

<b>Trust Land Management</b>		<b>Agency/Program #:</b> 5706-35-G1
		<b>Division:</b> Trust Land
		<b>Program:</b>
<b>Agency Name:</b>	Department of Natural Resources and Conservation	
<b>Agency Contact:</b>	Tom Schultz	444-4978
<b>LFC Contact:</b>	Senator Ripley, Representative Hollenbaugh	
<b>LFD Liaison:</b>	Barbara Smith	444-5347
<b>OBPP Liaison:</b>	James Chamberlain	444-1338

**Program or Project Description:**

Appropriation, Expenditure and Source					
Fund Name:	2010		2011		Approp & Expenditure numbers are as of April 30, 2010
	Approp.	Expended	Approp.	Expended	
General Fund					
State Special	11,418,867	7,810,555			
Federal Funds					
<b>Total:</b>	<b>\$11,418,867</b>	<b>\$7,810,555</b>	<b>\$0</b>	<b>\$0</b>	

**Goal(s):**

Maximize annual gross revenues for the trust beneficiaries from existing trust land management activities, including agriculture and grazing management, mineral development, forest management, and real estate management, while also implementing new and alternative methods of revenue generation from land management.

**Performance Measures :**

- 1) Land Banking
  - Process and sell 20,000 acres of trust land (avg. ROR < 1%) over the next biennium to generate \$15 million for the Land Bank Fund.
  - Acquire a minimum of 15,000 acres of legally accessible lands with the funds from the land sales. The annual rate of return (ROR) on the lands acquired will average approximately 1.6 % or greater.
- 2) Leasing of Navigable Rivers
  - The Trust Land Management Division will issue a minimum of 8 new hydroelectric leases.
- 3) Timber Salvage
  - FY2008 – Salvage 25 mmbf of timber from the forested lands that are beetle-infested or were burned in 2007.
- 4) Contract Harvesting
  - FY 2009 – Harvest an additional 1 mmbf of timber utilizing contract harvesting authorities, which is projected to generate an additional \$45,000 in net revenues when compared to existing timber sales.

2009 Biennium Significant Milestones:	Completion Dates	
	Target	Actual

**Performance Report:**

Generate reasonable revenues for the trust beneficiaries from existing trust land management activities, including agriculture and grazing management, mineral development, forest management, and real estate management, while also implementing new and alternative methods of revenue generation from land management.

Program	FY09 Approx.Gross Revenue	FY2010 thru 4/30/10
Agriculture Graze Leases	\$21.814 million	\$17.494 million
Recreational Use	\$1.090 million	\$577 thousand
Timber Sales	\$7.584 million	\$7.478 million
Forest Improvement Fees	\$868 thousand	\$1.155 million
Minerals Management	\$43.929 million	\$111.511 million**
Real Estate Management	\$12.407 million	\$9.812 million*
Trust & Legacy Interest	\$22.779 million	\$17.263 million
Other Revenues	\$493 thousand	\$125 thousand
Total	\$110.967 million	\$165.419 million

\*Includes Land Sales and Hydro Rents

\*\*Includes Coal and Oil & Gas Bonus Payments

1) Land Banking

- Process and sell 20,000 acres of trust land (avg. ROR < 1%) over the next biennium to generate \$15 million for the Land Bank Fund. In FY 2009, the land banking program sold 11,793 acres for a total of \$5,150,084. These lands generated a .4% ROR.

- Acquire a minimum of 15,000 acres of legally accessible lands with the funds from the land sales. The annual rate of return (ROR) on the lands acquired will average approximately 1.6 % or greater. Three parcels were purchased through the land banking program for \$6.4 million. The parcels acquired are projected to generate \$177,000 annually or a \$2.77% ROR.

2) Leasing of Navigable Rivers

- In FY11, the Trust Land Management Division expects to issue new hydroelectric leases on the Missouri, Madison, and Clark Fork Rivers.

The Supreme Court rendered a decision in the state's favor in the PPL vs State of Montana case, which determined that PPL owes annual rentals to the state for occupying the riverbeds on navigable waterways. Additionally, Senate Bill 507 is now null and void due to contingency voidness language in the bill.

**LFD Narrative:**

LFD Assessment: On Track

Data Relevance – The data provided addresses the performance measures. The reader can interpret the point in time revenues versus FY 2009 actual income.

Appropriation Status: Provided and accurate.

Comments: The data includes the bonus payment from Otter Creek.

Options :

- 1) Dismiss

Version	Date	Author
5706-35-G1	6/2/10	Smith

Change Description
Add LFD Narrative