

## 1 HOUSE BILL NO. 535

2 INTRODUCED BY G. BENNETT, B. BENNETT, BLASDEL, LIESER, D. MOORE

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4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO STATE LAND CABIN  
5 AND HOME SITES; REQUIRING THAT VALUATION OF IMPROVEMENTS MUST BE DETERMINED  
6 THROUGH AN INDEPENDENT THIRD-PARTY APPRAISAL; CLARIFYING THAT THE PROCEEDS FROM ANY  
7 SALE OF IMPROVEMENTS MUST GO TO THE OWNER OF RECORD OF THE IMPROVEMENTS;  
8 CLARIFYING THAT OWNERSHIP OF THE IMPROVEMENTS ON STATE LAND PROPERTY SOLD OR  
9 LEASED MUST REMAIN WITH THE OWNER OF RECORD UNTIL THE IMPROVEMENTS ARE SOLD OR  
10 UNTIL THE PROPERTY AND IMPROVEMENTS ARE SOLD TO ANOTHER PERSON; DEFINING  
11 "IMPROVEMENTS"; AMENDING ~~SECTION~~ SECTIONS 77-1-208 AND 77-6-303, MCA; AND PROVIDING AN  
12 IMMEDIATE EFFECTIVE DATE."

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

15

16 **Section 1.** Section 77-1-208, MCA, is amended to read:

17 **"77-1-208. Cabin site licenses and leases -- method of establishing value.** (1) The board shall set  
18 the annual fee based on full market value for each cabin site and for each licensee or lessee who at any time  
19 wishes to continue or assign the license or lease. The fee must attain full market value based on one of the  
20 following methods:

21 (a) appraisal of the cabin site value as determined by the department of revenue. The licensee or lessee  
22 has the option to pay the entire fee on March 1 or to divide the fee into two equal payments due March 1 and  
23 September 1. The value may be increased or decreased as a result of the statewide periodic revaluation of  
24 property pursuant to 15-7-111 without any adjustments as a result of phasing in values. An appeal of a cabin site  
25 value determined by the department of revenue must be conducted pursuant to Title 15, chapter 15.

26 (b) establishing full rental market value through the use of an open competitive bidding process as  
27 provided in 77-1-235.

28 (2) A current licensee or lessee may complete or renew the licensee's or lessee's current lease based  
29 on valuation methods provided in subsection (1)(a), or at the end of the lease or license contract, the licensee  
30 or lessee may choose to proceed with the valuation option provided in subsection (1)(b).

1 (3) The board shall set the fee of each initial cabin site license or lease or each current cabin site license  
 2 or lease of a person who does not choose to retain the license or lease. The initial fee must be based upon a  
 3 system of competitive bidding. The fee for a person who wishes to retain that license or lease must be determined  
 4 under the method provided for in subsection (1).

5 (4) (a) Subject to subsection (4)(b) ~~and (4)(c)~~, the board shall follow the procedures set forth in 77-6-302,  
 6 77-6-303, and 77-6-306 for the disposal or valuation of any fixtures or improvements placed upon the property  
 7 by the then-current licensee or lessee and shall require the subsequent licensee or lessee whose bid is accepted  
 8 by the board to purchase those fixtures or improvements in the manner required by the board.

9 (b) (i) A subsequent licensee or lessee may not take occupancy unless the license or lease contract and  
 10 the sale of improvements have been finalized. If a winning bidder has been identified and the transaction for the  
 11 sale of the improvements is in process, the current lessee shall pay a prorated lease fee based on the current  
 12 lease until the date that the sale of the improvements is finalized.

13 (ii) The valuation of improvements must be applicable to residential property inclusive of all improvements  
 14 ~~and must be determined through an independent third-party appraisal.~~

15 (iii) A licensee or lessee may assign or rent any improvements.

16 ~~———— (iv) Within 3 years of canceling, terminating, or abandoning a cabin site lease, the owner of the~~  
 17 ~~improvements shall sell the improvements, remove the improvements, or transfer ownership of the improvements~~  
 18 ~~to the state. If ownership is transferred to the state, proceeds from the sale of the improvements must be paid~~  
 19 ~~to the owner who transferred the improvements. The board shall set the conditions of the sale of transferred~~  
 20 ~~improvements in order to sell the improvements in an expedient manner.~~

21 ~~———— (iv) The proceeds of any sale of improvements pursuant to this part must go to the owner of record of the~~  
 22 ~~improvements.~~

