EXHIBIT # 2
DATE 01/29/2015
HB 206

MONTANA GRASS COMMISSION

The settlement, allocation, and use of our rangelands has been and continues to be a very controversial issue throughout the western United States. The early range wars between the early cattle barons gave rise to livestock grazing disputes between sheep and cattle ranchers. The cattle verses sheep battles in turn gave way to the historic open range debates that raged at the turn of the century, which pitted the ground plowing homesteaders against the traditional rangeland livestock producers, who saw their future disappearing in the dust clouds created by the indiscriminate plowing of the western landscape. Orderly development of the public domain that comprised so much of the western rangeland would not come into affect for at least another 20 years, and in many areas our rangeland resources would suffer greatly as a result.

Montana was not spared the controversies of the era, and our early settlers were deeply involved in the issues associated with the open range debates. In fact, many of our forefathers came to be recognized as innovative leaders in these historic debates by visualizing the true value of our western rangelands, and the need for the proper allocation of grazing rights within the public domain. Through their foresight and vision they created several cooperative grazing associations, the forerunner to our current state grazing districts. These associations were self-imposed, self-governing, regulatory mechanisms used to allocate local grazing rights. They also found themselves advancing an effort to properly manage livestock grazing to protect the western rangelands on which many of our Montana ranches depended for survival. The first of such grazing associations were created in the 1920's in southeastern Montana, the most prominent of which was the Mizpah-Pumpkin Creek Grazing Association, which operated in Powder River and Custer Counties.

In an unsurpassed effort to address the unregulated settlement and use of the vast acres of public domain, the pleadings of the western livestock industry finally convinced Congress to address the issue, and they reformed the open range grazing practices with the passage of the Taylor Grazing Act in 1934. This legislation laid out a mechanism for the orderly allocation of the public domain based on historic land uses called "preference rights". These allocations were attached to the private grazing lands used in conjunction with the public lands, and they resulted in the reserving of vast amounts of public lands from future homestead settlement, and allocating their use for permitted livestock grazing. At the same time the state of Montana was addressing the issue through the State Legislature, which passed the enabling legislation for the creation of a Montana Grass Commission in 1935, and then passed the Montana Grass Conservation Act of 1939, which allowed for the creation of State Cooperative Grazing Districts. Montana is in a very unique position as it is the only western state that has provided for formal recognition of federal grazing districts in state law, which gives rise to the land use allocation difficulties that were evident within our widely diverse and scattered land ownership patterns.

From 1935 through the mid 1940's, the Montana Grass Commission oversaw the consolidation of almost 100 separate grazing associations into 26 state grazing districts. They also oversaw the historical adjudication of western grazing permits, they assisted grazing districts in filing the required paper work to become incorporated under Montana law, and they drafted a set of standard operational by-laws that regulated how each district would function under the Grass Conservation Act. The ability of the Grass Commission to use their cooperative authority under

both state and federal law resulted in a much more orderly settlement of the open range issue in Montana. A few districts have been created since this process was completed, and several smaller districts have either merged with other districts, or simply ceased to function as a result of changes in land ownership and land use patterns.

Many of the family ranches, owned and operated by the original proponents of the Montana Grass Commission, are still active members of local grazing districts today. Grazing Districts have historically administered livestock grazing on both state and federal lands within Montana, interacting with many different branches of our state and federal governments, and numerous local or county authorities on land use and resource allocation issues. A state wide memorandum of understanding is in place between the DNRC and the Bureau of Land Management, to which is also tiered a local memorandum of understanding between each state grazing district, the DNRC, and the local BLM district or field office. The memorandums of understanding outline the cooperative nature of the relationship between the various entities involved in grazing district administration, and how the various responsibilities associated with land management and grazing permit administration are to be addressed.

ISSUES AND FINDINGS:

Currently, the 27 state grazing districts cooperatively administer the allocation of annual forage for approximately 250,000 head of livestock which is equal to about one million Animal Unit Months (AUM's) of forage on ten million acres of combined private, state, and federal lands in eastern Montana. Membership in the district is based on the historic "grazing preference" allocated to each ranch or permittee member within the district, and each AUM of preference is a share in the state grazing district, which is equivalent to a share in a corporation. Approximately 1000 livestock permittees or member ranches operate within state grazing districts in Montana.

The 1939 Montana Grass Conservation Act is still in effect today, but had unfortunately seen little revision or updating since the mid 1940's until revisions which took place during the 1999 and 2001 legislatures. Many other legislative and litigation related changes have occurred over the years, and these changes are having a pronounced effect on the manner in which state grazing districts must operate. The reorganization of state government in 1973, and again in 1995, has had pronounced effects on the operation of our state grazing districts. The first reorganization eliminated the original 1935 Grass Commission, and assigned the authority for their function to the Board of Natural Resources under the Department of Natural Resources and Conservation (DNRC), which was in turn eliminated in the 1995 state reorganization plan. Administrative authority lied with the Director of the Department of Natural Resources and Conservation, with no grazing district representation or formal consultation process regarding appeals of local decisions, or other matters affecting the operation of state grazing districts until the recent revisions came into affect.