

Department of Natural Resources and Conservation

Report to the Environmental Quality Council on

SB369 Cabin and Home Site Sales

July 2015

Background:

SB369 passed the Legislature in 2013 with bipartisan support. SB369 enacted a cabin and home site sale program whereby the proceeds of trust land sales would be placed in a special Land Banking account which could only be used to acquire other real property interests that provide equal or better revenue for trust beneficiaries.

Statute requirements:

- Require the sale of cabin and home sites at the request of a lessee or improvements owner, only if approved by the Land Board and the sale is consistent with the Board’s fiduciary duty of attaining full market value.
- The Department is required to on or before July 1 of each year, in consultation with the appropriate stakeholders, report to the environmental quality council by providing a summary of land sales of those lands that were state land cabin or home sites pursuant to 77-2-318 and efforts by the department to comply with the requirements of 77-2-318(1).

Goals of the program:

- Make available for sale cabin and home sites at the request of a lessee or improvements owner, only if approved by the Board and the sale is consistent with fiduciary duty of attaining full market value.
- To maximize the revenue from the sale of these state cabin sites to the beneficiaries, the properties must be sold over a reasonable period of time.
- Improve the investment portfolio of the beneficiaries by purchasing replacement lands that provide better income return, or invest sale funds in the permanent fund.
- Sale of approximately 40 additional cabin and home sites per year for Fiscal Years 2016 and 2017.

Milestones:

- Administrative Rules (ARM 36.25.701 through 708) were given final approval by the Board of Land Commissioners in December 2013.
- In 2014, a Pilot sale program was initiated and five cabin/home sites were selected to participate. Ultimately four lots were sold, and one lot was withdrawn from the sale process at the lessee’s request.

Sale Location	Grant	Sale Price	Appraised Value of Improvements	Sale Price Applied to Easements
Lot 21, Echo Lake	Montana Tech	\$460,000	\$240,000	\$5,299
Lot 16, Elbow Lake	Pine Hills	\$150,000	\$45,000	\$22,620
Lot 13, Morrell Flats	MSU	\$50,000	\$100,000	\$0
Lot 6, Bear Canyon	Western/Eastern	\$17,500	\$415,000	\$4,000
	Montana Tech	\$52,500		\$0
Lot 7, Lake Rogers	WITHDRAWN			

- The Department’s portion of processing costs for the 2014 pilot sales was \$ 7,675.
- In 2015, the Department is currently processing 32 cabin/home sites through the sale program.
 - 12 Lots on Echo Lake in Flathead County
 - 4 lots on Lake Rogers in Flathead County
 - 10 Lots on Beaver Lake in Flathead County
 - 5 Lots on Morrell Flats in Missoula County
 - 1 Lot on Six Mile Road in Missoula County
- In August 2015, a letter explaining the sale program and soliciting interest in the 2016 & 2017 sale programs will be sent to lessees and improvement owners. Lessees and improvements owners must respond by the date indicated in the letter if they wish to be considered for the 2016 & 2017 sale programs.

Cabin & Home Sites – by County

County	# of Sites	# of Acres	2014 DOR Value
Big Horn	2	5.6	\$12,520
Blaine	3	16.4	\$37,260
Broadwater	2	11.2	\$69,155
Cascade	4	15.1	\$151,580
Chouteau	13	95.4	\$357,624
Custer	1	10.9	\$20,934
Daniels	7	42.4	\$131,597
Dawson	1	6.4	\$17,220
McCone	1	15.3	\$44,170
Mineral	7	14.4	\$106,974
Missoula	264	526.5	\$22,854,747
Musselshell	6	43.5	\$123,404
Petroleum	1	2.4	\$22,824
Phillips	2	10.2	\$22,600
Pondera	3	17.6	\$52,090
Powder River	2	3.1	\$31,096
Powell	12	18.4	\$501,311
Prairie	3	10.9	\$30,783
Richland	5	61.8	\$218,327
Rosebud	1	1.1	\$11,404
Sanders	63	58.4	\$1,272,195
Sheridan	6	45.2	\$121,500
Stillwater	2	13.5	\$57,042
Sweet Grass	1	3.5	\$4,664
Toole	1	8.3	\$19,820
Valley	5	37.9	\$121,060
Wheatland	5	34.7	\$44,189
Wibaux	1	1.9	\$21,868
Yellowstone	4	30.6	\$262,954
Totals	772	1,964.0	\$67,512,778

Cabin & Home Sites – by Area Office

DNRC Area Office	# of Sites	# of Acres	2014 DOR Value
Central	30	127.853	\$2,114,690
Eastern	18	141.77	\$509,874
Northeastern	56	391.17	\$1,205,917
Northwestern	302	548.367	\$36,870,041
Southern	15	96.629	\$460,584
Southwestern	351	658.167	\$26,351,672
Totals	772	1,963.956	\$67,512,778

Cabin & Home Sites – by Grant

Grant	# of Sites	# of Acres	2014 DOR Value
MSU – 2 nd Grant	208	446.9	\$18,579,535
MSU - Morrill Trust	2	6.0	\$226,600
Common Schools	315	1,053.7	\$23,119,151
Deaf & Blind School	37	65.9	\$1,385,219
Public Buildings	57	139.5	\$1,984,183
Veterans Home	1	16.4	\$47,051
Montana Tech	106	160.3	\$18,660,010
Eastern/Western	11	19.0	\$873,110
Pine Hills	34	51.3	\$2,519,656
University of Montana	1	5.0	\$118,263
Totals	772	1,964.0	\$67,512,778