



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # SB0270

Title: Revise valuation of commodities on state lands

Primary Sponsor: Hoven, Brian

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 270 has no fiscal impact to the state.

FISCAL ANALYSIS

Assumptions:

Department of Natural Resources and Conservation

1. The Trust Land Division, through the Land Board, is mandated by the Montana Constitution to receive full market value for commodities from State Lands. This trust principle has been upheld time and time again through the courts. Notably, in a Montana Supreme Court case called MonTrust, the department was permanently enjoined from selling commodities at less than full market value.
2. Over 66 million tons of hay was produced on state land in FY 2020.
3. The division assumes this legislation, as drafted, would not lead to a change in outcome in how hay prices are calculated.

Technical Notes:

1. SB 270 does not change how market information for hay prices is collected.
2. SB 270 limits the division to looking at a smaller number of markets and limits the number of hay prices that could be set to four areas as follows: a division of the Central Land Office (CLO) into two parts that do not align with the administrative units (CLO has four units; Conrad, Helena, Bozeman and Dillon); the entire Eastern Land Office; and the entire Northeastern Land Office (NELO), which has three units. The bill does not include other large parts of the state at all. There is no mention of the Southern Land Office in Billings, or the Southwest Land Office or Northwest Land Office with four units each.
3. Full market value for hay can be different in these different areas. As mentioned in the assumptions, the department is enjoined by the State Supreme Court from selling commodities at less than full market value.

 2/22
Sponsor's Initials *Date*

 2/19/21
Budget Director's Initials *Date*