

BEFORE THE DEPARTMENT OF REVENUE
OF THE STATE OF MONTANA

In the matter of the amendment of) NOTICE OF PROPOSED
ARM 42.20.681 pertaining to) AMENDMENT
agricultural commodity prices and)
values) NO PUBLIC HEARING
) CONTEMPLATED

TO: All Concerned Persons

1. The Department of Revenue proposes to amend the above-stated rule.

2. The Department of Revenue will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact the department no later 5:00 p.m., October 25, 2024, to advise us of the nature of the accommodation you need. Please contact Kassie Hawbaker, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-0365; fax (406) 444-3696; or e-mail kassie.hawbaker@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 ~~2023-2024~~ 2025-2026 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 ~~2012-2021~~ 2014-2023. 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 ~~2023-2024~~ 2025-2026 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 ~~\$5.96~~ \$6.11 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 ~~\$111.30~~ \$124.20 per ton.

(c) Private grazing fees used in the valuation of grazing lands is ~~\$23.50~~ \$24.69 per Animal Unit Month (AUM).

(2) The minimum value of irrigated land as determined by the methodology detailed in ARM 42.20.675 is ~~\$535.47~~ \$501.21 per acre.

(3) The statewide grazing productivity average is ~~.20~~ .21 AUMs per acre, and is used in calculating the values of:

(a) nonqualified agricultural lands; and

(b) nonproductive patented mining claims.

(4) For the ~~2023-2024~~ 2025-2026 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 ~~2023-2024~~ 2025-2026 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 ~~2023-2024~~ 2025-2026 appraisal cycle, the value of the one acre beneath a residence on agricultural land is ~~\$2,003~~ \$2,326.

(7) For the ~~2023-2024~~ 2025-2026 appraisal cycle, the minimum carrying capacity for grazing land to be eligible for agricultural classification is ~~25~~ 22 AUMs as determined by the Montana State University - Bozeman, College of Agriculture, 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, 2025. 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 statewide 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.

4. Concerned persons may submit their data, views, or arguments concerning the proposed action in writing to Kassie Hawbaker, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-0365; fax (406) 444-3696; or e-mail kassie.hawbaker@mt.gov and must be received no later than 5:00 p.m., November 18, 2024.

5. If persons who are directly affected by the proposed action wish to express their data, views, or arguments orally or in writing at a public hearing, they must make written request for a hearing and submit this request along with any written comments to Kassie Hawbaker, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-0365; fax (406) 444-3696; or e-mail kassie.hawbaker@mt.gov and must be received no later than 5:00 p.m., November 18, 2024.

6. If the agency receives requests for a public hearing on the proposed action from either 10 percent or 25, whichever is less, of the persons directly affected by the proposed action; from the appropriate administrative rule review committee of the Legislature; from a governmental subdivision or agency; or from an association having not less than 25 members who will be directly affected, a hearing will be held at a later date. Notice of the hearing will be published in the Montana Administrative

Register. The department estimates the number of those directly affected by this rulemaking action to be 79,000. The number of hearing requests necessary for the department to conduct a public hearing shall be 25, which is less than 10 percent of the number of persons affected.

7. The department 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 that includes the name, email, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a different mailing preference is noted in the request. Such written request may be mailed or delivered to the contact person in paragraph 4 or may be made by completing a request form at any rules hearing held by the department.

8. An electronic copy of this notice is available through the Secretary of State's web site at rules.mt.gov.

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

10. 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.

11. The department intends to adopt the above-described rule amendments during the fourth quarter of 2024, with an effective date of January 1, 2025. 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/ Brendan Beatty
Brendan Beatty
Director of Revenue

Certified to the Secretary of State October 8, 2024.