

BEFORE THE DEPARTMENT OF REVENUE
OF THE STATE OF MONTANA

In the matter of the amendment of) NOTICE OF PUBLIC HEARING ON
ARM 42.20.681 pertaining to) PROPOSED AMENDMENT
agricultural commodity prices and)
values)

TO: All Concerned Persons

1. On November 28, 2022, at 11:30 a.m., the Department of Revenue will hold a public hearing in the Third Floor Reception Area Conference Room of the Sam W. Mitchell Building, located at 125 North Roberts, Helena, Montana, to consider the proposed amendment of the above-stated rule. The conference room is most readily accessed by entering through the east doors of the building.

2. The Department of Revenue will make reasonable accommodations for persons with disabilities who wish to participate in this public hearing or need an alternative accessible format of this notice. If you require an accommodation, please advise the department of the nature of the accommodation needed, no later than 5 p.m. on November 11, 2022. Please contact Todd Olson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or todd.olson@mt.gov.

3. The rule as proposed to be amended provides as follows, new matter underlined, deleted matter interlined:

42.20.681 AGRICULTURAL COMMODITY PRICES AND VALUES

(1) Commodity prices for the ~~2021-2022~~ 2023-2024 appraisal cycle used for the determination of income are calculated using a 10-year Olympic average of prices from Montana Agricultural Statistics for the years ~~2010-2019~~ 2012-2021. The department's Olympic average removes the highest price and the lowest price and averages the remaining eight prices. The commodity prices used for valuing agricultural land for the ~~2021-2022~~ 2023-2024 appraisal cycle are as follows:

(a) Spring wheat price used in the valuation of non-irrigated summer fallow and non-irrigated continuous cropped farm lands is ~~\$6.16~~ \$5.96 per bushel.

(b) Alfalfa hay price, reduced by 20 percent as required by 15-7-201, MCA, used in the valuation of irrigated and non-irrigated hay lands is ~~\$105.80~~ \$111.30 per ton.

(c) Private grazing fees used in the valuation of grazing lands is ~~\$22.49~~ \$23.50 per Animal Unit Month (AUM).

(2) The minimum value of irrigated land as determined by the methodology detailed in ARM 42.20.675 is ~~\$552.99~~ \$535.47 per acre.

(3) The statewide grazing productivity average is ~~.24~~ .20 AUMs per acre, and is used in calculating the values of:

(a) and (b) remain the same.

(4) For the ~~2021-2022~~ 2023-2024 appraisal cycle the capitalization rate for

Class 3 agricultural land, which is used to convert an ongoing income stream into an estimate of value is 6.4 percent.

(5) For the ~~2021-2022~~ 2023-2024 appraisal cycle the highest productivity of non-irrigated continuously cropped farmland is 60 bushels per acre, and is used in calculating the values of specialty crop land.

(6) For the ~~2021-2022~~ 2023-2024 appraisal cycle, the value of the one acre beneath a residence on agricultural land is ~~\$1,866~~ \$2,003.

(7) For the ~~2021-2022~~ 2023-2024 appraisal cycle, the minimum carrying capacity for grazing land to be eligible for agricultural classification is ~~23~~ 25 AUMs as determined by the Montana State University - Bozeman, College of Agriculture, Department of Agricultural Economics and Economics, in accordance with ARM 42.20.620.

AUTH: 15-1-201, MCA

IMP: 15-6-133, 15-7-201, 15-7-202, 15-7-206, 15-7-210, MCA

REASONABLE NECESSITY: The department proposes to amend ARM 42.20.681 to update the years, prices, and values for the upcoming reappraisal cycle that begins January 1, 2023. The department's use of the Montana Agricultural Statistics as its data source is required by 15-7-201, MCA.

Proposed amendments are necessary in (1)(a) through (c) to update current commodity prices and production data for the base period; in (2) to update the minimum value of irrigated land based on the new commodity price; in (3) to update state-wide grazing productivity average; in (4) and (5) to update base period references; in (6) to update the value of the one acre beneath a residence on agricultural land; and in (7) to update the minimum carrying capacity of an animal unit month (AUM) for grazing land to qualify as agricultural land for the upcoming reappraisal cycle.

Finally, the department proposes an amendment in (7) to reflect the change in name for the Montana State University - Bozeman, College of Agriculture, referenced in 15-7-202, MCA, as amended in 2021.

4. Concerned persons may submit their data, views, or arguments, either orally or in writing, at the hearing. Written data, views, or arguments may also be submitted to: Todd Olson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or e-mail todd.olson@mt.gov and must be received no later than 5:00 p.m., December 5, 2022.

5. Todd Olson, Department of Revenue, Director's Office, has been designated to preside over and conduct the hearing.

6. The Department of Revenue maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request, which includes the name and e-mail or mailing address of the person to receive notices and specifies that the person wishes to receive notice regarding particular subject

matter or matters. Notices will be sent by e-mail unless a mailing preference is noted in the request. A written request may be mailed or delivered to the person in number 4 above or faxed to the office at (406) 444-3696 or may be made by completing a request form at any rules hearing held by the Department of Revenue.

7. An electronic copy of this notice is available on the department's web site at www.mtrevenue.gov, or through the Secretary of State's web site at sosmt.gov/ARM/register.

8. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

9. With regard to the requirements of 2-4-111, MCA, the department has determined that the amendment of the above-referenced rule will not significantly and directly impact small businesses.

10. The department intends to adopt the above-described rule amendments during the fourth quarter of 2022, with an effective date of January 1, 2023. With regard to the requirements of 2-4-305(11), MCA, this rulemaking meets one or more of the exceptions provided in (11)(b)(ii) because the commodities data that the department receives from the United States Department of Agriculture National Agricultural Statistics Service, which is used to update the commodity prices and values in the rule, is unavailable until the third calendar quarter of any year.

/s/ Todd Olson
Todd Olson
Rule Reviewer

/s/ David R. Stewart for
Brendan Beatty
Director of Revenue

Certified to the Secretary of State October 25, 2022.