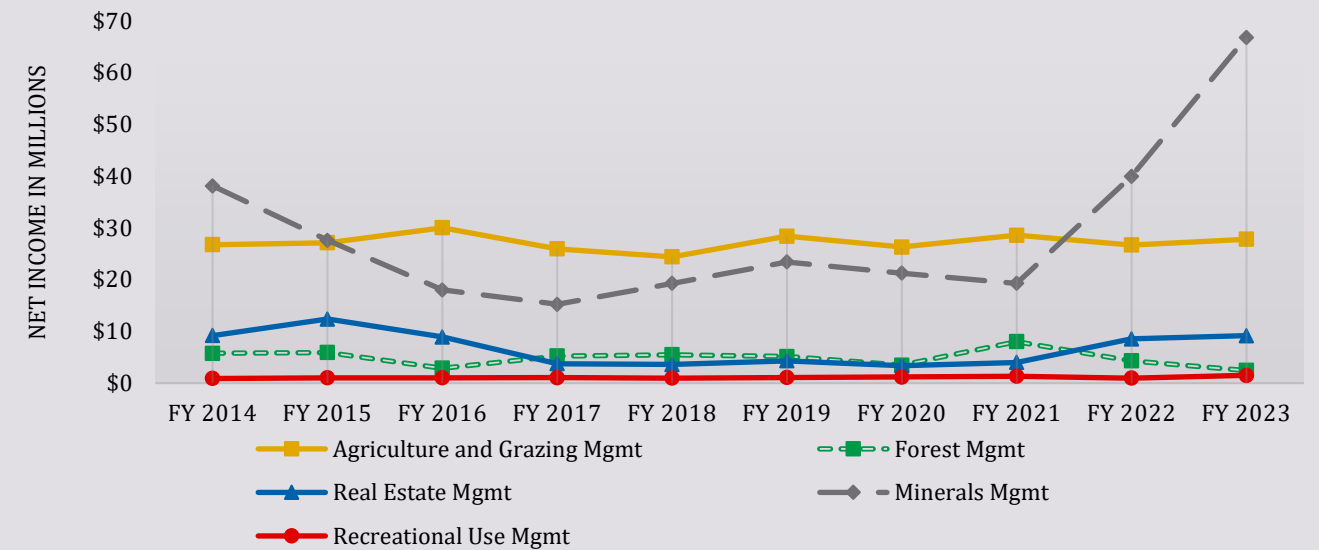


Figure 13. Annual Net Operating Income by Program, FY 2014 through FY 2023



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