23 ~~———— (v) Ownership of improvements on state land property that is leased pursuant to this section must remain~~  
 24 ~~with the owner of record until the improvements are sold. Ownership of improvements on state land property that~~  
 25 ~~is sold pursuant to 77-2-318 must remain with the owner of record until the improvements or the property and~~  
 26 ~~improvements are sold to another person.~~

27 ~~———— (5) For purposes of this section, "improvements" includes but is not limited to:~~

28 ~~———— (a) a home or residence;~~

29 ~~———— (b) outbuildings and structures;~~

30 ~~———— (c) sleeping cabins;~~

- 1 ~~\_\_\_\_\_ (d) utilities;~~  
 2 ~~\_\_\_\_\_ (e) water systems;~~  
 3 ~~\_\_\_\_\_ (f) septic systems;~~  
 4 ~~\_\_\_\_\_ (g) docks; and~~  
 5 ~~\_\_\_\_\_ (h) landscaping."~~

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7 **SECTION 2. SECTION 77-6-303, MCA, IS AMENDED TO READ:**

8 **"77-6-303. Determination of compensation.** (1) (a) In determining the value of the improvements  
 9 described in 77-6-302, consideration must be given to their original cost, their present condition, their suitability  
 10 for the uses ordinarily made of the land on which they are located, and to the general state of cultivation of the  
 11 land, its productive capacity as affected by former use, and its condition with reference to the infestation of  
 12 noxious weeds. Consideration must be given to all actual improvements and to all known effects that the use and  
 13 occupancy of the land have had upon its productive capacity and desirability for the new lessee.

14 ~~(2)(b)~~ However, if any of the improvements consist of the original plowing of the land and 1 year's crops  
 15 have been raised on the land after the plowing, the compensation for the improvement may not exceed \$2.50 per  
 16 acre, and if two or more crops have been raised on the land after the original plowing, the original plowing may  
 17 not be considered as an improvement to the land.

18 (2) In determining the value and disposition of cabin site improvements described in 77-1-208:

19 (a) an owner of cabin site improvements on an unleased cabin site lot shall submit to the department  
 20 a market value appraisal on the improvements from a Montana licensed and certified general appraiser:

21 (i) within 6 months of [the effective date of this act] for all improvements on unleased cabin site lots on  
 22 [the effective date of this act]; or

23 (ii) after [the effective date of this act], within 6 months of the cancellation of a lease;

24 (b) if an appraisal is not submitted pursuant to subsection (2)(a) or if the appraisal is not updated  
 25 annually by the owner of the cabin site improvements, the owner shall authorize the department to contract for  
 26 an appraisal, agree to allow access to the improvements, and pay a fee to the department for the cost of the  
 27 appraisal;

28 (c) the department shall review appraisals for compliance with the Uniform Standards of Professional  
 29 Appraisal Practice;

30 ~~(d) an owner of cabin site improvements shall accept the appraised market value but may not inhibit the~~

1 ~~re-leasing or sale of the lot;~~

2 ~~(D) AN OWNER OF CABIN SITE IMPROVEMENTS SHALL ACCEPT AN OFFER THAT MEETS OR EXCEEDS THE APPRAISED~~  
3 ~~MARKET VALUE AND MAY ACCEPT A REASONABLE OFFER BELOW THE APPRAISED MARKET VALUE, BUT MAY NOT INHIBIT THE~~  
4 ~~RE-LEASING OR SALE OF THE LOT;~~

5 ~~(e) ownership of the cabin site improvements remains with the owner of record provided that payment~~  
6 ~~of property taxes is current. If property taxes on the improvements are in arrears, the owner of record shall~~  
7 ~~remove the improvements or transfer ownership to the state.~~

8 ~~(f) if ownership of the improvements transfers to the state, the board shall set conditions of the sale of~~  
9 ~~transferred improvements in order to sell the improvements in an expedient manner and distribute the proceeds~~  
10 ~~to the owner of record; and~~

11 ~~(g) if the owner of record cannot be located, the state may initiate proceedings to assume ownership of~~  
12 ~~the improvements, sell the improvements, and retain the proceeds.~~

13 ~~(3) For purposes of this section, "cabin site improvements" includes but is not limited to:~~

14 ~~(a) a home or residence;~~

15 ~~(b) outbuildings and structures;~~

16 ~~(c) sleeping cabins;~~

17 ~~(d) utilities;~~

18 ~~(e) water systems;~~

19 ~~(f) septic systems;~~

20 ~~(g) docks; and~~

21 ~~(h) landscaping."~~

22

23 NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

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