

## Montana Grazing Rate Update

In July 2011, the Land Board gave approval to the Department of Natural Resources and Conservation (DNRC) to begin the Administrative Rule process to update the multiplier in the formula used to calculate the annual grazing rate charged for state lands. The formula, established in law, calculates the animal unit month (AUM) rental by taking the previous year's price per pound of beef cattle marketed in Montana, times a multiplier that is set in rule by the Land Board.

The draft proposed rule established a new multiplier of 13.18, up from the 7.54 multiplier that has been in effect since 2001. The new multiplier was calculated based on a recommendation from the April 2011 Bioeconomics Inc. study showing that the state grazing rate should be at a level of 70% of the private lease rate in Montana.

Public hearings were held around the state and comments were accepted on the proposal through September. Based on the comments received, the Land Board adopted the following changes to the initial proposal:

- ▶ Reduced the multiplier from 13.18 to 11.65 to reflect the contractual duty of the lessee to control weeds on the lease.
- ▶ Further reduce the multiplier from 11.65 to 10.48 to encourage the use of a rest/rotation grazing system and to reflect the uncertainty of forage being available due to drought or other conditions.
- ▶ Adopted a provision allowing a lessee to apply to place grazing lands in a non-use category in exchange for no livestock use during the lease term. The grazing lands must be intermingled with cropland or otherwise possess characteristics which prohibit livestock use. If approved by the Department, the rental charged on those lands will be 50% of the minimum grazing rate each year.
- ▶ Phase in the new multiplier over a five-year period. The phased-in multiplier and AUM rates are as follows:

Multiplier					AUM Rate <sup>1</sup>				
2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
8.13	8.72	9.30	9.89	10.48	\$7.90	\$8.47	\$9.04	\$9.62	\$10.19

<sup>1</sup> For the years 2013 – 2016, the rate is only an estimate using the 2011 beef cattle price of .972 ¢/lb.

### Updated Rates

Year/Beef Cattle Price per lb./Rate				
2012	2013	2014	2015	2016
\$.972	\$1.14	\$1.227		
\$7.90	\$9.94	\$11.41		