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SENATE BILL NO. 41

INTRODUCED BY J. WELBORN

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT THE INCREASING THE TIME THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION MAY HOLD PROCEEDS FROM THE SALE OF TRUST LAND TO PURCHASE LAND, EASEMENTS, OR IMPROVEMENTS FOR THE BENEFIT OF THE BENEFICIARIES OF THE RESPECTIVE TRUSTS; AMENDING SECTION 77-2-362, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 77-2-362, MCA, is amended to read:

"77-2-362. State land bank fund -- statutory appropriation -- rules. (1) There is a state land bank fund. The proceeds from the sale of state trust land authorized by 77-2-361 through 77-2-367 must be deposited into the state land bank fund. The purpose of the state land bank fund is to temporarily hold proceeds from the sale of trust land pending the purchase of other land, easements, or improvements for the benefit of the beneficiaries of the respective trusts. A separate record of the proceeds received from the sale of trust land for each of the respective trusts must be maintained. Proceeds from the sale of lands that are part of a trust land grant may be used only to purchase land for the same trust.

(2) (a) Proceeds deposited in the state land bank fund, except earnings on those proceeds, are statutorily appropriated, as provided in 17-7-502, to the department for the purposes described in 77-2-361 through 77-2-367. All earnings on the proceeds deposited in the state land bank fund are subject to the provisions of Article X, sections 5 and 10, of the Montana constitution.

(b) Funds appropriated from the trust land administration account provided for in 77-1-108 may be used by the department to fund the transactional costs of buying, selling, appraising, or marketing real property. Transactional costs may include realtor's fees, title reports, title insurance, legal fees, and other costs that may be necessary to complete a conveyance of real property.

1 (c) Proceeds from the sale of lands held pursuant to the Morrill Act of 1862, 7 U.S.C. 301 through
 2 308, and the Morrill Act of 1890, 7 U.S.C. 321 through 329, may not be used for any transactional costs or trust
 3 administration purposes for those lands.

4 (d) The department may hold proceeds from the sale of state land in the state land bank fund for a
 5 period not to exceed ~~40~~ 15 years after the effective date of each sale. If, by the end of the ~~40th~~ 15th year, the
 6 proceeds from the subject land sale have not been encumbered to purchase other lands, easements, or
 7 improvements within the state, the proceeds from that sale must be deposited in the public school fund or in the
 8 permanent fund of the respective trust as required by law, along with any earnings on the proceeds from the
 9 land sale, unless the time period is extended by the legislature.

10 (3) The board shall adopt rules providing for the implementation and administration of the state
 11 land bank fund, purchases, and sales."

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13 NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

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15 NEW SECTION. Section 3. Retroactive applicability. [This act] applies retroactively, within the
 16 meaning of 1-2-109, to sales completed less than 11 years before [the effective date of this act].

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